

Grants from India make up 1.5% of Maldives' budget

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India is a neighbour that the Maldives cannot afford to upset, suggests data. A regular recipient of India's foreign aid, India budgeted an allocation of ₹400 crore of grants to the island nation in the ongoing fiscal year. This is around 1.5 per cent of Maldives' budget for FY24.

DATA FOCUS.

The India budget document shows that in FY24, 6.84 per cent of the overall allocation for aid to foreign countries went to Maldives. Grants to the Maldives have gradually increased over the years, from ₹109 crore in FY18. These allocations pertain to aid for cultural and heritage projects, and disaster relief.

Besides these, India has also announced various other grants to the Maldives.

According to a Ministry of External Affairs document on India-Maldives bilateral relations, in November 2022, the Government of India handed over financial assistance of \$100 million to help the island nation face economic challenges.

It also says that Indira Gandhi Memorial Hospital (IGMH), one of the four hospitals in the country, was built with Indian Grant Assistance in 1995. "Major renovation of IGMH, funded by the government of India, was completed in June 2017 at a cost of ₹52 crore."

Among India's many contributions, according to the document, it also mentions how Sushma Swaraj, during her visit to the country in 2019, signed an LoC Agreement for \$800 million and an MoU for grant assistance for High Impact Community Development Projects.

At that time, India also gifted 2,500 LED street lights

and two lakh LED bulbs to Malé City Council.

According to Sachin Chaturvedi, Director General at the Research and Information System for Developing Countries (RIS), a New Delhi-based think tank, India's contribution to Maldives could be higher than what's shown in the budget.

However, he says, "India has a high opportunity cost attached to these grants. India is giving out these grants out of solidarity and for development as part of the South-South cooperation."

TRADE TIES

According to the MEA data,

India emerged as Maldives' third largest trade partner in 2021.

Between 2016 and 2022, total trade between the two countries almost doubled. In 2022, India exported goods worth \$495.4 million to Maldives.

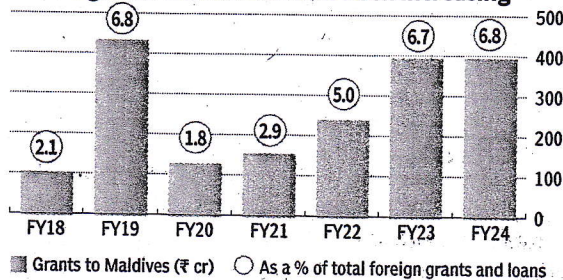
While Indian imports from the Maldives primarily comprise scrap metals, Indian exports to the Maldives include a variety of engineering and industrial products such as drugs and pharmaceuticals, radar apparatus, rock boulders, aggregates, cement and agricultural produce such as rice, spices, fruits, vegetables and poultry produce.

Ties across the sea

1.5%

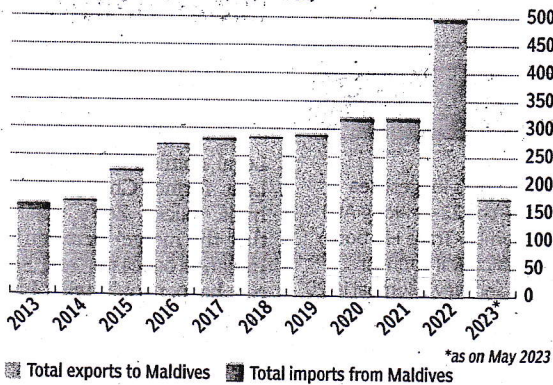
India's grants to Maldives in FY24 is 1.5% of the latter's budget for this fiscal

India's grants to Maldives have been increasing



The countries also have a healthy trade relation

Bilateral trade figures (Jan-Dec, in \$ million)



Source: India Budget documents, Maldives Budget, MEA