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BILATERAL RELATIONS

INDIA - MALAYSIA

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INTRODUCTION

India-Malaysia relations are marked by deep historical, cultural and people-to-people connections, as well as a growing convergence of strategic and economic interests. India established diplomatic relations with the Federation of Malaya, the predecessor state of Malaysia, in 1957. Over the decades, the relationship has developed into a broad-based partnership covering political engagement, trade and investment, defence and security, digital technologies, education, healthcare, tourism, culture and people-to-people exchanges. Malaysia is also an important partner in India's Act East Policy and its engagement with ASEAN.

A defining milestone in contemporary India-Malaysia relations was achieved on 20 August 2024, when both countries elevated their relationship from an Enhanced Strategic Partnership to a Comprehensive Strategic Partnership. The partnership reflects a shared commitment to deeper cooperation across trade and investment, defence and maritime security, digital technologies, semiconductors, artificial intelligence, renewable energy, healthcare, education, culture and tourism. This momentum was further strengthened during the official visit of Prime Minister Narendra Modi to Malaysia in February 2026, when both leaders reaffirmed their commitment to expanding the Comprehensive Strategic Partnership and identified new opportunities for cooperation in advanced manufacturing, infrastructure, green technologies, fintech, start-ups and other high-value sectors.

Economic and commercial relations remain a major pillar of the bilateral partnership. According to official Indian data, bilateral merchandise trade stood at approximately US\$19.9 billion in FY 2024-25, with Malaysia remaining India's third-largest trading partner within ASEAN. The two countries are connected through the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA), which has been in force since 2011, alongside the ASEAN-India economic framework. India and Malaysia have also promoted the use of the Indian Rupee and Malaysian Ringgit for bilateral trade settlement, while both governments continue to encourage greater investment and business collaboration across emerging and high-growth sectors.

The relationship is further strengthened by Malaysia's vibrant Indian-origin community, which provides a unique cultural and social bridge between the two countries. India and Malaysia share centuries-old civilisational connections shaped by trade, migration, language, religion and cultural exchanges. Cooperation in recent years has expanded to areas such as traditional medicine, digital technologies, higher education, youth engagement, tourism and cultural preservation, including the establishment of the Thiruvalluvar Chair of Indian Studies at Universiti Malaya.

Today, India and Malaysia are entering a new phase of their bilateral relationship. With strong historical foundations and an expanding Comprehensive Strategic Partnership, both countries are increasingly focused on building a future-oriented relationship based on economic growth, technological cooperation, regional stability and stronger people-to-people ties.

Beyond bilateral engagement, India and Malaysia also share an important interest in promoting peace, stability and prosperity in the Indo-Pacific region. Malaysia's strategic location in Southeast Asia and its strong role within ASEAN make it an important partner for India's regional engagement. Both countries cooperate through various regional and multilateral platforms, including the United Nations, ASEAN-led mechanisms, the East Asia Summit and other international forums. Their cooperation increasingly reflects shared interests in maritime security, sustainable development, economic resilience and regional connectivity.

The growing India-Malaysia partnership is also creating new opportunities for businesses and investors in both countries. With India's expanding economy and Malaysia's established position as a regional hub for manufacturing, technology, finance and trade, the two countries have significant potential for deeper collaboration. Emerging sectors such as semiconductors, digital economy, renewable energy, green technology, fintech, infrastructure development, healthcare and innovation are expected to play an increasingly important role in shaping the future of bilateral economic relations.

The relationship between India and Malaysia, therefore, extends beyond traditional diplomacy and trade. It represents a dynamic and evolving partnership supported by strong historical foundations, extensive people-to-people connections and a shared vision for future growth. As both countries continue to strengthen cooperation under the Comprehensive Strategic Partnership, India-Malaysia relations are expected to play an increasingly significant role in advancing economic development, technological progress, regional stability and long-term international cooperation.



HISTORY

India and Malaysia share a relationship rooted in centuries of historical, cultural and commercial exchanges. Contacts between the Indian subcontinent and the Malay Peninsula can be traced back to ancient maritime trade routes, which encouraged the exchange of goods, ideas, languages, religions and cultural traditions. Over time, these historical connections were further strengthened through migration and the growth of the Indian community in Malaysia, creating enduring people-to-people links between the two societies.

Formal diplomatic relations between India and the Federation of Malaya, the predecessor state of modern Malaysia, were established in 1957, following Malaya's independence. During the early decades of diplomatic engagement, the relationship was supported by close political ties and regular high-level exchanges. The personal friendship between the leaders of the two newly independent countries also contributed to the development of strong bilateral relations.

A significant milestone was achieved in 2010, when India and Malaysia elevated their bilateral relationship to a Strategic Partnership. This reflected the growing scope of cooperation in political engagement, trade and investment, education, culture, defence and other areas of mutual interest. The partnership was further elevated to an Enhanced Strategic Partnership in 2015 during Prime Minister Narendra Modi's visit to Malaysia, marking a new phase of broader and more structured cooperation between the two countries.

The bilateral relationship has continued to develop through regular exchanges between leaders and government representatives. High-level visits have played an important role in expanding cooperation and strengthening institutional engagement. In 2017, the 60th anniversary of the establishment of diplomatic relations between India and Malaysia was marked by high-level engagement, reflecting the long-standing friendship between the two nations.

The most important recent milestone came during the State Visit of Malaysian Prime Minister Dato' Seri Anwar Ibrahim to India from 19 to 21 August 2024. During the visit, India and Malaysia elevated their relationship from an Enhanced Strategic Partnership to a Comprehensive Strategic Partnership. The decision reflected the maturity and expanding scope of bilateral cooperation across areas including political engagement, defence and security, trade and investment, digital technologies, start-ups, fintech, renewable energy, healthcare, higher education, culture, tourism and people-to-people relations.

The historical relationship entered another important phase in February 2026, when Prime Minister Narendra Modi undertook an official visit to Malaysia. The two countries reaffirmed their commitment to further strengthening the Comprehensive Strategic Partnership and expanding cooperation across a wide range of traditional and emerging sectors. Discussions covered defence and security, maritime cooperation, trade and investment, digital economy, science and technology, energy, agriculture, healthcare, education, culture, tourism and youth exchanges, along with emerging areas such as semiconductors and artificial intelligence.

From ancient civilisational and maritime connections to modern diplomatic and strategic cooperation, the history of India-Malaysia relations reflects a steady evolution of partnership. Today, the Comprehensive Strategic Partnership represents the strongest institutional framework in the history of bilateral relations, providing a foundation for deeper cooperation, stronger economic engagement and a shared vision for the future.

ECONOMIC RELATIONS

India and Malaysia share a strong and expanding economic relationship, with trade and investment forming an important pillar of their Comprehensive Strategic Partnership. Bilateral commercial engagement has grown significantly over the years, supported by the Malaysia-India Comprehensive Economic Cooperation Agreement (MICECA), which entered into force in July 2011. The agreement covers trade in goods, trade in services, investment and the movement of natural persons, while complementing the broader ASEAN-India economic framework.

According to official Government of India data, bilateral merchandise trade between India and Malaysia stood at approximately US\$19.9 billion in FY 2024–25. India's exports to Malaysia amounted to approximately US\$7.36 billion, while imports from Malaysia stood at approximately US\$12.54 billion. The continued strength of bilateral trade reflects the complementary nature of the two economies and the growing importance of Malaysia as one of India's significant economic partners in Southeast Asia.

Investment cooperation has also expanded considerably. According to official Indian data, Malaysia ranked as the 31st largest investor in India, with FDI inflows of approximately US\$1.29 billion between April 2000 and June 2025, while Malaysian investments in India, including investments through third-country routes, were estimated at around US\$3.3 billion. Around 70 Malaysian companies, including joint ventures, have established operations in India across sectors such as infrastructure, healthcare, telecommunications, oil and gas, power, tourism and human resources. Major Malaysian investors include Petronas, Gentari, IHH Healthcare and other companies involved in renewable energy and infrastructure development.

Indian companies have also established a significant presence in Malaysia. More than 150 Indian companies, including joint ventures and public sector undertakings, operate in the country across sectors such as information technology, pharmaceuticals, biotechnology, manufacturing, education, healthcare and professional services. Prominent Indian business interests include investments and operations associated with companies such as Biocon, Reliance, Wipro and other major Indian enterprises, demonstrating the increasingly two-way nature of bilateral economic engagement.

A major development in recent years has been the decision to promote the use of the Indian Rupee (INR) and Malaysian Ringgit (MYR) for bilateral trade settlement. The two governments have encouraged businesses to facilitate invoicing and settlement in local currencies, which can help diversify trade settlement mechanisms and strengthen economic and financial connectivity. Both countries are also working towards the greater utilisation and review of MICECA and the ASEAN-India Trade in Goods Agreement (AITIGA) to make these frameworks more responsive to contemporary business and supply-chain requirements.

The economic relationship is now increasingly focused on high-growth and future-oriented sectors. During Prime Minister Narendra Modi's official visit to Malaysia in February 2026, both countries identified further opportunities for cooperation and investment in infrastructure, renewable energy, advanced manufacturing, semiconductors, healthcare, digital economy, fintech, start-ups, artificial intelligence, hospitality and green technologies. These areas are expected to play an increasingly important role in the next phase of India-Malaysia economic relations.

With strong trade flows, growing cross-border investments, established economic agreements and increasing cooperation in advanced and technology-driven industries, India and Malaysia continue to strengthen their position as important economic partners. The growing focus on innovation, digitalisation, sustainable development and resilient supply chains is expected to further deepen bilateral economic engagement in the years ahead.



EDUCATION RELATIONS

Education and capacity building form an important pillar of India-Malaysia relations. India continues to attract Malaysian students, particularly in medicine, engineering, information technology and other professional fields. The two countries are also encouraging greater student and faculty exchanges and stronger collaboration between universities and educational institutions.

India provides several opportunities for Malaysian students and professionals through the Indian Council for Cultural Relations (ICCR), the Indian Technical and Economic Cooperation (ITEC) Programme and the AYUSH Scholarship Scheme. In 2024, India announced a special allocation of 100 ITEC seats for Malaysian nationals in areas such as cybersecurity, artificial intelligence and machine learning.

Educational and cultural cooperation has also expanded through the establishment of the Thiruvalluvar Chair of Indian Studies at Universiti Malaya, which was operationalised in 2025, along with an AYUSH academic chair at Universiti Tunku Abdul Rahman. During the official visit of Prime Minister Narendra Modi to Malaysia in February 2026, both countries reaffirmed their commitment to deeper educational cooperation, student and faculty exchanges, and new opportunities under India's Study in India Programme.

With growing academic exchanges, scholarships and institutional partnerships, education continues to strengthen the long-standing people-to-people relationship between India and Malaysia.



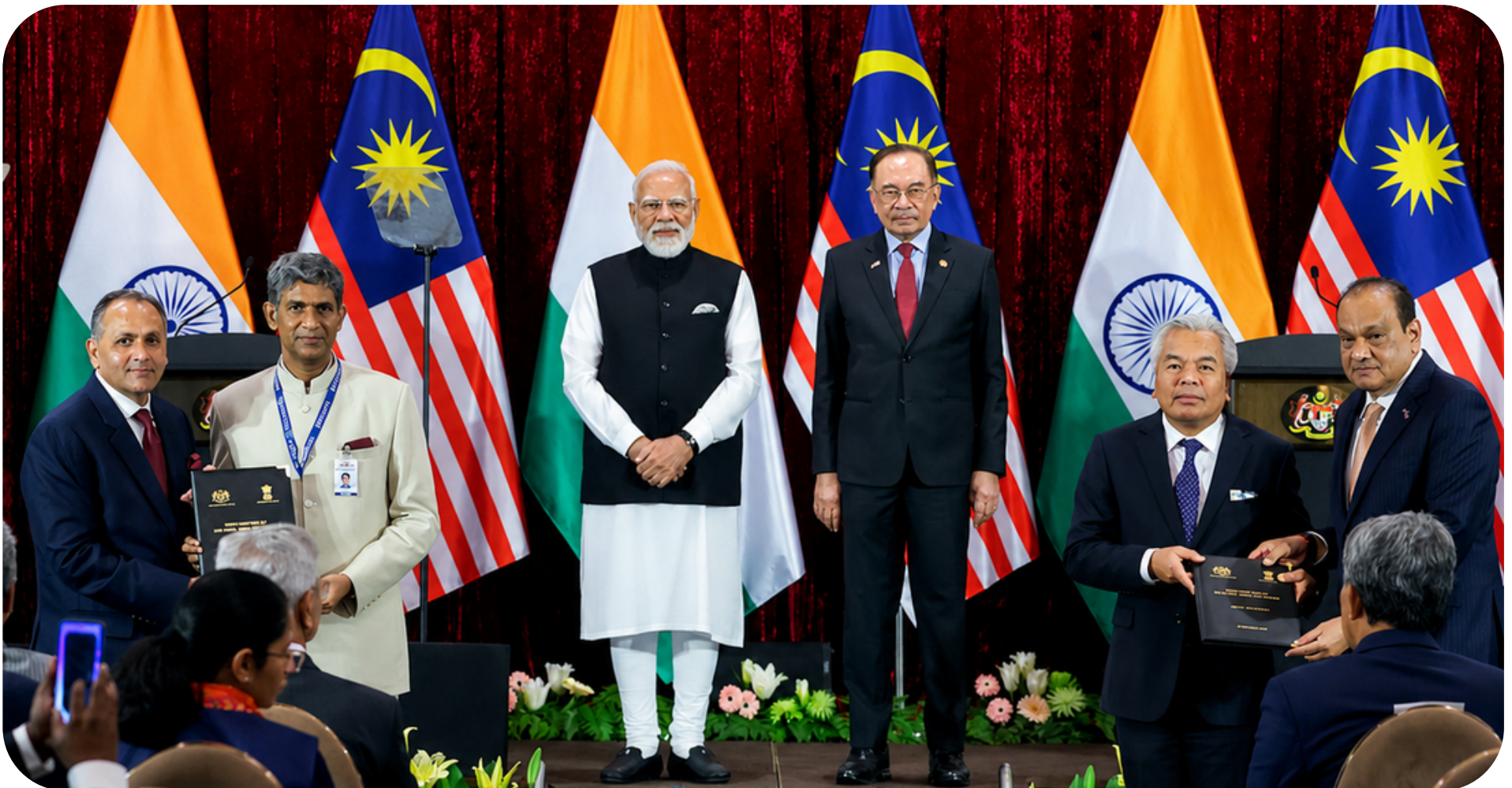
SECURITY RELATIONS

Security and defence cooperation constitute an important pillar of the India-Malaysia Comprehensive Strategic Partnership. The 1993 Memorandum of Understanding on Defence Cooperation, subsequently updated in 2023, provides the framework for growing collaboration between the two countries. Cooperation includes high-level exchanges, military training, staff talks, joint exercises, capacity building and defence industry collaboration.

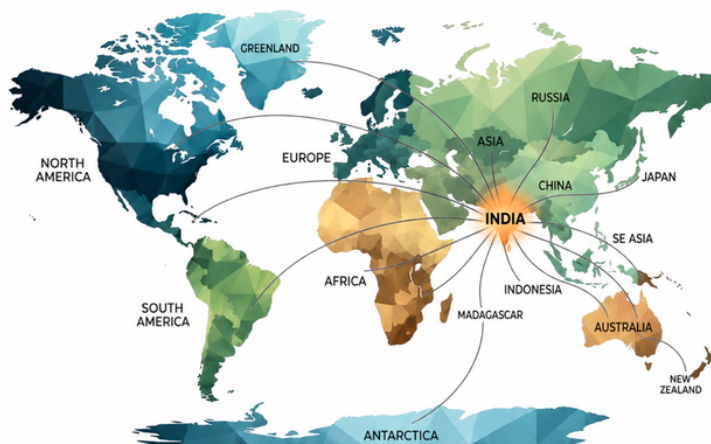
India and Malaysia regularly strengthen interoperability and professional cooperation through bilateral military exercises, including Exercise HARIMAU SHAKTI between their armies and Exercise SAMUDRA LAKSAMANA between their navies. Maritime engagement is further supported by regular port calls and naval exchanges, reflecting the increasing importance of cooperation in the Indo-Pacific region.

During Prime Minister Narendra Modi's official visit to Malaysia in February 2026, both countries reaffirmed their commitment to strengthening cooperation in counter-terrorism, intelligence sharing, maritime security and defence collaboration. India and Malaysia are also expanding cooperation in defence technology, industry and capacity building.

With regular defence dialogues, joint exercises and growing maritime and security cooperation, India and Malaysia continue to strengthen their partnership in support of regional peace, stability and shared security interests.



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