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India-Malaysia Comprehensive Strategic Partnership — 11 Agreements, MIDC, and Act East Deepening

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WHY IN NEWS

India and Malaysia operationalised a **Comprehensive Strategic Partnership** during the Indian Prime Minister's visit to Kuala Lumpur, with **11 agreements and documents** signed — including the formal establishment of the **Malaysia-India Digital Council (MIDC)**, a local-currency trade settlement framework, and Malaysia's accession to the **International Big Cat Alliance**.

INDIA-MALAYSIA RELATIONS — HISTORICAL FOUNDATIONS

India and Malaysia share civilisational ties stretching back to the **Chola period (9th–13th centuries AD)** — the Chola Empire's maritime dominance extended trade and cultural influence across the Malay Peninsula. The substantial Indian diaspora in Malaysia (~**2.7 million Persons of Indian Origin**) represents one of the world's largest Indian communities concentrated in a single country, serving as a living bridge between the two nations.

Modern bilateral relations were formally established after Malaysia's independence in 1957. The relationship was upgraded to a **Strategic Partnership in 2010** and has now been elevated to a **Comprehensive Strategic Partnership** — reflecting the broadening and deepening of ties across trade, defence, technology, and culture.

KEY AGREEMENTS SIGNED — FEBRUARY 2026

Trade and Economic Cooperation

INR-MYR (Indian Rupee – Malaysian Ringgit) local currency trade settlement: Reduces dependence on USD in bilateral trade; part of India's broader push to internationalise the Rupee

Bilateral trade (2024-25): **USD 19.86 billion**; Malaysia is India's **3rd largest trading partner in ASEAN** (after Indonesia and Vietnam)

Cooperation areas expanded: **renewable energy, semiconductors, advanced manufacturing**

Digital Cooperation

Malaysia-India Digital Council (MIDC): Formally established as a structured bilateral mechanism for collaboration on digital infrastructure, fintech, cybersecurity, and e-governance

India's UPI and Digital Public Infrastructure (DPI) experience is highly relevant for Malaysia's digital economy goals

Defence and Security

MoU on UN Peacekeeping Cooperation: Both nations are consistent contributors to UN peacekeeping missions

MoU with MACC (Malaysia Anti-Corruption Commission) — CBI (India): Anti-corruption coordination

Joint military exercises: **Harimau Shakti** (Army), **Samudra Lakshmana** (Navy), **Udara Shakti** (Air Force) — three dedicated bilateral exercises across all three services

Disaster Management MoU signed

Cultural and Academic

Thiruvalluvar Chair operationalised at **Universiti Malaya** — named after the Tamil poet-philosopher Thiruvalluvar (author of *Tirukkural*, ~2nd century BCE or later); recognition of shared Tamil cultural heritage in Malaysia

Audio-Visual Co-production Agreement for joint film and media projects

Environment

Malaysia acceded to the International Big Cat Alliance (IBCA): India-led multilateral initiative for conservation of tigers, lions, leopards, snow leopards, cheetahs, pumas, and jaguars; founded at India's initiative in 2023; Malaysia's Malayan tiger (*Panthera tigris jacksoni*) is critically endangered with fewer than 200 individuals remaining

WHY MALAYSIA MATTERS TO INDIA'S ACT EAST POLICY

Strategic positioning: Malaysia sits at a **critical choke point** — the Strait of Malacca, through which approximately **80% of China's energy imports** and a significant share of global trade transit. India's growing naval presence and maritime partnerships in the Indo-Pacific make Malaysia a key node.

ASEAN centrality: India's Act East Policy (launched 2014, evolved from Look East Policy 1991) designates ASEAN as the fulcrum of India's Indo-Pacific engagement. Strengthening the most important South-Asian-diaspora-linked ASEAN state is strategic.

China factor: China is Malaysia's **largest trading partner**, and Piraeus port-style Chinese infrastructure investments create strategic vulnerabilities. India offers Malaysia an alternative economic partner that does not carry strategic dependencies — a complementary relationship rather than a competitive one.

Semiconductors: Malaysia is a major semiconductor packaging and testing hub — producing approximately **13% of global semiconductor back-end packaging**. As India builds its own semiconductor ecosystem, Malaysia's expertise and supply chain are valuable assets.

CHALLENGES IN THE BILATERAL RELATIONSHIP

Trade imbalance: The USD 19.86 billion bilateral trade favours Malaysia significantly; India seeks to increase exports of pharmaceuticals, machinery, IT services, and processed foods to Malaysia.

Past political tensions: Malaysia's former PM Mahathir Mohamad made statements criticising India's revocation of **Article 370** (J&K) and the **Citizenship Amendment Act (CAA)** in 2019 — briefly straining diplomatic ties. The current Malaysian government has maintained warmer relations.

China's dominant position: Malaysia's deep economic integration with China limits how far it can align with India's security concerns; Malaysia has consistently maintained ASEAN-style neutrality on South China Sea and Indo-Pacific strategic questions.

UPSC RELEVANCE

Bilateral trade (USD 19.86 billion, Malaysia = India's 3rd largest ASEAN partner), Indian diaspora in Malaysia (~2.7 million PIOs), MIDC (Malaysia-India Digital Council), INR-MYR settlement, joint exercises (Harimau Shakti/Samudra Lakshmana/Udara Shakti), MACC, International Big Cat Alliance, Thiruvalluvar Chair (Universiti Malaya), Malayan tiger (<200 individuals), Chola period ties (9th–13th CE).

India's Act East Policy; ASEAN centrality; India-Malaysia bilateral relations; Indo-Pacific strategy; diaspora diplomacy; semiconductor supply chain geopolitics.

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INDIA-MALAYSIA — CORE DATA:

Bilateral trade (2024-25): **USD 19.86 billion**

Malaysia's ASEAN rank for India: **3rd largest trading partner** (after Indonesia, Vietnam)

Indian diaspora in Malaysia: **~2.7 million PIOs** (2nd largest Indian community in a single country globally)

Partnership level: **Comprehensive Strategic Partnership** (2026); earlier: Strategic Partnership (2010)

Historical ties: **Chola period** (9th–13th centuries CE)

AGREEMENTS SIGNED (FEB 2026):

11 agreements and documents total

MIDC (Malaysia-India Digital Council): formally established

INR-MYR local currency settlement

UN peacekeeping cooperation MoU

CBI–MACC (Malaysia Anti-Corruption Commission) MoU

Disaster management MoU

Audio-Visual Co-production Agreement

Thiruvalluvar Chair at **Universiti Malaya**

Malaysia acceded to **International Big Cat Alliance (IBCA)**

JOINT MILITARY EXERCISES:

Army: **Harimau Shakti**

Navy: **Samudra Lakshmana**

Air Force: **Udara Shakti**

INTERNATIONAL BIG CAT ALLIANCE (IBCA):

Founded: **2023** at India's initiative

Big cats covered: tiger, lion, leopard, snow leopard, cheetah, puma, jaguar (7 species)

Malaysia's big cat: **Malayan tiger** (*Panthera tigris jacksoni*) — critically endangered; <200 individuals

THIRUVALLUVAR:

Tamil poet-philosopher; author of **Tirukkural** (~2nd century BCE to 5th century CE)

Thiruvalluvar Day: **January 16** (Tamil Nadu state holiday)

OTHER RELEVANT FACTS:

Strait of Malacca: ~80% of China's energy imports transit through it; strategic choke point

Malaysia semiconductor share: ~**13% of global back-end semiconductor packaging**

China is Malaysia's **largest trading partner** — geopolitical balancing act for Kuala Lumpur

Act East Policy: Launched **2014** (evolution of Look East Policy launched **1991** under PM Narasimha Rao)

India's UPI: operational in Malaysia (among 7+ ASEAN countries where UPI is accepted)

Sources: Drishti IAS, Next IAS

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