

After reading the chapter, the reader will be able to develop an analytical understanding on the following:

- Basic Background
- Defence and security diplomacy
- Commercial diplomacy
- Analysis of PM Visit to Mauritius

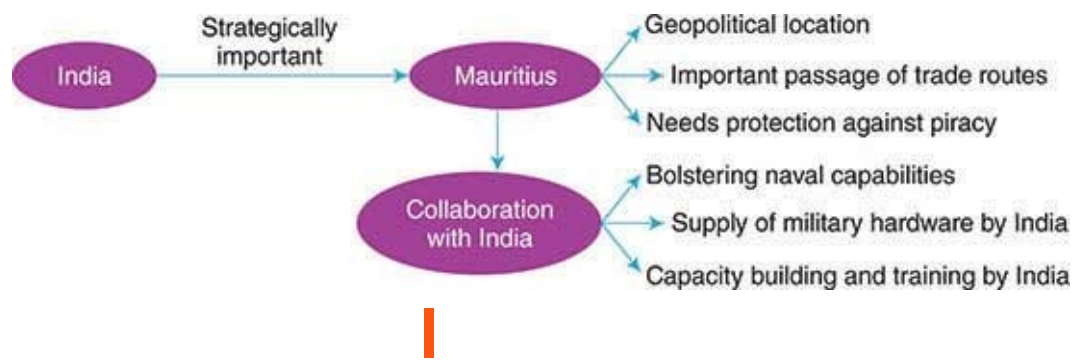
BASIC BACKGROUND

The relations between India and Mauritius go back to the 1820s. This was the time period when the British began to take workers and labour from India to work on plantations. In 1834, when slavery was abolished in Britain, the labour began to work as indentured servants. There was also a transfer of skilled labour from India to Mauritius at the time when it became a French Colony. The French demanded skilled carpenter and masons, and many Indians began to work under French. Mahatma Gandhi, on his way to South Africa on ship S.S. Nowshera, halted in Mauritius, making it a historic event. In order to recognise Gandhian Contribution to Africa, Mauritius celebrates 12th March, the date when Gandhi launched Dandi March, as its National Day. India, after its independence, opened up diplomatic relations in Mauritius in 1948, much before Mauritius got independence (Mauritius gained independence from the French in 1968). Over a period of time, Mauritius has gone on to become one of the most valuable and strategic partners of India. The importance is due to multiple reasons, which include proximity to sea lanes of communication to foreign trade and tremendous economic investment flowing from Mauritius to India. Mauritius has a very special place in Indian strategic thought and foreign policy. This is clearly reflected by the fact that Mauritius was the only non-SAARC nation to be invited for the swearing-in ceremony of the new Indian Prime Minister Narendra Modi in 2014.

DEFENCE AND SECURITY DIPLOMACY

Due to its proximity to sea routes used for trade, India has realised the significance to protect the sea lanes of communication jointly with Mauritius. This has opened up a very deep strategic and defence dimension in the Indo–Mauritius relationship. Considering the strategic significance and geopolitical importance of Mauritius for India, it has over a period of time, invested in enhancing the strategic and defence capabilities of Mauritius. India has deep naval collaboration with Mauritius and regularly undertakes joint naval patrolling and surveillance. India has also taken adequate steps to bolster the counter piracy capabilities of Mauritius by providing it with advanced light helicopters, radar systems and offshore patrolling vehicles. A key component of our defence collaboration is

also India providing training to the police force and officers of the Mauritian armed forces.



India and Mauritius Maritime Security Agreement-2017

In May 2017, Mauritius PM Pravind Jugnauth visited India. In the bilateral talks, India extended 500 Million Dollars Line of Credit to the island state. India has also asserted that as Mauritius is a front line state in the Indian Ocean, it will be the responsibility of India to provide collective maritime security. In order to protect people and ensure economic security, India has agreed to cooperate with Mauritius to prevent conventional and non conventional threats to each other. The Bilateral Mutual Maritime Security Agreement envisages cooperation between the two sides on issues ranging from sea piracy to drug trafficking to illegal fishing and illegal exploration. The National Coast Guard (NCG) of Mauritius has initiated a project for integratd development of its coastal capabilities. The project is called Project Trident. Under the Bilateral Mutual Maritime Security Agreement, India has decided to support the project Trident. During the visit of Pravind, the two sides concluded two MoU's on research and education in marine sciences and technology and setting up of a civil services college in Mauritius.

COMMERCIAL DIPLOMACY

The India–Mauritius relation is not just about defence and trade, but also includes an important economic dimension. Mauritius is one of the top investment destinations to India. India's economic relations with Mauritius go back to 1982, when the two countries signed a convention for avoidance of double taxation and prevention of fiscal evasion. The idea envisaged in 1982 was that this convention will ease trouble for NRI investors who want to bring money to India through Mauritius to save tax. The treaty clearly stated that if investors routed their investments through Mauritius, they would be exempted from double taxation due to the treaty being in place. As India liberalised its economy in the 1990s, a lot of investors began using the Mauritius route to get tax exemption. Investors, however, began to take advantage of the loopholes in the treaty. Shell companies over a period of time were established to route in the investment. As these loopholes became prominently visible after 2001 stock market scam, the Indian government initiated negotiations to fix the loopholes. Apart from the incoming FII, India is also one the largest trading partners of Mauritius. India has also been extending lines of credit to Mauritius for capacity building and infrastructure. Some of the prominent India funded projects include Jawaharlal Nehru Hospital and Gandhi and Tagore Institutes in Mauritius, to name a few. India-Mauritius trade in 2014-15 was worth around \$1.9 billion. India and Mauritius are discussing the possibility of concluding a Comprehensive Economic Cooperation and

Partnership Agreement (CECPA) . The Comprehensive Economic Cooperation and Partnership Agreement (CECPA) will build upon the India-Mauritius Double Tax Avoidance Agreement (DTAA).



Operation Lal Dora and R&AW in Mauritius

During the 1980s, the PM of Mauritius was a pro-India politician named Anerood Jugnauth. He feared a military coup in Mauritius in 1983 by his opponent Paul Berenger. Anerood asked Indira Gandhi for help. The Indian PM, along with other senior officials, planned a military expedition to Mauritius to help Anerood. An army battalion was moved to Mumbai to be sent to Mauritius. But the operation was aborted at the last minute as the R&AW station chief of Mauritius was able to control the crises through intense negotiations and diplomacy, thereby averting not only a military expedition by India at the height of the Cold War but also political chaos in Mauritius. Surprisingly, Aneroad Jugnauth was the Prime Minister of Mauritius again from 2014–17.

ANALYSIS OF PRIME MINISTERIAL VISIT TO MAURITIUS, 2015

Considering the strategic significance of Mauritius, the Indian PM visited Mauritius in 2015. Before the PM landed, INS Delhi and INS Sarveshak had already ported in Mauritius. The visit of the PM was a significant one as it touched every dimension of India's relationship to Mauritius, from defence, maritime security to economy to culture. India granted a 500-million-dollar line of credit to Mauritius. The PM committed Mauritius assistance in diversification of its economy by support to oil, finance and ICT development. The most important dimension was that of maritime security. India advocated that all maritime conflicts be resolved through international laws in place. India also made a strong commitment to support security and growth for all in the regions of the Indian Ocean. The Indian PM also commissioned MCGS Barracuda, which is a patrol vehicle built in India and gifted to Mauritius.



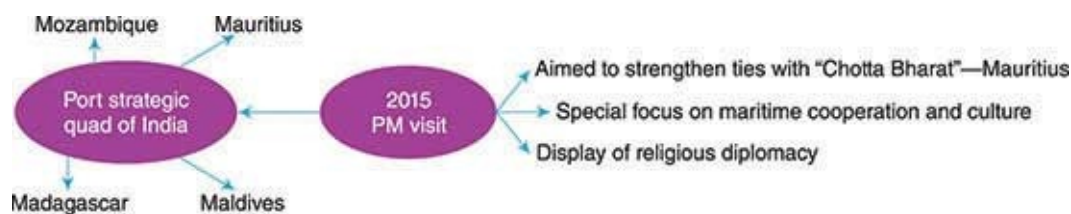
India–Mauritius Youth Cooperation 2015 —YUVA

One of the key features of our growing relationship is the rising importance attached to the youth playing the role of a bridge between the two countries. YUVA or Youth United to Voluntary Action is an organisation deeply entrenched in Mauritius, offering innovation through youth exchange. It has mainly focussed on encouraging the youth of Mauritius to focus on social awareness and benefit for all in society. During the PM's visit to Mauritius in 2015, he called upon YUVA, which also signified the growing importance to youth acting as a bridge in the relationship.

A taste of cultural relationship was visible in the bilateral visit when the Indian PM laid foundation stone of the World Hindi Secretariat building in Phoenix, followed by his participation in a prayer ceremony at Ganga Talao, which is a prominent Hindu shrine dedicated to Lord Shiva. The PM also spoke about the enormous contribution of Mauritius

to Hindi literature and how Mauritius has contributed to enriching Indian language and culture.

Various MoUs were also bilaterally concluded which included the MoU on Ocean economy done to deepen security cooperation, MoU on culture envisaging increased people to people contacts for 2015–18 and MoU on popularisation of traditional medicine as core component to boost cultural ties.



India and Agalega Islands—Strategic Asset Development, 2015

The Agalega islands are almost 110 km away from Mauritius, close by to Southern coast of India. The island has a very small population but the presence of Indian diaspora is quite evident. The islands are very strategically located. In 2015, during the Indian PM's visit to Mauritius, the government of Mauritius had granted permission to India to undertake infrastructure development rights on the Agalega islands. As per the agreement, India will refurbish an existing airstrip in Agalega and develop a new jetty. There is a possibility of India installing radars in Agalega. Though the bagging of IDR does not mean that India is going to develop Agalega as a naval base, as a purely strategic investment, this certainly helps India to increase its footprint in the Indian Ocean.

Another crucial aspect of the Indian PM's visit to Mauritius in 2015 was that he was able to successfully give a push to restarting the negotiations for Double Taxation Avoidance Treaty. After the PM's visit, economists and diplomats were back on the table and finally in May 2016, almost one year after the PM's visit, the negotiators were able to push through the deal. The old treaty with Mauritius now stands to be amended. As per the amendment, any investment coming to India now cannot enter without paying a tax on sale of shares if the money is being routed through Mauritius. This amendment and the respective clauses of the treaty do not apply on investment being routed through Mauritius till 1st April, 2017. In fact, investment coming in till March, 2019 also has to pay only half rates. The amendment also aptly addresses the issue of shell companies. Now, any company in Mauritius routing money to India with an operating expenditure of less than 27 lakh rupees shall be designated as a shell company trying to take advantage of the treaty.

Overall, we can safely conclude the relationship with Mauritius is not just historical but also strategic and that, in the near future, the relationship is likely to unfold more deeply as India enhances its strategic footprint in the Indian Ocean.