



KAMARAJ IAS ACADEMY
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India–Malaysia Sign 11 Agreements; UPI-PayNet Link to Ease Remittances

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Indian Prime Minister Narendra Modi concluded a two-day official visit to Malaysia, strengthening the Comprehensive Strategic Partnership with Malaysian PM Anwar Ibrahim through multiple cooperation agreements

Key Bilateral Agreements

Total 11 MoUs & Pacts Signed to deepen cooperation in areas like trade, defence, digital economy, disaster management, vocational training, health, semiconductors, and security.

NPCI International Payments Ltd (NIPL) – PayNet Linkage:

India's **Unified Payments Interface (UPI)** to be **linked** with **Malaysia's PayNet system** to facilitate cross-border digital payments and remittances.

Will help tourists, workers, and businesses make easier, low-cost transactions between the two countries

Trade Settlement in Local Currencies:

Reserve Bank of India and Bank Negara Malaysia to advance discussions on trade settlement using Indian Rupee and Malaysian Ringgit, reducing dependence on USD.

First Indian Consulate in Kota Kinabalu: Malaysia agreed to open the first Indian consulate in the state of Sabah

Strategic Priorities & Cooperation Areas

Kamaraj IAS Academy

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Priority Sectors Covered: Trade, infrastructure, clean energy, agriculture, education, healthcare, tourism, maritime security, and emerging tech (AI, semiconductors).

Security Cooperation: Enhanced collaboration on counter-terrorism, radicalisation, terror financing, and maritime security. Both nations reaffirmed zero tolerance against terrorism.

Transnational Crime: Agreements to share intelligence and knowledge to counter organised crime effectively.

UPI & International Digital Payments

UPI: India's real-time payments system managed by NPCI processes billions of transactions domestically; international linkages with countries like Malaysia mark the expansion of India's digital finance footprint.

Project Nexus: A multi-country initiative under the Bank for International Settlements linking digital payment systems across ASEAN and beyond — with India, Malaysia, Singapore, etc. participating.

India–Malaysia Bilateral Relations: Overview

Historical ties: Diplomatic relations established in 1957; elevated to a Comprehensive Strategic Partnership in 2024.

Economic Links:

Trade Volume: India–Malaysia trade was around US\$19 billion (2025), with aspirations to increase further.

Trade in Local Currency: Both countries emphasise settlement in INR and MYR to facilitate commerce and reduce forex risks.

Key exports/Imports: Malaysia exports palm oil, electronics goods; India exports machinery, chemicals, textiles.

People-to-People Connectivity:

Malaysia hosts a large Indian diaspora (~2.9 million) contributing significantly in sectors like education, railways, and healthcare.