**IMF warns Maldives of ‘debt distress’ with more Chinese loans in the offing**

The International Monetary Fund warned the Maldives against looming “debt distress” on Monday, as the small but strategically placed luxury tourist destination looks set to borrow more from main creditor China.

Since winning office last year, President Mohamed Muizzu has reoriented the atoll nation — known for its upmarket beach resorts and celebrity vacationers — away from traditional benefactor India and towards Beijing.

Without naming the archipelago’s main lender, the IMF said the Maldives remained “at high risk of external and overall debt distress” without “significant policy changes”.

It urged the Maldives to urgently raise revenue, cut spending and reduce external borrowing to avoid a major economic crisis.

China has pledged more funding since last year’s victory by Mr. Muizzu in the Maldives’s presidential elections.

**India’s goodwill gesture**

Meanwhile, in a goodwill gesture, India has decided to extend vital budgetary support to the Maldives with the rollover of a $50 million Treasury Bill for another year at the Maldivian government’s special request, it was announced on Monday.

The State Bank of India has subscribed for one more year to the USD 50 million Government Treasury Bill, issued by the Ministry of Finance of Maldives, upon maturity of the previous subscription, the High Commission of India said in a brief statement.