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India-Maldives Reset – What Neighbourhood First Must Learn From Its Lowest Point

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MAINS RELEVANCE:




INTERVIEW ANGLE

"India-Maldives relations hit a low point in 2024 with the withdrawal of Indian military personnel. What are the structural lessons for India's Neighbourhood First Policy?"

WHY IN NEWS

India's outreach to the Maldives continues to recover from its 2024 nadir, with the Greater Male Connectivity Project progressing under EXIM Bank financing and the SAARC currency swap facility renewed — as New Delhi recalibrates its approach to a neighbour that made "India Out" a presidential campaign slogan.

THE LOWEST POINT AND ITS CAUSES

When Mohamed Muizzu won the Maldivian presidential election in September 2023 on an explicit "India Out" platform, it marked the most public diplomatic setback for India's Neighbourhood First Policy since its articulation in 2014. By May 2024, India had withdrawn its military personnel stationed on the islands — the last Indian military presence in the Maldives had operated under a bilateral arrangement preceding PM Modi's first term.

To understand why this happened requires looking past the personality of Muizzu and examining the structural dynamics that made anti-India sentiment an electoral asset in a country that has been among India's largest development finance recipients.

The dependency paradox. India has been the dominant external actor in the Maldives for decades — training the Maldivian National Defence Force, providing medical evacuation services (including the iconic Dornier aircraft and Advanced Light Helicopter operations), and financing major infrastructure. The Greater Male Connectivity Project, India's largest sea bridge project in the neighbourhood at Rs 3,382 crore, will eventually connect Male, Villingli, Gulhifalhu, and Thilafushi islands. Yet this scale of presence, rather than

generating durable goodwill, created a political vulnerability. Dependence, in the Maldivian domestic discourse, became synonymous with subordination — and subordination became the opposition's most reliable rallying cry.

China's patient capital. Muizzu is not operating in a vacuum. China's Belt and Road Initiative engagement with the Maldives — which includes the Sinamale Bridge (also known as the China-Maldives Friendship Bridge, completed 2018) connecting Male to Hulhule — gave successive Maldivian governments an alternative patron to hold over India's head. Beijing's model is infrastructure capital without the political conditionalities, human rights questions, or the cultural familiarity that makes India's presence feel intrusive to Maldivian nationalists. China does not train the Maldivian coast guard or conduct medical evacuations; it builds bridges and signs cheques. The asymmetry in how the two relationships feel — one intimate and surveillant, one transactional and distant — matters enormously in small-nation politics.

The military footprint problem. India's military personnel in the Maldives were operating two helicopters and a Dornier aircraft for search-and-rescue and medical evacuation missions — a genuinely humanitarian function. But the political optics of uniformed Indian military personnel on Maldivian soil fed a sovereignty narrative that Muizzu exploited with precision. India's failure to indigenise the military relationship — to train Maldivian operators to the point where Indian uniformed personnel were unnecessary — left the bilateral relationship exposed to exactly this kind of domestic political pressure.

WHAT THE MALDIVES REVEALS ABOUT NEIGHBOURHOOD FIRST

India's Neighbourhood First Policy, articulated in PM Modi's first-term inauguration speech in May 2014 when SAARC leaders were invited to New Delhi, rests on three premises: prioritise neighbourhood over great-power relationships, use development finance to create interdependence, and position India as the region's first responder. The Maldives experience reveals where each premise strains.

Development finance without political consolidation. The GMCP is a strategic infrastructure investment — connecting Male's satellite islands creates economic integration and population mobility that serves Maldivian development and ties the country's economic future to Indian-financed infrastructure. But infrastructure finance, by itself, does not build political relationships. India's model in the neighbourhood — EXIM Bank loans for large infrastructure, sometimes with Indian contractors and Indian-sourced materials — is perceived in recipient countries as serving Indian commercial and strategic interests alongside their own. The political work of converting infrastructure finance into durable political capital requires sustained, senior-level diplomatic engagement that India does not consistently deliver.

The SAARC problem. India's Neighbourhood First Policy is bilateral in practice, even though SAARC provides a multilateral framework. SAARC has been effectively paralysed since Pakistan-India tensions prevented the 2016 Islamabad summit. The inability to use SAARC as a genuine institution for regional integration — trade facilitation, connectivity, energy pooling — has left the neighbourhood without the multilateral architecture that ASEAN has provided in Southeast Asia. India's smaller neighbours must

therefore manage their India relationships bilaterally, without the protective buffer of a multilateral framework that dilutes Indian dominance. The BIMSTEC alternative (which excludes Pakistan) has momentum but lacks the depth of ASEAN-style integration.

China as the permanent variable. The Maldives, Sri Lanka, Nepal, Bangladesh — in every case where India-China competition has played out in the neighbourhood, India has struggled with the same structural disadvantage. China offers capital without the political complications of proximity. India's advantage — cultural, linguistic, historical, geographic — paradoxically becomes a liability when it is experienced as surveillance, interference, or dominance rather than partnership. India needs a theory of influence in the neighbourhood that does not depend on being the only significant external actor — because that condition no longer exists.

THE RECOVERY AND ITS LIMITS

The India-Maldives relationship has stabilised since the military withdrawal. Muizzu has demonstrated greater pragmatism in office than his campaign rhetoric suggested — a common pattern in Maldivian politics, where successive presidents have “India Out” positions erode against the reality that 70 percent of Maldives' food imports and most of its essential medicines come through India.

The SAARC currency swap facility — a \$50 million arrangement that provides Maldives balance-of-payments support — was renewed. The GMCP continues under EXIM Bank financing. High-level visits have resumed. India's Coast Guard has continued cooperation on maritime security in the Indian Ocean Region, which serves both countries' interests regardless of political temperature.

But the relationship's recovery has not addressed the structural causes of its deterioration. India has not developed a model for military cooperation that does not require Indian uniformed presence — training programs for Maldivian operators of the same aircraft and vessels India provides would be a starting point. India has not articulated a SAARC revival strategy that addresses Pakistan's veto over the institution's effectiveness. And India has not developed a coherent response to China's presence in the Maldives — which will not disappear regardless of who leads the government in Male.

WHAT A MATURE NEIGHBOURHOOD POLICY LOOKS LIKE

Indigenisation as the exit strategy. Every Indian military asset — helicopter, vessel, surveillance platform — stationed in a neighbour's territory should have a defined indigenisation timeline: a date by which trained local operators make Indian uniformed presence unnecessary. This converts India from a provider of services to a trainer of capacity — a relationship that generates political goodwill rather than sovereignty anxiety.

People-to-people durability. India's scholarship programs, medical treatment access at AIIMS and other tertiary hospitals, and the cultural familiarity between Indian and Maldivian societies are the most durable forms of influence. Expanding the Maldivian quota in Indian professional education, supporting Maldivian

civil society, and maintaining the Maldivian people's positive experience of India when they interact with Indian institutions — these are slower-return investments than bridge financing, but they are harder to politically disrupt.

Managed multipolarity in the neighbourhood. India will not be the sole external actor in its neighbourhood. China is already present in infrastructure and investment across SAARC countries. Rather than treating every Chinese infrastructure investment as a strategic encirclement, India should establish what it considers its non-negotiable interests — no foreign military bases, no intelligence infrastructure targeting India, no debt arrangements that transfer strategic assets — and operate confidently within that framework. Not every Chinese bridge is a String of Pearls.

SAARC without Pakistan paralysis. The 2016 Islamabad summit failure effectively handed Pakistan a veto over Indian regional leadership. India should explore SAARC-minus formats — regional cooperation structures that include Bangladesh, Bhutan, Nepal, Sri Lanka, and Maldives — for specific functional areas (disaster response, health, energy) while keeping the formal SAARC architecture alive. BIMSTEC provides one model; functional subregional arrangements may provide another.

THE INDIAN OCEAN STAKES

The Maldives occupies a strategic position that should focus Indian attention independent of the bilateral relationship's political temperature. The archipelago's 1,200 islands span approximately 900 km astride the Indian Ocean's critical sea lanes — the Eight Degree Channel and Nine Degree Channel between India and the Maldives are among the busiest shipping lanes in the world, carrying energy imports to East Asia and goods to Europe. India imports 85–88 percent of its crude oil through sea routes that pass near or through Maldivian waters.

A Maldives that hosts Chinese naval logistics infrastructure — a scenario that current Maldivian governments have denied seeking, but that cannot be ruled out over the long term — would represent a meaningful change in India's maritime strategic environment. The Neighbourhood First Policy's strategic rationale in the Maldives is not charity or cultural solidarity; it is the logic of a continental power that depends on maritime routes it does not fully control.

This should impose a discipline on Indian policy: the bilateral relationship must be managed with sufficient skill to prevent the worst outcomes, even when it cannot be managed to produce the best ones. The 2024 military withdrawal was a managed setback, not a catastrophic rupture. The test of Indian strategic patience is whether New Delhi will absorb that lesson — that proximity is both India's greatest advantage and its greatest vulnerability in the neighbourhood — and build a policy framework that works with that reality rather than against it.

★ FACTS CORNER — KNOWLEDGE PEDIA
INDIA-MALDIVES STRATEGIC OVERVIEW:

Maldives: 1,200 islands; 298 km² land area; population ~530,000; Male is capital

Maldives archipelago spans ~900 km in the Indian Ocean

Critical sea lanes: Eight Degree Channel and Nine Degree Channel (between India and Maldives)

~85–88% of India's crude oil imports pass through Indian Ocean sea routes

GREATER MALE CONNECTIVITY PROJECT (GMCP):

Connects: Male, Villingli, Gulhifalhu, and Thilafushi islands

Financing: India's EXIM Bank — Rs 3,382 crore

Significance: India's largest sea bridge project in the neighbourhood

RECENT INDIA-MALDIVES TIMELINE:

September 2023: Muizzu elected president on "India Out" platform

May 2024: India withdrew military personnel from Maldives

2024: SAARC currency swap facility (\$50 million) renewed

GMCP: continued under EXIM Bank financing

KEY SEA CHANNELS:

Eight Degree Channel: between Minicoy Island (India) and Maldives — 8°N latitude

Nine Degree Channel: between Minicoy and Maldives northern atolls — 9°N latitude

Both are critical routes for energy and cargo shipping to and from East Asia

INDIA'S NEIGHBOURHOOD FIRST POLICY:

Articulated: May 2014, PM Modi's inauguration (SAARC leaders invited)

Instruments: EXIM Bank development finance, military cooperation, scholarships, medical access

SAARC: paralysed since 2016 (Islamabad summit cancelled — India-Pakistan tensions)

BIMSTEC: alternative grouping (India, Bangladesh, Bhutan, Nepal, Sri Lanka, Myanmar, Thailand) — excludes Pakistan

INDIA-MALDIVES INFRASTRUCTURE HISTORY:

India-gifted: Dornier aircraft and Advanced Light Helicopter for SAR and medical evacuation

China-built: Sinamale Bridge (China-Maldives Friendship Bridge, 2018) — connects Male to Hulhule

OTHER RELEVANT FACTS:

Maldives imports ~70% of food from India

India is Maldives' largest trading partner and key source of tourist arrivals

IORA: Indian Ocean Rim Association — India, Maldives, and 21 other members

Indian Ocean: carries ~80% of global seaborne oil trade

Operation Cactus (1988): India deployed para-commandos to foil coup attempt in Maldives — historic basis for defence relationship

Sources: MEA, Indian Express, PIB

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