

# **INDIA – MALAYSIA**

## **Bilateral Relations in the 21<sup>st</sup> Century**

**Editors**

**Dr. I. Parvin Banu**

**Dr. R. Sivaramakrishnan**



**Associate Editors**

**Mr. P. Keerthivasan**

**Mrs. S. Shajitha Banu**



# **India – Malaysia Bilateral Relations in the 21<sup>st</sup> Century**

**First Edition**

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## **ABOUT SRCAS**

Sri Ramakrishna College of Arts & Science (Formerly known as SNR Sons College) continues its journey in the field of higher education in the 37th year. It is situated at the heart of the city and has a beautiful campus sprawling over an area of 15.9 acres with excellent infrastructure. It is affiliated to Bharathiar University and accredited by National Assessment and Accreditation Council since 2001, with A+ in its 4th cycle. It is recognized by the UGC Act under sections 2f & 12B from 2007. The college enjoys autonomous status since 2004. It is an ISO 9001:2015 certified college. The college is under the STAR College Scheme of the Department of Biotechnology (DBT), Government of India since 2019. The college secured 56th Rank in the National Institutional Ranking Framework (NIRF) in 2024.

## **ABOUT THE DEPARTMENT**

PG and Research Department of International Business was started in the year 1998. The department offers BCom IB and MCom IB programs, that offers exposure to complexities of International dimensions of several disciplines such as Foreign Trade, Export Import Documentation, Supply Chain Management, Logistics Management, Foreign Exchange Management, HR Management, International Marketing, International Finance as well as International Economics and Social culture. It helps students tackle challenges of a complex multicultural, multilingual and a globally competitive environment as well as expose them to managerial challenges of International trade and of working under different jurisdictions.

## **ABOUT ICWA**

The Indian Council of World Affairs (ICWA) was established in 1943 as a non-official, non-political, and non-profit think tank dedicated to international relations. Declared an institution of national importance in 2001, it is headed by the Vice President of India. ICWA has hosted landmark events such as the 1947 Asian Relations Conference led by Sarojini Naidu and the 1994 conference on the United Nations. Its headquarters, Sapru House in New Delhi, was inaugurated by Pandit Nehru in 1955 and named after its founder Sir Tej Bahadur Sapru. Nehru was a frequent visitor, engaging with scholars and diplomats. The Council regularly organizes conferences and discussions, including a major 2009 event on China with scholars from 15 countries. The premises have also nurtured institutions like IDSA and the School of International Studies.

## **ABOUT THE INTERNATIONAL CONFERENCE**

The International Conference on "India-Malaysia Bilateral Relations: Strengthening Economic, Strategic, and Cultural Ties in the 21st Century" highlighted the growing partnership between the two nations across key sectors. It focused on expanding trade and investment opportunities, enhancing defence and maritime cooperation, and fostering cultural and educational exchanges. The event brought together diplomats, policymakers, scholars, and industry leaders to explore avenues for collaboration. Emphasis was placed on people-to-people ties, technological partnerships, and regional stability.

## **SUB THEMES**

### **1. Economic Relations**

- Trade and investment opportunities
- Technological and industrial collaborations
- Infrastructure development and digital economy

### **2. Strategic and Security Cooperation**

- Defense and maritime security
- Regional and global strategic partnerships
- Counter-terrorism and cyber-security collaboration

### **3. Cultural and Educational Exchanges**

- Indian diaspora and their role in Malaysia
- Bilateral educational initiatives and research partnerships
- Promotion of tourism and heritage conservation

### **4. Sustainable Development and Innovation**

- Joint efforts in climate change mitigation
- Renewable energy and environmental sustainability
- Smart cities and innovation-driven partnerships

## Message from Principal & Secretary



It is with great pride and pleasure that I welcome you to the International Conference on “India–Malaysia Bilateral Relations: Strengthening Economic, Strategic, and Cultural Ties in the 21st Century” and to the publication of its edited book of research articles. This event embodies our institution’s vision of fostering academic excellence, cross-cultural understanding, and meaningful collaboration on issues of global importance.

At Sri Ramakrishna College of Arts & Science, we believe that knowledge exchange across borders is the cornerstone of progress. This conference, in collaboration with the Indian Council of World Affairs (ICWA), provides a dynamic platform where scholars, industry experts, policymakers, and students can engage in constructive dialogue, explore innovative solutions, and strengthen the bonds between India and Malaysia. The topics discussed—ranging from economic partnerships to sustainable development—hold immense significance for shaping a shared and prosperous future.

I extend my heartfelt appreciation to the editorial board for their meticulous efforts in ensuring the quality and coherence of this volume, and to all contributors whose insightful research has enriched its content. I also commend the convenor, organizing committee, and all supporting members for their dedication in bringing this event to fruition. May the ideas exchanged and the collaborations initiated here continue to inspire impactful work beyond the confines of this conference.

Hearty Congratulations

**Dr. B. L. Shivakumar**

Principal and Secretary,

Sri Ramakrishna College of Arts & Science,  
Coimbatore.

### **Message from Research Fellow, ICWA Representative**



I am so privileged and humbled to express my gratitude to the sponsoring Agency ICPR (Indian Council of Philosophical Research) for such a novel initiative to fund such Seminars in commemoration of International Day of Yoga 2024. I would like to acknowledge the support extended by the Management and Principal for organising such Academic events. This one-day Seminar on “Yoga for Health, Happiness and Harmony” organised by PG and Research Department of International Business in association with Youth Red Cross finds a way to promote a deeper understanding of Yoga as a holistic discipline. Many enthusiastic cracked it in their submission of papers which is included in our publication in Edited Book Chapter with ISBN at free of cost to recognize their splendid work.

I am so delighted and felicitations to the Coordinator, Organising Committee members and Student Co-ordinators.

**Dr. Sripathi Narayanan**

Research Fellow,  
Indian Council of World Affairs, New Delhi.

## Message from Convenor



It gives me immense pleasure to extend my heartfelt greetings to all participants, contributors, and dignitaries of the International Conference on “India–Malaysia Bilateral Relations: Strengthening Economic, Strategic, and Cultural Ties in the 21st Century”. This conference marks a significant milestone in our academic journey, bringing together scholars, policymakers, industry leaders, and students to explore the evolving dynamics between two vibrant nations.

The PG & Research Department of International Business, Sri Ramakrishna College of Arts & Science, has always strived to foster intellectual dialogue on globally relevant issues. This event, in collaboration with the Indian Council of World Affairs (ICWA), reflects our commitment to advancing research and strengthening international academic partnerships. The conference not only provides a platform for the exchange of ideas and knowledge but also aims to inspire actionable strategies for mutual growth in areas such as trade, strategic cooperation, cultural exchange, and sustainable development.

I extend my sincere gratitude to the editorial board for their meticulous review and to all contributors of research articles whose scholarly works have enriched this edited volume. I am confident that the deliberations and scholarly contributions compiled herein will serve as a valuable resource for academicians, practitioners, and policymakers. My sincere appreciation goes to all authors for their rigorous research, to the organizing committee for their tireless efforts, and to our esteemed guests for gracing this occasion with their presence. Together, let us continue to build bridges of understanding and cooperation that transcend borders.

**Dr. I. Parvin Banu**

Convenor,

Associate Professor & Head,

PG & Research Department of International Business,

Sri Ramakrishna College of Arts & Science,

Coimbatore.

## **Message from ICWA International Conference Coordinator**



It is with great pride and satisfaction that I introduce this edited volume, published with an ISBN, emerging from the Indian Council of World Affairs (ICWA), New Delhi sponsored International Conference on “India–Malaysia Bilateral Relations: Strengthening Economic, Strategic and Cultural Ties in the 21st Century”.

The conference, organized by the PG & Research Department of International Business, Sri Ramakrishna College of Arts & Science, Coimbatore, brought together eminent academicians, researchers, policy experts, and practitioners to engage in constructive dialogue on the evolving partnership between India and Malaysia. The deliberations emphasized the importance of deepening cooperation in diverse spheres, including trade and investment, strategic maritime collaboration, cultural exchange, education, and technology-driven development.

This edited book is a tangible outcome of those deliberations, reflecting scholarly insights and policy-oriented perspectives that are both timely and relevant. I am confident that this volume will contribute meaningfully to academic discourse and serve as a reference point for researchers, policymakers, and students interested in international relations and bilateral cooperation.

I extend my sincere appreciation to ICWA for their invaluable support, to all contributors for their academic rigor, and to the editorial team for their dedication in bringing this work to fruition.

**Dr. R. Sivaramakrishnan**

ICWA International Conference Coordinator,  
Assistant Professor,  
PG & Research Department of International Business,  
Sri Ramakrishna College of Arts & Science (Autonomous),  
Coimbatore.

339	A STUDY OF ECO-CONSCIOUS APPROACHES IN SUSTAINABLE FOOD PRACTICES Aishwarya. B, K. Vishnupriya	1969
340	AN EMPIRICAL STUDY ON WOMEN'S ENTREPRENEURSHIP IN THE DIGITAL ECONOMY Kiruthiga Mahalingam, Dr. S. Neelima	1980
341	ECONOMIC RELATIONS Prof. S. Keerthana, Sarubalan. K, Vasanth. S	1986
342	TOURISM AS A BRIDGE OF DIPLOMACY: ASSESSING THE OPPORTUNITIES AND CHALLENGES OF INDIA– MALAYSIA BILATERAL RELATIONS IN THE CONTEMPORARY ERA Sajeer. C, Dr. A. Anandalakshmy, Ms. Bushara. K	1991
343	INDIAN DIASPORA AND THEIR ROLE IN MALAYSIA Bhavadharani. R, Abina. P	1997
344	INDIA-MALAYSIA ECONOMIC RELATIONS: STRENGTHENING BILATERAL TRADE AND INVESTMENT IN THE 21ST CENTURY Dania Margett. D. A & Vidhya shree	2001
345	THE ROLE OF TRADE AND INVESTMENT IN ENHANCING INDIA-MALAYSIA BILATERAL RELATIONS IN THE 21ST CENTURY: AN INVESTIGATIVE STUDY Dr. P. Gurusamy	2010
346	CULTURAL AND EDUCATIONAL EXCHANGES (PROMOTION OF TOURISM AND HERITAGE CONSERVATION) Dr. P. Kalavani., Parkavi. P & Maha Prabhu. R	2016
347	RENEWABLE ENERGY AND ENVIRONMENTAL SUSTAINABILITY: PATHWAYS, CHALLENGES, AND POLICY DIRECTION M. Devipriya	2020
348	A STUDY ON TRADE AND INVESTMENT OPPORTUNITIES IN THE GLOBAL ECONOMY K. Vishnupriya & B. Aishwarya, S. Dharani & Nawin Kumar	2027

**CHAPTER – 345**

**THE ROLE OF TRADE AND INVESTMENT IN ENHANCING INDIA-MALAYSIA BILATERAL RELATIONS IN THE 21ST CENTURY: AN INVESTIGATIVE STUDY**

**Dr. P. Gurusamy**

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**Abstract---**India established diplomatic relations with the Federation of Malaya (the predecessor state of Malaysia) in 1957. Since then, India and Malaysia have developed close political, economic, and socio cultural relations. Malaysia hosts the third-largest Person of Indian Origin (PIO) community in the world, following the US and UAE. As of 2022, which marked 65 years of diplomatic ties, there is a growing engagement in all aspects of the bilateral relationship, particularly in the economic sphere. Malaysia is India's 13th largest trading partner, while India ranks among the top ten trading partners globally. Additionally, Malaysia has emerged as the third-largest trading partner for India within the ASEAN region. Bilateral trade reached USD 20.02 billion in 2023-24, comprising USD 7.27 billion in exports from India and USD 12.75 billion in imports. This study explores the evolving economic partnership between India and Malaysia in the 21st century, focusing on the dynamics of trade and investment. Utilizing secondary data, the paper examines the growth trajectory, key sectors, challenges, and future prospects of bilateral economic relations. The analysis underscores the significance of strategic collaborations, policy initiatives, and the role of digital infrastructure in fostering deeper economic integration between the two nations.

**Keywords---**India-Malaysia Relations, Bilateral Trade, Foreign Direct Investment, Renewable Energy, Digital Economy, ASEAN-India Business Summit.

**1. Preamble of The Study**

India and Malaysia share a multifaceted relationship encompassing economic, strategic, and cultural dimensions. In recent years, trade and investment have emerged as pivotal components of this bilateral engagement. This paper aims to analyze the role of trade and investment in strengthening India-Malaysia relations, drawing insights from secondary data sources. In FY24, India exported 4,845 commodities to Malaysia, with total exports valued at USD 7.27 billion. Major exported items from India include engineering goods

(USD 2.31 billion), petroleum products (USD 1.70 billion), and buffalo meat (USD 0.58 billion). Bilateral trade has shown significant growth; in 2022, it reached USD 19.5 billion, with India being Malaysia's 13th largest trading partner and vice versa.

### **2. Objectives of The Study**

The researcher has framed the following objectives:

- **To Analyze Trade Patterns:** Examine current trade patterns between India and Malaysia, identifying key sectors contributing to economic growth.
- **To Identify Investment Opportunities:** Investigate potential areas for investment that could strengthen bilateral economic ties, focusing on sectors like technology, manufacturing, and services.
- **To Assess Economic Impact:** Evaluate the economic impact of existing trade agreements and investment flows on both countries' economies, including job creation and GDP growth.
- **To Examine Policy Frameworks:** Analyze the policy frameworks governing trade and investment between India and Malaysia, assessing their effectiveness and areas for improvement.
- **To Explore Cultural and Economic Linkages:** Investigate how cultural ties and historical relationships influence trade and investment decisions.
- **To Evaluate Challenges and Barriers:** Identify challenges and barriers that hinder trade and investment, such as regulatory issues and logistical constraints.
- **To Propose Strategic Recommendations:** Develop actionable recommendations to enhance trade and investment, fostering deeper economic cooperation.
- **To Monitor Future Trends:** Analyze emerging trends in global trade and investment that may impact the India-Malaysia relationship.

### **3. Statement of The Problems**

In the 21st century, India and Malaysia have the potential to significantly enhance their bilateral relations through increased trade and investment. However, several challenges hinder deeper cooperation. Key issues include a lack of awareness about mutual investment opportunities, regulatory barriers complicating trade, and insufficient alignment on policy frameworks governing economic interactions. Cultural differences

and historical contexts may also affect decision-making processes in trade and investment initiatives. This study aims to address critical questions regarding how India and Malaysia can leverage their economic relationship for sustainable growth and what specific barriers need to be overcome.

### **4. Research Methodology**

This study adopts a qualitative research design to explore the role of trade and investment in strengthening India-Malaysia bilateral relations. Secondary data will be collected from various sources, including academic journals, government publications, and industry reports related to international trade and investment.

### **5. Investment Flows and Collaborations**

India and Malaysia have signed a Memorandum of Understanding (MoU) on August 20, 2024, aimed at strengthening cooperation in tourism. This agreement underscores the commitment of both nations to collaborate in promoting tourism and enhancing mutual understanding. In addition, both countries have agreed to allow bilateral trade in their respective currencies, facilitating transactions and reducing dependence on the US dollar. This initiative reflects India's growing economic footprint in Southeast Asia.

### **Strategic Collaborations**

Both nations have engaged in strategic collaborations, including the establishment of the Malaysia-India Business Council and participation in the ASEAN-India Business Summit. These platforms facilitate dialogue and partnerships in sectors such as renewable energy, digital economy, and sustainable development.

### **Challenges in Bilateral Economic Relations**

Despite significant trade growth, challenges remain. Malaysia often maintains a trade surplus with India, primarily due to palm oil exports, posing challenges for a more equitable trade relationship. Non-tariff barriers, high compliance costs, and limited utilization of free trade agreements hinder the full potential of bilateral trade.

### **Future Prospects and Strategic Initiatives**

Digital integration and renewable energy investments are promising avenues for collaboration. Malaysia's Petron has announced a planned investment of approximately USD 4.5 billion in renewable energy ventures in India, indicating a focus on sustainable energy collaboration.

### **Recent Developments**

Recent developments include enhanced collaboration in the oil palm industry, commemorations for 65 years of diplomatic relations, and agreements on defense and academic cooperation. Notably, India and Malaysia have established a Regional Office of Hindustan Aeronautics Limited (HAL) in Kuala Lumpur to facilitate defense industrial collaboration.

### **Data Analysis of The Study**

Trade Patterns: Bilateral Trade Volume:

In FY 2023-24, bilateral trade between India and Malaysia reached USD 20.02 billion.

Exports from India: USD 7.27 billion

Major commodities include:

Engineering goods: USD 2.31 billion

Petroleum products: USD 1.70 billion

Buffalo meat: USD 0.58 billion

Imports to India: USD 12.75 billion

Key imports include:

Minerals: USD 2.92 billion

Vegetable oils: USD 2.45 billion

Electrical machinery: USD 1.48 billion

Growth over Time: From 2022 to 2023, bilateral trade increased from USD 19.5 billion to USD 20.02 billion, indicating a robust growth trajectory. The trade relationship has diversified beyond primary commodities, with increased volumes in electrical equipment, machinery, and refined products.

### **Major Observations of The Study**

- **Current Trade Patterns:** The trade relationship has shown growth, particularly in electronics, palm oil, and pharmaceuticals.
- **Investment Opportunities:** High-potential areas include technology and renewable energy.

- **Economic Impact:** Existing trade agreements have positively influenced GDP growth and job creation.
- **Policy Frameworks:** Current policies require improvements in regulatory harmonization.
- **Cultural Linkages:** Historical ties enhance trust and collaboration.
- **Challenges and Barriers:** Complex customs procedures and varying standards hinder trade.
- **Future Trends:** Digital transformation and sustainability will shape future relations.

### **Recommendations of The Study**

- **Strengthening Trade Agreements:** Enhance and revise existing agreements to include emerging sectors such as digital trade.
- **Promoting Investment in Key Sectors:** Launch targeted initiatives to attract investment in high-potential sectors.
- **Simplifying Regulatory Frameworks:** Streamline customs processes and harmonize standards.
- **Fostering Cultural Linkages:** Promote cultural exchange programs and networking events.
- **Addressing Challenges:** Conduct regular assessments to identify barriers to trade and investment.
- **Implementing Strategic Initiatives:** Encourage joint ventures and establish bilateral trade councils.
- **Monitoring Future Trends:** Foster collaboration in research and development to stay ahead of global trends.

### **6. Conclusion of The Study**

Trade and investment play a pivotal role in enhancing India-Malaysia bilateral relations. Despite challenges such as trade imbalances and regulatory barriers, strategic initiatives in digital integration and renewable energy offer promising avenues for future collaboration. Strengthening these economic ties will contribute to a robust partnership between the two nations in the 21st century.

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