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BILATERAL RELATIONS

INDIA - MALAYSIA

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, its Indo-Pacific vision, 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 (CSP). The partnership reflects a shared commitment to deeper cooperation across trade, maritime security, semiconductors, artificial intelligence, and renewable energy. This momentum was further strengthened during the official visit of Prime Minister Narendra Modi to Malaysia in February 2026. Both leaders reaffirmed their commitment to expanding the CSP, establishing the Malaysia–India Digital Council, and identifying new opportunities in advanced manufacturing, fintech, start-ups, and green technologies.

Economic and commercial relations remain a major pillar of the bilateral partnership. According to official Indian data, bilateral merchandise trade reached US$21.05 billion in FY 2025–26, with Malaysia firmly positioned as 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 local currency trade settlement to ease transaction flows and strengthen corporate collaborations.

The relationship is further anchored by Malaysia's vibrant 2.9 million-strong Indian-origin community, which provides a unique cultural and social bridge. India and Malaysia share centuries-old civilisational connections shaped by trade, language, and cultural exchanges. Cooperation in recent years has expanded to traditional medicine, higher education, and cultural preservation, underscored by the operationalization of the Thiruvalluvar Chair of Indian Studies, and the subsequent announcement of the Thiruvalluvar Centre and Scholarships at Universiti Malaya.

Today, India and Malaysia are entering a future-oriented phase of their bilateral relationship. Built upon robust historical foundations and driven by the expanded Comprehensive Strategic Partnership, both nations are committed to driving mutual economic growth, deep technological integration, regional stability, and enduring people-to-people ties.

Defence and security cooperation forms a vital cornerstone of the Comprehensive Strategic Partnership, reflecting a mutual commitment to regional stability and a free, open, and inclusive Indo-Pacific. Bilateral defence ties have grown increasingly robust, anchored by regular institutional mechanisms such as the Malaysia-India Defence Cooperation Committee (MIDCC) meetings.

The armed forces of both nations actively collaborate through institutionalized joint military and naval exercises, most notably Exercise Harimau Shakti and Exercise Samudra Laksamana, which have evolved to simulate complex maritime security, counter-terrorism, and humanitarian assistance operations. Furthermore, the partnership has expanded into deep strategic industrial collaboration, featuring joint development in defence production, aviation maintenance, procurement of advanced security platforms, and enhanced intelligence-sharing to counter emerging transnational and cybersecurity threats.

Driven by a shared vision for future-oriented growth, technological integration has emerged as a high-growth catalyst in the bilateral relationship. The operationalization of the Malaysia–India Digital Council has paved the way for institutional alignment between India’s digital public infrastructure (DPI) and Malaysia’s digital economy initiatives.

Collaboration is scaling rapidly across financial technology, highlighted by the ongoing cross-border linkage of real-time payment systems—India's Unified Payments Interface (UPI) and Malaysia's DuitNow—which simplifies trade and tourism transactions. Additionally, both nations have built a highly resilient technology ecosystem through joint ventures in semiconductor supply chain diversification, artificial intelligence research, and cybersecurity protocols, while simultaneously fostering co-investment pipelines that connect India's thriving start-up ecosystem with Malaysia’s digital tech hubs.



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 reached US$21.05 billion in FY 2025–26. India's exports to Malaysia amounted to US$6.82 billion, while imports from Malaysia stood at US$14.17 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 most significant economic partners in Southeast Asia.

Investment cooperation has also expanded considerably. According to official data from the Department for Promotion of Industry and Internal Trade (DPIIT), Malaysia's cumulative FDI equity inflows into India reached US$1.34 billion, while total Malaysian investments in India—including those routed through third countries—exceed US$8.6 billion. Around 70 Malaysian companies and joint ventures have established operations in India across infrastructure, healthcare, telecommunications, oil and gas, power, tourism, and human resources. Major Malaysian corporate actors include Petronas, Gentari, and IHH Healthcare, which are driving massive developments in renewable energy and healthcare infrastructure.

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 information technology, pharmaceuticals, biotechnology, manufacturing, education, healthcare, and professional services. Prominent Indian business interests include investments and operations associated with major enterprises like Biocon, Reliance, and Wipro, demonstrating the increasingly two-way nature of bilateral economic engagement.

A major development in recent years has been the operationalization of the mechanism 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 to reduce transaction costs and strengthen financial connectivity. Both countries are also working towards the greater utilisation of MICECA and have accelerated the ongoing review of the ASEAN–India Trade in Goods Agreement (AITIGA). Co-chaired by India and Malaysia, the 15th AITIGA Joint Committee meeting in late 2026 instituted fast-track, time-bound deliverables heading into 2027 to make the framework more responsive to contemporary supply-chain realities.

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 playing a transformative 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.



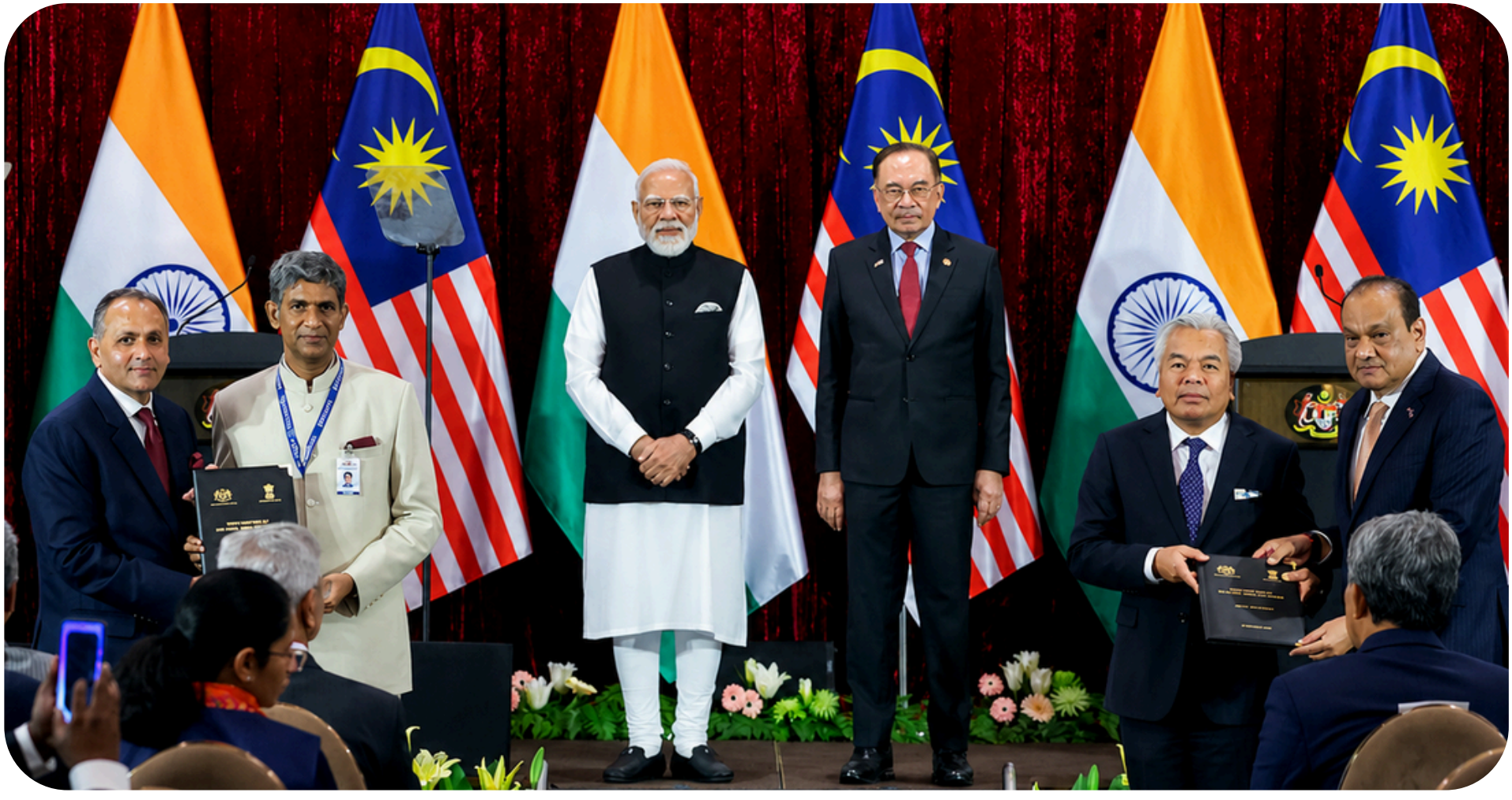
SECURITY RELATIONS

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.

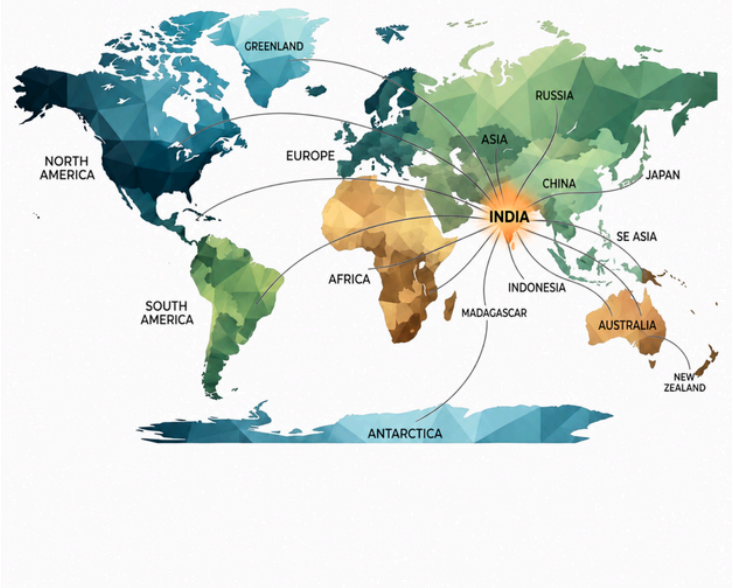
India and Malaysia regularly strengthen interoperability and professional cooperation through bilateral military exercises, including Exercise HARIMAU SHAKTI between their armies and Exercise SAMUDRA LAKSAMANA between their navies. Maritime engagement is further supported by regular port calls and naval 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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