

India-Malaysia Defence Diplomacy: An Analysis

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Abstract

The defence cooperation between India and Malaysia has been growing in the recent times, and both the countries have increased their defence expenditures. There are several factors which influence defence budgets; whether the territory and sovereignty are challenged; whether the national interest is at stake; whether the adverse state(s) raise its defence expenditure; or whether there is internal security being challenged (political instability). This article analyses factors influencing the rise of defence expenditure of India and Malaysia and examines different aspects of the growing relations between the two nations in defence sectors and the intersection of their interest. It suggests that both the countries look at each other for strategic balance in the Indo-Pacific region and seek to strengthen maritime security. The article will explore common security threats and strategic challenges to understand defence cooperation between India and Malaysia.

Introduction

The relations between India and Malaysia can be traced back to centuries, particularly in terms of trade and cultural influence. The Chola Empire (9th-13th Centuries) had a significant influence in the Malay Peninsula. Between 18th and 20th Centuries, both countries experienced British colonial rule, and the ruler benefited greatly from them. Notably, both the countries gained independence with the peaceful transaction from the colonial ruler. While tracing the military relation of India and Malaysia, it is noteworthy to recall the Indian National Army's (INA) military expedition from Southeast Asia to liberate India from British rule, spearheaded by Netaji

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Journal of the United Service Institution of India, Vol. CLV, No. 642, October-December 2025.

Subhas Chandra Bose. For instance, Puan Sri Janaki Thevar Nahappan of Rani Jhansi Regiment¹, a commandant of the INA, was fighting against the British in the Northeast region of India. The regiment was the first to hoist the Tricolour on the Indian soil in Moirang, Imphal, on 14 Apr 1944. Janaki, a Tamil origin woman from Malaysia, on return to her country, was questioned about joining the INA. She mentioned she did so “Because I want to fight the British”.² She claimed that Netaji Bose ensured freedom not only for India but whole Southeast Asia.³

Analysis on Malaysia's Defence Policy

Malaysia's defence budget has historically been relatively low, as the government often prioritised social spending and deprioritised defence. Malaysia has enjoyed the dubious advantage of big power military alliances. It has discovered to its dismay that defence self-reliance is a costly policy because much of the funds for the expansion of the armed forces has to come from a pruning back of other socio-economic development projects.⁴ Despite the sporadic bilateral tensions in the past with Indonesia and Singapore, it opted out of military competition with both countries.⁵ However, there has been a demand for more modern equipment and stronger capabilities, not only for national status but also to deter concerning regional issues, particularly in the South China Sea.⁶

Ever since Malaysia attained independence in 1957, the defence establishment has been oriented almost exclusively towards confronting land-based threats, especially countering guerrilla.⁷ Even after the colonial rule in Malaya Peninsula, Britain stationed troops and provided support and training to the Malaysian military until 1960 to manage the communist threat in the region.⁸ From 1963 to 1966, during the *Konfrontasi* (confrontation) period or *Ganyang* Malaysia (Crush Malaysia), Malaysia for the first time faced an external security threat. The intermittent war was waged by Indonesia to oppose the formation and existence of the Federation of Malaysia.⁹ In 1971, the Anglo-Malaysia Defence Agreement (AMDA) was terminated and was replaced by the Five Power Defence Arrangements. The termination of the AMDA and reduction of British commitment in 1971, coupled with the shift in Malaysia's foreign policy orientation, resulted in the policy of self-reliance. The policy sought to progressively modernise and develop defence capabilities such that Malaysia could increasingly assume the responsibility for its external defence.¹⁰

In the 1980s, the government emphasised on modernisation and upgradation of the Malaysian Armed Forces (MAF) under a special program called PERISTA.¹¹ The modernisation effort was put on hold in the mid-1980s due to economic recession, but was reinstated in the early 1990s.¹² The signing of the Hat Yai Peace Agreement on 02 Dec 1989 opened up a completely new dimension for the MAF, as much as it began to be openly asked about its primary mission and its assumed role in the future.¹³ The PERISTA program continues to support by increasing defence budget. In the early 1990s, more arms were being brought in and began to exert more leverage over the conditions of arms contracts, spread its courses, and insist on transfer of technology along with the imported finished weapons.¹⁴ To catalyse the defence program in Malaysia, a private-sector initiative, known as Malaysian Defence Industry Council (MDIC), was established in 1990. The MDIC functioned under an umbrella organisation to promote defence industrialisation. It envisaged an integrated pattern of defence industrial production.¹⁵ The arms procurement in 1990s priorities on naval and air forces requirements.¹⁶ Malaysia concentrated on modernisation of the MAF throughout the 1990s and 2000s. In 2010, Malaysia introduced the National Defence Policy, and published its first Defence White Paper in 2020. Prime Minister Anwar Ibrahim, after he took office in Nov 2022, emphasized on prioritising anti-corruption measures in defence and military modernisation. There was an increase in the initial defence budget allocation in 2023 by 10 per cent, as compared with the previous year. This year, the budget saw a 26 per cent increase in funds for military maintenance and procurement.¹⁷

Analysis on India's Defence Policy

Soon after India gained its independence in 1947, the country was led into the bitter partition. In the aftermath, there were four major wars fought between India and Pakistan—the First Indo-Pakistan War (1947-48), the Second Indo-Pakistan War (1965), the Third Indo-Pakistan War or the Bangladesh Liberation War (1971), and the Kargil Conflict (1999). In 1962, China launched an attack on India, where the latter was suffered a sound defeat.

Indian defence expenditure was as low as 1.8 per cent of the Gross Domestic Product (GDP) for the first 12 years after independence. Following the Sino-Indian War of 1962, it started

rising up to three per cent average mark over the next 25 years.¹⁸ In view of the grave national security crisis, defence outlay went up to its peak in 1963-64 (4.3 per cent) and 1971-72 (3.7 to 3.8 per cent).¹⁹ In the period from 1985 to 2005, the military expenditure was around 2.75 per cent of the GDP, however, in absolute figures, the expenditure moved up from INR 7,987 cr in 1985-86 to INR 26,562 cr in 1995-96, and reached INR 83,000 cr in 2005-06.²⁰ As per the Stockholm International Peace Research Institute's data, India has been spending an average of around two per cent of the GDP on defence in the last two decades. According to Global Firepower Rankings, since 2005, India has been among the top five world military power, and, in 2025, India was at the fourth position with the defence budget of USD 75 bn.²¹ While India spends high on defence, it heavily relies on imports in defence acquisition. Over the past decades, New Delhi has consistently been amongst the world's top defence importers.

India has been focusing on self-reliance and indigenous production for the past several decades. In 1956, it adopted Industrial Policy Resolution (IPR) and one of the key objectives was to ensure self-reliance. The vision of IPR was aimed on emphasising the role of the state in developing defence industries, hence, Defence Research and Development Organisation (DRDO) was formed in 1958 and Defence Public Sector Undertakings (DPSUs), under the Department of Defence Production, was set up in 1962. These initiatives were to upgrade India's defence capabilities, self-reliance, and indigenous defence production. Frustration was felt deeply in the military, which accused the DPSUs and the DRDO for over-committing beyond their existing capabilities, binding the military to sub-standard and under-powered equipment and missing the deadlines, and hosting a lobby of vested interest in the form of 'Middlemen'.²² Despite decades of efforts on self-reliance and indigenous defence production, India remains one of the biggest arms importers in the world.

India, through its *Atmanirbhar Bharat* (Self-Reliant India) and 'Make in India' initiatives, attempted to address the problem of over-reliance on defence import and promoted defence export. Through such efforts, it fits into the arms import policy of some Southeast Asian countries, which have expressed interest in procuring a range of Indian military hardware.

Maritime Security Challenges of India and Malaysia

India is of extreme strategic importance to Malaysia, and vice versa. The littoral states of the Indian Ocean, which link through an entrepot like the Malacca Strait, have a significant strategic location. According to the World Economic Forum, around 94,000 ships pass through the Malacca Strait every year and these ships carry around 30 per cent of all trade goods globally.²³ Hence, without the proper maritime security of India, which is in the Indian Ocean, and Malaysia, which straddles in the Indian Ocean and Pacific Ocean, it is very difficult to imagine the sea trade and major shipping channel for the regional and global economic growth. The two countries played a vital role in securing sea lines of communication and bilateral trade that reached USD 20.01 bn in the fiscal year 2023-24.

As far as the maritime security is concerned, India has expressed its concerns with the Chinese 'Research' vessels in the Indian Ocean. New Delhi perceived that Beijing has an interest in a military strategy expansion in the region and raised questions about the intention of such vessels (referred as 'Spy Vessels'). As reported in the *Indian Express*, there has been a noticeable uptick in the presence of Chinese research and fishing vessels in the Indian Ocean region, with an annual deployment averaging 12-15 ships.²⁴ An American think-tank has also alleged that such ships are collecting data from the ocean for military purposes, but Beijing denied the charges.²⁵ There is no denying that China has been determined to access the Indian Ocean through corridors like China-Pakistan Economic Corridor to the Arabian Sea and China-Myanmar Economic Corridor to the Bay of Bengal. 'String of Pearls' is a popular theory amongst the strategic community.

Malaysia also has maritime security challenges with China. Its offshore territorial claims with Beijing included an estimated five billion barrels of oil reserves and 80 trillion cubic feet of gas reserves.²⁶ China's oil exploration and drilling in the Malaysian Exclusive Economic Zone (EEZ) were interrupted when the former's largest coast guard ship intruded into the EEZs of Malaysia and other Southeast Asian countries.²⁷ Considering the vast disparity in the naval capabilities and assets of China, it is obvious that Malaysia cannot militarily or even diplomatically confront it. Also, for the 16th consecutive year, China remained Malaysia's largest

trading partner with a trade volume of USD 212.04 bn in 2024.²⁸ Therefore, despite repeated Chinese incursions into Malaysian airspace and waters, and maritime territorial dispute, the Malaysian policymakers prefer to designate China as a non-threat.²⁹

In the geopolitical landscape of the Indo-Pacific, due to the rising influence and increasing competition, Malaysia and India demand greater relations. To effectively leverage maritime security in the region, both countries require to explore strategic relations by strengthening defence capabilities and by fostering cooperation. There are serious non-traditional security threats in the region. The Indo-Pacific region is the most vulnerable to climate impacts. Due to huge coastal areas in this region, the livelihood of the people relies heavily on marine resources. The livelihoods of such communities were impacted due to climate change like coastal erosion, disaster, etc. The region also has issues like Illegal Unreported and Unregulated fishing and transnational crimes. According to the United Nations, by 2050, the Indo-Pacific could see as many as 89 million climate refugees.³⁰

Synergy of India-Malaysia Defence cooperation

Though India and Malaysia have long-standing historical ties in terms of trade and commerce, it was after the Cold War that they began to look for commitment in defence cooperation. There are several factors that influence their defence cooperation. The transaction in international systems from bipolar to multipolar, the globalisation that took off, economic reforms in India that led to the launch of the 'Act East Policy' (from Look East Policy), and Malaysia's Vision 2020 (Wawasan 2020) of 30-year programme since 1990, which aimed to transform it into a developed country. These are some of the major factors that opened avenues for cooperative engagement.

In 1993, the two countries signed a memorandum of understanding for defence cooperation and established the Malaysia-India Defence Cooperation Meeting (MIDCOM). Through this agreement, both sought to expand defence cooperation in areas like joint ventures, research, development, logistical, and maintenance support, and identified areas of cooperation through a joint working committee.³¹ In Feb 2025, the 13th meeting of the MIDCOM was held in Kuala Lumpur. This meeting sought to further expand bilateral relations in emerging areas, such as cyber security

and artificial intelligence, and deepen existing collaboration, particularly in the defence industry, maritime security, multilateral engagements, and jointly focus to address non-traditional maritime security threats.³² To enhance military capabilities, particularly in counterinsurgency operations in the jungle terrain, India and Malaysia conducted the 4th edition of joint military exercise Harimau Shakti in Dec 2024.

To accelerate the progress in defence diplomacy between India and Malaysia, on 11 Jul 2023, India's Defence Minister Rajnath Singh inaugurated the regional office of Hindustan Aeronautics Limited (HAL) in Kuala Lumpur. The regional office also serves as a hub for HAL's engagement with the Southeast Asian region.³³ However, when HAL submitted a proposal in response to the Royal Malaysian Air Force's request of proposals, amongst the stiff competition between six nations, which includes India's Tejas, China's JF-17, Russian's Mig-35 and Yak-130 fighter jet, South Korea's FA-50 was selected.

Conclusion

The foreign policy and domestic defence requirements in the 1990s have led to foster defence cooperation between Malaysia and India. It is also found that the major factors influencing the rise of defence expenditure were territorial dispute with the neighbouring countries and maritime strategic complexity. These security and strategic challenges motivate to seek greater relationship between the two countries. There are avenues that India and Malaysia need to explore in relation to defence cooperation, particularly in the area of non-traditional security. Strengthening the defence cooperation between the two countries can address major maritime security threats and challenges and provide security in the Indo-Pacific region. As India looks forward to tap new business opportunities, in alignment with its defence exports policy, it is important to keep in mind that Malaysia is a significant country. Both countries are maritime nations with a long coastline and have a significant geographical location in the Indo-Pacific region, which demands bilateral commitment on strengthening maritime security.

Endnotes

¹ Women volunteers of Indian descent from Southeast countries joined the Rani Jhansi Regiment of INA.

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¹⁵ Ibid; p 90.

¹⁶ Ibid; p 76.

¹⁷ Huxley, "Malaysia's defence policy"

¹⁸ Jasjit Singh, *India's Defence Spending: Assessing future Needs*, (New Delhi: Knowledge World), 2001, p 22.

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