

INDIA – MALAYSIA

Bilateral Relations in the 21st Century

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Dr. I. Parvin Banu

Dr. R. Sivaramakrishnan



Associate Editors

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Mrs. S. Shajitha Banu



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Chief Editors

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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.

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RELATIONS BETWEEN INDIA AND MALAYSIA: A STRATEGIC, ECONOMIC AND CULTURAL PERSPECTIVE

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Abstract---India and Malaysia share a long-standing relationship shaped by historical ties, cultural interactions, and strategic cooperation. Rooted in centuries-old maritime trade and civilizational exchanges, their modern diplomatic relations were formalized in 1957, coinciding with Malaysia's independence. Over the decades, the partnership has evolved through economic collaboration, defense cooperation, regional diplomacy, and shared cultural heritage. However, the relationship has also seen fluctuations due to political developments, economic policies, and strategic alignments. This paper explores the multifaceted India-Malaysia relations, analyzing the historical foundations, economic and strategic dimensions, people-to-people connections, challenges, and the road ahead for this bilateral partnership.

Keywords---India-Malaysia Relations - Bilateral Trade - ASEAN-India Partnership - Strategic Cooperation - - Indian Diaspora in Malaysia - Cultural Diplomacy.

1. Introduction

India's engagement with Southeast Asia has been one of the central pillars of its foreign policy, particularly under its "Act East Policy." Among Southeast Asian nations, Malaysia stands out due to its strategic location, economic potential, and a significant Indian diaspora. This paper aims to critically analyze the evolution and current dynamics of India-Malaysia relations across several domains, highlighting both the opportunities and challenges involved.

2. Historical Background

The relationship between India and Malaysia dates back to ancient times. Indian traders, scholars, and cultural emissaries contributed to the spread of Hinduism and Buddhism in the Malay Peninsula. Indian epics like the Ramayana and Mahabharata influenced local

literature, while Indian art, architecture, and language left a lasting impact. The Chola Empire (11th century) also had maritime interactions with the Malay region.

In modern history, British colonialism linked the two regions economically and demographically. The migration of Indian laborers to Malaya during British rule established one of the largest Indian communities in Southeast Asia. This community continues to play an influential role in Malaysian society.

3. Diplomatic Relations

Diplomatic relations between India and Malaysia were established in 1957. Since then, there have been frequent high-level visits and the signing of various bilateral agreements:

- **1981:** Visit by Malaysian Prime Minister Mahathir Mohamad to India.
- **2010:** Indian Prime Minister Manmohan Singh's visit to Malaysia led to the signing of a Comprehensive Economic Cooperation Agreement (CECA).
- **2015–2020:** High-level visits continued under Narendra Modi's administration, with renewed emphasis on strategic and defense cooperation.

The diplomatic engagement has been institutionalized through the **Joint Commission Meeting, Foreign Office Consultations, and Joint Working Groups** on various subjects.

4. Economic Cooperation

4.1 Trade Relations

India and Malaysia have developed robust economic ties:

- **Bilateral Trade:** Trade between India and Malaysia stood at **USD 19 billion** in 2023–24, making Malaysia India's third-largest trading partner in ASEAN.
- **Key Exports from India:** Machinery, refined petroleum, pharmaceuticals, iron and steel.
- **Key Imports from Malaysia:** Palm oil, electronics, petroleum products, chemicals.

The **India-Malaysia Comprehensive Economic Cooperation Agreement (CECA)** signed in 2011 enhanced bilateral trade by reducing tariffs and promoting investment.

4.2 Investments

Malaysian companies have invested significantly in India, especially in infrastructure, construction, and telecom sectors. Notable investments include:

- **MMC-Gamuda** in metro rail projects.
- **Petronas** in oil and gas.

Indian companies like **L&T**, **TCS**, and **Reliance** also have operations in Malaysia, indicating mutual confidence in investment climates.

5. Strategic and Defense Cooperation

5.1 Maritime and Defense Ties

Given their maritime proximity and shared interest in Indian Ocean security, India and Malaysia have steadily strengthened their defense relations.

- **Joint military exercises** (Harimau Shakti).
- **Naval cooperation** and port calls in the Malacca Strait.
- **Defense MoUs** on training, joint production, and intelligence sharing.

Malaysia supports freedom of navigation in the Indo-Pacific, aligning with India's strategic concerns regarding China.

5.2 Counter-Terrorism and Cybersecurity

Both countries are committed to combating terrorism and cyber threats. Cooperation includes sharing intelligence, conducting training programs, and participating in multilateral forums such as the **ASEAN Defence Ministers' Meeting Plus (ADMM-Plus)**.

6. Cultural and Diaspora Links

India's civilizational linkages with Malaysia form a unique cultural bridge:

- Over **2 million people of Indian origin** (primarily Tamils) reside in Malaysia.
- Indian festivals like **Thaipusam** and **Deepavali** are celebrated as public holidays.
- Institutions like the **Netaji Subhash Chandra Bose Indian Cultural Centre** in Kuala Lumpur promote Indian classical dance, yoga, and Hindi.

Cultural diplomacy is reinforced through **ICCR scholarships**, student exchange programs, and Indian cinema's popularity in Malaysia.

7. Multilateral and Regional Cooperation

India and Malaysia collaborate within regional and international forums such as:

- **ASEAN-India Strategic Partnership**
- **East Asia Summit**
- **Non-Aligned Movement (NAM)**
- **BIMSTEC and Indian Ocean Rim Association (IORA)**

Such platforms allow both countries to voice concerns on global governance, trade, and climate change while fostering South-South cooperation.

8. Challenges in Bilateral Relations

8.1 Political and Diplomatic Strains

Differences in political ideology or sensitive issues such as Kashmir have, at times, caused friction. For example:

- In 2019, comments by then-Malaysian PM Mahathir Mohamad criticizing India's policies on Kashmir strained relations.
- India responded by reducing imports of Malaysian palm oil, signaling economic pushback.

8.2 Trade Barriers and Competition

- **Non-tariff barriers** affect smooth trade.
- India faces **stiff competition** from China in Malaysian markets.
- Regulatory unpredictability in both countries can discourage investors.

9. Emerging Areas of Cooperation

9.1 Digital Economy and Fintech

With both nations investing in digital transformation, there is potential for collaboration in:

- E-governance platforms
- Fintech ecosystems

- AI and cybersecurity solutions

9.2 Healthcare and Pharmaceuticals

India's pharmaceutical industry can partner with Malaysia's healthcare sector to produce affordable medicine and boost medical tourism.

9.3 Green Energy and Sustainability

Joint ventures in **solar energy, electric mobility, and palm oil sustainability** are under exploration to meet climate goals.

10. Recommendations and Way Forward

To strengthen the bilateral partnership:

1. **Institutionalize regular dialogues:** Establish annual summits and economic dialogues at ministerial level.
2. **Ease regulatory frameworks:** Streamline procedures for cross-border investments and business visas.
3. **Expand cultural diplomacy:** Promote language exchange, youth delegations, and shared heritage conservation.
4. **Strengthen defense logistics:** Develop joint naval operations and enhance maritime domain awareness.
5. **Leverage diaspora networks:** Encourage entrepreneurship, education exchange, and remittance channels

11. Conclusion

India-Malaysia relations are anchored in shared history, economic interests, and regional stability. Despite occasional setbacks, both countries have demonstrated resilience and a willingness to engage constructively. As geopolitical realignments intensify in the Indo-Pacific, India and Malaysia can emerge as critical partners in ensuring economic integration, maritime security, and sustainable development. Strengthening this relationship through mutual respect and strategic foresight is essential for peace and prosperity in the region.

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