

# ISAS Brief

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## **Developing India-Malaysia Relations – Managing Issues of the Diaspora**

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The latest round of demonstrations by Malaysian Indians in Kuala Lumpur on 16 February 2008 dealt a huge blow to the country which had anticipated the end of domestic instability. In fact, the reverberations of the recent racial tensions in Malaysia could be felt all the way to New Delhi. India, who has acted quickly to repair any damages in its bilateral relations with Malaysia thus far, would be concerned about the implications of the latest round of Malaysian Indian discontent on ties with its Southeast Asian partner.

In clear efforts to deliver a positive signal, Indian Chief of Army Staff, Deepak Kapoor visited Kuala Lumpur on 4 February 2008 in a bid to strengthen the defense cooperation between India and Malaysia. This diplomatic intervention by India came during a time when its bilateral relations with Malaysia were shaky, due to earlier protests by Malaysian Indians and the call for intervention from some quarters in India.

Although there have been some outstanding issues between both countries that need to be resolved, the Hindu Rights Action Front (HINDRAF) issue has become the main catalyst in the deterioration of their relations. This issue transpired when the HINDRAF led a demonstration of almost 10,000 people in Kuala Lumpur on 25 November 2007. The crowd protested against the poor economic conditions, lack of education, religious and racial discrimination as well as social and political marginalisation against Malaysian Indians. Outraged by the demonstration, the Malaysian government invoked the Internal Security Act and labeled the protestors as a threat to peace and stability in the country.

India's became embroiled in the issue when some HINDRAF leaders, including its head, P. Waythamoorthy, fled to Tamil Nadu to escape the Malaysian authorities. Painting a somewhat distorted and grim picture of the state of Malaysian Indians, these HINDRAF activists managed to stir the emotions of the Indian society. This prompted several Indian government officials and the Indian media to openly criticise the Malaysian government's treatment of Malaysian Indians. The Chief Minister of Tamil Nadu, M. Karunanidhi, has been most vocal in expressing his concern for the plight of Malaysian Indians and has pushed for the Indian government to take some form of action. There have also been some initial statements of concern from key Indian government figures, including External Affairs Minister Pranab Mukherjee. The Malaysian government did not react positively to these

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comments. The Indian government soon realised that it had to refrain from interfering in this matter if it did not wish to jeopardise relations with Malaysia.

The Indian Congress Party has been facing pressure from its coalition partners such as the Dravida Munnetra Kazhagam as well as factions of the public who accuse the government of turning a blind eye towards the ill-treatment of its diaspora in Malaysia. The issue has placed the Congress Party in a dilemma. If it interferes in the issue, it could jeopardise its ties with Malaysia. And it remains silent on the matter, it risk facing the wrath of its coalition partners and segments of the Indian society. With elections on the horizon, the latter may not necessarily be a wise option.

The Indian government feels that it has some form of moral responsibility in ensuring the welfare of its diaspora. India is one of the few countries in the world that actively engages its diaspora in matters pertaining to the country. The previous government of the Bharatiya Janata Party launched the *Pravasi Bharatiya Divas* (Indian Diaspora Day) which has been carried on by the current government. The objective of this platform is to allow foreigners of Indian origin to bond with Indians and India so as to establish some form of synergy in economic, cultural and social ties. Further, the government has also decided to allow dual nationality for overseas Indians by offering them the Persons of Indian Origin (PIO) cards. Through these policies, India intends to attract overseas Indians and their investments back to their “motherland” to bolster its development and growth. This was most recently reiterated by Prime Minister Manmohan Singh at the 6th *Pravasi Bharatiya Divas* meetings in New Delhi from 7 – 9 January 2008 when he called for greater participation of PIOs in the social development of India’s key sectors. In this context, not only does an economically-poor diaspora in Malaysia constrain this policy, it also highlights the moral duty of India towards the Malaysian Indians.

India’s relations with Malaysia, on the other hand, are more valuable in an international context. As historical allies in the Non-Aligned Movement during the Cold War period, Malaysia and India had a dip in their relations during the 1990s as New Delhi’s economic reforms brought it closer to the western countries. However, as India increases its engagement with Southeast Asia as part of its ‘Look East’ Policy, it has worked hard to mend ties with Malaysia. Indeed, political, economic, trade and defense cooperation between both Malaysia and India has increased over the last decade. Bilateral trade surged to US\$5.7 billion in 2006 from US\$2.25 billion in 1998. In addition, as facilitator to the India-ASEAN Free Trade Agreement negotiations, Malaysia plays a key role in India’s integration with the ASEAN economies. Moreover, India and Malaysia are negotiating a Closer Economic Cooperation Agreement that will see both sides aiming to seal a free trade deal, involving trade in goods and services, investment and economic cooperation, by March 2009. Bearing in mind these factors, it will be economically and politically too costly India to sacrifice its relationship with Malaysia.

India realises the benefits of maintaining strong and deep ties with Malaysia. It is no wonder that the most recent demonstrations in Malaysia would have caused some anxiety amongst Indian policy-makers. With Malaysia preparing for elections, domestic stability becomes an important matter and the last thing Malaysia needs is external interference. India, for one, has benefited greatly from Malaysia’s leadership under Prime Minister Abdullah Badawi who has been keen to develop a close relationship with New Delhi. It is, thus, in India’s interest that Prime Minister Badawi’s government is voted back into power. Although a segment of the Malaysian Indian community, which is only seven percent of the country’s population, is

unlikely to be able to yield sufficient power to change the political consensus in Malaysia, it could continue to remain a thorn on the Malaysian government's side.

If India feels that it has an obligation to empower Malaysian Indians, then it should adopt strategies to carry this out in a subtle yet non-obtrusive manner. Firstly, India has to realise that not all Malaysian Indians are economically starved. In comparing Gini coefficients, the coefficient values among Indians have increased from 0.413 in 1999 to 0.425 in 2004. This shows that there is growing inequality among the Malaysian Indian community itself. Therefore, any assistance should be targeted at the lower-income Malaysian Indians and not the entire community itself. Next, India should have specific strategies in improving the lives of these less well-off Malaysian Indians. India, fast becoming an education hub especially for information technology, management and medicine, could offer scholarships for low-income Malaysian Indians. The Indian government could also rally the Indian trade and business associations to offer some form of financial assistance or training in specific employable skills.

However, the Indian government would need to put into perspective the extent of its assistance to its diaspora, given the plight of a significant segment of its own population. The Malaysian Indians, and other diaspora, have to realise that they cannot turn to India to support them on issues of their home country. Doing so will only place India and its government in a precarious position with other countries and endanger the global rise of India. A few years after India's independence, India's first Prime Minister, Jawaharlal Nehru, told the Indian diaspora that they have to integrate themselves fully into the countries of their adoption as their loyalties should lie primarily with the countries of their choice. It is timely that the current Indian administration reiterates this mantra to its expanding diaspora the world over.

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