



# INDIA'S RELATIONS WITH MALAYSIA

## THESIS

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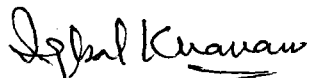
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## CERTIFICATE

Certified that *Mr. Md. Tarique Anwer* has prepared his Ph.D. Thesis entitled "***India's Relations with Malaysia***" under my supervision.

To the best of my knowledge this is a bonafide work.

I recommend that the thesis be placed before the examiners for evaluation.

  
(Prof. (Ms.) Iqbal Khanam)  
Supervisor

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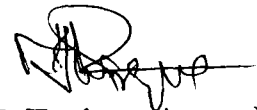
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**(Md. Tarique Anwer)**

## Abbreviations

APEC:	Asia Pacific Economic Corporation
ARF:	ASEAN Regional Forum
ASEAN:	Association of South East Asian Nations
CEI:	Confederation of Engineering
CII:	Confederation of Indian Industry
CTBT:	Comprehensive Test Ban Treaty
EAEC:	East Asian Economic Caucus
EU:	European Union
FASSI:	Federation of the Association of Small Scale Industries of India
FICCI:	Federation of Indian Chamber of Commerce and Industry
FMM:	Federation of Malaysian Manufacturers
GDP:	Gross Domestic Product
ISIS:	Institute of Strategic and International Studies
ISRO:	Indian Space Research Organisation
IT:	Information Technology
JBCC:	Joint Business Cooperation Committee
LIMA:	Langkawi International Maritime and Aerospace
MAF:	Malaysian Armed Forces
MAIT:	Manufacturer's Association of Information Technology
MAS:	Malaysian Airlines System
MDC:	Multimedia Development Corporation
MFN:	Most Favoured Nation
MIDA:	Malaysian Industry of Development Association
MIDCOM:	Malaysia India Defence Corporation Meeting
MIMA:	Maritime Institute of Malaysia
MOU:	Memorandum of Understanding
MSC:	Multimedia Super Corridor
NAM:	Non-Aligned Movement
NASSCOM:	National Association of Software and Service companies
NDC:	National Defence College
NEFA:	North East Frontier Area
NEP:	New Economic Policy
NKCP:	North Kalimantan Communist Party
OIC:	Organisation of Islamic Conference
PPSB:	Penang Port Private Ltd.
SAARC:	South Asian Association of Regional Cooperation
SEATO:	South East Asian Treaty Organisation
UN:	United Nations
UNIDO:	United Nations Industrial Development Organisation.

## PREFACE

The Central theme of the thesis entitled, "India's relations with Malaysia", is attempted to take into account the years long intimate exchanges of socio-religious, political and economic ideologies, both in terms of materials and essence, between the two nations with a view to exploring avenues for strengthening the hitherto existing relationship. Furthermore, the origin of the two nations understudy has been traced to their colonial past and the evaluation their political, economical and technological evolution has been done to show the comparative development within the stipulated period between the two countries.

The efforts have been made to discover the roots of ties between the two nations, apart from taking note of the relations existing for about more than fifty years. The whole plan of study has been dealt in era wise discussion which includes reigns of the various Indian premiers of the past fifty years.

In each chapter a particular phase of relation has been focused and all the aspects of relations have been discussed thoroughly. The **First Chapter** of the thesis has extensively dealt with the roots and the origin of the ties between India and Malaysia under the various heads; the efforts have been made to take the whole history of Indo-Malaysian relationship, starting from ancient days till the pre-Independent Malaysia. In this chapter the relationships have been shown to be growing from the ancient days of the pre-Buddhist Indian period.

The other important factor which formed the basis of unbroken and stable relations between the two nations, emanated from trading activities in the past and continued till now. Infact the mammoth size of trading led a strong foundation of friendship between the two countries. The trading activities also caused unhindered cultural flows. Thus we would observe that Hindu's cultural and religious impact are more apparent in the Malaya's life even today.

Peopled continued to have links between the two countries and when the British acquired territories in the Indian peninsula, Malay peninsula also came under the British occupation which brought two parts of the British territories more closer and

various trading and commercial activities became more brisk. The study in this chapter provides details analysis of the whole aspects of relationships.

The relationships between India and Malaysia during the post-Independent period has been discussed in details in the Second Chapter. The **Second Chapter** deals with the emergence of the two independent colonies from the decades of foreign rule. The newly independent nations of India and Malaysia had forged closer diplomatic and cultural ties for their own betterment. The efforts of Nehru as the Champion of democracy had led the two countries more intimate. The Independence of Malaysia was celebrated by Indian leader and the Malaysian Prime Minister Tunku Abdul Rahman had tried his efforts for boosting up the links between the two countries and during the period of crisis like Indo-China war, Malaysia proved to be the best friend. In this context the Nehruvian Era can be described as golden era of friendship between the two great nations.

The **Third Chapter** provides the details of diplomatic and cultural ties between India and Malaysia during Shastri Era. Right from beginning Shastri was keenly interested in solving various bilateral diplomatic hang over involving countries like Burma, Ceylon, China, Pakistan etc. apart from not forgetting Malaysian aspects of Indian foreign policy. The Malaysian candidature for the non-permanent membership of UN Security Council was fully endorsed by India which gave Malaysia a high status own the international forum. This made the two countries to begin a new relation of understanding in political and economic fields. Malay's stand at the time of crisis in India indeed was surely a great diplomatic win for India over other South East Asian Countries. India also reciprocated in the same zeal and lended support to Malaysia despite the fact that India's move caused resentment in Indonesia. This showed the commitment of the two friends and relationship between the two countries grew out of proportion thereafter.

The **Fourth Chapter** highlights the another great era of friendship between India and Malaysia during premiership of Mrs. Indira Gandhi. The relations between the two countries grew leaps and bounds during this era on different fronts be it the diplomatic manoeuvring, the cultural exchanges or technological know-how. The period witnessed the emergence of India as a power in the Indian Ocean who was committed to her long standing friends of Indian Ocean littoral zone. India's opposition to any military

presence of the west was unanimously welcomed by the nations of the zone and this was a big diplomatic achievement for Mrs. Gandhi.

As a result of Mrs. Gandhi's political acumen ship in this period Malaysia came out openly to extend help and cooperation to India during the Bangladesh crisis. Malaysia voted in United Nations in favour of the resolution for the withdrawal of foreign troops from East Bengal and hereafter Malaysia was amongst the first few countries to extend the recognition to Bangladesh in February 1972. This was a significant development for India in the diplomatic field as Malaysia surely did not consider religious affiliation with Pakistan when siding with India. Apart from that Malaysia signed a number of agreements with India on close cooperation in the field of technological know-how, culture, trade and commerce.

During the premiership of Mrs. Gandhi there emerged some grey areas of relationship which forced Malaysia to criticize the attitude of India and such occasion though not frequent but occasionally like one in the May 1974 when India staged the blast of thermo nuclear device for becoming self reliant in the field of nuclear power. Thus the relationship between India and Malaysia during Mrs. Gandhi period became a bit sore but it lasted for a very short time.

The **Fifth Chapter** examines the policy and programme of Janata Government as far as the bilateral relationship between India and Malaysia is concerned. Though it was a short period Janata Government forged closed ties with Malaysia and signed some of the important agreements. A number of joint ventures established in Malaysia and Janata government contined the policies of unbiased attitude with South East Asia. Apart from this Malaysia also favoured India in regional cooperation on international fora. The first established cultural agreement was signed between the two countries during Janata regime in 1978. At the same time Malaysian Premier Datuk Hussain Onn visited India in January 1979 on a four-day state visit and discussed with his counterpart Morarji Desai on the Vietnam-Kampuchea conflict. Refugee from Vietnam were mostly settling down in Malaysia and were causing human problem which needed cooperation from other countries in which India showed her concern too.

The **Sixth Chapter** attempts to analysis again with Mrs. Indira Gandhi second term (Post Janata Regime) as Premiership of India. The period is marked with a number

of developments in the field of cooperations. The Kampuchean crisis died down and India extended the recognition to the Heng Samrin Government in Phnom Penh. In January 1980 Deputy Prime Minister of Malaysia visited India and called for Industrial joint ventures and signed the MOUs. But on Kampuchean problem Mahathir Mohammad, the Prime Minister of Malaysia on his visit to New Delhi in 1983 stated the differences of opinions between the two countries and again we find that the relationship between India and Malaysia cannot be called smooth during the second phase of Mrs. Gandhi tenure.

The **Seventh Chapter** touched upon India's policy towards Malaysia during the period of Mr. Rajiv Gandhi. After Indira, Rajiv's take over of the Premiership of India brought the two countries more closer. On visit by Mahathir Mohammad to New Delhi, Mr. Gandhi discussed about the regional cooperation in South Asia and South East Asia on the forum like SAARC and ASEAN. Apart from that MOUs were also signed between the two countries for close ties on Air routes of Air India and Malaysian Air Lines (MAL) flying to each other countries. In the field of defence India also extended helps for security purposes. Malaysia had also asked for India's backing for the post of Executive Secretary of UN's Economic and Social Commission for the Asia Pacific (ESCAP) based in Bangkok and at the same time Government of India also requested Malaysia to support the nomination of their representative to the Asia Pacific Development Centre. When V.P. Singh took over the premier ship of India, we find inflow of tourists visiting the two countries had increased tremendously.

In the **Eight Chapter** attempt is made to analyse the period of bilateral relations between India and Malaysia during the Premiership of P.V. Narasimha Rao. During his period the relations were strained as New Delhi extended recognition to the Vietnam installed regime in Cambodia. But the sourness of the relations lessened when the two countries focused upon South-South Cooperation. India for her own benefits lobbied hard with the ASEAN countries against the Chinese Naval build up in the Bay of Bengal but in response to that the ASEAN countries resented on the India's naval build up in the Andaman and Nicobar.

On his next visit to New Delhi in December 1993 Premier Mahathir Mohammad praised India for bringing normalcy in the Kashmir Valley. Both India and

Malaysia understood the importance of regional cooperation and regional security for bringing prosperity and peace in the region and the agenda was set for exploring commonality of interest and regional security matters. Both the countries in the region in 1995 called upon in forging Asian identity by pooling their resources and expertise to meet future challenge.

In the **Ninth Chapter** attempt is made to evaluate the shorter period of two Indian Premiers (Mr. Deve Gowda and I.K. Gujral) who were part of United Front Government. On his first visit to Malaysia, Foreign Minister I.K. Gujral laid the emphasis upon a strong Indo-Malaysian ties and the discussion centred on the issue of CTBT, apart from expressing interest in APEC for a high level official meeting of the Indian Ocean Rim in Mauritius. Both the countries proposed to play a pivotal role in the setting up of G-15 fund at the Harare Summit.

The Government of India conferred the Jawaharlal Nehru Award for International Understanding of 1994, to Mahathir Mohammad in December 1996 for understanding of the problem of the region and in response Mahathir had expressed support of New Delhi's bid for membership of APEC. The period also saw close cooperation in the field of Science and Technology especially in software unit.

And finally the **Tenth Chapter** of the thesis studied the relationship during the period of current of Prime Minister Mr. A.B. Vajpayee. To start with again we find that India was criticized for its conducting nuclear test in May 1998 by Malaysia, as Malaysia wanted to free the region from nuclear weapons. However, Prime Minister Vajpayee had come out to respect the status of South East Asia as a nuclear weapons free zone. On Kashmir issue Malaysia was understood to have stated the status of Jammu and Kashmir as central to the country's integrity and communal harmony and India was to see peaceful solutions to problem of cross border terrorism. The issues like religious extremism, drug trafficking, money laundering and terrorism are common to the interest of these two countries and these issues have been dominating during the period.

On the economic front, India had a fruitful annual dialogue with European Union at the Summit level. A large number of Indian joint ventures have been operating in Malaysia and various MOUs have been signed between the two countries on the visit of Indian premier A.B. Vajpayee to Malaysia in May 2001.

## **Introduction**

### **Importance of South East Asia in India's Foreign Policy Framework**

The affairs of South East Asia are bound to evoke manifold interest in the Indian mind. That interest has its spring not only in the geographical contiguity of this country to the vast area covered by that designation, but to many other deeper reasons. It is not without significance that South East Asia has traditionally been called as Further India. If Indians lovingly and adoringly call their country motherland, on the same analogy South East Asia is entitled to be regarded by them as their bigger family, of which the component units are her intimate kith and kin. Religiously, culturally, racially, politically and militarily, India is bound with South East Asia by many a tie.<sup>1</sup>

India's links with South East Asia reached back into history and legend. All over South East Asia one finds numerous symbols of these ancient ties. Indian philosophy, culture, religion, Buddhism, art and architecture, languages, all these left an abiding impact on many countries of South East Asia. Indeed Indian and Chinese cultural influences met in the outer reaches of South East Asia and you have the interesting phenomenon of Vietnam falling under the sway of Chinese cultural influence in its political institutions, code of ethics and language, but Cambodia coming wholly under India's cultural influence. This influence was also evident in Thailand, Malaya and parts of Indonesia. These ancient bonds became alive and were reinforced by the mergence of these countries as modern nations.<sup>2</sup>

India from the very beginning felt the need of developing intimate relations with the South East Asia and to prevent the domination of the region by the communist or Western powers. India particularly looked at the armed struggles in the region as a positive threat to her stability and emphasised the need of keeping the Malaysia and other countries of South East Asia free from the influence of the Super Powers.<sup>3</sup>

India's relations with South East Asia are of abiding importance to her. Next to South Asia, India has vital stakes in South East Asia whose independence and security are bound up with her own. As Jawaharlal Nehru pointed out, India was the gateway to both West and South East Asia and, therefore, inevitably came into the picture. The independence and security of South East Asia served to strengthen India's own independence and security and any serious setback there constituted a potential threat to India too. It was with this understanding that India played an active role in mobilizing opinion against the then Dutch Government's effort at reimposition of colonial rule in Indonesia in 1948 and the active interest taken by India in various phases of the struggle in Indo-China.

There was yet another dimension to India's relation with South East Asia – the presence of Indian communities in sizeable numbers. There was a large concentration in Malaysia : merchants, traders and labour drafted by the British during its imperial rule over India as well as in many other parts of the region, almost 15 per cent of the population of Malaysia, holding a precarious balance between the Malay and the Chinese. There was a somewhat smaller, but not insignificant, presence in Singapore, Thailand and Indonesia. This had an undoubted impact on India's relations with these countries.<sup>4</sup>

Southeast Asia's importance to India in terms of its foreign policy objectives and its strategic interests or the importance that India has, for the security environment of Southeast Asia, is profoundly based on its broad foreign policy framework and its overall strategic perspective. This is extremely important because, to evaluate the type and amount of capabilities that India is likely to devote to the protection and furtherance of its interests in the region. It is imperative to take the entire range of India's interests in South East Asia under consideration.

The basic framework of Indian foreign policy that can be distilled from its actions in world affairs during the fifty years of its independence comprises the following major elements:

- (a) A world-view shaped both by the movement for national independence and by the nationalist leaders' perception of India's past and their aspirations for its future;
- (b) The coincidence of the emergence of a bipolar world following the Second World War, with India's emergence as an independent actor on the world scene;
- (c) The threats to , and the problems for, India's security that emerged directly from the partition of the British Indian empire and, therefore, the disruption of India's strategic unity that had been accepted as a given fact during the period of the Raj;
- (d) The emergence of China as a major Asian actor following the Communist victory of 1949, two years after India's independence, and China's annexation of Tibet the following year (1950) thus bringing Chinese presence and power in direct contact with India on the latter's northern and northeastern borders;

- (e) The need for fruitful economic interaction with the rest of the world in terms of trade, aid, and investment, which was considered crucial for India's developmental goals.

The enmeshing of these fundamental concerns in various forms and at different times has, by and large, determined the broad contours of Indian foreign policy, including its policy towards Southeast Asia as a whole and towards the individual countries that comprise this region. It is, therefore, important for us to examine the major consequences for Indian foreign policy that have emerged out of the interplay of these variables over a period of time.<sup>5</sup>

Southeast Asia has been important for Indian foreign policy for a number of reasons:

First, the nationalist leadership, i.e. the first generation of India's post-independence leaders, had perceived the anti-colonial struggles in Southeast Asia as indivisible from their own fight for freedom from colonial subjugation. The Indonesian and Vietnamese freedom struggles, especially the former, had been followed with great sympathy by the politically conscious Indian public during the last years of the British Raj. The congress leadership, with Jawaharlal Nehru as its foremost articulator on international issues, was convinced that the future of India was indivisible from the future of Asia, and particularly of Southeast Asia. It was no coincidence, therefore, that even before the formal dawn of independence, the interim Indian government organized an Asian Relations' Conference in March 1947, and independent India performed its first high-profile act in international affairs by convening the Conference on Indonesia attended by fifteen nations in January 1949.

Second, the strategic importance of Southeast Asia to India was evident to India's prospective policy-makers and strategic thinkers even

before the transfer of power from British to Indian hands. The events of the Second World War, especially the dramatic Japanese sweep through archipelagic and mainland Southeast Asia in a remarkably short time, had driven home the lesson to India's nationalist elite that India's eastern flank and the seaward approaches to the subcontinent were as important for India's defence as the land boundaries of the northwest and the north which had been the traditional concerns of strategists during the days of the British Raj. The latter attitude was understandable in the context of the British Indian empire because Britain was the unchallenged master of the seas around the subcontinent until the Japanese drive into Southeast Asia; however, it had to change under the dual impact of the Second World War and the withdrawal of British power from India.

The events of the war also increased Indian awareness of, and concern with, maritime strategy and the great importance of the Indian Ocean to the defence of the Indian peninsula. The lesson that India had lost its independence to European colonists because of the latter's control of the sea was relearnt by the Indian nationalist elite as a result of the experiences of the Second World War. In this sense, the strategic importance of Southeast Asia to India was enhanced in Indian perceptions, especially since it commanded the choke-points from which hostile naval forces could enter the Indian Ocean, particularly the Bay of Bengal. This point can be better understood in light of the fact that India's island territories in the Bay of Bengal lie barely 90 miles from the Straits of Malacca.

The third reason why Southeast Asia has been important for Indian foreign policy, is that the emergence of China as a major power in Asia bordering both India and Southeast Asia added another important dimension to Southeast Asia's strategic importance for India. From

hindsight it becomes clear that, even during the heyday of Sino-Indian friendship in the mid-1950s, the Indians were both uneasy about the long-term prospects of the Sino-Indian relationship as well as aware of the importance of Southeast Asia, especially its non-Communist component, as a source of potential alliances against presumed Chinese expansionism. The Indian sense of unease was increased by the Chinese Premier's masterly performance in April 1955 at the First Afro-Asian Conference in Bandung, especially his conciliatory approach towards Western-aligned Pakistan. This Jawaharlal Nehru and his advisers considered an exercise in 'one-upmanship' at India's expense, particularly in the context of the fact that India had worked hard to overcome the apprehensions of several Asian countries regarding China's participation in that meeting.

It is important to note that India's first official endorsement of ASEAN followed the Kuala Lumpur Declaration on ZOPFAN and the disbanding of SEATO. New Delhi apparently came to the conclusion that, with these two events, the foreign policy approaches of the ASEAN countries had shifted closer to India's traditional non-aligned stance on international affairs.

Forth, the presence of people of Indian origin in Southeast Asian countries, principally in Burma, Malaysia, and Singapore, also formed an input, although a relatively minor one compared to the political-strategic factors mentioned above, into Indian policy towards the region.

Fifth, economic relations with Southeast Asia formed an important, although secondary, component of India's overall pattern of economic transactions with the outside world. A pattern of interdependence based on mutual needs of different primary commodities with which India and the various countries of Southeast Asia were

endowed, coupled with easy access to each others' markets, formed the bedrock on which this superstructure of economic relations was constructed. Immediately after Indian independence, the Southeast Asian region, taken as a whole, ranked third, after the United Kingdom and the United States, in terms of India's foreign trade.<sup>6</sup>

India's relations with Malaysia has always been close and cordial, a relations which stems from the long historic links between our two peoples and India's inspiring leadership among the new nations in Asia and Africa, provided to support these nation in their struggle for freedom. No less important is the fact that a sizeable section of Malaysians are of Indian origin, coming from various parts of the great sub-continent and bringing with them are invaluable contribution to the economic and cultural life of Malaysia.

Malaysians recognize their age-old cultural ties with India. The presence of a sizable number of persons of Indian origin (1.56 million approximately out of the total population of 22 million) in the fabric of their nation, is itself an evidence of this. There is, however, an occasional tendency to downplay the links, particularly of the pre-Islamic era, on account of the strong overlay of Islam on the Malay identity and the compulsion to project an independent cultural persona for the Malay Archipelago. The strong influence of India cannot however be denied, in view of the fact that it permeates the social mores of the nation, the etymology of the language, common family traditions as well as the rituals of royalty. An estimated 25,000- 30,000 Malaysians, (mostly of Indian origin) have studied and continue to study, in Indian Universities.<sup>7</sup>

In the commercial front India and Malaysia have had long-standing commercial links dating to the pre-Christian era. It was probably an Indian ship, that brought an Attic vase of the 5th century BC

to Kedah. In the remarkable transformation of Malaysia from forest and swamp, into one of the richest and best developed countries of Asia, Indian capital and labour has contributed as much as the Chinese and British effort. Malaya's rubber wealth, called the "life blood" of its economy, was created by Indian labour. In "The Malays: A Cultural History" (1944), Sir Richard Winsted writes that "India found the Malay a peasant of the Stone Age and left him a citizen of the world".<sup>8</sup>

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