

A

GLOBAL / COUNTRY STUDY AND REPORT

ON

**“FISHERIES, AGRICULTURE AND TOURISM SECTOR
OF MALDIVES”**

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PART - I

POLITICAL FACTOR

INTRODUCTION

The Maldives has just launched local government system and it is a democratic republic island. There are two kinds of spheres of government which are National and Local. Local Government is provided of the constitution and the main legislative texts are the Decentralization Act 2010 and the local Council Election Act 2010. There are two tiers in the Local Government Authority Department within the Ministry of Home Affairs which are Island Councils and City Councils and all of two tiers are accountable to atoll councils. There are 66 island councils, 2 city councils and 20 atoll councils. These councils have the power to charge the rents and fees for the services which they have provided and also can seek loans and create financial instruments like bonds, bills and securities to fund development activities.

POLITICAL PARTIES IN THE MALDIVES

Major parties

- ❖ Maldivian Democratic Party (MDP)
- ❖ Progressive Party of Maldives (PPM)
- ❖ Dhivehi Rayyithunge Party (DRP)

Other parliamentary parties

- ❖ People's Alliance (PA)
- ❖ Dhivehi Qaumeey Party (DQP)
- ❖ Republican Party (Jumhooreey Party) (JP)

Extra parliamentary parties

- ❖ Adhaalath Party (AP)
- ❖ Islamic Democratic Party (IDP)
- ❖ Maldives Social Democratic Party (MSDP)
- ❖ Maldives National Congress (MNC)

POLITICAL CRISIS IN MALDIVES

In the Maldives on 1 May 2011, peaceful protests broke out due to the Maldivian political crises. This crisis would continue even in the circumstances if the president resigns. Demonstrators were protesting because they think that the mismanagement in the economy was due to the president only. The Dhivehi Rayyithunge Party accused president which is led by former president of the country saying that the president only talks about democracy but does not put it in to practice. The prices of commodity are rising and economic situation is very poor in the country. The primary cause for the protests was rising commodity prices and a poor economic situation in the country.

MALDIVES GOVERNMENT DEMOCRATIC FORM

In the Maldives government is elected by Majlis for the period of five years by the policy which is universal adult suffrage and the election of the head of government is approved by national referendum. For choose the final head of government, almost 51% of the national vote must approve of the head of government elections.

Legal systems of Government

Law and order is established by the president, who also acts as the representative. The president appoints two members by universal adult vote in the male. Maldivian government's legal system is based on Islamic law. But then after each islands appointed chief justices, judges, and secular officials to oversee the administration of the islands

Functions of Government

The government entitles independent country to Maldives. Various members are enacted by the government for multi-tasking functions, who make it efficient body for allotting the law and order. Maldives follow three general functions of the government: Formulation of law, Application of law and Enforcement of law

- ❖ **It looks after the Legislature** - the formulation of law.
- ❖ **It looks after the Executive** - the application of law.
- ❖ **It looks after the Judiciary** - enforcement of law.

Other details of government

Specific details of the government:

- ❖ **Government head** - Maumoon Abdul Gayoom
- ❖ **Government type** - Republic

There are various branches which is given below

Branches:

- ❖ **Executive** - President, Cabinet.
- ❖ **Legislative** - Unicameral Majlis
- ❖ **Judicial** - civil court, High Court, Criminal court, Family & Juvenile court.
- ❖ **Administrative Divisions** - 19 Atolls and Male, the capital city of Maldives.

The government of Maldives looks after the good fortune of its citizens and also tries to help them with every kind of facilities.

Maldives Government and Politics Constitution

The government of Maldives is based on the 1968 constitution, as go over in 1970, 1972 and 1975.the documents provide by the government highly centralized...

The following are rights of people in Maldives

- ❖ Freedom of speech and assembly
- ❖ Equality before the law
- ❖ Right to own property

In the Maldives the president is elected for a renewable 5 years term as per the Majlis or legislature. Election is official through the conformation of voting, cabinet associated the chief executive, or a council of ministers. There is no requirement to be a member of Majlis for the cabinet minister. The citizen of Maldives whom age is 21 and above can give the votes 48 members are appointed by the president and the rest of the other member are selected popularly, form the male 2 members and other 2 members are nominated form each of the nineteen administrative islands.

MALDIVES' DEFENSE

The Maldives National Defense Force (MNDF) is the combined security organization. This force is responsible for defending the security and self-governing of the Maldives country.

Maldives defense system has been divided into three parts...

- 1) Coast Guard
- 2) Marine Corps
- 3) Special Forces

MONETARY SITUATION

The key currently effect prudential regulations are:

- Pursuant to Law 9/85 of 27 / 06 /1985, all commercial banks operating in Maldives are required to pay a profit tax of 25 percent.
- With effect form 23 November 2006, the MMA introduce Rediscount Facilities to develop a secondary market this facility is only limited to T - bill holders. Discount rate is set at a margin above the T-bill rate, provide to sufficient incentive for bank to look first to the interbank before seeking funds from MMA.
- With effect from 24 / 06 / 1995, commercial banks are free to determine the annual rate of interest chargeable on loans & advances denominated in US Dollars.

Currency restriction

Maldives have no restrictions for the import or export of local or foreign currency.

TARIFF CONTROL

Meaning of tariff control

The tariff is a tax that a government collects on goods coming into a country. Or the tariff is the rate at which you are charged for public services such as gas and electricity, or for accommodation & services in a hotel. The Tariff rate; applied; simple mean; manufactured products (%) In 2009, according to a World Bank report Maldives was 22.80, published in 2010

Experiencing a new tax System by Maldives

18th January 2011- published the Business Profit Tax bill which was passed by parliament on 30th December 2010. Entire business in Maldives will have to pay a 15% profit tax starting from July 18th 2011 which is six months from today. Maldives is experiencing a new tax regime. A value added tax as a "T-GST" is in place from 1st January 2011. Each tourism allied enterprise have to pay 3.5% as T-GTS. In addition the new pension scheme required employers to pay at least 7% of the basic pay as pension. A total of 14% of staff salary has to go to the new Pension Authority, including foreign workers in Maldives too. The idea behind profit tax was once it is set import duty will be abolished.

ECONOMIC FACTOR

INTRODUCTION

The Maldives is blessed for her beauty and the riches of the sea. In fact, 99% of its territory consists of water. Therefore it is obvious that tourism & fishing are the major industries of the country. As the land is not fertile, agriculture is in limited scale. The diversity of the flora is limited to a few tropical fruit and vegetables, root crops & others. Due to scarcity of resource

there is no manufacturability of consumer goods. Almost everything required for living has to be imported.

SECTORS OF MALDIVES

1. Tourism

In Tourism industry is plays largest role foreign investment. The Maldives gives a now days of tourism free policy to attract investors. This has facilitated private sector including rapid growth sector based on market forces. All the atolls used as resorts are leased by the government for private individuals or companies. Multinational companies and hoteliers are managed by Maldives. Many Maldives resort assign management contracts with owned & foreign companies both are solve the all problems related for the tourism.

2. Fisheries

Fisheries sector is the second largest industry in the Maldives. Fishing provides the livelihood for many person in the Maldives. It has not direct link to tourism sector & also constant supply of fish for their guest and employees.

3. Agriculture

In the islands availability of poor soil & scarceness of arable land, agriculture is limited to only a few subsistence crops, such as coconut, taro, betel, , banana, mangoes, breadfruit, papayas, chilies, sweet potatoes, & onions. Agriculture contributes about 6% of GDP. Only 10% of the land is estimated to be cultivable. Since 1999, small amounts of corn, sorghum & millet were cultivate. Production includes 12,000 tons of coconuts, 2,000 tons of copra. mangoes, If we compare the import & export % of the raw material Maldives & India is in the India 1.54 % In Maldives 0.02% exported from the other countries Agricultural raw materials imports greater than % of merchandise imports 2 % in India & Maldives 3.55 %

4 Industries:

GDP is only 7% in industrial sector. There are two types of industry in Maldives first is Traditional and second is Modern industry.

In Traditional industry boat building and handicraft have been done and in Modern Industry is limited with tuna canneries, garment factories, a bottling plant, and some enterprise in the capital producing PVC pipe, soap, furniture, and food products.

Maldives has no Patent Laws.

Garments:

This sector is one area and In this garment sector Maldives gets some concessions for exporting the products to the Europe and America. Before 10 years ago, most of the company used garment sector and now a days investments is declining although some companies operate this garment sector. Some of the firms believe that garments are a potential sector and in this entrepreneurs can have viable business investments.

Other sectors in Maldives

1) Transport:

The islands are located in the Maldives from one another and between those islands, a good transport link is made. There is a sea between the islands so land transport is practically not possible. Some islands who are big enough to transport through bridges. The land transport service may be viable for these islands. In every atoll, the transportation of sea service is in demand. Any regular transport links hardly to remote the atoll and islands at present time. Ship services are provided between Male' and nearby that island regularly.

2) Aviation

In Maldives, Aviation Industry is one of the young industries. Maldivian Air Taxi, a foreign investment is provided national flights and it is largest

company. There are 3 companies which include state owned Island Aviation operate in this sector now a days. Island Aviation mostly provides flights to local people who fly to distant atoll where regional airports are available. Air transportation for tourist from Hellhole.

EMPLOYMENT

Since 1992 the fishing industry employed about 22% of the labor force makes the largest single source of employment in Maldives. It is importance as a source of government revenues; tourism provides small meaningful employment opportunities to Maldives. Most of employment was in traditional small-scale cottage industries and nearly 22% of the labor force in industrial sector in 1990s.

The ratio of Employment in different sectors of Maldives country:

Agriculture – 11%

Agriculture includes hunting, fishing & forestry

Industry – 23%

Industry includes mining and quarrying (including oil production), manufacturing, construction & public utilities (electricity & gas or water).

Service – 65%

Services includes wholesale & retail trade & restaurants & hotels & transport, storage & communication & financing & insurance & real estate and Business services & community, social & personal services.

GDP

The GDP numbers are reported in two forms: constant dollar & current dollar. Current dollar GDP is calculated using today's dollars and makes comparisons between time periods difficult because of the effects of inflation. Constant dollar GDP by solving the problem of by converting the current

information into some standard era dollar (such as 1997 dollars). These process factors out the effects of inflation and allows easy comparisons between periods. It is important to discriminate Gross Domestic Product from Gross National Product (GNP). GDP includes only goods & services produced within the geographic areas of the U.S., in spite of the producer's nationality. GNP doesn't include goods and services produced by foreign producers, but it include goods & services produced by U.S. firms operating in foreign countries.

YEARLY COMPARISON CHART OF GDP

YEARS	GDP
2001	3.5%
2002	6.5%
2003	8.5%
2004	9.5%
2005	-4.6%
2006	18%
2007	7.2%
2008	12.2%
2009	-4.7%
2010	5.7%
2011	7.4%
2012	4.4%

Yearly Composition of Maldives' GDP

According to a World Bank report published in 2012 The GDP growth (annual %) in Maldives was last reported at 7.46 in 2011. Taking as a base on constant local currency Annual percentage growth rate of GDP at market prices is calculated. Aggregates are based on 2000 U.S. dollars as a constant base. GDP is the sum of gross value added by all resident

producers in the economy plus any product taxes and minus any subsidies not included in the value of the products. It is calculated without any deductions for depreciation of fabricated assets or for depletion and degradation of natural resources. Tourism is the most important economic sector in Maldives's which accounts for more than 60% of foreign trade receipts & 28% of the country's GDP. Additionally, over 90% of the government tax revenue comes from tourism-related and taxes import duties. The second leading sector is fishing

Rank	GDP (billion)		
168	 Maldives	2.754	2011 est.
3	 India	4,463	2011 est

BANKING

The financial sector in the Maldives is very thin and is dominated by the banking industry. There are currently seven banks operating in the Maldives which include one locally owned commercial bank, four foreign banks branches, one locally incorporated subsidiary of a foreign bank & an Islamic bank.

GENERAL COST OF LABOR'S LIVING

Accommodation – Accommodation is the most expensive part here. For a single bed room fully furnished accommodation you will need to pay around US\$ 700. Staying with your family with only one person working will be expensive as you will be needed to go for a better accommodation.

Food – Food is expensive as almost everything is imported here. Fish is affordable if you go to the local market or if you are living in an Island, you can get fresh fish & vegetables at very affordable price. If you are living in Male', the cost of food is high but if you cook yourself, then you can Manage with less than US\$70 per month. There are some Indian & Sri Lankan hotels who provide monthly packages for about US\$ 80 per person which includes breakfast, lunch & dinner.

Phone Calls – There are two telecom service providers in Maldives, Dhiraagu & Wataniya. Now the local and international calls are very much affordable, but there are other ways also to make cheap International phone calls.

Others – These are the basic things which you will be forced to spend when you live in Maldives. Other things like cosmetics, dresses, or any luxurious items are also costly, but you can get some products which are of very high quality and popular brands. I would not like to associate these things with the cost of living in Maldives.

WORKING HOURS

No employee shall be required to work more than forty- eight hours a week. The principle does not include overtime carried out in accordance with this Act. No employee shall be required to work more than six consecutive days a week without being provided with twenty-four consecutive hours of leave. Does not prevent an employment agreement between an employer and a person or persons employed at tourist resorts, tourist vessels or uninhabited islands designated for industrial projects from providing that the leave entitlement of one day after working for six consecutive days a week shall be accumulated & taken by way of one day for every six consecutive days worked. This Section does not prevent a person or persons employed at tourist resorts, tourist vessels or uninhabited islands designated for industrial projects from working an additional two hours a day. However, such additional hours must be paid for by way of overtime as provided in Section 37of this Act.

IMPACT OF GLOBALIZATION

Maldives is facing constraints for the global economy while managing their own environment sustainability. In Maldives market are small, natural resources base is narrow, fragile & prone to disruption by natural disasters, so they have to depend on foreign exchange on tourism & a small range of fishery product exports, and they have limited local capital for productive investment.

At present the Maldives's economy is heavily dependent on just two main industries (fisheries and tourism) for the country's fiscal revenues, foreign exchange earnings, employment & growth. As the last two decades Maldives has achieved extraordinary progress in terms of economic & social development. Tourism is considered to be one of the major industries in Maldives due to the location of White sandy beaches and clear crystal water and tropical climate. Most of the territory of Maldives consists of water. Fisheries are also one of its major industries and are considered as its life blood. Globalization of Maldives economy is due to emergence of tourism.

SOCIAL FACTOR

HISTORY & CULTURE OF MALDIVES

Maldives is a Muslim island which is fully covered by Indian Ocean. There is a good relation between the Republic of India and the Republic of Maldives. Culture of Maldives is derived from Shrilanka and south India. and their people are also Indo-Aryan. The language is mainly derived from Sanskrit.

There are other people like Portuguese, Dutch and British after that the first republic was declared by Muhammad Amin Didi and Maldivian people got independence on 26 July 1968 and Nasir became the first president of Maldives for 4 years. Because of sea Maldives has a grand market of tourism. Maldives face the environmental problem and now days they are very serious about their environment now a days because of global warming the first or most affected part is the Maldives. The human development of Maldives is higher than India. Maldives government focuses on providing the health and social services. They also try to expand their exporting business of fish, tourism because the main income is now from that sectors. The India and Maldives both are developing countries and they are expanding their economy by getting good relationships with developed countries.

RELIGION OF MALDIVES

At an early time there was a Buddhist kingdom in Maldives and had a long history around 1400 years. After that there was an introduction of Islam in Maldives and as per the constitution of Maldives non-Muslims may not become citizens of Maldives. The Sunni Muslim visitor named Abu al Barakat is responsible for the conversion of Buddhists to Islam (Sunni Islam is the largest branch of Islam which menaces people of the tradition of Muhammad). Both land ownership and citizenship are limited to adherents of this faith. The president must be a Sunni Muslim & also the supreme authority of the tenets of Islam. In the 10th century AD the Middle Eastern seafarers found that the Maldives is an important route in the Indian Ocean.

MALDIVES FESTIVALS

Islam is the main religion followed by Maldives people, so the majority Maldivians celebrate almost all the festivities of Muslims. They also celebrate national day of Maldives, Independence Day and republic day that are specific to their country.

- ❖ **KudaEid**
- ❖ **Independence Day**
- ❖ **National Day**
- ❖ **Prophet Mohammad's Birthday**
- ❖ **Republic Day**
- ❖ **Ramadan**
- ❖ **Victory Day**

DEMOGRAPHIC PROFILE OF MALDIVES

Population	3,94,751
Age structure	0-14years:21.5%(male43,332/female 41,642)
	15-64years:74.4%
	(male177,365 female16,552)
	65yearsandover:4.1%
Sex ratio	(male 7,888/female8,220)
	Atbirth:1.05male(s)/female
	under15years:1.04male(s)/female
	15-64years:1.48male(s)/female
	65years and over:0.94 male(s)/female

Infant mortality rate

Total:26.46 deaths/1,000livebirths

Male :28.92 deaths/1,000livebirths

Total population:74.69years

Life expectancy at birth

Male :72.44years

Female :77.05vears

SOCIAL DEVELOPMENT

The organization, the people are provided medical and maternity leave. Now by removing the past tradition for women restriction, they increase the participation of women in public life the government of Maldives is more aggressive in social services and health services. In. As per their constitution there is equality rights in Maldives. Education is not compulsory and more focus on boys education than girls so girls ratio of withdrawn from school is high than boy. The Fifteenth Meeting of the Committee on Economic Cooperation – Maldives, 15-16 July. SAARC Agreement on Trade in Services, harmonization of standards, establishment of South Asian Regional Standards Organization, harmonization of customs procedures and documentation, cooperation in the fields of statistics, avoidance of double taxation & SAARC Trade Fairs. A representative of SAARC Chamber of Commerce and Industry made a presentation giving the perspective of private sector for promotion of intra-SAARC trade and economic cooperation. The government is more worried about population and lack of freshwater because rain is not enough there.

CURRENCY

The Maldivian currency is the rufiyaa. It also known as the Dhivehi .The name "rufiyaa" is comes from the Hindi word rupiyaa, ultimately from Sanskrit rupya. All transaction are made in the terms of rufiyaa.

Exchange Rate

1.00 USD =15.3900 MVR (MALDIVESRUFYAA)

1.00INDRUPEES=0.28 MVR (MALDIVESRUFYAA)

ORGANIZATION CULTURE IN MALDIVES

Corporate structure

- ❖ Majority of the companies have small business in Maldives having two men namely mom-and-pops. More than 2000 companies are registered with Registry of companies out of which only 500 companies are existing now.
- ❖ There is no separate legal entity of company, an individual is generally huge than a company.

Legal status

- ❖ The legal structure and its enforcement is lacking in Maldives. There is judiciary but it is not well equipped to handle corporate governance due to untrained judges and lack of adequate laws.
- ❖ The large body of commercial law have only introduced now. But currently there is no banking Act that regulates the Banking industry. There is currently no tax law in Maldives.

Government Ownership

- ❖ Like every country government ownership is unique feature in Maldives too. Such ownership cannot went noticed. Specific provisions has to be formed which handle issues arising from such ownership to state that any code framed is not just on paper but it is also workable.

Audit, Book Keeping, Internal Controls

- ❖ Auditing is common in every jurisdictions but it is not in Maldives as companies act does not require it. But book keeping is a very traditional method and one of the reason is strong desire to keep it confidential.

INDUSTRIES OF MALDIVES

The main sources of income for Maldives is fishing. So the industry related fishing is in the Maldives. The industries in the Maldives include boat building, manufacture of coir, the rope made from dried coconut fibers, and handmade pillowlace.

MEDIA

Maldives made with Small Island. For communication between island sand with boats they are generally use walkie-talkie. The satellite earth station was installed to facilitate external communications. In 2002, there were 28,700 main line phones & 41,900 mobile phones use nationwide. They are use Television, Radio, Internet, Newspaper, etc.

HEALTHCARE SERVICES OF MALDIVES

Maldives' medical establishment in the early 1990s consisted of the Male Central Hospital, 4(four) regional hospitals, 2(two) in the north and 2(two) in the south, and 21(twenty-one) primary health care centers. The government opened the Institute for Health Sciences in 1992. (MHSC) Male' Health Services Corporation Ltd, it is formed by current government in 2010, is the first Health Corporation in Maldives through it's policy of corporatization of all healthcare services the department and hospitals of Male' city under the Government.

Health policies

Policy 1: Strengthen health promotion, shelter and advocacy .

Policy 2: Provide access to cheap, just and quality health services for all Maldivians including provision of universal health insurance

Policy 3: make a competent, professional health service workforce

Policy 4: make a culture of evidence based decision making within the health system

THE INDIRA GANDHI MEMORIAL HOSPITAL

Maldivian government requested India's help in building a large scale hospital mean while Rajiv Gandhi's official visit in October 1986. After two year Rajiv Gandhi official visit, Maldives sand India signed memorandum of understanding in October 1988. The hospital is a gift from the Indian Government and is dedicated to Smt. Indira Gandhi to Maldives. Many foreigner and Maldivian are work in there.

HEALTH SERVICE DELIVERY

By the end of 2001, health services in the country were reorganized from 4-tier to a 5- tier system. The health service delivery system now the central level (Indira Gandhi Memorial Hospital - IGMH), regional level (regional hospitals), atoll level (atoll hospitals), sub atoll level (atoll health centers) and island level (health posts and family health sections).

Education System of Maldives

Primary school starting at age 5 year in Maldives education. They are using Dhivehi language in primary school after middle school using the Dhivehi language and English language or both. The national university provide the higher education to Maldives students.

Departments of National University

Departments of arts

Health sciences

Hospitality & tourism sciences,

Engineering technology,

Education of Islamic studies,

Management & computing,

TECHNOLOGICAL FACTOR

INTRODUCTION

Maldives is growing advanced in the technology of tourism, fishing, environmental preservations and other areas. To achieve vision of future the people of Maldives should extend their adaption of Technology which can help in improving their prosperity. There is a growing population in Maldives eighth extremely high knowledge of innovation and technology. Investing their knowledge will lead to great success to Maldives and also allowing them to compete globally.

Maldives entire GDP was only equal to US alone virtual goods market value. If they can increase their share in virtual goods market services markets and other tech markets as a byproduct of investing in their infrastructure they would be able to scale up their life style and environmental protection and enhance their way of life. By adopting the technology the country will be able to fulfill their dream of becoming the world's largest carbon neutral country. They will be able to live a better life with lees hours of working and more family time.

MALDIVES CABINET UNDERWATER MEETING

As it is known that Maldives has started using the latest technology it has shown its ability by conducting the **underwater meeting**. They have conducted such type of meeting to show the world that there are signs of global warming. They assured that if any steps are not taken to take care of then there will be a condition that Maldives will be flooded and there will be no existence of Maldives.

Meeting was held on 17th of Oct. with 14 Cabinet Minister at 20 feet under water. Maldives is on an average 7 feet above the sea level and is lowest part on the earth. And this reason that they are not surviving. In this meeting they are planning to sign a document all countries to cut down their carbon emission in front of the U.N. Climate Change Conference in Copenhagen in December

suhan say that in this meeting the countries will settle a successor to the Kyoto Protocol India, Maldives sign agreement on science and technology Monday, February 11, 2008.

Maldives and India signed joint agreement in the field of science & technology at New Delhi and this was signed by the Pranab Mukherjee External Affairs minister and Maldives counterpart Abdulla Shahid, and president Abdul Gaymon meet the Pranab Mukherjee for the purpose of different international issues and this issue hold higher level discussion with Indian best leader president Pratibha Patil and PM Dr. Manmohan Singh. With this Maldives will also become the World First carbon neutral country. In this meeting it was also agreed that all the countries should try to emit less carbon.

INDIA, MALDIVES SIGN AGREEMENT ON SCIENCE AND TECHNOLOGY MONDAY, FEBRUARY 11, 2008

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MALDIVES TO BECOME WORLD'S FIRST CARBON NEUTRAL NATION

There is a continuous development for finding the way as how to protect Maldives from being flooded. The Maldivian government has spent \$42 million for defense. For its protection the government has announced that there will be no use of the fossil fuels anymore. Maldives also generated a renewable electricity .It also includes a Battery Banks which would help to generate a backup storage when it is impossible to access wind or solar energy.

INTELLECTUAL PROPERTY

Intellectual property (IP) refers to creativity of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in business.

IP instrument:

Geographical indicators:

It is a geographical indication logo for the Republic of Maldives. The public logo for Maldives should be well crafted and be acceptable to the Maldivian people as a true reflection of Maldivian culture, values and distinction. Geographical indications logos developed by European Union and Thailand. Actually, it is not enough to have a well-crafted geographical Indication logo but that logo must be exploited to the benefit of the producers of goods and services from that geographical area. Maldives public geographical indication logo should be done through public-private partnership and should comprise of various ministries: Ministry of Fisheries and Agriculture, Ministry of Health, Ministry of Tourism Arts and Culture, and Ministry of Tourism Arts etc.

Collective marks:

Encourage and promote the use of collective marks by associations to distinguish their goods and services in Maldives, such associations include Music Association, Maldives Architectural Association, Maldives Film Association, Maldives Association of Travel Agents & Tour Operators (MATATO), Maldives Association of Construction Industry (MACI), Maldives Fishermen and Farmers Association

Certification marks:

Consumer and public safety, it is crucial that goods and services imported in to and exported out of Maldives meet certified international standards. Certification marks be used as a mean to verify whether products or services in Maldives meet the required standard.

Trademarks and service marks:

Trademarks and service marks are the most popular IP rights in Maldives. The demand for trademarks has been rising and all evidence show that the demand will continue to rise. Trademarks and service marks provide information to the consumers about the nature, quality and source of the products in the markets. Trademarks and service marks therefore help make the buying decisions of consumers easier.

Sector development with IP instrument

IP currently plays some role in the advancement of businesses in Maldives Promoting the use of IP instruments. It promote sectors innovative activities and quality, safety, reputation, and image of products & services of various sectors like tourism, trades, construction, seafood processing and exporting, architecture, information technology, medicines, entertainment industry.

TELECOM SECTOR

Telephone system

General assessments of Maldives telephone service have developed in communication through microwave links in domestic level every Maldives Island connected enough to telephone and mobile networking Maldives telephone system connected around the global by satellite earth station – 3

Broadcast media

State-owned radio, Television service, state-owned TV operates 2 channels, Wi-fi, mobile service, internet system, music-based station in Maldives.

Maldives is also seeing the increasing importance of the telecom sector in its economy. The “communications” sectors contribute nearly 10% of the GDP.

Nearly all of this 10% is from telecoms. Telecom is the third largest contributor to the GDP.

Information Technology (It)

Information Technology including computer software, hardware, projects, tender notices, summary, procurement news, project information, proposals business opportunities, global, international competitive, request for proposal, etc Government and Maldivian people also use IT as a broad e- government, digital divide, delivering a better quality of the life of Maldivian people, and bring the facility, services & opportunity to the Maldivian. National centre for information technology (NCIT) would co-ordinate with other agencies of government and the private sector, to make sure those information technology strategies and programs are reliable with national development requirements. Information technology development project (ITDP) seeks to develop the efficiency transparency and accountability of public sector management by networking government agencies and electronically providing information and services for the public. The objective of the Digital Empowered development Communities of the Maldives for sharing knowledge and information through a community portal. It makes available information about products and services for national and international spot light to local businesses, by websites and portals to create understanding and develop social and economic life of Maldivian people.

Internet service provider

- ❖ **DhiveliNet**
- ❖ **Dhiraagu**
- ❖ **Rajjeonline**

MALDIVES PRIVATE SOFTWARE MARKET

Software piracy is one of the biggest challenges faced by software developers. 90% of the Maldivian people use pirated versions of Windows and other software. Large companies and institutions also use pirated software. a private education institution in Maldives also used pirated version.

Microsoft Partners in Maldives

Dhiraagu - Dhivehi Raajjeyge Gulhun Pvt. Ltd, the leading telecommunications service provider in the Maldives, has entered into a strategic partnership with Microsoft by opting for the Microsoft Enterprise Agreement.

A global telecommunication company, Dhiraagu owns and operates a digital communications network for reaching at every island and resort in the Maldives. Dhiraagu main purpose beyond entering into Microsoft enterprise agreement was to improve internal effectiveness through strong messages and directory services for relationship with its customers based on the Microsoft.

ATOLL ENVIRONMENTS UNDER THE THREAT FROM CLIMATE CHANGE

Maldives is facing negative effects of sea level changes. Three projects were introduced by government of Maldives of Ministry of Environment. Australia helped Maldives also climate change project. This project will based on Government and Private partnership and if this project is succeed than it will scaled up to Worldwide.

The Ari Atoll Solid Waste Management Pilot will be helpful in managing the solid waste generated in island of Ari Atoll and will reduce environment risk to marine habitats of greenhouse gas emissions.5 waste management centers will be piloted to integrate solid waste management system in island and resorts of Ari Atoll. This project will again align with government and will be based on public private partnership. If these projects will be successful then it will be scaled up worldwide.

DEVELOPMENT ASSISTANCE DATABASE

The DAD is information Management System. This is used in more than 30 countries including Maldives. This information system is used for the Aid Management, Public Investment and National Budgeting.

This DAD systems package of solutions offers. • Analytical reporting tools

- ❖ Information visualization
- ❖ Outcome-based aid management
- ❖ Online and offline use
- ❖ Addition with financial management and other third party systems
- ❖ IT and Aid value Advisory Services

This system is developed in mainly three phases.

Phase 1-Synergy implemented the Development Assistance Database (DAD)

Phase 2- the government requested a growth of DAD for connecting the National Recovery Reconstruction Plan (NRRP) with the fund projects database.

Phase 3- Synergy was slight to provide another year of technical support, in addition to to develop a Public Sector Investment Programmed

MALDIVES INFORMATION TECHNOLOGY DEVELOPMENT PROJECT

The Asian Development Bank (ADB) project is mainly for the providing information to the Maldives by networking Government agencies.

This was integrated by Networking of Government agencies in Male for the public to access government information virtually.

- ❖ Enable electronic delivery of community services
- ❖ setting of the National Computer Center (NCC), to centrally manage data & communication technology policies, standards, and practices for the government work

RENEWABLE ENERGY TECHNOLOGY

Maldives is mainly depending upon the petroleum for producing Electricity. For Electricity production Maldives divide their producer into three categories.

- ❖ Private operators: Private operators are covering a high share of the future demand of renewable energy technology in the Maldives. Here the generation of the electricity is 125 MW in this resort island and it shows the half of the country's generating capacity.
- ❖ Island development committees: Second important category for supplying electricity is the atoll development ministry external island which operating the 167 island and the supply of electricity it is approx. 20% for some limited time at night for achieving economic purpose.
- ❖ State Electricity Company: Third category is the State Electric Company liable to supply in Male and 31 other island and operating 35% installed capacity in Maldives. The company is now associated with Maldives Electricity Bureau and State trade organization.

FLOATING ISLAND DEVELOPMENT PROJECT IN MALDIVES

Now Maldives is taking a new project floating atoll known has floating technology innovates And for that gives the individual plans to company and for that has to follow strict guidelines to joint Maldives Government in the project venture initiative.

Technological advancement in floating developments, through Dutch Docklands, have help the company develop one of the most revolutionary and further- thinking corporations in the world. . Embed in their business culture is a vision for that the exclusive technology play a major role for governments and land owners in a multitude of industry whilst parallel with the natural atmosphere. In fact, such is the level of put into practice; Dutch Docklands have a 'scar-less' policy, which upholds the green nation of the company's development expertise

Van De Camp shows that they have making an active model around tried and tested technologies for providing multidimensional key for their partners, and they are engaged in the world class golf course designer in this level, they never lose vision of how floating technology can absolutely enhance a country's

industry and its residents' comfort for long- term. When the Dutch Docklands selects carefully six major players for designing The Royal Indian Ocean Club. Some of the sector most widely valued names have recognized design concepts, combination methods, as well as environmental and sustainability outline for consideration. The final decision will be made by the Maldives government they starting project in the next year.

This project gives the unique and different experience to Maldives that the water is a workable building layer or a floating and turn water into space and this would the dramatic change of mindset and new possibilities in World.

ENVIRONMENTAL FACTOR

INTRODUCTION TO THE ENVIRONMENTAL FACTOR OF MALDIVES

Maldives has obtained much attention at national and global levels due to the dream destination of white sandy beaches & the crystal clear lagoons. Natural resources in Maldives are widely contributed for the economic development of the country so that government is taking exclusive measures towards protecting the environment through environmental awareness among the locals. The President of Maldives initiated The Million Tree Programmed. A greening programed under which nurseries be established nationwide & thousands of trees planted. The concept of recycling is increasingly taking shape being introduced into agriculture and efforts are also made to diminish risks of environmental hazards.

MALDIVES' ENVIRONMENTAL PROTECTION & PRESERVATION ACT

Since the environment of the Maldives is a significant heritage that has to be well-maintained for the coming generations, So that the Maldivian government has proposed Environmental Protection & Preservation Act of Maldives in this act following matters are considered.

MALDIVES' TOURISM ACT

For the development of tourism sector in Maldives government of the Maldives shall provide purpose of zones and island for the development of tourism. This act provided for the purpose of zones and island for the development of tourism in the Maldives This Act shall be named as the "Maldives Tourism Act" Zones for the development of tourism industry shall be determined by the president.

1. ON TOURIST RESORTS

Islands and land for development as tourist resorts shall be rented to the party that submits the best-qualified proposal in respect of such islands. Islands or land in which the Government makes an investment wholly or in joint venture shall be released from the procedure provided herein.

A tourist resort on an island or land leased under this Act shall be established under a Lease agreement to be entered into between the Government and the lessee of such island or land. This agreement shall contain the following:-

- ❖ The period of the lease
- ❖ The name of the land or island being leased
- ❖ Time period is permitted for construction during the term of the lease, such period and commencement date of the operation of the.
- ❖ Circumstances for the termination of the agreement & the ways to be followed upon such circumstances arising;
- ❖ The amount of the lease rent, method of its valuation and the mode of its payment;
- ❖ The ways to be followed in the event of a sublease of the resort or the handover of management of the resort to a third party; and
- ❖ The ways to be followed in the event of a breach of the contract by the lessee.
- ❖ A license to activate a tourist resort shall be delivered in admiration of establishments that fulfill the following conditions
- ❖ the construction is accomplished in accordance with guidelines determined by the Ministry of Tourism;
- ❖ The services are determined by the Ministry of Tourism

2. ON TOURIST GUESTHOUSE AND TOURIST HOTELS

Neither a tourist guesthouse nor tourist hotels shall be activated in the Maldives excluding after registering the same at the Ministry of Tourism and after obtaining a license issued by the Ministry to operate such establishments.

A tourist resort on an island or land leased, under this Act shall be established under a Lease agreement to be entered into between the Government and the

lessee of such island or land. This agreement shall contain some condition which is require to fulfill from the side of lessee for the getting of approval for buildup tourist resort in Maldives. The construction is accomplished in accordance with guidelines determined by the Ministry of Tourism. Neither a tourist hotels nor guesthouse shall be activated in the Maldives excluding after registering the same at the Ministry of Tourism and after obtaining a license issued by the Ministry to operate such establishments. A license allotted to those establishments that in accordance with guidelines made by the Ministry of Tourism.

A license allotted to those establishments that satisfy the following conditions:-

- ❖ Infrastructure is in accordance with guidelines made by the Ministry of Tourism.
- ❖ The services are determined by the Ministry of Tourism
- ❖ The Payment of a registration charge of MRf 10,000 in the case of a tourist hotel and MRf 5,000 in the context of a tourist guesthouse.

Where the Government rents any land for development as a tourist guesthouse or a tourist hotels, such a lease shall be made in accordance with the necessities of this Act linking to the leasing of islands or land for improvement as tourist resorts

Marinas shall be established after obtaining a license issued by the Ministry of Tourism to activate such places and in obedience with guidelines decided by that Ministry in relation to the progress and process of marinas.

No diving center providing facilities to tourists shall be operated in the Maldives excluding after registering the same at the Ministry of Tourism and after obtaining a license delivered by that Ministry. The sum of US \$ 8, tax payable

to the Government of the Maldives from each tourist per day of stay at a tourist hotels, tourist resort, and tourist vessel or tourist guest house.

REGULATIONS ON THE PROTECTING AND CONSERVING ENVIRONMENT IN THE TOURISM INDUSTRY

“Regulation on the Protection and Conservation of Environment in the Tourism Industry”, The purpose of this regulation is to care for the environment in the tourism industry and to support and facilitate sustainable development of tourism. Under this act prior permission shall be requires from the Ministry of Tourism and Civil Aviation. For any activity which is unfavorably affect the environment. Contravention of this act shall be penalized.

ENVIRONMENTAL IMPACT ASSESSMENT

The National Environmental Protection & Preservation Act of Maldives provided the basic framework for the Environmental Impact Assessment process in the Maldives. An impact assessment study shall be submitted to the Ministry of Environment before implementing any action that may have an impact on the environment. According to the EIA guidelines disclosed by the Environment Ministry all new resort improvements require an EIA study before approval for development can be made.

Objectives:

The Environmental Impact Assessment (EIA) Section is responsible to implement and enforce the Environmental Impact Assessment Regulations 2007. Conduct scoping meetings for The Environmental Impact Assessment (EIA) Applications submitted by Developers proposing to carry out development activities in the Maldives, and confirming the Terms of Reference for the EIAs of these projects Assessment of EIA reports and issuing Environmental Decision Statements. Conduct monitoring outings to development sites to ensure compliance to the Environmental Decision

Statements issued. Evaluate monitoring data submitted by Developers during, construction and operational stages of development projects. Screen projects that are not mentioned under the Schedule of the EIA as project requiring an EIA study. Registration of EIA Advisers and renewal of Registration Certificates. Carry out awareness activities regarding Environmental Impact Assessment. The Environmental Impact Assessment part is responsible to implement and enforce the Environmental Impact Assessment Regulations 2007. The existence of an environmental information system is an important factor in determining the success of future sustainable development. The Ministry of Home Affairs, Housing and Environment has begun work on collecting of an environmental database. This database would help reduce repetition of efforts & consequent waste of scarce financial and manpower resources.

INSTITUTION LEVEL ARRANGEMENTS FOR ENVIRONMENTAL STATISTICS

The Statistical Unit of the Ministry of Planning and National Development being the main coordinating agency for national statistics has adopted a decentralized approach in procurement Sectorial data that are not covered on a yearly basis from the concerned line ministries.

ENVIRONMENTAL INDICATORS

Environmental indicators are simple measure that tell us what is happening in environment. Maldives is facing severe environmental damage due to rapid economic development and growth. In order to arrive with new sustainable development policies, the country requires adequate and reliable environmental data to have decision-making, Environment Statistics has been brought in for such data collection activities.

ENVIRONMENTAL HEALTH AND RISKS

The indicators have been selected according to well specified criteria and embedded in a conceptual framework, which is structured around four groups to capture the main features of green growth:

- ❖ Environmental and resource productivity, indicates that whether economic growth is becoming greener with more efficient use of natural capital and to capture aspects of production which are rarely quantified in economic models and accounting frameworks;
- ❖ The natural asset base, to indicate the risks to growth from a declining natural asset base;
- ❖ Environmental quality of life which indicates how environmental conditions affect the quality of life and wellbeing of people.

Thus, Maldives' government has taken major step to sustain and to protect the health of Environment. Maldives' formulated the various act, rules and provision for The purpose of caring the environment in the tourism industry and to support and facilitate sustainable development of tourism.

LEGAL FACTOR

INTRODUCTION TO MALDIVES' LEGAL FACTOR

Government Type: Republic

Here current unicameral Majlis, elected in May 2009 & is composed of 77 members serving term of 5 years. In February 2009, Majlis passed legislation where they increased the number of seats to 77 from 50. The next Majlis elections will be held in year 2014.

Administrative divisions: Are having 7 provinces and 1 municipality
Provinces:

1. Dhekunu (South)
2. MathiDhekunu (Upper South)
3. MathiUthuru (Upper North)
4. Medhu (Central),
5. MedhuDhekunu (South Central)
6. MedhuUthuru (North Central)
7. Uthuru (North) Municipality: Maale

Independence Date: 26th July, 1965 from the UK

LEGAL SYSTEM

The Maldivian legal system is a mixture of traditional Islamic & common-law principles and is administered by prosecutor general, an attorney general, a chief justice, secular officials, & lesser judges on each of 19 atolls, who are appointed by president & A new Supreme Court appointed by the previous President, Gayoom, had taken office in September 2008. Under the laws of 2008 constitution the judiciary has been subject to review by the JSC, and permanent Supreme Court justices were sworn in on A 10th August , 2010. High

Court judges were appointed on 27th March, 2011. Every inhabited island is having a magistrate court the country Maldives has not submitted an International Court of Justice (ICJ) jurisdiction declaration & is non-party state to the International criminal court (ICt) jurisdiction.

JUDICIAL SYSTEM IN MALDIVES

The Judiciary in the Maldives had been a systematic institution throughout the history of the nation. It had been an institution which is under the total control of the Head of State and is still so, up to some degree, however a waste change occurred during the past few decades. Which is the introduction of the English legal system into the country; as a result of the Maldivian society coming in close contact with the world, the present legal system of the Maldives is an admixture of not only Shari'ah and customs, but the English legal system too.

Judicial System present in the per-Islamic Maldives (Before 1153 A.C.)

The 1st inhabitants of the Maldives are the dheysi's, they came here around 4th century B.C. and had a leader known as 'Sawamia'. He was the religious leader of these people. They believe that the Sawamia was an agent of God & hence, in their social organization he had pure power of life and death over the community people. He was the authority on their all the affairs. Within a century after the colonization of the country by the Dheysi, another slot of travelers came from India & started to occupy the country with the dheysi's. At that time the dictations of the King started to become absolute

Judicial system under Islam (1153 A.C. to 1932 A.C)

Islam became the official religion of the Maldives in 1153 A.D. judge, was an esteemed and respected leader of the society & was people of high caste in the society. Judges didn't meddle with other political affairs but it does not mean that the judiciary was an independent institution in the legal organization of the Maldives. But the institution related with the administration of justice was a completely specialized institution, where the judges concerned only with their

task as judicial officials. There were special officials who are responsible for the implementation of the judgments of the judges. Here gradually the Islamic Shari'ah became the main source of laws in the country.

A person also may appeal to the King, if he is not satisfied with the decision taken by the fandiyaaru. Such cases would be considered either by the 'ha beykalun' (six nobles who are regarded as the closest advisors of the King") or The King would appoint some new judges to reconsider all the matter of the case again.

Constitutional Period (1932A.C to present era)

The 1st constitution was officially declared in 1932. That constitution has divided the powers of the between four different bodies, which were the King, the Peoples' Majlis, the Legislature and the Cabinet of Ministers. This was a modification of the system which had been in practice since many centuries. The judicial system had already been a specialized institution that has been under the direct control and supervision of the King.

Amendments were brought to the first constitution in many years, until a new constitution was finally declared in 1942A.C .then amendments were made in 1954. a new constitution was again declared in 1968A.C. This constitution divided the powers of the state into 3 organs, namely, the President, the Peoples' Majilis and the Cabinet of Ministers, Here also the judiciary was not considered as a separate organ. They are provided with the separate chapter which included provisions regarding the judicial system. The article 1 in this chapter provided that the administration of justice would be under the authority of special officials appointed by the President & The responsibility of upholding the banners of Islam which are imposed by the previous constitutions was lifted from the judiciary in this constitution. That may be a step towards an improved specialization of the judicial system.

Then the new Constitution of 1998 established the judiciary as a separate organ of the state of the Maldives for the 1st time. This is a major change to the structure of the judicial system of the Maldives.

This Constitution gives the President the highest authority in the administration of judicial system. Summing up this provision the judiciary is still under the control of the Head of the State of Maldives. So the judiciary is not an independent organ of the state in the country.

The Judiciary in the Maldives had been a systematic institution throughout the history of the nation. It had been an institution which is under the total control of the Head of State and is still so, up to some degree, however a waste change occurred during the past few decades. Which is the introduction of the English legal system into the country; as a result of the Maldivian society coming in close contact with the world, the present legal system of the Maldives is an admixture of not only Shari'ah and customs, but the English legal system too.

After the Constitution of 2008, the Maldivian Judiciary has entered a new phase of transformation. Under this Constitution, the Maldivian Judiciary is as independent, and the current Constitution established, for the 1st time in the history of the Maldives, a Supreme Court, and declared it as his highest institution of the Judiciary. The structure of the judicial system is as given below:

- ❖ Supreme Court is the highest authority,
- ❖ High Court of the Maldives.
- ❖ The 3rd level in the hierarchy stand 4 superior courts in Male':
- ❖ The Criminal Court,
- ❖ The Civil Court,
- ❖ The Family Court,
- ❖ The Juvenile Court
- ❖ The Drug Court
- ❖ Magistrate Courts

PRESENT CONSTITUTION OF MALDIVES REGARDING JUDICIAL SYSTEM

(Chapter VI of The judiciary)

It contains following clauses:

141. Judiciary	149. Qualifications of Judges Chief Justice
142. Compliance with law	150. Oath of office of Judges
143. Jurisdiction of the courts	151. Full time performance
144. Powers in constitutional matters	152. Salary and allowances
145. Supreme Court	153. Declaration of assets
146. High Court	154. Tenure and removal
147. Appointment of the	155. Power to determine the jurisdiction of courts and to enact administrative laws
148. Appointment of Judges	

GENERAL JUDICIAL PROCEDURE

There is a right of appeal from the lower courts to the High Court which is situated in Male. According to the Constitution of Maldives, the President is the highest authority in administration of justice. There are no "hearings" as such but written submissions by the parties are made. The Attorney General considered as the nation's chief prosecutor is in substance one of the parties to many appeals, was a member of the Committee before sometime.

Goals of the entire system

- ❖ To ensure full independence of the judicial system
- ❖ To protect and promote right to justice & improve access to justice
- ❖ To promote rule of law throughout the country

- ❖ To protect and promote rights of citizens
- ❖ To improve public confidence in the justices

Constraints and the emerging issues in the system

- ❖ Lack of human resources & professional expertise
- ❖ Lack of proper technological infrastructure
- ❖ Inadequacy of laws
- ❖ Need to improve access to justice
- ❖ Newly established institutions are in their early stages
- ❖ Limited detention and rehabilitative facilities

JUDICIAL SERVICE COMMISSION

An independent Judicial Service Commission has been established under the New Constitution of 2008 consisting of the Chief Justice, possibly one distinguished foreign Judge, should be established to recommend the appointment of Judges, fix their salaries and pay benefits, and supervise & monitor their training and performance.

A JSC has been established under the New Constitution of 2008. This consists of the following;

- (a) The Speaker of the People's Majlis (Parliament);
- (b) A Judge of the Supreme Court other than the Chief Justice, who has been elected by the Judges of the Supreme Court;
- (c) A Judge of the High Court, elected by the Judges of the High Court; (d) A Judge of the Trial Courts, who has been elected by the Judges of the Trial Court; (e) A member of the People's Majlis appointed by it;
- (f) A member of the common public appointed by the People's Majlis;

(g) The Chairperson of the Civil Service Commission; (h) A person appointed by the President;

(i) The Attorney General;

(j) A lawyer has been elected from among the lawyers licensed to practice in the Maldives by themselves.

According to Article 159 of the New Constitution, the Judicial Service Commission is held with the responsibility and power to make rules on ethical standards of the judges.

Overall benefits offered by Maldivian judicial system for attracting investors

There will be an increased emphasis was provided on promotion of investment activities that:-

Clear guidelines, laws and regulations are set up to highlight

- ❖ Term of investment
- ❖ Duty exemption
- ❖ Dispute settlement
- ❖ Levies and fees

COMPANY LAW

Introduction and Name

This Act makes provision in respect of the incorporation, registration & operations of associations, parties and clubs. This Act shall be cited as an Association Act.

Management and Incorporation of Associations

Every association should be incorporated & operated in the Maldives in accordance with the provisions of this Act & regulations made under this Act.

Duties of Government Authorities

While formulating, designing & executing its policies, every government authority should try, within the boundaries of laws and regulations, to aid & encourage non-profit associations registered under this Act & formed to assist in the development of Maldives.

Governing Regulation

Every association should have a Governing Regulation, in accordance with this Act and regulations made under this Act.

Registration of Association

Persons, not fewer than two, desiring the incorporation of an association shall submit to the Registrar of Associations a Governing Regulation of the proposed association together with the registration fee as provided in the subsection of this clause.

Certificate of Registration

Registering an association as per the provisions of this Act, the Registrar of Associations shall issue a certificate to the effect that the association has been registered.

Function of Association

Registering an association as per the provisions of this Act, the association has the discretion to commence its functions as specified within the objectives of the association, in accordance with the laws and regulations of Maldives and the association's Governing Regulation.

Voluntary Winding up of Association

Voluntary winding up of an association may be decided by the association where acting as according to the association's Governing Regulation the members of the association have approved the dissolution by passing a special resolution in a General Meeting of members of the association.

Canceling Registry of Association

If an association failed to commence any activities set out by them within two years from the date of registration the Registrar of Associations has the right to cancel the registry of such an association.

COMPANY ACT OF MALDIVES

Introduction and name

This is the law which governs the formation, registration & management of companies in the Republic of Maldives. This law shall be cited as the "The Companies Act of the Republic of Maldives"

Formation of companies

Companies in the Maldives shall be formed and managed in the manner prescribed in this Act.

Private companies & public companies

Any two or more persons may as prescribed as per this, Act having the liability of its member's limited form a private company. Any ten or more persons, May in accordance with this Act having the liability of its members limited form a public company.

Memorandum of Association & Articles of association

Every company should have a memorandum and articles of association which shall contain the names of the persons forming the company and shall be signed by them in the presence of two witnesses who shall also sign the same.

Registration

The persons forming a company shall submit to the registrar of companies the memorandum and articles of association together with the registration fee and the annual fee specified in the schedule as tper the act. The company shall be registered only if the contents of the memorandum and articles of association do not contravene the Islamic principles or this Act or any other law.

Certificate of incorporation

The registrar of companies shall upon registration of the company in accordance with Section 7 of this Act issue to the company a certificate that the company is incorporated. The registrar of companies reserves the right to call upon changes to memorandum and articles of association of the company delivered to him, to comply as per the Act.

Prospectus

A public company can only sell shares to the public after issuing a prospectus in accordance with this Act and regulations promulgated under this Act with prior approval of the registrar of companies.

Form of the prospectus

The prospectus stated in section 24 of this Act shall be in the form stipulated in section 27 of this Act and in accordance with the regulations promulgated under this Act.

Commencement of business

As stated in section 7 of the Act, private company may commence business immediately after obtaining certificate of incorporation. A public company must

obtain a “certificate to commence business from the registrar before it can commence business.

REGULATIONS

Ministry of Trade, Industries & Labour shall make and implement regulations under this Act. Employment act of Maldives deals with principles relating to employment in Maldives, rights and duties of employers and employees, establishes labour relation authority, protection of employee’s rights and makes provision related to other matter of employment.

No person shall be pressurized for employment. This act make prohibition to discriminate amongst persons carrying out equal work either in the granting of employment, deciding of remuneration, increase in remuneration, provision of training, determination of conditions and manner of employment, dismissal from employment or resolution of other employment related matters, based on race, colour, social standing. Except the worker who are employed on the temporary basis, all others kind of employees be paid on monthly basis. When any one contravene the principles of act then the person who affected can submit the matter to the tribunals.

According to Employment act of Maldives employees who have completed one service in the organization are entitled to thirty days of paid leaves. Employees of Maldives provided certain sick leave and female workers provided maternity leave also.

The government of each and every country is responsible to paid minimum wage to the labour for taking their services. So every country decided the minimum wage paid to the labour and guidelines related to act.

In Maldives government has right to decide the minimum wage and if any worker in the Maldives are paid less than the minimum wage decided by the government then they are punished by the government of Maldives.

For the government sector minimum wage is 2600 Madivian rufiyaa per month for the worker work in Maldives. Yearly minimum wage of the Maldives is \$3.00

in international currency. Here dollar is taken as the measure and make comparison of minimum wage of Maldives with other countries which are paying higher amount as minimum wage in compare to Maldives. The rights of the trade union is described by the government of Maldives in law of maldives but it have not given any right related to collective bargaining.

Thus, the Maldives, with the ever-changing political situation & the potential pressure from the government on the judicial system, it becomes important for the criminal justice service providers' to remain impartial & provides justice for the citizens.

PART – II

FISHERIES SECTOR OF MALDIVES

INTRODUCTION OF THE MALDIVES FISHERIES SECTOR AND ITS ROLE IN MALDIVES ECONOMY



Fishing is the second largest industry after Tourism in Maldives Island. President of Maldives who is Maumoon Abdul Gayoom said that, "Fishing is the lifeblood of our nation, and it is inborn. From the soil on which we live and to the sea around us, also it remains an integral part of our existence.

The Maldives is island group in the Indian Ocean which is located in south west of southern tips of India. The population was 386,000 in 2008. In Maldives, there are 26 atolls containing 1,192 islets, of which 250 islands are inhabited. Tourism are the mainstays in Maldivian economy.

Due to the contribution of GDP, Tourism industry overtook the Fisheries and became the first largest industry in the Maldives. Until 1985, Fisheries were dominant sector in Maldivian Economy. In Maldives there are 22, 000 individuals involved in full time fishing activities. Also Fisheries industry provides main source of income for about 20% of the population of Maldives.

Fisheries sector employs about 20% of the labor force and also contributes 10% of GDP rate. All fishing is done by line as the use of nets which is illegal. In the fishing sector, the production was approximately 119,000 metric tons in the 2000 year, and most of which were skipjack tuna. In the Maldives about 50% of fish is exported, especially to Sri Lanka, Germany, Japan, UK, Thailand, and Singapore. Mostly 42% of fish exports which consist of dried or canned fish, and another 31% is frozen fish and the remaining 10% is exported as fresh fish to the other countries. Total exports of fish reached about \$40 million in the year 2000. The fishing fleet which consists of some 1,140 small and flat-bottomed boats which name is dhonis. Since the dhonis have shifted from sailing boats to outboard motors, the annual tuna which is fishes catch per fisherman has risen from 1.4 metric tons in the year 1983 to 15.2 in the year 2002.

FISHING INDUSTRY IN MALDIVES PROFILE



In the Maldives. There are Bolifushi in Kaafu Atoll is one of 1,190 islands.

General characteristics

Coastline: -	640 km
EEZ areas: -	923,000 km ²
Shelf area: -	35,000 km ²
Land area: -	300 sq km
Employment: -	Full-time is 22,000 (1996) Part-time is 5,000 (1996)
Fishing fleet: - (1995)	1,674 vessels, nearly all motorized
Export value: -	US\$ 56 million (1997)
Import value: -	nil

Harvest

Wild marine: - 184,158 tonnes (2006)

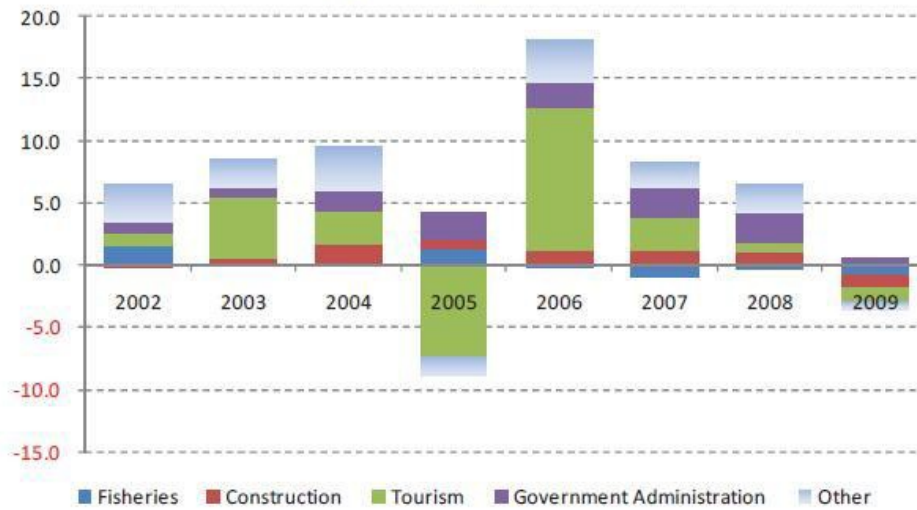
Aquaculture Total: - nil

The Maldivian economy consists of 3 main sectors which are trade, tourism, and fisheries. Though the fisheries sector was historically the primary source of national employment and economic activity, the rise of tourism in the year of 1970s caused it to become the third most important economic sector by the year of 2001.

MALDIVES GDP ANNUAL GROWTH RATE

The GDP which means Gross Domestic Product in Maldives expanded 3.40 % in the year of 2012 from the previous year 2011. GDP Annual Growth Rate in Maldives is conveyed by the Maldives Monetary Authority. Generally, from the year of 1997 until the year of 2012, Maldives GDP Annual Growth Rate be an average of 7.25 % reaching an all-time high of 19.59 % in December of 2006 and a record low of -8.68% in December of 2005. Maldives is a small island nation which is having 90% of its territory protected in water. Tourism, fishing and shipping are the very important sectors of the economy of Maldives. Tourism accounts for more than 30 % of GDP and over 60 % of foreign currency incomes. However, fishing is the country's major employer. The government controls a large part of the economy and 90% of its revenue comes from tourism and trade tariffs. Next the ousting of the President Nasheed, foreign direct investment has failed due to uncertainty surrounding the country's political future. This page includes a chart with past data for GDP Annual Growth Rate in Maldives country.

Maldives: Contribution to Real GDP Growth (percentage points)

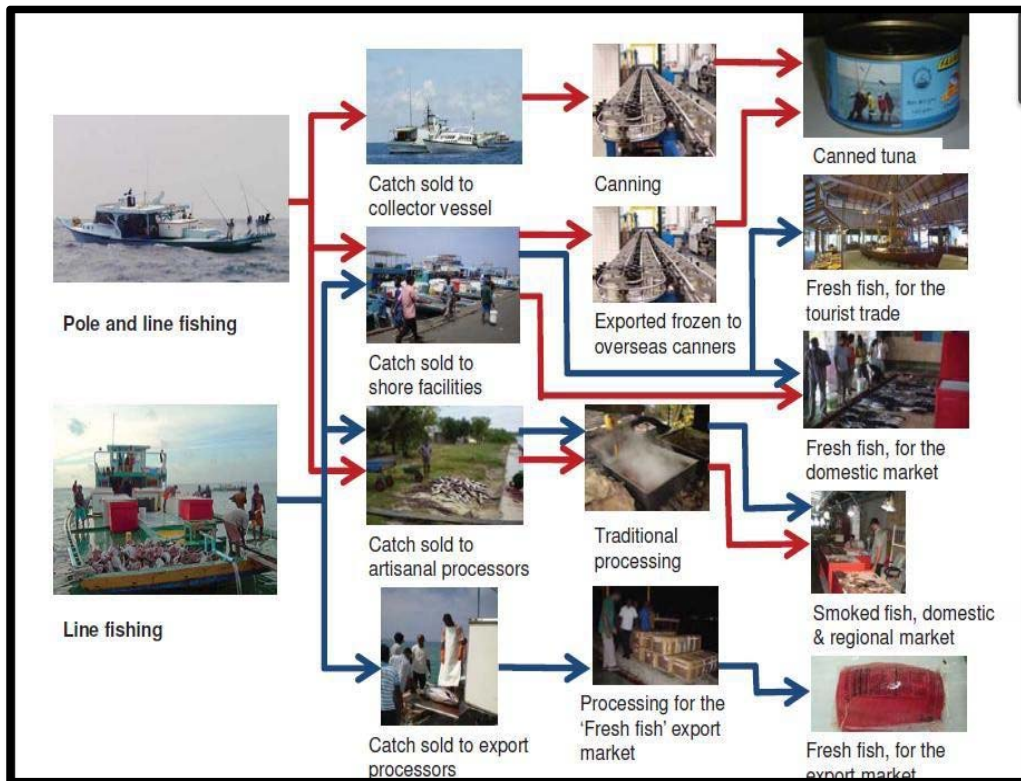


SOURCE :(Maldives monetary authority and bank staff estimates)

FISHING COMPANIES IN MALDIVES

- TORO equipment S.L
- Delitek AS
- Baenninger Kunaststoff-Produkte GmbH
- Verder Inc.
- WAMGROUP
- Landia
- Aqua Industrial water treatment B.V
- Haarslev Industries A/S
- Hugo Vogelsang Maschinenbau G

STRUCTURE OF FISHING IN MALDIVES



BUSINESS ACTIVITIES IN MALDIVES

Fish Processes

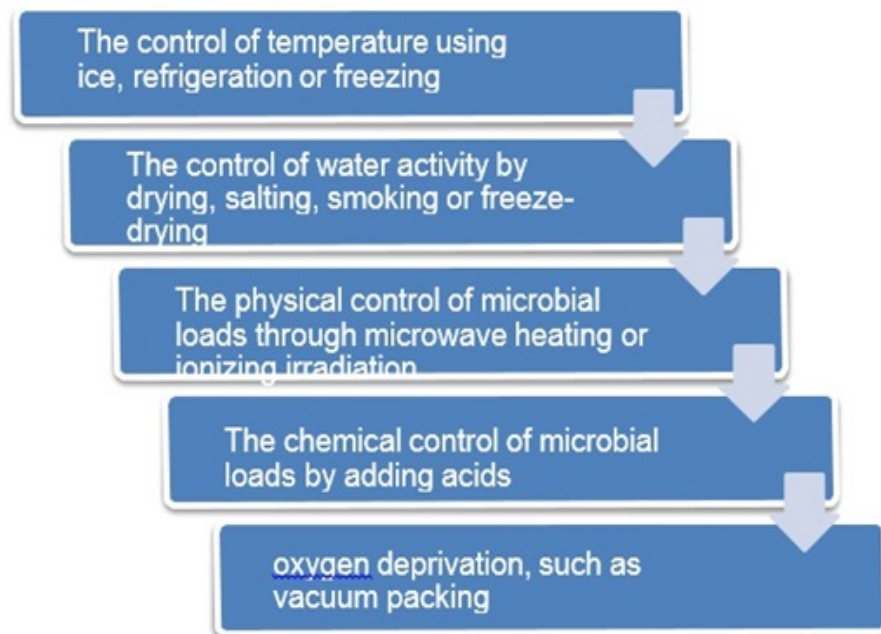
The term fish processing denotes to the processes associated with fish or fish products between the time fish are caught or harvested, & the time the finish product is delivered to the customer. The central concern of fish processing is to prevent fish from deteriorating. The most obvious method for the fish quality preservation is to keep them alive until they are ready for cooking to eating. For thousands of years, China was gaining this through the aquaculture of carp.

Methods of Fish Preservation

Preservation techniques are needed to stop fish spoilage or lengthen shelf life. They are planned to inhibit the activity of spoilage bacteria or the metabolic changes that result in the loss of fish quality. Spoilage bacteria are specific

bacteria that produce the unpleasant odors and flavors associated with spoiled fish. Fish generally host many bacteria that are not spoilage bacteria, and most of the bacteria to stop spoiled fish played no role in the spoilage

Preservation techniques can be classified are as follows....



FISHERIES COMPANIES IN MALDIVES

- 1. Kooddoo Fisheries Maldives Ltd (kooddoo.fisheries.maldives .ltd)**
- 2. Beach Investment Pvt. Ltd (/beach.investment.pvt.ltd)**
- 3. Beach Investment Pvt Ltd (/beach.investment.pvt.ltd)**
- 4. Eco Fisheries International (/eco.fisheries.international)**
- 5. Ensis Fisheries Pvt. Ltd (/ensis.fisheries.pvt..ltd.)**
- 6. Felivaru Fisheries Maldives Ltd (/felivaru.fisheries.maldives.ltd.)**
- 7. HMS Maldives Pvt Ltd(/hms.maldives.pvt.ltd)**
- 8. Horizon Fisheries Pvt Ltd**
- 9. Island Enterprises Pvt Ltd(/island.enterprises.pvt.ltd)**
- 10. Maldives Industrial Fisheries Co. Ltd**
- 11. Maldives Marine Products Pvt Ltd**
(/maldives.marine.products.pvt.ltd)
- 12. Maldives Marine Products Pvt Ltd**
(/maldives.marine.products.pvt.ltd)
- 13. Tuna Fresh Pvt. Ltd(/tuna.fresh.pvt..ltd)**

COMPARISION OF TYPES OF FISH

MALDIVES	INDIA
Angelfish	Albuliformes
Barracuda	Anguilliformes
BlueLinedSnapper	Atheriniformes
Butterflyfish	Aulopiformes
Clownfish	Batrachoidiformes
EagleRay	Beloniformes
GreyReefShark	Beryciformes
LongNoseHawkfish	Carcharhiniformes
MantaRay	Clupeiformes
MoorishIdol	Cypriniformes
NapoleonWrasse	Cyprinodontiformes
OrientalSweetlip	Elopiformes
Parrotfish	Gadiformes
Stingray	Gasterosteiformes
Triggerfish	Hexanchiformes
WhaleShark	Lamniformes
ZebraShark	Lampriformes
Skipjack tuna	Lophiiformes
fishery(<i>Katsuwonus pelamis</i>)	Myctophiformes
Yellowfin tuna	Notacanthiformes
fishery(<i>Thunnus albacores</i>)	Ophidiiformes
Reef Fishery	Orectolobiformes
Grouper Fishery	Osmeriformes
	Osteoglossiformes
	Perciformes
	Pleuronectiformes
	Polymixiiformes
	Pristiformes
	Rajiformes
	Salmoniformes
	Scorpaeniformes
	Siluriformes
	Squaliformes
	Stomiiformes
	Synbranchiformes
	Syngnathiformes

CONTRIBUTION OF FISHING IN MALDIVES ECONOMY

This sector employs about 11% of the labor force. The fisheries industry, include fish processing, traditionally contributes about 7% of GDP. Due to a drastic drop in the fish catch, the contribution of industries to GDP was only about 4% in 2008, 3% in 2009, and 1% in 2011. Fish export earnings were estimated at \$70 million in 2010. The nets use is illegal; all fishing is done by line. The majority of the catch was skipjack tuna. Around 40% is exported, largely to Sri Lanka, Hong Kong, Japan, Thailand, and the European Union.

FISHING CONTRIBUTION TO INDIAN ECONOMY

India is the third largest producer of fish in the world & second in inland Fish production. Fisheries are significant for the Indian economy as it provides employment opportunities, is a basis of nutritional food and foreign exchange earnings. Fish production of the country has been growing continuously with improvement in productivity & utilization of untapped resources. Overall fish production is 6.4 million metric tonnes (mt) of which 3.4 mt is inland and 3.0 mt is marine production. The Fishery sector contributes about 1.21% of the total GDP and 5.37 % of the GDP from agriculture sector & provides employment to 14 million person.

Fishing vessels

Fishing vessels in the Maldives may be divided into three categories:

1. The Bokkura, used for coastal reef fishing, a double-ended wooden rowing boat 7 to 15 feet in length;
2. The Vadhu Dhoni, a wooden sailing boat 15 to 18 feet long, traditionally used in line trolling for tuna;
3. The Mas Dhoni, which fish for tuna by the pole and line method, & range in size from 50 feet-110 feet in length, mechanized with engines from 80 H.P- 500 H.P.

Fishing vessels in the India

In Tamil Nadu, India, boats under 24m may be divided into three groups –

1. Some 35 000 kattumarams, lografts about 4.5 to 8m in length;
2. Some 8 000 vallams, previously made of wood, nowadays from FRP (fiber-Reinforced plastic) generally 8 to 9m long;
3. Some 12 000 mechanized craft, between 11 & 15m long, decked vessels of wood, typically with a main diesel engine of 70 to 120 H

What does the Maldives' merchandise trade consist of? And who are the main trade partners?

The Maldives has an open economy with a lower export base; the country is greatly depended on import for most of its economic activities. Consequently, foreign merchandize trade normally records a large shortage. And domestic export, consisting most of fish and fish products have ranged between **10 to 15%** of GDP.

Imports

Because of Maldives economy is heavily import-oriented; the country imports almost everything such as petroleum products, intermediate and capital goods for example factories, machinery, tools, equipment, and various buildings (which are used to produce other products for consumption), crops, textiles and clothing etc.

Exports:

For the most part of Frozen, fresh and processed fish and other marine products.

Export partners:

Major countries are Thailand 22%, Japan 22%, UK 14%, Sri Lanka 15%, and Germany 5%.

Exchange rate:

The Maldivian Rufiyaa is fixed to the US dollar at USD 1.00 = Rufiyaa 12.80 (mid-rate)

Who are the key trading partners of the Maldives?

The major trading partners of Maldives are Singapore, Japan, Thailand, Sri Lanka, Great Britain, and the United Arab Emirates are the key trading partners.

What are the major exports and imports of the Maldives?

The largest export of fish, while the major imports of petroleum products, ships, crops, clothing, and capital goods.

MALDIVES EXPORT TO INDIA

Live Ornamental Fish

Frozen / Fresh or Chilled Yellow fin Tunas,
Fillets, and Loins, Fresh or Chilled Big eye
Tunas and Loins

Fresh or Chilled Grouper,
fillets and Loins Frozen /
Fresh or Chilled Marlin and
Loins Shells & Battery
Waste, Shark-Liver oil

Aluminum, Copper, Tin, Alloy Steel Waste & Scrap

INDIA EXPORT TO MALDIVES

River sand & Aggregates

Groceries like Onions, Potatoes, and Egg

Wheat Flour, Rice & Sugar

Cement

Household & food stuffs including fruits and vegetables

Garments

Medical & Surgical Equipment

Electronics

What are the key import/export regulatory measures in Maldives?

Import Duty:

Maldives uses import duties as its most important source of tax revenue. Presently, tax on all imports, except the items which brought by passengers for their personal use, in non-profitable quantities.

Import/Export Licenses:

Imports/Exports of commodities in commercial quantities require an Import/Export Trade License issued by the Ministry of Economic Development and Trade, of Maldives. The Ministry issues temporary license for rare importers.

Temporary Imports through Customs:

As per demand, custom of Maldives Customs gives permission to import goods and service for scientific research and development and other professional use.

Export Tax:

There is No export duty or taxes are levied on exports except on export of ambergris.

Where do get information on foreign investments in the Maldives?

Maldives government agency engaged in promotion, licensing and registering foreign investments by the Foreign Investment Services Bureau (FISB). Registering process of foreign investment is simple and straightforward. Potential investors can expect to get their operations under way within 10 days from the day that all necessary documentation is submitted to FISB.

Certain incentives offered to foreign investors in the Maldives are:

There is No income tax, corporate tax or property tax in the Maldives
Legally backed investment guarantee
Provide Long term contractual agreements and long term lease of land
Give Freedom to use foreign managers, technical and unskilled workers
There is No restrictions on the repatriations of earnings or profits

INDIA – MALDIVES RELATIONS

India was among the first to recognize Maldives after its independence in 1965 and to establish political relations with the country.

Bilateral trade agreements

Under the Bilateral Trade Agreement which was signed in 1981, both countries decided to grant most favored nation status to each other. In the provisions of this contract, India continues to deliver certain commodities to Maldives which may even fall under the prohibited/restricted import in India. The main bulk of items for example rice, wheat flour, sugar, potatoes, onions, eggs, vegetables which are agricultural commodities and other commodities such as river sand and construction materials are imported from India, increasingly making Maldives an outstanding market for the growing Indian investors in this sector.

Bilateral assistance

India has been offering help to Maldives in its developmental process. Most of them are- Indira Gandhi Memorial Hospital: (IGMH), and Maldives Institute of Technical Education (MITE) etc.

Tsunami Related Assistance

The tsunami waves hit Maldives on the 26 December 2004, India was the first country to rush relief and help to the Maldives. A Coast Guard Dornier aircraft arrived on 27th December followed by two Indian Air Force with carrying relief materials on the same day. All the aircraft stayed back to carry on their relief operations in the Maldives. The ships delivered food & medicines, treated patients in a field hospital set up by their medics, undertook repair of electricity generators & communication equipment and also evacuated patients in the ship borne helicopters when required. For the duration of the visit of President Nasheed to India in December 2008, Government of India extended a Standby Credit Facility of US\$100 million to Maldives. Once more a new Standby Credit Facility of US\$ 100 million was extended to Government of Maldives during the November 2011 by of India's Prime Minister Dr. Manmohan Singh to Maldives.

Subscription to the Dollar denominated Treasury bills

Because of the severe foreign exchange crisis in Maldives, the Maldivian Monetary Authority (MMA) issued treasury bonds denominated in US dollars for the first time in December 2009. The entire lot of US \$ 100 million was subscribed to by the State Bank of India to help Maldives recover from the shortage of the money.

US\$ 40 million Line of Credit designed for Housing Sector

In December 2010, Government of India declared a new Line of Credit worth US\$ 40 million to the Government of Maldives for construction of 500 housing units. The LOC on a 2% concessional interest rate with a repayment period of 20 years is to be assisted through EXIM Bank of India. The contract

of the LOC was signed between the EXIM BANK and the Government of Maldives in August 2011 and actual construction work is estimated to commence shortly.

BILATERAL TRADE FIGURES BETWEEN INDIA AND MALDIVES

Mostly India Imports from Maldives include scrap metals while India export to the Maldives include agriculture and poultry produce, sugar, fruits, vegetables, spices, rice, Atta, 3 textiles, drugs and medicines, a variety of engineering and industrial products, sand and aggregate, cement for building etc.

The Regulation for Issuing the License to Fisheries Industry's In the Exclusive Economic Zone (EEZ)'s The Republic of Maldives

1. This regulation has been framed with a view to the sustainable utilization of the fishery resources within the Exclusive Economic Zone of the Republic of Maldives (as provided in the Fisheries Law Number 5 or 87 of the Republic of Maldives) and to issue the license to parties who are desirous of fishing within that zone. The license shall be issued, subject to the conditions specified.
2. The license issued under this Regulation shall permit fishing, only in the sea beyond 75 miles from the archipelago baselines of the islands situated at the outer edge of the atolls of the Republic of Maldives.
3. When issuing licenses, the total permitted catch for that year will be determined by the Ministry of Fisheries & Agriculture by the beginning of January of the year.
4. Fishing Licenses under this Regulation shall be issued by the Ministry of Trade & Industries.
5. Licenses shall only be granted for the following types of fishing only:

- a) Pole and line fishing
 - b) Long-line fishing
 - c) Trolling
6. Vessels issued with Fishing Licenses to fish in the Exclusive Economic Zone shall not be permitted to engage in bait fisheries. This activity shall only be showed in vessels which are traditionally engaged in bait fisheries in Maldives.
 7. The Ministry of Trade & Industries shall determine the number of vessels to be engaged in fishing activities in the EEZ (by each and every licensed party).
 8. Fishing licenses shall be issued to the party who is desirous of fishing in Exclusive Economic Zone payment to the government, the equivalent of US\$ 50 (United States Dollars) per ton as Royalty, on the net ton of each vessel to be engaged in fishing. This payment must be made in convertible currency acceptable to the Maldives Monetary Right. Any adjustment of the amount collected as Royalty against the actual catch shall be made when the vessels call for port clearance before departure.
 9. Every party, to whom a fishing license is issued, shall pay to The Government, before proceeding to fish, a license fee comparable to US\$ 10 (United States Dollars) per gross ton of the vessel, in a changeable currency acceptable to the Maldives Monetary Authority.
 10. License shall be granted for a maximum period of 1 (one) year.
 11. Fishing vessels when engaged in fishery operations within the Exclusive Economic Zone of the Republic of Maldives shall abide by all the Laws relating to the Exclusive Economic Zone of the Maldives. Furthermore when entering the Territorial Waters of the Republic of Maldives & operating these waters, such vessels shall fully comply with the Laws & Regulations of the Republic of Maldives.

12. The appropriate Government authorities reserve the right to board the licensed fishing vessels & effect such inspection as is deemed necessary.
13. The appropriate Government authorities reserve the right to station officials on any or all licensed fishing vessels. Those responsible for the action of the vessels shall meet board. Lodging & medical expenses of such officials & deal with them in a reasonable manner.
14. If required by The Government the parties issued with Fishing Licenses shall give fisheries training, under their direction to Maldivian nationals without charge.
15. Every vessel that has been issued with Fishing Licenses shall supply its fishery statistical data to the Ministry of Trade and Industries, the Ministry of Fisheries, Agriculture & Marine Resources & Maldives Customs Service as required.
16. Should Licensee contravene any of the provision of this Regulation or any condition of the license, such party shall be liable to pay penalties as stipulated in the agreement between the licensee & the Government. Furthermore the Fishing License may be withdrawn in such cases, if the Government believes it necessary. This regulation does not prevent further penalization in accordance with the Law, for the offence committed. Such offence however shall be tried by the appropriate court of the Maldives.

COMPANY REGISTRATION

The Registering a Company in Maldives

Two types of companies can be registered in the Maldives under The Companies

Act (10/96). They are:

- Private Limited Companies (Pvt Ltd)
- Public Limited Companies (Plc).

The Private Limited Company (Pvt Ltd)

Both local & foreign individuals & companies can form a private limited company. The Company name will finish with Pvt Ltd as a suffix.

Foreigners & foreign companies can register a private limited company in the Maldives but these companies are referred to as Foreign Investments & are govern jointly under the Companies Act (10/96) & the Law on Foreign Investments (25/79). The documents necessary to register foreign companies are somewhat different. More information on Foreign Investments is available

Foreign Investments

The Procedure For Foreign Investment Registration

Foreign investors may choose, either to set up an investment totally owned by forming the joint venture by foreigners, with Maldivian Nationals or companies registered in the Maldives or re-register a company which is resident overseas.

A decision on all foreign Investment proposals received by MED will be made & communicated to the investor within 10 working days (approx.) upon submission of all the relevant documents as per the attachment. If the investment is approved, an Approval Letter & a draft of the Foreign Investment Agreement will be given to the investors Once approval has been given, the

investors may proceed with registration of the company with the Registrar of Companies (also located within MED).

APPLICABLE FEES

1. Company registration fee; depends on the authorized registration fee capital of the Company (Minimum authorized capital of US\$ 130 [approx.] is required by Law)
2. Company Annual fee **US\$ 130** approx. (MRf 2000)
3. Stamp fee **US\$ 32** approx. (MRf 500)
4. All foreign investments incur an administrative fee of **US\$ 2,000**. This Administrative fee of shall be paid at the time of registration, & subsequently at the time of renewal of the agreement or if any amendments to the Agreement are proposed by the Investors after the Agreement has been signed.
5. All foreign investments shall comply with the **Business Profit Tax Act (Law**

No. 5/2011)

The Re-registering a company resident overseas in the Maldives is free.

Procedures

The Ministry of Economic Development (MED) , under Companies Act of the Republic of Maldives, Law number (10/96), must register all the companies in Maldives. The following describe the practices.

Criteria/Prerequisites

- A Company to be registered must have at least 2 shareholders above the age of 18.

- A Minimum capital for a Private limited company is 2000/- (2 thousand) Maldivian rufiyaa.
- The Minimum capital for a Public limited company is 1000, 000/- (1 million) Maldivian rufiyaa.

Procedures

1. Take a queue number. When your number is displayed, submit the filled application form beside with the necessary documents (listed in “Documents & Forms required”) to the counter 2 (Company Counter).
2. To provide your contact details to the staff at the counter.
3. Once the documents are permitted you will be informed (via phone) to attend the Ministry.
4. Take a queue number for Counter 2 (Company Counter), & when your number is disclose, obtain the payment slip issued. The payment slip will expire in 3 days.
5. Make payment for the Company registration fee & Annual fee at counter number 5 (Cashier Counter) & obtain the payment receipt. No another queue number is required at this counter.
6. After payment is made, show the payment receipt to Counter 2 (no another queue number is required).
7. You will receive the Registration Certificate, the Instruction Letter, & an allowed copy of articles & memorandum of association (MOA) within 10 minutes.
8. Check the certificate for final confirmation. If any problem is noticed, directly consult the counter staff

Documents & forms necessary

Company Name Search & Reservation Form Memorandum of Association (MOA) (Dhivehi mandatory). Articles of association (AOA) (Dhivehi mandatory). Company registration application form. Acceptance letter of managing director (MD). Acceptance letter of Company Secretary (CS). Original & Copy of the ID cards of the Shareholders, Board of Directors (if different) & Secretary. Revenue stamp (Rf 500/- when collecting the Registration Certificate). Two sets of copies of the forms & documents are necessary.

Fee

- Form set: Download from www.trade.gov.mv for free or buy from the post office counter.
- Registration fee: Depends upon the capital of the company (Please refer to company act).

Annual fee:

Rf 2,000/- for private companies. Rf 10,000/- for public companies.

Additional Information

The procedure of registering a company generally takes 1 to 2 working days, but it may take slightly longer if the documents are incomplete or if the Ministry faces unexpected operational issues.

TO START A BUSINESS IN MALDIVES (FISHERIES)

Setting up a business in Maldives is a straight forward process. Procedures are simple and efficient, based on the transparent system that seeks to facilitate formation of new enterprises.

POSSIBLE OPTIONS FOR ESTABLISHING FOREIGN INVESTMENTS IN THE MALDIVES

Foreign investors may choose, either to set up an invest men wholly owned by foreigners or form joint ventures with the Maldivian Nationals or companies registered in the Maldives. As such foreign investments can enter the Maldives under the following TWO options

OPTION 1:-

Registering a joint venture investment whose ownership of 51% or more is held by a Maldivian or wholly owned Maldivian entities incorporated in the Maldives.

OPTION 2:-

Registering investments whose ownership of 51% or whole held by foreigners or entities incorporated outside of the Maldives.

CONCLUSION

Although Europe and America remains as the world's best tourist destination, the World Tourism Organization (WTO) forecast South Asia as a promising region for tourism. Gradual shift in the growth of tourism in Maldives and in other South Asian countries proves a promising future for these countries, with the above forecasts. Maldives has experienced rapid economic growth over the past three decades. It has moved from an under developed country to a developing country in 2011 due to increased productivity, grasped from the immense benefits from tourism.

All stakeholders in the Maldivian tourism industry are aware of the strengths that draw tourists to Maldives and have been working diligently to ensure that the natural environment remains as undisturbed as possible. The government of Maldives has given its full support to the development of the industry and keeps a close eye to ensure that all regulations are being complied with.

Given that out of the 1190 island that make up this nation, only 200 of which is inhabited and over 100 islands utilized for tourism purposes. A lot of idyllic islands scattered across the country that are perfect for development are still there. Hence the vision for creating and operating a sustainable environment friendly tourism industry remains increasingly positive. The tourism industry of Maldives is sure to become an even brighter light in the international business arena, with a colorful and bright future ahead of it.

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AGRICULTURE SECTOR OF MALDIVES

INTRODUCTION TO AGRICULTURE SECTOR IN MALDIVES

Agriculture sector is the fourth largest sector in Maldives after fishing, tourism and international shipping. On most islands, each home has a home garden which provides a large portion of the people's needs. It has been estimated that home gardens alone supply 30 per cent of the food needs of the islanders. The cultivation of home garden crops is a year-round process. In contrast, cultivating field crops is mainly seasonal dependent on rain except for islands such as Thoddoo where the production of water-melons has become a specialized activity timed to coincide with the large market that exists during Ramadan, and hence mechanized irrigation has been practiced. Crops such as bananas, papaya, taro, sweet potatoes, cassava and leaf cabbage are grown on some islands throughout the year.

The potential of an area to increase productivity lies in the type of technology applied by the farmers. Technological options available to farmers, taking into account the agro-ecological conditions of Maldives, are quite limited. The diffusion of appropriate technical knowledge via training courses and other extension activities has been a priority for the Ministry of Fisheries and Agriculture, which has organized visiting programmes for farmers to gain first-hand information about agriculture on other islands. The outcome of those efforts are quite prominent on certain islands, such as Kaashidhoo. Prior to a visit by Kaashidhoo farmers to a banana-growing island in 1994, they did not grow bananas in the field. Today, extensive banana cultivation can be observed on Kaashidhoo

Men and women both share in agricultural activities. Nevertheless, backyard cultivation of horticultural crops is undertaken almost entirely by women, and that is where the Ministry of Fisheries and Agriculture has directed its extension activities. Some of the courses conducted by the Ministry of Fisheries and Agriculture have been attended only by women. Seeds and tools have been provided for the course participants to initiate horticultural activities. The women do not compete with men in the labour market, particularly on the outer

islands, and hence the promotion of horticulture provides them with gainful employment.

The amount of suitable land on inhabited islands for production is decreasing as a result of increasing population pressure and encroachment on other islands. With the aim of using land available on the uninhabited island for agricultural activities, the Ministry of Fisheries and Agriculture has initiated the leasing of uninhabited islands on a long-term basis of not more than 20 years. Of 10 islands rented since 1994, satisfactory progress has been observed on three islands and some progress on another island. The implementation of the new leasing policy has created job opportunities, particularly for the people of the atoll in which such islands are located

A very high percentage of the fruit and vegetables required by MaJ and the resorts is supplied by imports from neighbouring and Western countries. Only a small portion of local demand is met by agricultural activities within the country. The government has recognized the need to reduce the reliance of Maldives on vegetable and fruit imports. Therefore it is committed to supporting and increasing agricultural activities in the country to lessen that dependence and thus save valuable foreign exchange and, more importantly, increase the income of local farmers.

Other major objectives for the development of agriculture in the National Development Plan, To develop an effective agricultural extension system :

- To promote the optimal use of agricultural land on inhabited and uninhabited islands, through improved cropping patterns and agronomic practices;
- To improve the distribution system for farm inputs;
- To protect the environment through the appropriate use of modern irrigation practices, agricultural chemicals and re-planting of trees;
- To increase timber production;
- To achieve self-sufficiency in papaya and bananas.

WATER FOR SUSTAINABLE FOOD PRODUCTION AND RURAL DEVELOPMENT

Extent of irrigation systems on agricultural land

At present, the majority of agricultural activities in Maldives rely on sunken wells and manual watering for crop irrigation. That procedure, while labour-intensive, ensures sustainable use of water as a small plot of land or a number of plots close together may be adequately served by one or two wells.

On a number of islands, such as Thoddoo Island in the Ari Atoll, mechanized irrigation systems are used. Pumps are used to draw water from a number of sunken wells through large hoses. Water is applied over the entire soil surface; however, most of it will not reach the roots and will be lost through evaporation, making it a crude and wasteful form of irrigation. Trickle irrigation aimed directly at the roots would be more feasible for the atolls. If large-scale agricultural activities are to be carried out in Maldives a suitable method of irrigation must be found. Some new methods are being tested by the Ministry of Fisheries and Agriculture.

Water demand

There is an associated rise in agricultural and industrial water requirements in parallel with the population increase in Maldives. On most islands the increased demand can largely be satisfied by groundwater supplies. However, more and more communities are also collecting rainwater for drinking purposes. Water catchment above ground level is practiced in a number of ways, such as collecting water in pots and pans from roof-top run-off. In other instances, water

is passed through screens to remove foreign material before being stored in large rainwater tanks.

The cultivation of agricultural crops with high water demand will necessitate the use of irrigation systems. This will lead to large-scale use of groundwater. It is important that those activities are monitored and managed properly.

Contamination of the water system

Contamination of the water system in Maldives may occur via pollution or through the intrusion of salt water. The growing population and increasing industrial and agricultural activities create a large demand, thus causing over-exploitation and salt-water intrusion. This is even more pronounced when the supply relies on rainwater for replenishment. Water removed may be partly replaced by saline water from the transition zone, which exists at the edges of the groundwater lenses. When a lens is recharged with rainwater, a portion of the salt stays behind in sediments to mix with the incoming rainwater. If that process is repeated continuously, a gradual rise in surface salinity will result, even if the actual volume of fresh water remains constant.

A related problem is upwelling saline water in areas where withdrawal rates are excessive. A long, thin groundwater lens should not be utilized by over-exploiting water at one or two isolated areas, otherwise brackish water will well up from below faster than the fresh water can recharge the well from the sides. Instead, slow and limited water withdrawal from a wide area is the appropriate sustainable technique.

investigations says that wells with high demand have a higher salt content than wells with a low demand. This may indicate that the rate of withdrawal is exceeding the rate of lateral recharge.

STRUCTURE AND FUNCTIONS

The share of agriculture is including mainly the crop in the national economy is low and declining. It engages about three percent of the total labor force. However the sector is important in poverty alleviation, people's livelihoods & nutrition.

In Maldives Agriculture is still traditional in nature and is practiced mostly as means of subsistence. It's mainly practiced as a family activity with minimum use of hired labour. Semi commercial and commercial farms employ expatriate labour. Women play a major role in farming activities. It's believed that domestic agricultural production covers only about 10 percent of the country's food requirement & the rest, including staple food items, are imported. Chicken & ducks are raised in backyards and some poultry have now appeared on large scale farms. There are four types of farming practices are common in the Maldives.

These are:

- **Settled home gardens**

Farming is begins in the home garden with the skills and experiences that come from making every plant.

- **Bush-fallow system of shifting cultivation**

Shifting cultivation is agricultural system in which plots of land are cultivated temporarily, then abandoned. This system is often involves clearing of a piece of land followed by several years of wood harvesting or farming, until soil loses fertility. Once the land becomes inadequate for crop production, it's left to be reclaimed by natural vegetation, or sometimes converted to different long-term cyclical farming practice.

- **Settled type year-round cultivation**

Settled Farming is the practice of farming an area permanently where the soil is good (fertile) and the water source is reliable.

- **Commercial agriculture on small to medium scales on relatively larger islands**

On most islands, each home has a home garden which provides a large portion of the people's needs. It has been estimated that home gardens alone supply 30 % of the food needs of the islanders. The cultivation of home garden crops is a year-round process. In contrast, cultivating field crops is mainly seasonal dependent on rain except for islands such as Thoddoo where the production of water-melons has become a specialized activity timed to coincide with the large market that exists during Ramadan, and hence mechanized irrigation has been practiced. Crops such as bananas, papaya, taro, sweet potatoes, cassava and leaf cabbage are grown on some islands throughout the year.

Men and women both share in agricultural activities. Nevertheless, backyard cultivation of Horticultural crops is undertaken almost entirely by women, and that is where the Ministry of Fisheries and Agriculture has directed its extension activities. Some of the courses conducted by the Ministry of Fisheries and Agriculture have been attended only by women. Seeds and tools have been provided for the course participants to initiate horticultural activities. The women don't compete with men in the labor market, particularly on the outer islands, and hence the promotion of horticulture provides them with gainful employment.

COMPARITIVE POSITION OF AGRICULTURE SECTOR WITH INDIA AND GUJARAT

AGRICULTURE IN MALDIVES

Maldives comprise of 1190 islands spread over 26 atolls with a total land area of 30,000 hectares out of which only 4000 are arable. Half of the arable land is found on 36 islands which are large enough to support commercial agriculture

activity. The islands available for agriculture development are on lease on which the cultivation of coconuts, bananas, papaya, watermelon, pineapple and chilles is done. **Agriculture sector contributes 5.6 % of GDP in Maldives.**

The seasonal monsoons are with an annual rainfall of 2540mm determines the quantity and quality of harvest. The South Thiladhunmathi, North North Miladhunmathi ,Fuvahmulah and Addu Atolls are the largest agro producing atolls in the Maldives.

The devastating Tsunami of 26th December 2004 have destroyed 62% of the country's GDP. After tsunami the agriculture sector of Maldives of affected immensely.

The agricultural products cultivated in the nation are vegetables, fruits, root crops, grains, palms and coconuts. The Ministry of Fisheries Agriculture and Marine Resources (MOFAMR) has always been the driving force to bring long term sustainability to the ever expanding agriculture industry in the Maldives.

Maldivian agriculture sector faces many constraints today which may include lack of knowledge and socio- economic backwardness, lack of potassium, iron and nitrates in the sandy soil etc.

The Government's vision for the agricultural sector is to develop and broaden the horizon of cultivation and to bring long standing sustainability to its economy.

AGRICULTURE IN INDIA

India is an agriculture country, where most of its population is dependent on the agriculture only. It is the main source of income. Agriculture contributes the more in the overall national income of the country hence it is the back bone of the Indian economy.

India is a large country with a diverse climate. There is a high dependency of agriculture on the monsoon rains and a close link exists between climate and water resources. 2/3rd of the area is rain dependent.

Agriculture's contributes to India's total GDP is declining in recent years and is currently at **18%** Agriculture in India is currently growing at an average rate of **2.8%**.

The agriculture products of India are:

Type of Product	Products
Commodity	Tea, Coffee, Rice, Wheat
Spices	Cardamom, Black pepper, white pepper, Ginger, Turmeric, Vanilla, Tamarind, Clove, Cinnamon, Nutmeg, Mace, Chili
Pulses	Red gram, Black gram
Fruits	Mango, Banana, Pineapple, Passion fruit, Sugarcane, Orange, Cashew nut, Walnut
Vegetables	Okra, Brinjal, Garlic, Onion, Tomato, Potato
Oil seeds	Mustard, Sesame, Castor, Sunflower
Others	Cotton, Herbal extracts

As compared to other countries India's 65-70% of the population is dependent on agriculture while in developed countries it is less than 10%.

When we look from the view point of the industries than too the agriculture is the very important source. Raw material for the industry is supplied from the agriculture sector. E.g. sugar and Cotton Industries, Paper Industries, tobacco industries, turmeric etc. In the same manner many industries supply the inputs for the agricultural industry such as fertilizers, pesticides, and machineries like tractors etc.

India will need a new vision for agriculture in order to feed a population of 9 billion in 2050 and for this it will need to deliver food security, environmental sustainability and economic opportunity. This can be done through producing more food with very few resources using the principle of economies of scale.

AGRICULTURE IN GUJARAT

Agriculture is the primary occupation in the Gujarat state where 2/3rd of population is engaged in agriculture and earn livelihood directly from this occupation.

Leading as Second in 'Green Revolution' – Gujarat has achieved Agricultural Growth of 9.6% and have carved a niche in the field of Agricultural Development in India. In 2009, Gujarat's agriculture growth rate has been 3 times more than the national growth rate.

Most of the rabi crops and all of the summer crops are irrigated. Sugarcane and bananas are fully irrigated. Most of the kharif crops are rain fed.

Some factors that hinder the growth of agriculture in Gujarat are:

- poor soil
- inadequate rainfall
- frequent droughts or flood
- fewer rivers
- undeveloped irrigation facilities
- Dry-arid weather, etc.

In 2001, the State was on stage of less water resources but today, it is World's biggest water resource, Narmada Canal.

CROPS	GROWING AREAS	PROCESSING AREAS
Groundnut	Junagadh, Rajkot, Amreli, Bhavnagar, Jamnagar, Kutch and Surendranagar	Rajkot, Junagadh
Sesame	Bhavnagar, Amreli, Rajkot, Junagadh, Jamnagar, Kutch and Surendranagar	Bhavnagar, Amreli and Ahmedabad

Castor	Banaskantha, Kutch, Sabarkantha and Mehsana	Banaskantha, Vadodara
Rice	Navsari, Surat, Valsad, Anand, Kheda and Ahmedabad	Navsari, Ahmedabad
Pulses	Vadodara, Bharuch, Dahod and Panchmahal	Vadodara, Dahod
Cumin/Fennel	Patan, Banaskantha, Rajkot, Mehsana, Ahmedabad, Junagadh and Surendranagar	Mehsana
Isabgul	Banaskantha and Mehsana	Mehsana
Banana	Anand, Kheda, Bharuch, Narmada and Surat	---

PRESENT POSITION AND TREND OF AGRICULTURE BUSINESS WITH INDIA AND GUJARAT DURING LAST 3 TO 5 YEARS

India and Maldives enjoy and share the close cultural, linguistic, cultural, religious and commercial links from ancient time. And India has first multidimensional and diplomatic relationship with Maldives after its independence in 1965

Just because land is not fertile enough for agriculture it is restricted or not much expanded industry of agriculture in Maldives. Maldives make many import of agriculture product from different countries in the world because of limited resources. The following agro products cultured in Maldives are: **fruits, root crops, vegetables, grain, palms, coconuts,**

There are the products which is most profitable in male market **Coconut, Betel leaves, Bananas and Cucumbers**. Most popular product export from India to Maldives is :

Milled products, Sugar, Fruits, Vegetables, spices, rice, Atta, wheat

Maldives total import and export

- Exports: \$167 million.

- Exports - commodities: fish
- Exports - partners: Thailand 33.1%, UK 14.3%, Sri Lanka 11.9%, Japan 10.3%, France 6.9%, Algeria 6.1%
- Imports: \$930 million.
- Imports - commodities: petroleum products, clothing, intermediate and capital goods ,ships, foodstuffs
- Imports - partners: Singapore 23.2%, UAE 15.8%, India 11.1%, Malaysia 7.9%, Thailand 6.9%, Sri Lanka 5.7%

EXPORT FROM INDIA TO MALDIVES

Value in lakhs			
Sr No.	Product	QTY(2011-12)	Value(2011-12)
1	Non Basmati Rice	21,113.38	4,990.81
2	Poultry Products	66,592.16	2,293.06
3	Other Fresh Vegetables	21,547.94	2,211.34
4	Miscellaneous Preparations	1,508.38	1,497.63
5	Buffalo Meat	891.89	1,348.98
6	Fresh Onions	5,873.66	1,067.81
7	Other Fresh Fruits	3,347.37	704.62
8	Cereal Preparations	927.05	635.72
9	Milled Products	2,689.74	523.36
10	Alcoholic Beverages	73.57	511.97
11	Cocoa Products	46.93	220.11
12	Other Processed Fruits and Vegetables	228.32	149.80
13	Sheep / Goat Meat	60.71	97.88
14	Basmati Rice	141.93	80.28

15	Jaggery and Confectionery	74.08	69.11
16	Other Cereals	316.22	53.21
17	Floriculture	19.73	51.03
18	Dried and Preserved Vegetables	133.05	40.39
19	Fresh Grapes	32.58	27.97
20	Pulses	24.81	19.53
21	Fresh Mangoes	17.03	14.34
22	Dairy Products	15.22	11.50
23	Animal Casings	13.60	8.95
24	Ground Nuts	12.94	6.53
25	Natural Honey	1.88	5.00
26	Fruit and Vegetable Seeds	0.14	0.23
27	Swine Meat	0.15	0.20
	Total	125704.46	16641.36

**THE INDIA'S POSITION AS AN IMPORTING COUNTRY WITH
RESPECT TO MALDIVES IN 2011**

Sr No.	Product	Total Exports	India's Share	Share %age
1	Beans of the species Vigna mungo /Hepper/Vigna radiate.Wilczek, dr .	0.14	0.14	100.00
2	Lentils, dried, shelled, whether or not skinned/split	0.14	0.14	100.00
3	Dates, fresh/dried	0.01	0.01	100.00
4	Wine other than sparkling wine of fresh grapes, incl. fortified; grape must	0.01	0.01	100.00

India Okays export to Maldives

In 2012-13 Indian government allowed export of 73 metric tons pulses and 80 metric tonnes in 2013-14. This export is done by (MMTC Ltd) Minerals and Metals Trading Corporation (India) which is public sector company make sure availability of pulses at reasonable rates in domestic market.

In 9,9,2011 For sufficient availability of wheat in domestic market government allowed open general license (OGL) to export wheat without any quantitative or price restriction and In 3,7,2012 the cabinet committee on economic affairs (CCEA) has approved proposal for export of 2 million tonnes of wheat from central pool stock of food Corporation of India (FCI) through Central Public Sector Undertaking (PSUs) of the Department of Commerce proposed by Department of Food & Public Distribution in its meeting held

INDIA LIBRALIZED EXPORT NORMS FOR TRADE WITH MALDIVES

On 2008, Jan the Non-tariff barriers between India and other SAARC countries, which have been proving an irritant in trade relations, are to be phased out. Minister of State for Commerce Jairam Ramesh said the Ministry was in the process of identifying the barriers and removing them as far as possible. He cited the recent decision to ignore the condition for testing and certification of products by Indian laboratories as a requirement for imports . in place of Indian entities testing and certification, In cases where they cannot be removed, we will try to make the entire process less cumbersome and transparent,” The government of India also taken step to mechanized some of the decision related to the SAARC countries .and as a part of this, it had the release of

- 20,000 tones of rice,
- 17,000 tones of sugar,
- 102 million eggs,
- 5,200 tones of potatoes,
- 8,000 tones of onions,

- 22,100 tones of wheat flour, were cleared for export to Maldives

TRADE AGREEMENT AMONGST INDIA AND MALDIVES

India and Maldives signed Trade Agreement on 31st March, 1981 which shall progressively remain in force until it is modified or terminated by either country on Giving 3 months` notice to the other. The Agreement provides for Most Favored Nation treatment to each Other in trade and merchant Ships, promotion of commercial and technical Cooperation through exchange of delegations & participation in trade fairs & Exhibitions and supply of essential commodities Government of India to Government of Maldives to annual quota. All payments between India & Maldives are in freely convertible currency, Subject to their foreign exchange rules & regulations. All payments between India & Maldives are in freely convertible currency, Subject to their foreign exchange rules and regulations.

India supply Essential commodities annually as per the request of Maldives. These commodities usually consist of Eggs, Potatoes, Onion, Rice, Wheat Flour, Sugar, River Sand and Aggregate.

The Maldives has an open economy with a small export base; the country is heavily import oriented for most of its economic activities. As a result, foreign merchandise trade generally records a wide deficit. Imports have averaged around two thirds (2\3) of GDP in the last five years, and domestic exports, consisting primarily of fish and fish products have ranged between 10 to 15% of GDP.

MAIN IMPORT/EXPORT REGULATORY MEASURES

Import Duty

Maldives use import duties. Its main source of tax revenue. At present, ad valorem tariffs are taxes on all imports, except on items brought by passengers

to personal use, in non-commercial quantities. Import duty is levied on the (Cost + Insurance + Freight) CIF value of the goods.

Import/Export Licenses

Imports/Exports of goods in commercial quantities needed an Import/Export Trade License issued by the Ministry of Economic Development (MED) and Trade, Maldives. The Ministry issues temporary license for infrequent importers.

Temporary Imports through Customs

Upon request, Maldives Customs permits the temporary import of goods and equipment's for definite purposes such as trade promotional activities, scientific research and other professional use. Such imports are permitted for a period of fourteen days, after which import duty is required to be paid.

Export Tax

No export duties are charged on exports.

Customs taxation

- From 5% to 20% on daily necessities and essentials
- From 10% to 25% on items essential for development of domestic industries
- From 25% to 35% on items that will enhance the economic welfare of the country ;
- Particular personal items, medicines and textbooks are exempt from import duties.
- Duties are payable in local currency.

Import duty shall not be charged on the following items.

- Rice, sugar and flour
- Items imported into Maldives for the business of re-export.

INDIA'S AGRICULTURE SECTOR

India is the fastest growing economy in the world with 2nd rank in farm output. In agriculture sector GDP ratio 17.2% and workforce 52% in India. Agriculture follows five-year plans for improvements in technology, irrigation, application of modern agricultural practices and provision of agricultural subsidy and credit since the Green Revolution in India.

India's agriculture land area 546,820 square kilometers, or about 39% of the total cultivated area, is irrigated. India is the second largest producer of rice, wheat, sugarcane, cotton, fruit accounting for 10.9% and vegetable accounting for 8.6% production respectively of the world.

Agriculture Products - Rice, wheat, oilseed, cotton, jute, tea, sugarcane, onions, potatoes, dairy products, goats, poultry, fish etc.

NORMS AND POLICIES OF AGRICULTURE IN INDIA

- Committee of Union Ministers and Chief Ministers constituted to consider issues concerning agricultural sector, food management and promotion of agriculture exports.
- The Committee has approved the chart of the planned Grain Bank Scheme which will be extended to BPL families in identified areas and for development recently launched Sampoorna Grameen RozgarYojana.
- Increasing availability, flexibility and security in the flow of credit to farmers. All qualified farmers are proposed to be covered under the Kisan Credit Cards scheme within the next three years. A personal insurance package is planned to be extended to Card Holders covering them against risk to life and injury.

Green Revolution

In Green Revolution the task Policy makers and planners took care of national food independence, security, and political stability. Green revolution perception led to a program of agricultural improvement called the Intensive Agriculture District Program (IADP). The National Bank for Agriculture and Rural Development (NABARD) was set up for more easy transaction of money for the farmers all around the India.

Vishesh Krishi Upaj Yojana

This scheme **Vishesh Krishi Upaj Yojana** is for promoting the export of fruits, vegetables, flowers, minor forest produce, and their value added products.

INDIAN EXIM POLICY (EXPORT & IMPORT AND FOREIGN TRADE POLICIES OF INDIA)

The Government of India, Ministry of Commerce and Industry announce Export Import Policy every 5 years. The Foreign Trade Policy is updated every year on the 31st of March.

Agriculture imports

The agricultural imports Rs 21025.54 crore. The imported agriculture products are vegetable oils, pulses, cotton and wood products.

Agricultural exports

Agricultural exports were worth Rs. 62,987.01 crore. The exported marine products are oil meals, rice, wheat, tea, coffee and sugar.

India's agricultural exports see 121% jumps

According to, Agricultural and Processed Food Products Export Development Authority (APEDA), the total agricultural exports are around 45%. India's agricultural and processed food exports see a huge jump of 121% during first 2 quarters of the current financial year Rs 63,000 crore in comparison to Rs 28,500 crore during same period previous year. The jump is mainly attributed to the Guargum (488%) and non-Basmati rice (993%) in the first half of 2012-13.



Agriculture permit system

The import of agriculture products like Plants, Plant Materials, Fruits, and Seeds for Consumption is controlled by the Ministry of Agriculture, by Phytosanitary Certificate. The goods to the lead entry into India is subjected to plant quarantine inspection and treatment against a fee.

100 % Export Oriented Units (EOU)

FDI norms,

Agricultural products like, fruits, vegetables, milk products and packaged foods, setting-up 100% export-oriented units require specific government approvals and approval of foreign technology agreement and up to 51% foreign equity participation is allowed.

PERMISSION AND LICENSING PROCESS

- Prepare a project report for permission.
- Project report exactness the economic and commercial viability of the project needs.
- Application for setting up a unit in Special Economic Zone.
- Applications is approved by the State Government, Development Commissioner, Approval Committee is necessary.
- Assign Consultancy agency for developing Special Economic Zones.
- Representation before Board of Approval on behalf of any person aggrieved by the order passed by the Approval Committee.

PRESENT TRADE BARRIERS FOR IMPORT EXPORT BETWEEN INDIA AND MALDIVES

- Trade barriers for agriculture products mainly in the type of regulations, standards, testing and certification dealings
- **In Maldives Concerns over the fiscal environment:** The current account deficit may have exceeded Much of this was related to tsunami reconstruction and has being financed by external donors as well as by the private sector.
- **In Maldives narrow private sector investment:** In all major economic sectors as well as construction, handicraft and agriculture, access and cost of finance is a major constraint.
- Level of subsidies for agriculture products in Maldives is very low.

- Low liberalization given to the agriculture sector Technical barriers or non-tariff barriers to trade as they are sometimes known can cause many in both countries India and Maldives.
- Weather conditions in Maldives also play a role and that are not provided with markers that are visible at night.
- The agriculture products covered in deal negotiations is very limited and the items negotiated have no significant trade interest to the contracting parties
- In agriculture barriers are mostly based on ad-valorem tariffs but specific tariffs and TRQ have been used to protect sensitive (or high trade potential) agricultural commodities.

- India import growth of agriculture product is low because of restriction on agriculture products
- Consumer goods and agriculture products continually restricted either by import licensing which operated as a *de facto* import ban in most cases, or-especially in the agricultural sector- by “canalization” through parastatals such as FCI.
- Maldives operates no agricultural subsidies and bound rates are significantly higher than applied rates for agricultural imports, the impact of the current negotiations on Maldives tariff and revenue are likely to be nil or negligible
- Other than India all other SAARC countries undergo constant foreign exchange shortage.

BUSINESS OPPORTUNITIES WITH MALDIVES

In Maldives is estimated at less than 30 square miles; this has resulted in high dependency on food imports, which meet approximately 90% of the country's food demand. The Maldives is self-sufficient only in fish; as a result, food security is one of the principal objectives of agricultural policy. So India has a great opportunity for expand their agriculture export in Maldives.

Opportunities for Collaboration in the Food & Agriculture Sector Based on the strengths and opportunities in both the countries the following areas have been

Identified for collaboration in the Food & Agriculture Sector:

- Food processing
- Dairy
- Cold Chain Infrastructure
- Agro-Biotechnology
- Bio-fuels

Maldives government takes initiatives making public and private partnership for the agriculture.

Water resources are not sufficient for agriculture in Maldives so India has a great opportunity export fertilizer and agriculture products.

For export purpose India can promote small and medium scale enterprise in Maldives.

Jeera production is produce more in Gujarat so India can export Jeera to Maldives.

India have sufficient input low labor cost and varied climate and because

of these reason India can export agriculture products to Maldives such as:

- ✓ marine product
- ✓ cereals
- ✓ Cashew
- ✓ Tea
- ✓ Coffee
- ✓ Spices
- ✓ oil meals
- ✓ fruits and vegetable
- ✓ Castor and tobacco

SUGGATIONS AND RECOMMENDATIONS

The following are some of the suggestion to Maldives for Agriculture imported food grains:

Biotechnology in the Asia pacific region, India has been recognized as one of the 5 top biotechnology leaders. because of biotechnology the cost of production reduces and productivity improves, given the low cost but high caliber work force there is need to optimal utilization of intellectual and biological resources with a view to bring cost effectiveness in the production.

Human resource development human resource development plays a very important role for exports. Exporters should be imparted proper trainings regarding quality standards and sanitary measures that may be implied with.

Market Access and Information There is a need to provide continuous updating of data on market information, market access, procedures and processed etc .

Economies of scale: Economies of scale and brand-banding can only happen when large and big companies enter the sector. In this respect, contract farming and corporate farming should be extended credit facilities with liberal terms and making storage, movement, processing, marketing and trade of farm commodities free from regulations and controls.

OTHER SUGGESTIONS

Monitoring of quality and food safety aspects of imported food grains.

CONCLUSION

India is an agriculture country with plenty of land available for agriculture while that of Maldives is under developed. Maldives more focus is more on fisheries

and tourism. We can say that India has expertise with respect to agriculture. So India has a greater opportunity to develop agriculture sector in Maldives by exporting food grains.

Maldives Government has open doors for the private companies to come and shake hand with the companies of Maldives to have a greater opportunity for development of agriculture. So India can have a joint venture with Maldives.

Land is available for lease on some of the islands in Maldives. So India has an opportunity to have land on lease.

Maldives is lacking in the facilities of cold storage chain and food safety due to which some of the perishable goods like milk and milk products are destroyed very soon. So it should try to improve its facilities so that food can be preserved for a long time.

India is the king of spices. So it has the best opportunity to develop the business of pickles. Tariff rate is also lower for exporting spices. So it will be beneficial business for India which can fetch more profits.

India is also having many food processing companies. So raw food as well as the processed food can be exported to Maldives

There is less awareness about the fertilizer and pesticides in Maldives. So India can have entrepreneur opportunity as well as exports of these products are possible.

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TOURISM SECTOR OF MALDIVES

INTRODUCTION OF TOURISM SECTOR IN MALDIVES

The Maldives country having 1190 islands is the dream holiday destination due to its wonderful white beaches and enthralling scenery. An island nation with a humid climate, have many similarities with Malaysia. Annual GDP growth rate has averaged 7.5% since last 15 years. The economy of Maldives is largely based on two industries i.e. tourism and fishing. Now a days there are many opportunities in infrastructure and construction, hospitality and resorts, finance and banking, marine resource development & fisheries, logistics/ports and transportation, services and production.



ROLE OF TOURISM INDUSTRY IN MALDIVES ECONOMY



Tourism is the single most important economic sector in the Maldives (the tourism sector consistently contributes over 27% of national GDP). The number of annual tourists grew sharply from 42,000 in 1980 to 683,000 by 2008. Nearly 90% of government tax revenue flows in from tourism-related taxes, over 77% of GDP is contributed from the services industry and over 24,000 citizens are employed in this sector.

In recent years, Maldives has been successful in marketing of its natural assets for tourism sector with beautiful, unpolluted beaches on small coral islands of Maldives, diving in blue waters abundant with tropical fish, and glorious sunsets. Tourism helped to earn about \$600 million a year. Tourism and related services give 30% contribution to GDP in 2011, but its indirect contribution is much higher than other sector. As a result, tourism is the most important for growth.

People had visited Maldives' islands to trade with the inhabitants and by chance when their ships ran off course in the shallow reefs of the Maldives.

From beginning in the 1970s, the tourism in the Maldives has evolved and matured into an industry, which is a main player of the domestic economy. Tourism sector in the Maldives began in year of 1972 with 2 tourist resorts namely Kurumba Village and Bandos Island Resort and having 280 beds.

There were more than 101 resorts with beds capacity of 22120 in Maldives accommodating facilities like hotels, guesthouses and safari vessels. Today

tourism generating more than 70% of foreign exchange earnings and more than 40% of government revenues.

After having recorded a GDP growth rate of 6.5% in 2011, the country retains its strong economic potential. This growth can be explained by the dynamic performance of the tourism industry, which represents 28% of the GDP. Although the importance of the fishing sector continues to decrease from one year to another, it remains the second largest sector of the country.

The president of Maldives Green Resort Award was announced in 2012 was crowned on Sun Island Resort and Spa in Maldives. The Award aims at encouraging tourist resorts to adopt and integrate green policies in their development and operation.



Maldives has been honored with the award of “world’s Leading Island Destination” ,at the World Travel Awards Grand Final 2012 Which was held in New Delhi, India.

Tourism considers as Maldives largest industry, due to 20% of GDP and more than 60% of the Maldives foreign exchange receipts also over 90% of government tax revenue comes from import duties and tourism related taxes

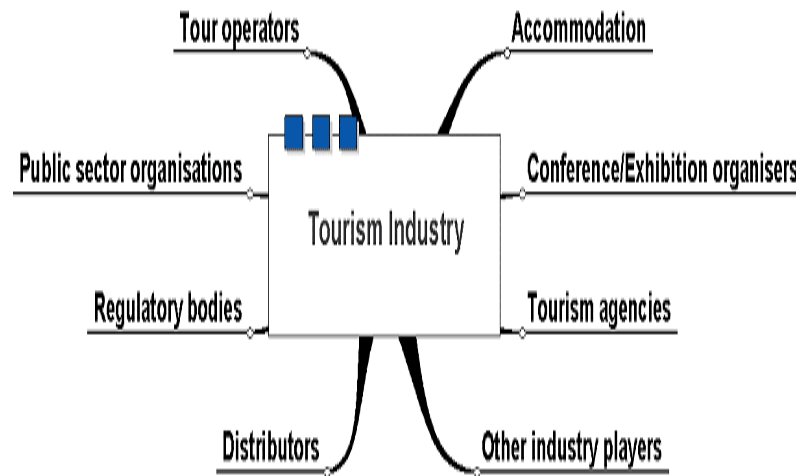
Today tourism contributes over 30% to the country's GDP, generating more than 70% of foreign exchange earnings and more than 40% of government revenues.

STRUCTURE, FUNCTIONS AND BUSINESS ACTIVITIES OF TOURISM INDUSTRY

FUNCTION OF THE TOURISM INDUSTRY:

- ❖ Long term planning for tourism advance at national level
- ❖ Formulation and implementation for developmental policy
- ❖ Formulate and impose of laws and regulation for tourism
- ❖ Integration of development execution
- ❖ Proposed and administration of facility and service standards
- ❖ Follow sound environmental principles in tourism development and operation
- ❖ Statically collection compliance& reporting to the authority of ministry.
- ❖ Conducting of research studies regarding enviornmental feasibility
- ❖ Designing planning and execution of human resource development for tourism
- ❖ Designing and administration of training principles, in coordination with the concerned authorities
- ❖ Leasing agreement of land for tourism and regulation of all tourism facilities and operations

STRUCTURE OF THE TOURISM INDUSTRY



BUSINESS & PROMOTION ACTIVITY FOR DEVELOPED BY TOURISM INDUSTRY:

Maldives marketing & PR Corporation launched the sunny side of life E-newsletter

MMPRC have launched its first sunny side of life e-newsletter as part of societal and digital media campaign. The core function of the e-newsletter is to inform the relevant parties regarding the development in the Maldives tourism industry and to maintain interpersonal relationship with them.

Through this e-newsletter Maldives has completed the target of attracting 1 million tourist during the year of 2012. MMPRC also inviting any news related articles from resorts, Travel agencies, live-abroad and other industry stakeholders to publish in the e-newsletter.

Maldives appointed PR Agent for Indian Market

The key role of the agency would be to develop and maintain relations campaign to place Maldives as an ideal tourist destination for the Indian

travelers, increase investors' confidence as well as to increase market share from Indian market.

India is the third largest market from the Asian region to Maldives and with its growing economy and the raising in outbound travel, strong campaign in the market could attract more number of travelers to Maldives.

Travel agents looking for business partners in Maldives

Travel operators is widely associated, and dealing with the broadest resorts, hotels and safaris operating in the Maldives. They are looking for a Co-operate based travel agent in abroad to work with them for their loyal customers demand worldwide. This would be very big opportunity for outsiders to make good business, as we know Maldives is a very famous Holiday purpose in the world. Maldives offers boundless support and services to all businessmen and depositors. The right partnerships between overseas investors and Maldivian businesses have led to amazing marketable success. The number of foreign companies investing in the Maldives is increasing in areas such as manufacturing & exporting, creation of well known hotels and handling resorts. This is contributed to the amazing success investors combined with our well-known culture of innovation and excellence. Foreign investments in the tourism sector shall registered with the Ministry of Tourism.

Foreign investors may choose either of the following business arrangements when investing in the Maldives.

- ❖ Joint ventures with local partners
- ❖ Wholly owned investment

INCENTIVES FOR INVESTORS

- ❖ No corporate and personal tax
- ❖ No tax on profit, value added tax, property tax or capital gains tax

- ❖ No exchange restriction
- ❖ 100 % foreign ownership or joint ventures
- ❖ Long term leasing of land
- ❖ Freedom to use expatriate labour for managerial technical and unskilled
- ❖ Low duties on exports-waivers for approved project.

GROWTH OF ECO-TOURISM IN MALDIVES

Some promotion activities are adapted for ecotourism in the Maldives, the resorts emphasizing recycling of heat that is utilizing in producing electricity and Maldives' government very much strict towards waste disposal. In addition to that the government aims to conserve the natural beauty of the islands before they are being altered by resorts by making laws like prohibition of catching turtles and reduction in the damages caused to the coral reefs that are precious for Maldives.

Tourism workers and employers

Workers in the tourism industry are represented by the Tourism Employees Association of Maldives (TEAM). Tourism Employees Association of Maldives claims the 25,000 workers employed in the industry face poor conditions and have very low wages (between US\$80 to US\$235 monthly) given the cost of living. The employers' organization is known as Maldives Association of Tourism Industry (MATI).

Taxing tourism

The government of Maldives introduced a 3.5% tax on tourism in January 2011 to help reduce the public deficit. Here President Mohamed Nasheed has indicated that investors in the tourism industry are key partners who attempts to develop the Maldives in a sustainable manner.

Tsunami

The Tsunami in Asian countries in 26 December 2004 caused damage and devastation on a nationwide scale in the Maldives. More than one-third of the population was directly affected, while approximately 29,000 people had to leave their homes due to tsunami. Economically, the damage created by the Tsunami was huge – total losses were calculated at \$470 million or 62% of GDP of Maldives.

India

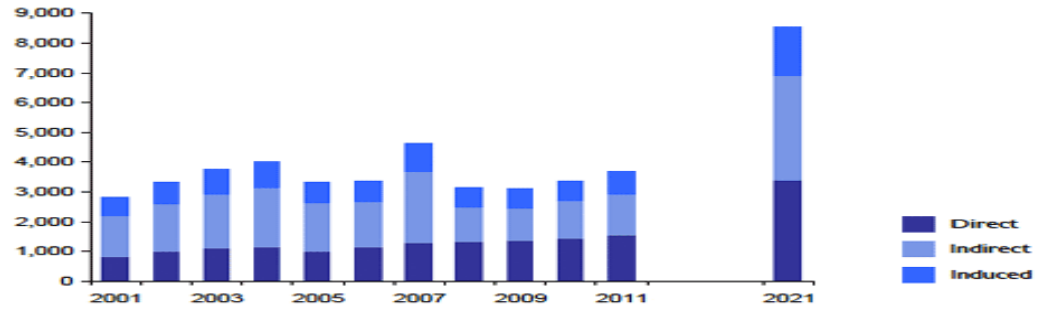
Indian arrivals to all the sub regions of Asia Pacific for visiting has been posted double digit growths, a total of 3,01,688 Indians were reported to have visited the South Asian destinations. Taking a market share of 3.3%, India overtook Korea to come to be the 9th largest market to the Maldives as a whole and the third largest market from the Asia region in 2010.

TRENDS FOR TOURIST ARRIVAL - Global Forecasts

Tourism contribution to GDP in Maldives

Year	GDP	GDP Growth %	Tourism Contribution	% Share of Tourism Contribution
2007	16,512.00	10.6	4,704.00	28.5
2008	18,526.00	12.2	4,870.00	26.3
2009	17,648.00	-4.7	4,608.00	26.1
2010	18,659.00	5.7	5,335.00	28.6
2011	20,051.00	7.5	6,061.00	30.2

Total Contribution of Travel & Tourism in GDP in India



The above graphs reflects the Substantial contribution of Direct Travel & Tourism in Indian GDP of 2011.

COMPARISON OF INDIAN TOURISM INDUSTRY AND MALDIVES TOURISM INDUSTRY

MALDIVES TOURISM INDUSTRY

- ❖ Maldives registers a 6.1% tourist arrival growth during June 2012 having 59,379 arrivals.
- ❖ Tourism & related services contributed 30% of GDP in 2011, but its indirect contribution is much elevated. As a result, tourism is the catalyst for growth.
- ❖ Asia & the Pacific is the 2nd largest market generator for Maldives. With 348,887 tourists this region secured over 37% market share in year of 2011
- ❖ Major markets from this region include China, Japan, India & Korea
- ❖ Tourism, Maldives largest industry, accounts for 30% of GDP and more than 60% of the Maldives' foreign exchange receipts. Over 90% of government tax revenue comes from import duties and tourism-related taxes and for more than 22,000 jobs emerged due to tourism

INDIAN TOURISM INDUSTRY

- ❖ The travel & tourism sector in India contributed 6.4% to India's GDP, amounting to Rs 6.7 billion, which includes direct & indirect earnings according to a research by Oxford Economics which was released recently at the World Travel & Tourism Council's (WTTC).
- ❖ Research showed that the sector's direct contribution to India's GDP is Rs. 2 billion and providing 8.78 per cent of the total employment opportunity in India.
- ❖ In tourist arrivals India's rank is 38th while Maldives' rank is 107th.

- ❖ In month of June 2012, there were 2,495 arrivals from India contributes to 4.2% market share.
- ❖ Overall the feedback from the industry partners states that the fall in rupees resulting to increase in air fares as well hotels have led to a drop in outbound tourist traffic from India.
- ❖ Inadequate air connectivity between major Indian cities and Maldives is also hindering factor in growth of Indian market.

PRESENT POSITION OF MALDIVES TOURISM SECTOR WITH INDIA

EXISTING RELATIONSHIP OF MALDIVES WITH INDIA IN RESPECT OF TOURISM INDUSTRY

- ❖ Taj Group of India runs Taj Exotica Resort & Spa and Vivanta Coral Reef Resort in Maldives.
- ❖ In November 2010, GMR Infrastructure (India) and KLIA (Malaysia) consortium took over the Male International Airport on a 25 -yearbook contract to renovate and expand the largest and most important airport in the country
- ❖ Earlier, in November 2009, Suzlon Energy of India signed an MoU to set up a 25 MW wind farm at an investment of US \$40 million in the Southern Province of Maldives
- ❖ Since July to September 2010, the High Commission of India in cooperation with the Ministry of Tourism and Culture [GOM] and India Club organized the India- Maldives friendship festival [INMAFF] and the inaugural ceremony in Male' was attended by President Nasheed and senior members of his cabinet.

TOURISM PRODUCTS

Maldives tourism products	Indian tourism products	
Maldives Coral Islands	Golf tourism	Polo Tourism
Famous Islands in Maldives	Education Tourism	Film Tourism
Maldives Water Sports Activities 1)Snorkeling 2)Surfing 3)Para-sailing 4)Winds surfing	Meetings Incentives Conferences and Exhibitions (MICE)	Adventure Tourism 1)Water Skiing 2) Parasailing 3) Trekking 4) Snow Skiing
Adventures Scuba Diving	Luxury Trains	Wellness Tourism
Maldives Cuisines	Eco-Tourism	Domestic Tourism
Sun set points	Tea Tourism	Cruise Tourism
Crystal clear panoramic lagoons	Sports Tourism	Medical Tourism

SWOT ANALYSIS OF MALDIVES TOURISM INDUSTRY

<p style="text-align: center;"><u>STRENGTHS</u></p> <ul style="list-style-type: none"> ❖ Unique model of island development ❖ Natural source base: tropical atolls and islands ❖ Excellent resort facilities with ocean-based activities (coral coasts, diving, and fishing) ❖ Envidable brand image in marketplace ❖ 30-years of progressive growth ❖ Liberal investment climate ❖ Entrepreneurial drive 	<p style="text-align: center;"><u>WEAKNESS</u></p> <ul style="list-style-type: none"> ❖ Reliance on foreign personnel and ❖ Maldivians' coolness (reluctance) to working in tourism ❖ Long-haul endpoint for current market segments ❖ Dependence on imports of capital and operating goods and products Inter island transport ❖ Absenteeism of forward linkages and poor integration of local inputs ❖ -Destination marketing ❖ -Poor evidence base for mature market
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> ❖ Productive public-private dialog and action planning-by including all stakeholders, as well as tour operators, in future planning ❖ Product difference & segmentation ❖ New markets (China?) ❖ Human resource development ❖ Supply chains for local products, with coir rope, hay, grass mats, fishing, fruit and vegetable production ❖ Improved SME and microenterprise development ❖ Improve government resource ❖ -mobilization/use framework for tourism 	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> ❖ Monochromatic product line ❖ Losing traditional market base ❖ Progressive commercialization ❖ Environmental deprivation and weak coastal zone management ❖ Narrow financial sector and lack of savings and investment vehicles ❖ Limited projections for emerging entrepreneurs to enter the field.

SWOT ANALYSIS: TOURISM INDUSTRY OF INDIA

<p style="text-align: center;"><u>STRENGTH</u></p> <ul style="list-style-type: none"> ❖ Different Variants of tourism. ❖ International cooperation. ❖ Average length of stay. ❖ Rich culture, heritage & a large variety of festivals. ❖ Charming beauty of the country attracts tourists from various parts of the world. ❖ Landscape is ideally situated for adventure activities. ❖ Renowned Indian hospitality. 	<p style="text-align: center;"><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> ❖ Insufficient infrastructure to match the expectation ❖ Restraining airline policy of the government of India ❖ Congestion of popular tourist centers. ❖ Insufficient marketing & information channels of information. ❖ Some places are out-of-the-way, especially in winter. ❖ Lack of expert management. ❖ Lack of basic facilities.
<p style="text-align: center;"><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> ❖ Government of India is providing more attention to certain regions like North-East India. ❖ ADB is preparing a Sub Regional Plan for tourism Development in India. ❖ Potential for private sector's venture in tourism projects. ❖ Accessibility of high quality human resource. ❖ Brisk growing middle-class 	<p style="text-align: center;"><u>THREATS</u></p> <ul style="list-style-type: none"> ❖ Terrorism is the major arrest of the region. ❖ Tough competition between states of India & abroad. ❖ Disorganized tourism development. ❖ Some environmental factor also impose a threat. ❖ Recession. ❖ Inflation/Deflation.

POLICIES AND NORMS OF MALDIVES FOR TOURISM INDUSTRY INCLUDING LICENSING /PERMISSION, TAXATION

Tourism is not really a sector but rather an agglomeration of cross-cutting sectors. One of its appealing factors is its linkages to other sectors and activities. In Maldives, tourism presents a number of priority issues: institutions and regulation; private partnership; finance, incentives and taxation; small- and medium-sized enterprises; culture and sustainable development; statistics and information technology; and monitoring and evaluation. These have the possibility of creating synergy, building bridges, and, more important, producing value added and wealth

OBJECTIVES OF POLICIES OF MALDIVES

- ❖ Sustainable development & growth of the tourism sector
- ❖ Attain equitable distribution
- ❖ Facilitate investment
- ❖ Community inclusion
- ❖ Promote public private partnerships
- ❖ Product & Market Diversification
- ❖ Maintain destination competitiveness

TOURISM REGULATION.

The Maldivian Government has been quite efficient in leaving the private sector to proceed with business. Control over the sector is exercised through a deliberate regulatory process. Tourism has been developed on uninhabited islands, for the most part as one resort per island. Access to the islands in the atoll is controlled through the land-leasing process in the first place and through tight control of air and maritime access on the other, as noted above. Each island has to be autonomous in terms of provision of water and sanitation, garbage treatment and disposal, and electricity and telecoms, with clear development standards. The government has developed standards for carrying capacity and construction on the islands.

FINANCE, INCENTIVES

Financial markets are quite shallow in the Maldives. Tourism features importantly in the loan portfolios of several banks –as high as 75 percent in one case. This lack of diversification could pose a problem in terms of risk sharing were the tourism industry to show signs of strain. Most banks appear optimistic that the industry will absorb the shock of the Tsunami and that recovery will be quick, in spite of a very poor first-half performance. Some banks postponed payment of principal on loans following the Tsunami to mitigate the impact on the resorts' finances (occupancies dropped to about 20 percent in many cases at that time). From a tourist's point of view, the banks offer good transfer and payments systems service (SWIFT and ISBS), and easy access to cash via ATMs.

TAXATION

Maldives has a simple tax system that has no income tax, property tax, sales tax or VAT, and no taxes on exports-with the exception of tourism, an invisible export, which is quite highly taxed.

CULTURE AND SUSTAINABLE DEVELOPMENT.

The Maldives has a rich historical and cultural past, some of which is inevitably being lost in the modern world. To date, the Maldives has lost its skilled masons who carved coral stone, among other trades. However, cultural activities can also include aesthetic activities, the living arts, art, theatre, dance, and music, all capable of bringing social and economic benefits.

POLICIES AND NORMS OF INDIA FOR TOURISM INDUSTRY INCLUDING LICENSING /PERMISSION, TAXATION ETC

EXPORT:

A function of international trade where goods produced in one country is shipped to another country for future sale or for trade purpose. The sale of such goods adds to the producing nations gross output. Exports are considered as one of the oldest forms of economic transfer which occur on a large scale between nations that have fewer restrictions on trade, such as tariffs & subsidies.

Export Policy:

Exports are the major focus of India's trade policy & a thrust area is exports which involves higher value additions. Many items can be freely exported from India & few items are subject to export control in order to avoid shortages in the domestic market as well as to conserve national resources & to protect the environment. Export profits are exempt from income tax. Higher royalty payments of 8% (net of taxes) are permitted on export sales as compared to 5% on domestic sales. Export commissions up to 10% are also permissible. Inputs which are required to be imported for export production are exempted from the basic customs duty. Export Oriented Units & Export Processing Zones enjoy special incentives such as duty free import of capital goods and raw materials for the purpose of export production.

Export to Maldives:

Trade between India and Maldives is governed by the rules as mentioned in the Indo-Maldives Trade Agreement is signed on March 31st 1981. Indian major exports items to Maldives include rice , sugar, fresh vegetables, drugs, pharmaceuticals & fine chemicals plastic and linoleum products, manufactures of metals & machinery equipment. India & Maldives also shares the status of “Most Favored Nation” with each other.

Permission for Export:

DGFT is mainly responsible for implementing the Foreign Trade Policy or Exim Policy with the main objective of promoting Indian exports.

DGFT or Directorate General of Foreign Trade is a government organization in India responsible for the formulation of exim guidelines and principles for Indian importers and Indian exporters of the country. Before 1991, DGFT was also known as the Chief Controller of Imports & Exports (CCI&E).

License:

An export license is a document issued by the appropriate licensing agency after which an exporter is allowed to transport his product in the foreign market. The license is issued after a careful review of the facts surrounding the given export transaction. Export license generally depends on the nature of goods to be transported as well as on basis of the terminus port. So, being an exporter it is necessary to determine whether the product or good to be exported requires an export license. Restricted goods can be imported or exported through a license or as per procedure in a public notice for this. Restricted item license / certificate / permission may be granted by the Director General of Foreign Trade or any other licensing authority authorized by him on his behalf. The DGFT Licensing authority may take the assistance & advice of a facilitation committee. Facilitation Committee consists of representatives of technical authorities and Departments / Ministries concerned

Application for an Export License:

To determine a license is needed to export a particular commercial product or service, an exporter should classify the item by identifying ITC (HS) Classifications. Export license are issued for the goods mentioned in the Schedule 2 of ITC (HS) Classifications of Export & Import items. A proper application is submitted to the Director General of Foreign Trade. The Export Licensing Committee considers such applications on merits for issue of export licenses.

TAXATION

Customs Duties (Import Duty and Export Tax)

Customs Duty is a type of indirect tax levied on goods imported into India as well as on goods which are exported from India. Taxable event is either import into or export from the India. Import of goods includes bringing into India of goods from a place outside to India. India includes the territorial waters of India which extend up to 12 nautical miles into the sea to the coast of India as well. Export of goods means taking goods out of India to a place outside India.

In India, the basic law for levy and collection of customs duty is under Customs Act, 1962. It provides for levy & collection of duty on imports & exports, import & export procedures, prohibitions on importation & exportation of goods, penalties, offences, etc.

Types of Customs Duties:

Export duties are levied occasionally to mop up excess profitability in international prices of goods in respect of which domestic prices can be low at the given time. But sweep of import duties are quite wide. Import duties are of the following types:-

Basic Duty: It may be at the ordinary rate or, in the case of import from some other countries, at the privileged rate.

Additional customs duty are equal to central excise duty leviable on like goods produced or which are mass-produced in India. Additional duty is commonly referred to as countervailing duty. It is payable only when the imported article is such as, if produced in India & its process of production would amount to 'manufacture' as per the definition in the Central Excise Act, 1944. Exemption from the excise duty has the effect of exempting additional duty of customs.

True Countervailing duty or additional duty of customs: is levied to offset the disadvantage to like Indian goods due to high excise duty on their efforts. It

is levied to provide a level playing field to indigenous goods which have to bear various types of the internal taxes. Value base for additional duty would be as in the instance of C.V.D, under Customs Tariff Act, 1975 minus the retail sale price endowment. This additional duty will not be included in the assessable value for levy of education cess on imported possessions. Manufacturers will be able to take credit of this additional duty for payment of excise duty on their finished products.

Anti-dumping Duty/ Safeguard Duty: for import of specified goods with a view to protecting domestic industry from the unfair injury. It would not apply to goods that are imported by a 100% Export Oriented Units & units in Free Trade Zones and Special Economic Zones. On export of such goods, anti-dumping duty is relatable only by way of a special brand rate of some drawback. Safeguard duties does not require the finding of unfair trade practice such as dumping or subsidy on the part of exporting countries but they must not discriminate between imports from various countries. Safeguard action is resorted only when it has been established that a sudden increase in imports has caused or threatens to cause serious injury to the domestic industry.

Education cess: At the prescribed rate is levied as a percentage of aggregate duties of the customs. When the goods are fully exempted from duty or chargeable to nil duty or are cleared without payment of duty under prescribed procedure such as clearance under bond & no cess would be levied.

PRESENT TRADE BARRIER FOR IMPORT AND EXPORT

Barriers of foreign exchange:

A lack of foreign exchange affecting businesses was reported in 2009-2011. Due to the scarcity, the Maldives Monetary Authority (MMA) started rationing foreign exchange supplied to the banking system in 2009. This has lead to restrictions on foreign exchange and some current international transactions

are being in the similar market. The Maldives moved to a managed assistance in April, 2011.

Openness to foreign investment:

The Maldives Tourism Development Corporation is in charge of promotion and development of tourism sector. The Ministry of Economic Development gives "one-stop shop" services to investors and incentives including import duty concessions, 100% foreign ownership, and no restrictions on repatriation of profits. Foreign investments are required to pay annual royalty fees to the Maldives government. The royalty fee is 15 percentage of profits, whichever is greater, for majority foreign-owned companies. For others, the royalty is 7.5 percent of profits, whichever is greater. In addition, goods and services tax on the tourism industry, general goods and services tax, & a business profit tax came into result in 2011. International arbitration is available for dispute resolution. Foreign investments within the tourism sector such as resorts are registered with the Ministry of Tourism.

Risk for investment:

According to the Law on Foreign Investment (25/79) the government should, with or without notice, cancelled an investment, also where the investor indulges in an act detrimental to the security of the country or where temporary closure is necessary for national safety. If, after due investigation, it cannot be conclude within 60 days of the temporary closure that the foreign investor had indulged in an activity detrimental to the security of Maldives, then the government will give compensation. Capitals belong to an investment that is closed for these reasons may be taken out of the country in a mutually agreed way. There appears to be little risk of expropriation in the near future.

Right to private ownership & establishment:

There is short private ownership of land. Land reform currently is under thought that could result in more trading and private ownership of assets. Foreign investors are not allowed to own land, but are granted lease rights rang up to 50 years. An amendment to the Tourism Act approved in 2010 allows investors to lease an island for 99 years if the company is make registration in Maldives, floats at least 55% of the company's shares on the Maldives stock market & has development of tourist resorts listed as an objective in the company registration. Leas can be renewed at the end of their provisions, but the formula for assessing compensation value of a resort at the end of a lease is not developing.

Labor:

There is scare of skilled and unskilled labor to meet in Maldives. There were 87,178 registered expertise workers in Jan 2011, mostly in tourism, construction, and social and personal services. Expert employee is of equal cost or more expensive than local employee. Even when salaries are lower then travel and other benefits typically make it more expensive. Since higher education options in Maldives are restricted, young Maldivians from higher income families often travel abroad for education.

Weakness of tourism sector:

Professional employee in tourism sector is 21% of all

Unskilled workers are 34% in tourism sector

55% people are depending on tourism sector

Weakness of Maldivian Tourism industry.

One weakness of Maldives tourism industry is regulation. A public company being a regulatory agency with a small earns tax to fund its operation. Although most firm in Maldives are conscious of regulatory issue, such as agency could

strengthen the emphasize on quality and licensing and standard issue as improving island image in market.

Effect of tsunami on Maldives tourism sector:

Tourism sector enterprise has lot of loss compared with their counterparts in the manufacturing and transport logistic sector. About 62% of respondent has slow recovery of business activities after the tsunami.

Natural barriers:

In natural barriers the main areas of include are marine and coastal zone management. The shoreline and beach planning is also affected by it. The tsunami is not affected the country regarding life but its affect the many resorts also.

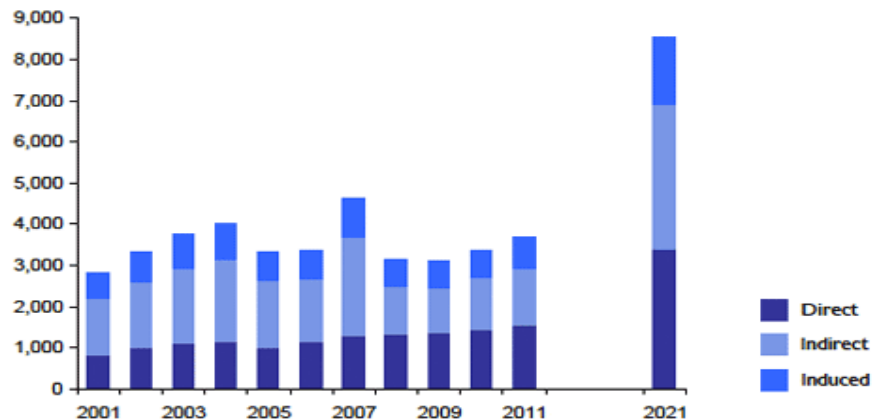
POTENTIAL FOR TOURISM INVESTMENT OF INDIA

Tourism in India

The Indian Tourism sector is one of the largest service industries in the country in terms of its contribution to the Gross Domestic Product (GDP) and Foreign Exchange Earnings (FEE), as well as for providing employment to millions. The segment in fact is expected to generate around US\$ 42.8 billion (INR 1,897.7 billion) by 2017, according to an business research note by auditing and consulting firm Deloitte Touche. Intentionally, the Tourism and the Hospitality sector generated a total of US\$ 2,468.39 billion (INR 1,094, 48.4 billion) in Foreign Direct Investment (FDI) during April 2000-April 2011, according to the division of Industrial Policy and Promotion (DIPP). Additional, Foreign Tourist Arrivals (FTAs) are likely to grow to 10 million by 2010-12 and the domestic tourism is probable to increase by 15 per cent to 20 per cent over the next five years as per the Ministry of Tourism.

India is presently ranked 12th in the Asia Pacific region and 68th overall in the list of the world's attractive destinations, according to the Travel and Tourism Competitiveness Report 2011 by the World Economic Forum (WEF).

Total Contribution of Travel & Tourism to GDP



The TSA research also states that the segment is expected to sustain directly 24,931,000 jobs (5.0 % of total employment) in 2011, rising by 2.0 % pa to 30,439,000 jobs (5.2 per %) by 2021.

BUSINESS OPPORTUNITIES AND CHALLENGES FOR TOURISM INVESTMENT IN MALDIVES

The President said his hope of attracting more foreign investments with the privatization programme. He restates the fact that the Maldives has given good return for inward investments, mostly in the tourism sector. He specified that Singapore investments in the flagship tourism industry were considerable and the income has been handsome. Inspire Singaporean investors and business people to invest in the Maldives, he guaranteed them that their investments in the Maldives would be secure and yield important profits for them. The government aim to increase private entrepreneurship in the Maldives, and spoke on the many investment opportunities for skilled international companies in the Maldives. He added that the country has the lawful arrangement to

defend global investors in the Maldives and the government was functioning to further make stronger the laws and regulations.

Investment boutique hotels

PPP in public transport for the Maldives Project opens a window of opportunity for investors to partner with the transport companies on a number of business ventures. As part of the plan to make the public transport system more feasible and attractive to the public, the transport companies are provided with land to build harbors, transit motels, as well as luxury boutique hotels to cater for high end tourist markets. Transport service providers are at present looking for probable investors to invest in these opportunities and Invest Maldives can put involved investors in touch with the providers.

Male international airport: Privatization Prequalification Announcement

The assessment Committee mandated by the Government of Maldives has reviewed all applications to the Request for Qualifications issued by International Monetary Fund (IFC) on behalf of the Government on December 23, 2009. All presentations considered were received by the limit date of 17 January 2010 and successfully qualified short-listed parties were informed by IFC on behalf of the Government on 25 January 2010. The following firms have been formally declared as pre-qualified for the Malé Air- port PPP project:

1. Reliance Airport Developers Private Limited (RADPL) and Aeropuertos Servicios Auxilliares (ASA)
2. SNC Lavalin International and Vienna Airport (Flughafen Wien AG)
3. GMR Infrastructure Limited
4. TAV Airports Holdings Company
5. Unique (Flughafen Zurich AG) and GVK Airport Developers Limited (GVK)

6. Aéroports de Paris Management

Positive List

The following is a list of investments already permitted by the Maldives Government. Companies, agencies and individuals wishing to invest in these areas can presume positive support and assistance.

- ❖ Financial consultancy
- ❖ Auditing services insurance services
- ❖ Water sports activities Commercial diving (salvage) Domestic air transport services.
- ❖ Technical support services (i.e., photocopies, elevators, ATM machineries, etc.)
- ❖ Manufacturing of garments
- ❖ Water production, bottling and distribution
- ❖ Consultancy in the fields of public relationships, editorial, advertising and translation services
- ❖ Packing and distribution of cement
- ❖ General Sales Agency, Passenger Sales Agency and Cargo Sales Agency for airlines and shipping lines
- ❖ Spa operations and management
- ❖ Water treatment plants
- ❖ Boat building
- ❖ Software progress and related support services
- ❖ Domestic maritime ferry services
- ❖ Financial leasing services Fish processing activities Traditional medical services
- ❖ Production of underwater shooting, videography and postcards
- ❖ Block ice-making and Specialty restaurants
- ❖ Proficient business valuation services and Flying schools
- ❖ IT system integration and implementation services

CONCLUSION

Although Europe and America remains as the world's best tourist destination, the World Tourism Organization (WTO) forecast South Asia as a promising region for tourism. Gradual shift in the growth of tourism in Maldives and in other South Asian countries proves a promising future for these countries, with the above predictions. Maldives has experienced rapid economic growth over the past three decades. It has moved from an under developed country to a developing country in 2011 due to increased productivity, grabbed from the huge aids from tourism. All stakeholders in the Maldivian tourism industry are aware of the strengths that draw tourists to Maldives and have been working diligently to ensure that the natural environment remains as undisturbed as possible. The government of Maldives has given its full support to the development of the industry and keeps a close eye to ensure that all regulations are being complied with.

Given that out of the 1190 island that make up this nation, only 200 of which is inhabited and over 100 islands utilized for tourism purposes. A lot of idyllic islands scattered across the country that are perfect for development are still there. Hence the vision for creating and operating a sustainable environment friendly tourism industry remains progressively positive. The tourism industry of Maldives is definite to become an even brighter light in the global business ground, with a colorful and optimistic future ahead of it.

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