

India's Neighbourhood First Policy with Special Reference to Maldives

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Abstract

This article critically evaluates the Neighbourhood First Doctrine of India with specific reference to the Republic of Maldives and frames the bilateral relations between the two nations from antiquity to the ever-changing strategic dimension in the Indian Ocean. It reviews the course of diplomatic, economic and security engagements and the influence of the regional rivalries –in particular the rising clout of China through its Belt and Road Initiative—on India's strategic calculus. It also examines critical areas of concern such as political instability in Maldives and changes in internal leadership and public opinion that have, at times, cast a shadow over the relationship. A particular emphasis is given to India's maritime and counter terrorism co-operation programmes, as well as development assistance, all of which testify to New Delhi's broader efforts to secure and shape stability in its littoral. The analysis ends by recommending recalibration of India's regional policy architecture, which can effectively balance strategic interests with the sensitivities of smaller neighbouring states, more so because of increasing external presence and internal democratic fragile condition in the region.

Keywords: Neighbourhood First Policy, India, Maldives, Geopolitics, Indian Ocean region

1. Introduction to India's Neighbourhood First Policy

After independence in August 1947, India adopted a more pragmatic view of its neighbourhood. The generally perceived view was based on the following premises: South Asia was regarded as a priority for India's foreign policy; India wanted to develop friendly and co-operative relations with its neighbours under all circumstances and India would respect the wishes of its smaller neighbours.

Concerns have recently emerged regarding the coherence of India's Neighbourhood First Policy. However, this does not imply that the Policy has not been previously examined. In recent times, there have been calls for a re-evaluation of India's foreign policy. It is widely recognized that any new strategy should be based on the evolving Net Security Environment (NSE) of the Indo-Pacific Region.

India's sole interest in Maldives arises from historical, geographical and cultural linkages. India has shared its cordial diplomatic relations with Maldives since its independence from Britain in 1965. India has kept security, terrorism, and natural calamities at its forefront with Maldives in all bilateral relations. At the same time, it tries to provide on priority basis assistance to the development activities of Maldives. Trade and commerce, tourism, industrial investments, and cultural cooperation have all exclusively placed in a subordinate position to the mutual defence assistance and cooperation of India and Maldives

2. Historical Perspective of India-Maldives Relations

The Maldivian Republic is an enchanting nation comprising a chain of small island nestled within Indian ocean. The island country is surrounded by Indian Ocean from north, south and west, while it is bordered by the Indian states of Kerala and Tamil Nadu from east. This picturesque country has experienced remarkable changes throughout its history. Earlier it was perceived as insignificant and detached from global affairs, but now has emerged as an area of strategic importance. This shift in its significance is attributed due to its unique landscape, rich fisheries and burgeoning tourism industry, as well as its vital geographical location, which serves as gateway to the Indian ocean.

Formal diplomatic relation between India and Maldives established on 28 November 1985 at the level of high commissioner. (Kumar S Y, 2021). The Indian High Commission in calibrated responses, reacted quickly and provided assistance in the aftermath of SOS calls from President Abdul Gayoom. India assisted in search and rescue operations in Male, Gan and Addu. India redeployed troops on the outskirts of Gan and Addu and assisted in a military 'swim' exercise. India's involvement in the successful coup demonstrated the behind-the-scene role of India in its first military operation after the imposition of the Indo-Sri Lankan Accord on 29th July 1987. (Maitra2024)

3. Geopolitical Significance of Maldives

The Maldives occupies a critical position in India's foreign policy choices with its inter-linkages of geography, history, culture and security. It is thoroughly linked with India in matters of world view, civilizational aspirations like democracy, human rights, development, terror combat, climate change etc. However, these contemporary bonds are based on deeper strands of civilizations, culture, economy, religion, law, values and social factors (Kumar S Y, 2021).

India was the first country to recognize the Maldives after independence on July 26, 1965. The post-independence relations grew interactive and constructive. Maldives became a member of the United Nations in 1965 and Indian diplomats started visiting Male to watch over India's interests. After some disagreements over issues, legitimate gripes from Maldives about Indian intervention, the two countries began to make public displays of interest in one another regularly and the Maldives joined the Non-aligned Movement (NAM) in 1978. (Kumar S Y, 2021)

The Maldives stands as India's immediate strategic neighbour within the southern region of the Indian states, with its bilateral relations with India being primarily managed from the capital city of Male. This island nation, nestled in the ancient Arabian Sea and part of the Indian Ocean, lies to the southwest of both Sri Lanka and India, while also positioned north of the Equator.

Notably, the Maldives holds the title of the smallest nation in Asia, covering an area of just 298 square kilometres. The archipelago consists of an impressive 1,192 coral islands, organized into a double chain of 26 atolls that stretch across 820 kilometres. This unique arrangement finds its home in the southern Indian Ocean, strategically located along a significant east-west air and maritime corridor. Indian diplomatic presence in the Maldives can be traced back to the latter part of the 19th century; nevertheless, the formal establishment of ties with India did not occur until after the Maldives gained independence. (Thakur, 2023)

4. Economic Ties between India and Maldives

In 1985, India and the Maldives entered into a bilateral trade agreement aimed at fostering the exchange of goods and services. India's exports to the Maldives experienced a notable rise, increasing from 79

million USD in 2020 to 129 million USD in 2021. India emerged as Maldives largest trade partner in 2023 touching almost \$1 billion.

In April 2020, India delivered a consignment of essential goods to the Maldives. Subsequently, on June 8, 2020, India provided 178 tons of medical supplies and disinfectants at no cost to the Maldives, which was grappling with the impacts of COVID-19. Furthermore, a 200 million USD Line of Credit extended by India facilitated the Maldives in acquiring essential equipment for its COVID-19 response efforts. In conjunction with this Line of Credit, India and the Maldives also formalized an agreement concerning a supply line for the latter. In this context, India approved a loan aimed at bolstering the defence and maritime safety capabilities of the Maldivian Coast Guard. Additionally, in January 2020, India provided a 12 million USD credit line intended for the provision of high-speed boats to enhance the security and surveillance operations of the Maldivian Coast Guards. (Ananthavinayagan et al.2024)

China has become a major partner country for Maldives by fully utilizing the soft and hard power tools of diplomacy it developed in accordance with its Belt and Road Initiative. After the rejection of the China-Maldives Friendship Bridge project, many bilateral projects have been cancelled, causing Maldives-China relations to become soured and strengthening socio-political changes, often negative for Chinese enterprises. The anti-establishment campaign against Chinese investments has been strengthened among Maldivian political parties, and sentiment against China has been inflamed in the Maldivian media. Political changes, such as allegations of corruption in major infrastructure investment projects agreed upon with Chinese entities amid dissatisfaction with rising foreign debt, have raised doubts over China-Maldives relations. The growing national sentiments of the Maldivian people, verification of legitimacy and transparency of foreign aid, questions over sufficiency and viability of investment, and fears of furthering the balance of power among global and regional powers are emerging as challenges for China's growing presence in Maldives, which India has termed the second front of China. (Ahmed and Haque Sheikh, 2021)

4.1. Trade Relations

India's trade relations with Maldives date back to ancient times. Islanders of Maldives traded cowrie shells with people on the Malabar coast, and with advent of rubber plantation in Malabar trade of cart-drawn coir ropes and dry coconut began. In the twenty-first century India remains the largest and most favoured supplier of goods and commodities to Maldives. Trade examines the trade relations between India and Maldives in the context of the big power politics, with respect to China's expansionism in South Asia including Maldives (P K, 2016). Importantly, India played a dominant role in the foreign trade of Maldives with respect to China. No wonder, in Maldives, India was overshadowed by China, and people started doubting the capabilities of Indian diplomacy to deal effectively with China.

The trade volume of India with Maldives remained constant, but that of China with Maldives rose sharply. Consequently, bilateral trade between India and Maldives was in favour of India, which exported nearly 95 percent of the total goods traded. However, Maldives was in heavy trade deficit, and throughout the period it imported nearly 40 times the value of goods exported to India, while the corresponding figure for trade with China was less than a fifth. In March 2025, India exported \$46M and imported \$3.1M from Maldives, resulting in a positive trade balance of \$42.9M. Between March 2024 and March 2025 the exports of India to Maldives increased by \$2.87M (6.65%) from \$43.1M to \$46M, while imports increased by \$2.17M (235%) from \$925k to \$3.1M.

5. Security Cooperation

Over recent years, India has taken many initiatives to strengthen its regional influence in the Indian Ocean Region (IOR) through security cooperation especially with countries such as Maldives, Mauritius, Seychelles, Sri Lanka and other smaller countries. India's efforts encouraged Maldives to formulate the National Strategic Action Plan on Maritime Security and Strengthening of Maritime Domain Awareness in 2014. Trilateral Maritime Security Cooperation mechanism with Sri Lanka and Maldives has also been initiated at the National Security Adviser (NSA) level and is being institutionalised (P K, 2016). There is a collaboration among the three nations on patrolling and surveillance through aerial patrolling by Dornier aircraft of India and Dornier aircrafts under construction in Sri Lanka, and a Shark-41 modern maritime aircraft. Cooperation in the vertical of operation between the national maritime agencies and navies of India, Maldives, and Sri Lanka through inter-agency cooperation is expected to help security network around the IOR. Joint Exercise series "Dosti," started as a bi-annual exercise in 1991 between the Coast Guards of India and Maldives to strengthen cooperation and interoperability in areas of Search and Rescue operations, Maritime Pollution, etc. Maritime cooperation agreement was signed between India and Maldives in the inaugural meeting of the Joint Working Group in Maritime Cooperation and the first virtual meeting was conducted.

India also sees a strategic fit for Maldives in Indian defence establishment particularly due to the commonality of threats. India's Defence Ministry offered a \$550 million line of credit to Maldives for defence sector development and much loan pledges for quickly exploring defence cooperation. India has already provided Coastal radar systems. Counter-terrorism and Technical Cooperation agreement has been signed to ensure long-term cooperation in counter-terrorism efforts. Both countries continue to explore cooperation in cyber security, procurement of military hardware for better coordination among the military and training of Maldivian police and military personnel by their Indian counterparts. Such cooperation is meant to upgrade Maldivian military capabilities, interoperability with the Indian military, and bilateral collaborative security operations. (Cabestan, 2021)(Nkala, 2021)

5.1. Counter-Terrorism Efforts

India is committed to cooperate with Maldives in countering terrorism. Given rising radicalization and terrorist attacks in the Maldives, India was alerted and focused on establishing a legal framework for increased cooperation in this area. Given the close proximity of several Maldivian islands to India, they are in a position to promote terrorism, organized crime, and illegal smuggling. Further, terrorist threats from islands like Himadhoo to the south of Chennai prompted Indian leaders to emphasize the need to deepen cooperation against terrorism. Prime Minister Modi's visit to Maldives in 2016 led to both Political Leaders expressing interest in deepening cooperation in counter-terrorism including through sharing of intelligence, training, and capacity building.

The Maldives joined the Global Counter Terrorism Strategy in July 2018, which ensures that all actions are taken collectively, consistently, and in a coordinated manner. It reiterates the need for states to adopt measures to prevent and combat terrorism and address the conditions conducive to its spread. Maldives extends its fullest cooperation to fight all forms of terrorism. It prohibits the counter-terrorism laws from being applied to or affecting the legitimate and peaceful activities of organizations that have special status. The United Nations Integrated Counter Terrorism Strategy aims at eliminating terrorism in all its forms while devising measures and instruments to improve the effectiveness and efficiency of Member States in fighting terrorism. (Ramakrishna, 2021)

A Multilateral Counter Terrorism Centre, a regional contingent of the National Security Guard to provide counter-terrorism response and intervention capabilities, has been established by the Indian government. Additionally, India has offered to share its expertise and experience in a number of Law Enforcement Agencies in Maldives, such as upgrading the equipment and technology used in the Maldives Police service. It also aims to take urgent remedial measures in a time-bound manner against terrorism and terrorist financing.

5.2. Maritime Security

The Indian Ocean is the third largest ocean in the world, accounting for almost 1/5th of the earth's total surface. Due to its strategic location between three continents and continuous developments in shipbuilding, it is becoming more important for transoceanic cargo traffic. Unfettered navigation and preservation of ecological balance cannot be overemphasized. Various littoral states, including India, have taken steps to realize their maritime security strategies. Securing ports and territorial waters, offshore installations, protecting coastal fishing communities against drug trafficking and terrorism, and preventing maritime pollution are paramount to a country's security. However, due to limited technology, access to modern equipment, poor training, and lack of cooperation and coordination, littoral states fail to realize global and realistic solutions to their common maritime security problems (P K, 2016).

The immediate neighborhood of maritime states, especially in the west India, Sri Lanka and Maldives, is prone to terrorist and piratical activities which poses serious concerns to their respective national security. India has taken a proactive approach to meet the challenges of maritime security through trilateralism with its neighboring states. The three countries are located in the self-navigating Indian Ocean and share common maritime security concerns and threats. Moreover, they have strong government-to-government interactions and people-to-people relations due to cultural, economic, political, historical and geographical affinities between them. (Baruah, 2022)

6. Challenges in India-Maldives Relations

India-Maldives ties have remarkable amicability and cordiality. Despite the diurnal fluctuations ranging from bonhomie to antagonism, they have downplayed the disputes, and have constantly endeavoured to stay as neighbours with an abiding sense of goodwill. However, succumbing to the virulence of domestic politics, the sagacity displayed in the past years is ebbing away, expressing determinism to undo the work of decades within a short span of three years. Meanwhile, beyond the horizon, policy actors have emerged, some of whom are deemed to surpass India in attractiveness to its smaller neighbours. (P K, 2016).

In December 2016, the contracted Maldives government cancelled an agreement with a Singapore-based company which was to develop the Hulhumale airport and terminated a GMR agreement for the modernisation of the Male airport worth USD 500 million. Maldives has been the centre for civilisational ties, through trade, culture and religion prior to the advent of the British in 1815. After independence in 1965, Maldives viewed India as a close brotherly country with whom it could easily identify. India's unrelenting goodwill and cooperation manifested in respect of the circumstances that led to a coup in November 1988, Maldives' support for India's bid for a permanent seat on the UN Security Council as well as its firmness in the face of a precipitate GMR departure. This led to a sharp cleavage when the coalition government led by the Maldivians Progressive Party began its tenure just before the New Year in 2016, unlike the earlier administration's fondness for all. (Kumar S Y, 2021).

President Abdulla Yameen feared domestic factionalism gathering storm through the acceptance of the Salamanca Report and began purging the security and intelligence establishment patrician of the elite

Maldivians tree and ubiquitous Indian presence in senior posts. As the first step, government-cleaning began by summoning the Indian Ambassador for a dressing down at a public gathering. Subsequently, Indian teachers and technical personnel began to return home, inexorable efforts were made to limit the engagement of the Indian private sector in the health and more particularly the aviation fields and constructs began to release beleaguered male delivery rafts. Seeking to dismantle the safety net, the agreements on giving gift and loan islands to India were revealed. (Sahoo, 2021)

6.1. Political Instability in Maldives

The Maldives is located at the southern end of the strait, the discussion of which will have repercussions on the Maldives political choices and government direction. The political landscape in the Maldives was dominated by Mohamed Nasheed's rule, as the leader of the Maldivian Democratic Party (MDP), following his success in the 2008 presidential elections. Thus far, the political system has been a multi-party system, and there were no limitations on civil and political rights. In the 2013 elections, Vice President Mohamed Waheed took the mantle to contest the elections. Nasheed was declared the winner after two rounds. However, in 2015, Nasheed was given a 13-year jail sentence on charges of terrorism. Political unrest grew within the country due to the jailing of opposition figures, incomplete electoral reforms, and increasing concerns that key democratic institutions were under threat (Kumar S Y, 2021) India's concerns regarding security stem from the island nation's own internal complications, as well as its ties and relations with neighboring Pakistan and China. India's relations with Maldives suffered during the rule of President Abdulla Yameen, as China-backed projects were allowed to flourish. Unlike President Nasheed, President Yameen adopted an "active" stance toward China and its undisputed ideas and plans (Sharma, 2018). With mounting political unrest and challenges to democratic governance, Maldives was perceived to be in a precarious state, while its relations with China also grew with investments being part of the Belt and Road Initiative. The question of free and fair elections arose, followed by incumbent President Yameen's conflict with the Judiciary. Consequently, India found itself at the center of discussions for intervention to ensure a stable political process in the island nation.

6.2. Influence of China

China's involvement in the Indian Ocean has been one of its key areas of maritime growth since the mid-1980s. In addition to bilateral ties, Beijing aimed to reinforce its financial and operational basis in the Indian Ocean by conducting friendly relations with Maldives. The strategic embrace of an older generation has been the most successful means to assert one's authority in the region. Since 2000, China has continued to grow its affairs in South Asia, offering investments in vital infrastructure projects such as port, roads, bridges, thermal power plants, and hydropower plants. South China Sea and the Indian Ocean have been two major flags in Beijing's quest for global preeminence. The latter is the region where devotees of emperors had persisted in China's major focus of influence, and it is a location where China's current identity revival has many of the same characteristics with the former's reign. All orders set up and current affairs sustained through the assiduous efforts of European colonizers, largely expended in China, and remotely observed by the United States. The pepper route connecting the maritime silk route and the Suez Canal diminishes the sensing space of the UK in the Indian Ocean. Thus, attention turned to other areas; that was why European nations struggled for dominance in the Indian Ocean. (Grare and Samaan, 2022) Maldives is unavoidably associated with China's '21st Century Maritime Silk Road,' but geographically beholding India. Without absence in the located Indian Ocean, it is impossible to exploit the periphery surrounding India. China's investments in Maldives have accumulated since 2005 in the wake of democracy. China's collaborative program in the most unsecured sector is a weakness of Maldives'

relation with India. Tourism generates around 80% of revenue, and for this reason, Maldives has to ensure the country's stability. However, anti-India sentiments appear to have expanded significantly in society and are virtually targeted towards incumbent president Yameen Abdul Gayoom and his half-siblings. China also needs to control a few oceanic access points to sustain dominance on maritime contour and the commercial transportation ship route, and these islands will act as a nucleus of the Second Island Chain. The development and control of an observatory in Laamu Atoll and a military base on Maloshoi are plausible goals. Investigations and disputes remain elusive, however, given the nature of relations. (Thakur, 2023)

Conclusion

India has, from its earliest engagements with Maldives, recognized the importance of stability and security in the island Republic and has unambiguously supported the efforts of the Maldivian people and their government in upholding and fostering a democratic way of life. Events of the last couple of years had strained relations on occasion, but India was always there in a proactive and constructive manner to extend whatever needed help to Maldives at this difficult time. Maldives has been a roadblock on regional realities in South Asia since 2008. Anti-Indian sentiments did not grow overnight. One important lesson learned from all this is that though democracies can withstand dissent, unless grievances are redressed sooner rather than later, the consequences could be disastrous even for stable democracies. India too must introspect and draw important lessons for improvement (P K, 2016).

Many lauded India for the restraint shown, post the ouster of Abdulla Yameen. India had been sensitive in not repeating the mistakes of the erstwhile government and had been supportive of the new Government. A coherent civilizational state policy was urged, one that looked beyond the lashes of criticism from the opposition, and intended to tackle some underlying processes of radicalization that were not allowed to fester again (Kumar S Y, 2021). However, all was not hunky-dory on the Maldivian front. A virtual platform comprising of nations including Western and Maldives' immediate neighbours was blatantly snubbed. A furious mind was apparent in the Government of Maldives and extreme partisan preferences began to surface and may eventually reel on India once again.

Resilience against partisan attacks and intolerance were essential for democracy to prosper and mature in Maldives. It would, however, require a more balanced and collegial approach that would involve the opposition as well. Above all, attempts at appeasement abroad must not be construed as appeasement at home. It was now time for India to ponder serious redressal and constructive engagement towards a more collegial foreign policy, even regarding Maldives. However, on the other hand, partnerships would prosper only in the absence of threats and coercions. What goes around comes around in politics and reciprocation of bad faith and state behaviour had attended to neighbours elsewhere in the world seeking intimacy with foreign actors.

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