India’s Rudderless Maldives Policy

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Summary

Geographical proximity and cultural affinity make the Modi Government’s decision to scale down its engagement with the Maldives unsustainable, particularly when it is trying to revive India’s moribund ocean diplomacy. India’s foreign policy objectives would have been better served if Modi had visited the Maldives. A message supporting the fledgling Maldivian democracy delivered in Malé would have carried more weight than press releases sent out from New Delhi by the Ministry of External Affairs.

Key Points

- Narendra Modi’s recent tour of Indian Ocean island states may herald the revival of India’s ocean diplomacy.
- The exclusion of the Maldives from the tour, however, seems to be based on a misunderstanding of both the Maldivian Government’s choice of the timing of the arrest of former President Mohamed Nasheed and India’s own foreign policy objectives.
- Disengaging with the Maldives – strategically located astride India’s sea lanes and one of the few neighbours with which India does not have a border dispute – at a time when ocean diplomacy is being revived is counterproductive.
- Shared challenges related to climate change and maritime security require close collaboration between the two countries irrespective of their domestic politics.
Prime Minister Narendra Modi’s March 2015 tour of Indian Ocean island states – the Seychelles, Mauritius and Sri Lanka – in the midst of his government’s maiden budget session reflects the priority that he attaches to India’s relationship with its maritime neighbours. His visit to the Seychelles and Sri Lanka was the first by an Indian Prime Minister in about three decades. Also noteworthy is the fact that Modi undertook this tour before his upcoming visit to China, which is trying to extend its reach in Indian Ocean.

The highlight of the tour was the decision to skip Maldives, though. On 22 February 2015, just three weeks before the proposed visit, Maldives’ first popularly elected president, Mohamed Nasheed (2008-12), was detained under anti-terror laws and was later sentenced to 13 years in jail (two years earlier, in February 2013, Nasheed managed to avoid arrest by taking refuge for more than a week in the Indian High Commission). It can be argued that Modi, whose party attacked the Maldives policy of the previous Congress Government, could not have visited Malé without attracting severe criticism. But domestic political compulsions did not deter Modi from engaging with Sri Lanka’s Mahinda Rajapaksa and endorsing the land swap agreement with Bangladesh. In fact, unlike India’s policy towards Bangladesh and Sri Lanka, which affects politics in the eastern states and Tamil Nadu, the Maldives policy does not have any direct domestic political impact. The exclusion of Maldives from the tour seems to be based on a misunderstanding of both the Maldivian Government’s choice of timing for Nasheed’s arrest and India’s own foreign policy objectives.

In the first week of December 2014, about two months before Nasheed’s arrest, the Maldives requested India to provide with it fresh water supplies to deal with a severe water crisis. The Maldivian Government would have known that this would not be the last emergency in which it would need Indian support and also that other potential responders, such as China (and even Pakistan), have much longer response times. So, why did it not delay the arrest of Nasheed, who did not pose an immediate existential threat, and wait until after Modi’s departure?

It would be unreasonable to argue that the Maldivian Government would not have foreseen the consequences of arresting Nasheed ahead of Modi’s visit. So, it makes sense to work with the assumption that the government was aware of the possible fallout and still went ahead with the arrest. Now, only one question must be answered: “What explains the timing

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1 Modi’s visit to Fiji (19 November 2014) was the first by an Indian Prime Minister in more than three decades. The External Affairs Minister and the National Security Adviser have also visited a number of island and littoral countries in the Indo-Pacific region. It is not a mere coincidence that, while coalition governments ruled India for most of the past three decades, that period was also marked by a persistent neglect of ocean diplomacy.

2 In times of crisis, the Maldivian authorities routinely appeal to a number of countries. For instance, in the 2014 water crisis, the Maldives appealed to India, China, Sri Lanka and the US, whereas, in the 1988 mercenary crisis, it appealed to India, Britain and the US. But India has always been the first to respond.
of the arrest?”, instead of two: “Why did the Maldivian Government fail to anticipate India’s response?” and “Why did it not correct its course once India’s response became clear?”

The timing of Nasheed’s arrest must be understood from domestic and international perspectives. On the domestic front, the Maldives witnessed significant political turbulence in the run up to Nasheed’s arrest. Inconvenient judges and the defence minister were sacked and the business interests of a leader of a political party were targeted. Opposition parties responded by joining hands. Nasheed’s arrest was then the culmination of the current President’s attempt to consolidate his position. While the removal of Nasheed from the political scene was necessary, Yameen knew that India could not be expected to back him irrespective of the timing of the arrest. This is where the international dimension of the timing of the arrest deserves attention.

Yameen’s long distance well-wishers seem to have nudged him to derail the Indian Prime Minister’s visit. The resultant discord between India and Maldives could be seen as a source of consolation after Sri Lanka’s new government has shown some interest in lessening the Rajapaksa Government’s foreign policy tilt towards China. So, the arrest, it seems, was timed to force India to postpone or cancel the Prime Minister’s visit and to ensure that India does not manage to engage all the Indian Ocean Island states. Under these circumstances, the threat of cancellation of the visit was bound to prove ineffectual. Modi, in fact, walked into the trap and now he cannot visit the Maldives without Nasheed’s political rehabilitation. He has prepared the ground for a future prime minister to claim that s/he is the first to travel to the Maldives in decades. The completely avoidable posturing has not served India’s long-term interests.

**India-Maldives Relationship**

The Maldives is one of the few neighbours with which India does not have a boundary dispute and the importance of the Maldives to India’s maritime security cannot be overstated. The Maldives, along with the islands of India’s Lakshadweep Union Territory, belongs to the larger archipelagic chain that also includes the British Indian Ocean Territory of Diego Garcia and the Chagos Archipelago. The chain is strategically located vis-à-vis the sea lanes leading to India and on to East Asia. Malé is closer to mainland India than are the Andaman and Nicobar Islands, a Union Territory of India. Haa Alif, in the northern Maldives, is closer to Minicoy, in southern Lakshadweep, than it is to Malé. Unsurprisingly, in 1988, when Maldives faced a coup supported by Sri Lankan Tamil mercenaries, India could send help at short notice. The failed coup is commemorated every year as Victory Day (3 November). Last year, Foreign Minister Sushma Swaraj visited the Maldives on Victory Day.

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3 One could argue that the Yameen Government misunderstood India because, for instance, not long before Nasheed’s arrest a delegation of his Maldivian Democratic Party (MDP) was reportedly denied an audience in New Delhi. But this line of argument is untenable, as Yameen did not make any serious attempt to address India’s concerns, even after he realised that Modi’s visit might be postponed, while his foreign minister lectured India on the virtues of non-interference in the internal affairs of other countries.

4 President Abdulla Yameen Abdul Gayoom is the brother of former Maldivian dictator Maumoon Abdul Gayoom (1978-2008), whose daughter, Dunya Maumoon, is Yameen’s foreign minister.
The geographic proximity of India and the Maldives is matched by their ethnic and cultural bonds. Minicoy shares ethno-linguistic ties with the Maldives. Teachers from Minicoy have, in the past, availed of training offered by the Maldives in Dhivehi, the official language of the Maldives. Maldivian nationals visiting Minicoy are exempt from requiring travel permits, a facility not extended even to most Indian citizens. A large number of Maldivians come to India to access educational and health care facilities (the first President of the Maldives was an alumnus of India’s Aligarh Muslim University). Indians form the second-largest expatriate community (after Bangladeshis), as well as the bulk of education and health professionals in the Maldives. Indian experts have previously restored a number of historical mosques—the Friday, Eid and Dharumavantha Rasgefaanu Mosques in Malé and South Ari Atoll’s Fenfushi Friday Mosque—and have recently studied other mosques that need restoration.

In short, India and the Maldives are too closely related to leave their relationship to the mercy of short-term domestic politics. India will have to think in terms of the long-term challenges, three of which are discussed below.

**Climate Risks**

The Maldives is among the countries that are most vulnerable to climate change, both in terms of the percentage of population exposed and mitigation/adaptation costs as a proportion of national income. The small, low-lying islands and atolls of the Maldives are vulnerable to both rising sea levels and high-impact weather events. The maximum and average elevations of the Maldives are about 2.4 and 1.5 metres, respectively, and about four-fifths of its territory is less than one metre above sea level. In addition, the Maldives’s small land territory (about 300 square kilometres) is divided among about 1,190 islands, of
which only 28 islands have an area greater than one square kilometre. With an Exclusive Economic Zone about 3,000 times larger than its land area, the territory of the Maldives is highly dispersed, accentuating and aggravating its vulnerability. This increases the costs of both routine administration and the policing of far flung islands and disaster management. Moreover, the coral ecosystem is highly vulnerable to rising seawater temperatures.

A high population density of about 1,320 persons per square kilometre is another problem (the capital, Malé, which is home to one-third of the country’s population, has a density of about 18,000 persons per square kilometre). The effective population density of the Maldives is much higher, though, as only about 15 per cent of the country’s 1,190 islands are inhabited and as many as 20 of the previously inhabited islands were rendered temporarily or permanently uninhabitable by the 2004 Boxing Day Tsunami. There is another reason why Maldivian population density is likely to be higher than the current estimates: satellite imagery suggests that the country’s area is closer to 227 km², instead of the widely-used estimates of 298 or 300 km². It is worth noting, too, that the Maldives attracts more than one million tourists annually, which cannot but add to its ecological fragility.

Unfortunately, dealing with the threat posed by climate change is not among the priorities of the present government, obsessed as it is with silencing opponents. But in the event of a natural disaster such as the 2004 tsunami, India will have to rush support to the Maldives irrespective of who is in power there. It makes great sense, therefore, to increase collaboration with the Maldives to put preventative measures in place.

**Security Deficit**

Maldives sits right in the middle of one of the busiest sea lanes in the world, through which the bulk of South and East Asia’s energy imports pass. A stable and vigilant Maldives is vital for maritime security. There is a further development that also needs attention. The population of the Maldives is entirely Sunni and Islam is the state religion. While religious extremists were active in Maldives even during the regime of Gayoom, especially after 9/11, his government did not encourage extremism. But, after the democratic transition in 2008, Nasheed’s political opponents have used the “Islam-in-danger” card to consolidate their support base. The opportunism of Nasheed’s opponents has made room for radical Islam in the Maldives. Unfortunately, the present government does not shy away from mixing politics and religion, even as radicalised youth are being drawn into the West Asian vortex.

Modi’s visit was supposed to help India improve co-ordination with the Maldives on issues such as maritime patrols and international terrorism and add to substance to the trilateral dialogue between India, Sri Lanka and the Maldives on Maritime Security Co-operation that might eventually include Mauritius and the Seychelles as full partners. Fortunately, the pre-scheduled port calls by INS Gomati and ICGS Sangram to the Maldives were not cancelled.

**Economic Fragility**

Until 2011, Maldives was among the least developed countries. While it has graduated out of that UN category, it remains economically vulnerable because the cost of dealing with climate change as a proportion of national income is very high. Rising sea levels threaten to
damage drinking water sources and arable land, as well as submerge vital coastal infrastructure. In the worst case, a number of presently inhabited islands may be rendered uninhabitable or even disappear.

Another major problem facing the Maldivian economy is its limited diversity. The tourism sector accounts for about one-third of the national income and two-fifths of government revenue. The economic importance of tourism, however, exceeds its direct contribution to national income as the health of other sectors of the economy is linked to the tourism sector. Unfortunately, the tourism sector is vulnerable to natural disasters, domestic political instability and international economic upheavals. The 2004 tsunami affected one-quarter of the country’s tourist resorts and tourist inflows dropped by 70 per cent and 36 per cent in the month and year that followed. Persistent political instability and growing radicalism could also jeopardise the tourism sector. In 2012, the year in which Nasheed was ousted from office, tourist inflows from Europe dropped by about four per cent. A human rights campaign in the West leading to a tourist boycott would send the Maldivian economy into a tailspin.

Political instability can also affect the expatriate community and increase the cost of labour. Presently, the Maldives is home to possibly more than 100,000 expatriate workers, mostly from Bangladesh, India and Sri Lanka, who service about 1.12 million tourists. Finally, overdependence on international tourists exposes the Maldives to global economic shocks. Immediately after the global financial crisis, tourist inflows dropped by about four per cent between 2008 and 2009. In 2009, the Maldives faced a severe foreign exchange crisis and issued dollar-denominated treasury bonds entirely subscribed to by the State Bank of India.

The problems posed by limited economic diversity are aggravated by the correlated risks faced in the tourism, fishing and agriculture sectors from natural disasters.

To make matters worse, the present government’s financial condition does not seem to be good. In April 2014, fiscal problems forced the Maldives to close its High Commission in Bangladesh, a fellow SAARC member and the largest source of immigrant labour. Another development last year highlighted the government’s potential financial liabilities. After Nasheed’s ouster, the Mohamed Waheed-led interim government prematurely cancelled Bangalore-based GMR Group’s lease contract for developing and operating the Malé International Airport. This US$500 million project was the single largest direct foreign investment in the Maldives.\(^5\) Last year, a Singapore-based court of arbitration ruled in favour of GMR, which has sought compensation of US$1.4 billion. Axis Bank, which extended a loan to GMR, has also secured a favourable verdict and it has sought compensation of US$170 million. If the court upholds the claims of GMR and Axis Bank, which add up to about 65 per cent of Maldivian GDP at official exchange rates and are more than twice the

\(^5\) The agreement over a US$50 million waste management project between the Maldivian Government and Tatva Renewable Energy Pvt. Ltd was reopened in 2012 after Nasheed’s ouster. But, after two years of negotiations, the Maldivian Government decided to terminate the agreement. Similarly, a US$200 million housing project awarded to India’s Tata Housing by the Nasheed Government was reopened and then delayed for more than two years. But the Taj Group, which, like Tata Housing belongs to the Tata Group and owns two major hotels near Malé, continued to operate without any problems. Also, a few months after Nasheed’s ouster, OIA Alliance (India) Pvt Ltd’s US$40 million housing project was approved by Malé.
country’s foreign exchange reserves, the Indian Government will have to step in as an intermediary.

The fragile economic condition of the Maldives and its government’s fiscal constraints cannot but aggravate maritime security and climate change risks by limiting the resource commitments available to deal with these challenges. Moreover, a fiscally-constrained government that cannot sustain welfare programmes and curb underemployment could also end up indirectly contributing to the radicalisation of youth. It is very much in India’s interest to promote livelihood security and macroeconomic stability in the Maldives.

**Conclusion**

Geographical proximity and cultural affinity make Modi’s decision to scale down engagement with the Maldives unsustainable, particularly when India is trying to breathe life into its moribund ocean diplomacy. India’s foreign policy objectives — securing the Maldives against international terrorism and climate change; helping to build a stable rule-of-law based democracy; encouraging foreign policy neutrality; and ensuring the safety of Indian investments and the large Indian expatriate community in the Maldives – would have been better served if Modi had visited the Maldives. A message supporting the fledgling Maldives democracy delivered in Malé and talks with the leaders of Nasheed’s party in the Maldivian capital would have carried far more weight than press releases from the Ministry of External Affairs.

By excluding the Maldives from the tour, the Modi Government has escalated the diplomatic tussle that began in 2012 when Nasheed was removed from office, without securing any gains. So far, the Modi Government seems to be following the self-defeating policy of the Manmohan Singh Government, which had effectively sub-contracted the job to the High Commissioner in Malé. The government has to understand that there is no substitute for dialogue between heads of neighbouring states. Shared concerns require the two governments to work together irrespective of short-term domestic politics in either country. It remains to be seen if the Modi Government can rework its Maldives policy in a way that could both help to bolster Maldivian democracy and secure India’s interests in the western Indian Ocean. Regardless, India will still have to rush support to the Maldives in times of crisis irrespective of who might be in power in Malé.

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