



PARKINSON DISEASE

INDIA - ISRAEL RELTIONS

**IASBABA'S**  
**FRONTLINE**  
**& IDSA**  
**BI-MONTHLY**  
**GIST**

US - ROLE IN SOUTH ASIA

ANTI-DEFECTION LAW & DISSENT

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# Parkinson Disease

## GS 3

- **Achievements of Indians in science & technology; indigenization of technology and developing new technology**

## Intro

- Parkinson's disease is a progressive disorder in which neurons in the brain are lost over several years.
- Parkinson's disease currently has no cure, and the treatment currently focuses on symptomatic relief, which fails to have an impact as the disease progresses.

## Cause of Parkinson disease

- For more than a decade, scientists have known that certain **mutations in a gene called LRRK2** are the most common genetic cause for late-onset Parkinson's disease.
- But the exact mechanism was hitherto unknown.
- Significantly, in **certain Asian populations, specific variants of LRRK2** are known to lower the age of onset.

## Role of LRRK2 gene discovered

- A team of researchers at the Tata Institute of Fundamental Research (TIFR) in Mumbai has identified a critical role for the gene in the brain.
- Their study shows that **LRRK2 is vital for the formation of synaptic vesicles, membranous bags that carry neurotransmitters whose release allows movement and other motor activities.**
- According to the scientists, the ability to fill neurotransmitters and function depends absolutely on the composition of these vesicles.
- Using roundworm as an experimental model, they demonstrated that the LRRK2 gene forms a protein complex along with another gene, JIP3, which acts as an assembly line to form a synaptic vesicle.
- This assembly line first removes unnecessary proteins from the membrane compartment following which LRRK2 acts to include the right proteins.
- Finally, a specific motor which powers the movement of the vesicle to the correct destination is attached, the study found.
- Improperly formed synaptic vesicles lead to impaired neuron function and inability to release neurotransmitters and thereby trigger defects in movement.

## Conclusion

- The study provides insights into what might go wrong in some forms of Parkinson's, and this understanding may help find better treatment.

## Connecting the dots

- **LRKK2 gene is an important element in the onset of Parkinson disease. In the light of new research in India, explain the mechanism of LRKK2 gene in the neural functioning of the brain and as a factor for the disease.**

# India-Israel Relations

## GS 2

- **Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests**

## Shift in India's relationship with Israel

- India would no longer be hyphenating Israel and Palestine when he did not make the customary stopover in the Palestinian Authority in the West Bank.
- The Modi government has taken India-Israel ties out of the closet and made it a centrepiece of India's engagement with the wider Middle East.
- Netanyahu's visit will also be about much more than merely defence cooperation and will take him to Agra, Ahmedabad and Mumbai.

## Relations shaped by geopolitics

- While defence trade as well as agricultural and environmental collaboration remain important, the Indo-Israeli bilateral ties will increasingly be **shaped by the rapidly evolving geopolitical realities in Asia and the Middle East.**
- In the Indo-Pacific, the rise of China is challenging the extant regional order and India, along with other regional states, is coming to terms with it. Israel will have to figure out its own response to this Asian flux.

- In the Middle East, the Shia-Sunni rivalry has morphed into a Saudi-Iran contestation. A Saudi Arabia-Israel-US seems to be emerging and New Delhi will have to navigate the choppy regional waters as the regional turmoil grows further.

## Broad-based nature of relationship

Netanyahu's visit will also be an attempt to make the relationship with India more broad based.

### 1. Economic

- He is coming to India with a big business delegation and will be reaching out to the Indian **corporate sector** in Mumbai.
- **Bilateral trade** which is hovering around \$4 billion can be given a boost by enhancing high-end **technology cooperation** as we all as exploring new avenues in water management and agriculture.
- The next stage of India-Israeli economic partnership is likely to see India leveraging **Israeli start-up concept** for generating more employment opportunities and to work together on technologies to enhance agricultural productivity.

### 2. Cultural

- There is a major outreach planned towards the **film industry** where the Israeli Prime Minister will showcase his country as an attractive destination for the shooting of Indian films by offering tax breaks and facilitation.

### 3. Security

- Israel's experience in **tackling terrorism** and extremism can certainly help India as it builds domestic capacity and consensus on the best way forward.

## Contentious issues

- Though differences exist between India and Israel over issues related to **technology transfer, end-user agreements, and a proposed free trade agreement** but they are increasingly viewed as **manageable** in the broader scheme of things.

## Connecting the dots

- Critically examine the shift in the nature of relationship between India and Israel in the recent times.

## US role in South Asia

### GS 2

- Effect of policies and politics of developed and developing countries on India's interests

### Intro

- In many ways, this is the beginning of the operationalization of the South Asia strategy that the Trump administration unveiled in August last year.
- Along with an **expansion in US military footprint**, the new strategy had a strong focus on Pakistan to make sure it abides by its commitments.
- The threat is worse because Pakistan and India are two nuclear-armed states whose tense relations threaten to spiral into conflict, Trump observed

### Changed policy on Pakistan

- Pakistan has leveraged its centrality in US Afghanistan policy for decades now, securing billions of dollars in US civilian and military aid. That is now changing.
- The Obama administration did manage to reduce US aid to Pakistan but it could do little to staunch the threat of terrorism in South Asia targeted at India and Afghanistan.
- New Delhi, for its part, continued to work diplomatically toward marginalizing Pakistan globally and regionally. It had some successes but China's protection has allowed Pakistan to avoid being sanctioned at the global level. And China once again decided to come to Pakistan's rescue after Washington's move. The Chinese foreign ministry responded by praising Pakistan's counterterrorism actions

### Way forward for India

- India should also remain **alert to the possibility that Washington has its own prism** through which it is viewing Pakistan.

- And that is the United States' continuing military footprint in Afghanistan.

### Way forward for US

- **Pakistan can always retaliate in several ways:** by blocking the NATO supply routes to Afghanistan, by limiting counterterror intelligence cooperation, by restricting American drone strikes, and by allowing its proxies in Afghanistan to further aggravate the situation.
- Washington will also have to recognize that its **policy in Afghanistan cannot work if it continues with its anti-Iran and anti-Russia posturing.**

### Connecting the dots

- **US is deliberating seriously military funding to Pakistan. Assess the reasons for the change and the implications for South Asia in general and India in particular.**

## Ockhi Cyclone Characteristics and Disaster Management

### GS 1

- **Important Geophysical phenomena such as Earthquakes, Tsunami, Volcanic activity, Cyclone etc.**

### GS 3

- **Disaster and disaster management**

### What are Cyclones?

- A **cyclone** is a large scale air mass that rotates around a strong center of low atmospheric pressure. Cyclones are characterized by inward spiraling winds that rotate about a zone of low pressure.



## Features of tropical cyclone that normally occurs on Indian coast

- Tropical cyclones are intense low-pressure areas confined to the area lying between 30° N and 30° S latitudes, in the atmosphere around which high velocity winds blow. Horizontally, it extends up to 500-1,000 km and vertically from surface to 12-14 km.
- A tropical cyclone or hurricane is like a heat engine that is energised by the release of latent heat on account of the condensation of moisture that the wind gathers after moving over the oceans and seas.

## Cyclones in Bay of Bengal

- Owing to its Peninsular shape surrounded by the Bay of Bengal in the east and the Arabian Sea in the west, the tropical cyclones in India also originate in these two important locations.
- Though most of the cyclones originate between 10°-15° north latitudes during the monsoon season, yet in case of the Bay of Bengal, cyclones mostly develop during the months of October and November. Here, they originate between 16°-2° N latitudes and to the west of 92° E. By July the place of origin of these storms shifts to around 18° N latitude and west of 90°E near the Sunderban Delta.

## Why does the Bay of Bengal have more cyclones than the Arabian Sea?

- The **relatively colder waters of the Arabian Sea are not conducive** to the formation and intensification of cyclones.
- Additionally, the **eastern coast of India receives cyclones that form not just in the Bay of Bengal, mostly around the Andaman Sea near the Andaman and Nicobar Islands, but also those travelling from the Pacific Ocean**, where the frequency of 'typhoons', as these are called there, is quite high. Most of these cyclones weaken considerably after encountering a big landmass. Therefore, these do not travel to the Arabian Sea side.
- The western coast of India thus witnesses only those cyclones that originate locally or the ones, like Ockhi, that travel from the Indian Ocean near Sri Lanka.

## What is special about Ockhi?

### 1. Origin

- **Ockhi originated near the south-western coast of Sri Lanka, and travelled very near the southern-most tip of the Indian mainland**, along the coasts of Tamil Nadu and Kerala, towards the Lakshadweep islands, where it was at its most powerful.

- It weakened considerably after that and continued further, taking a north-easterly turn towards the Maharashtra and Gujarat coastlines —cyclones in this area are not a common phenomenon.

## 2. Detection time

- Many of the **big cyclones in recent years developed near the Andaman Sea. From there, it took those cyclones about five to six days to hit the Andhra Pradesh or Odisha coasts.**
- But the origin of Ockhi was much closer home. Because it developed nearby, the lead time for the forecast was much less than in other recent cyclone cases.

## Disaster management

- There are some basic failings in the government's response: the cyclone warning was delayed; the warning, when it came, was ineffective because it could not be conveyed to thousands of fisherfolk who were already out at sea; and once the cyclone struck, there was no war-like mobilisation and action, which are the hallmarks of good disaster management.

## Deficiencies in handling the cyclone disaster

### 1. Cyclone warning delayed

- Many **fisherfolk have diversified into deep-sea and long-distance fishing.**
- Considering that their fishing voyages sometimes last from ten days to more than a month, the **Indian Meteorological Department's timing of the cyclone forecast was futile.**

### 2. Central institutions not used for rescue

- Action plans should have kicked in and the **Indian Coast Guard, with its seaborne vessels and helicopters, should have launched emergency search and rescue operations.**
- Coast Guard ships should have taken along a few fishermen from the villages as navigation assistants (because they knew where to look for missing people) and should have intensely combed the area.
- **Indian Navy** with its vast array of ships, aircraft and state-of-the-art technology should have stepped in immediately.

### 3. Ineffective Disaster Management infrastructure

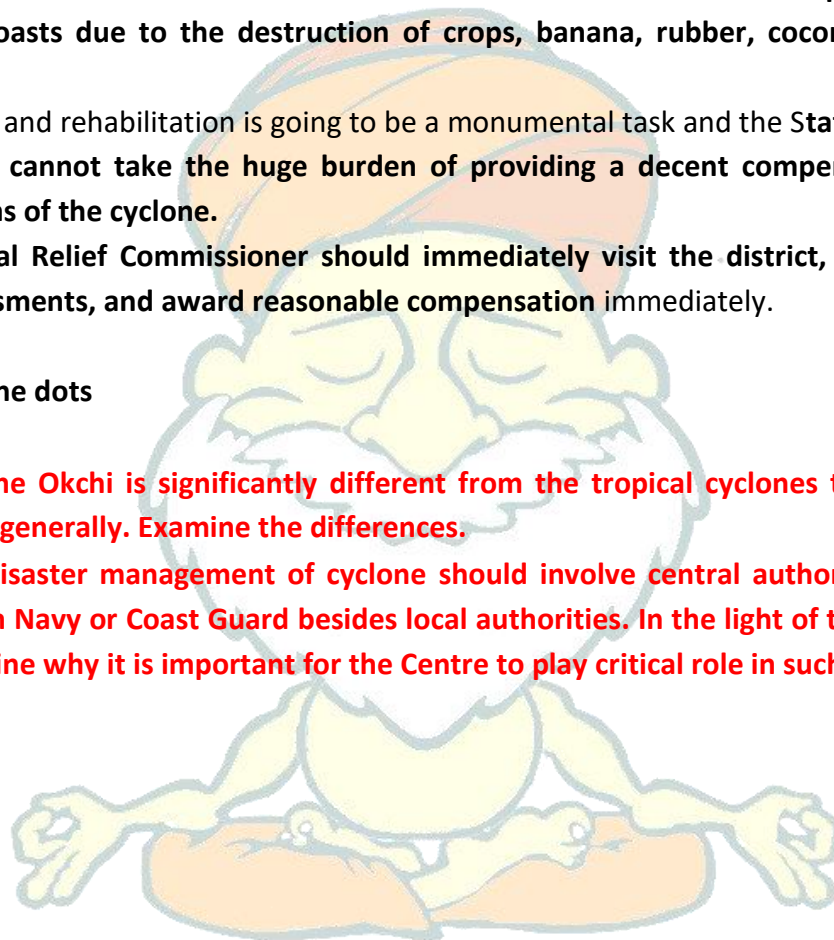
- National Disaster Management Act (2005),
- the **National Policy on Disaster Management (2009)**,
- the **National Disaster Management Plan (2016)** and
- the **National Disaster Response Force**

### Way forward

- The cyclone has also resulted in **massive losses to the livelihoods of people living in the coasts due to the destruction of crops, banana, rubber, coconut and forest trees.**
- Relief and rehabilitation is going to be a monumental task and the **State government alone cannot take the huge burden of providing a decent compensation to the victims of the cyclone.**
- **Central Relief Commissioner should immediately visit the district, make realistic assessments, and award reasonable compensation immediately.**

### Connecting the dots

- **Cyclone Okchi is significantly different from the tropical cyclones that hit Indian coast generally. Examine the differences.**
- **The disaster management of cyclone should involve central authorities including Indian Navy or Coast Guard besides local authorities. In the light of this statement, examine why it is important for the Centre to play critical role in such disasters?**



# Anti-defection Law and Dissent

## GS 2

- Parliament and State Legislatures – structure, functioning, conduct of business, powers & privileges and issues arising out of these
- Indian Constitution- historical underpinnings, evolution, features, amendments, significant provisions and basic structure

## Intro

- **Sharad Yadav and Ali Anwar Ansari were dismissed**, the allegation against the members was that by indulging in anti-party activities they had “voluntarily” given up the membership of their party.

## 10th Schedule

- Tenth Schedule of the Constitution (which embodies the anti-defection law) is designed to prevent the evil or mischief of political defections motivated by the lure of office or material benefits or other similar considerations.
- It is intended to strengthen the fabric of Indian parliamentary democracy by **curbing unprincipled and unethical political defections**.
- It was passed by a unanimous vote by both the Houses of Parliament and hailed as ‘a proof, if any, of the **maturity and stability of Indian democracy**’.
- Under **Tenth Schedule** to the Constitution, member of Parliament or the State legislature incurs disqualification **if he either voluntarily gives up the membership of the party or votes or abstains from voting in his legislature, contrary to the direction (whip) of the party**.
- The objective of the landmark anti-defection law of 1985 was to **enhance the credibility of the country’s polity by addressing rampant party-hopping by elected representatives for personal and political considerations**.
- While this enactment **brought about some order in the system**, some politicians found ways of circumventing it over the years.

## Significance of 10th schedule

### 1. Stable polity

- It provides for greater stability in the body politic by checking the propensity of legislators to change parties.

### 2. Ideological alignment of parties

- It facilitates democratic realignment of parties in the legislature by way of merger of parties.

### 3. Reduces horse trading

- It reduces corruption at the political level.

## Criticism

- Though the anti-defection law been hailed as a bold step towards cleansing our political life and started as new epoch in the political life of the country, it has revealed many lacunae in its operation and failed to prevent defections in toto.

### 1. Role of presiding officer politically motivated

- The **position of the Indian Speaker is paradoxical**. The holder of the position, whether in Parliament or in State Assemblies, contests the election for the post on a party ticket, and yet is expected to conduct himself or herself in a non-partisan manner, all the while being beholden to the party for a ticket for the next election.
- G.S. Dhillon, Speaker of the Lok Sabha (for two terms), was asked to step down by the Prime Minister in 1975, and made Union Minister for Shipping — a precedent that has allowed future holders of the position to harbour political ambitions.
- There are numerous such instances in our polity where the Speaker of the Assembly has precipitated a political crisis by seemingly political decisions.

### 2. Does not differentiate between dissent and defection

- It does not make a differentiation between dissent and defection. It curbs the legislator's right to dissent and freedom of conscience.
- Thus, 'it clearly puts **party bossism on a pedestal** and sanctions tyranny of the party in the name of the party discipline'

## Way forward

### 1. Role of presiding officer should be reviewed

- Consider the example of **Ireland**, a parliamentary system close to ours, where the **position of Speaker is given to someone who has built up credibility by relinquishing his or her political ambitions.**
- The Westminster system considers it a taboo to induct a Speaker into the cabinet. Only the U.S., with its rigorous separation of powers between the judiciary, executive and legislature, allows the Speaker to openly engage in active politics.
- Further, **Rule 7(3) of the Members of Rajya Sabha (Disqualification on Grounds of Defection) Rules** clearly stipulates that **a member against whom the petition has been made, has to forward his comments to the chairman within seven days of the receipt of copy of the petition.**
- **Rules prescribed by the Rajya Sabha** show that the **Chairman is required either to proceed to determine the question himself or refer it to the committee of privileges for a preliminary inquiry.**
- But reference to the committee is contingent upon the Chairman satisfying himself that it is necessary or expedient to do so; it is not mandatory.
- As a matter of fact, in several cases in the past, the Speaker of the Lok Sabha and the Chairman of the Rajya Sabha, whenever "the circumstances of the case" so warranted, have "determined the question" themselves, without referring it to the committee.
- The presiding should take the assistance of the privileges committee before deciding such cases.

### 2. Role for the President be explored

- It might be **better for such critical decisions, associated with representative disqualification, to be determined by the President instead, with inputs from the Election Commission.**

### 2. Provisions to recognise dissent

- Suitable provisions should be inserted so that genuine dissent with the party "high command" is not subverted through 10th schedule.
- In a vibrant democracy, such differing opinions within a party will only enhance the **intra-party democracy.**

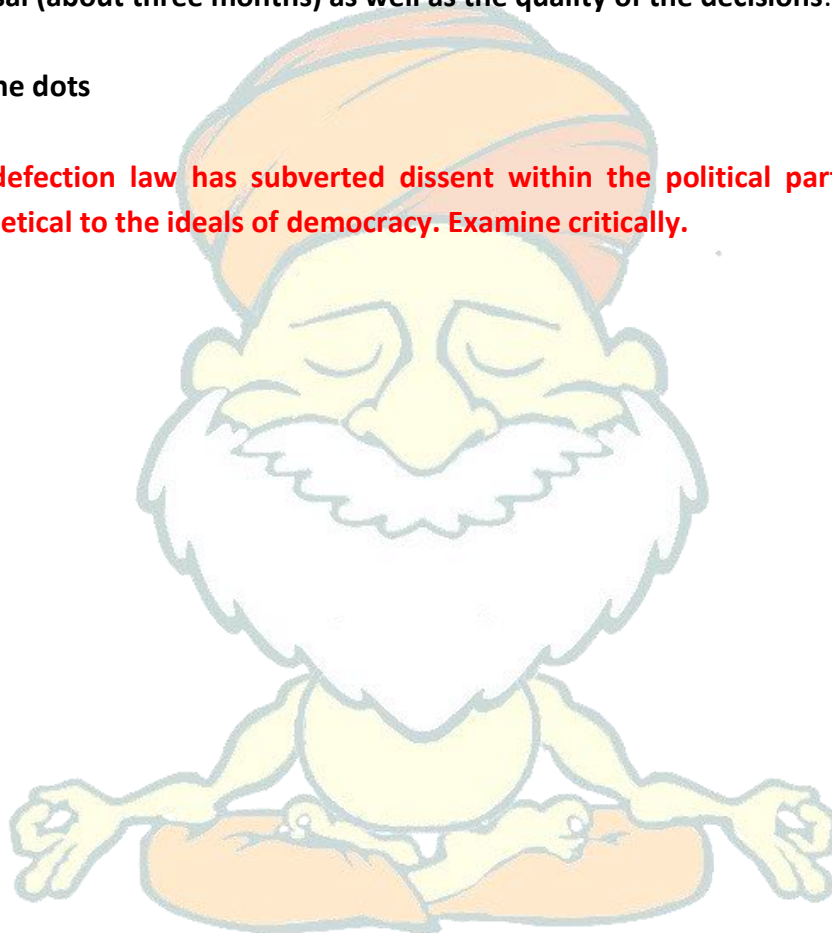
- According to a **Supreme Court** judgment, “**voluntarily giving up the membership of the party**” is not synonymous with “**resignation**”. It could be “**implied**” in participation of the member in anti-party activities.
- VP in the present case **made it clear that while dissent is a political right, it should be articulated appropriately without striking at the roots of the functioning of the party-based democratic system.**

### Conclusion

- The **orders of the Chairman** have established a **benchmark**, both in terms of **speedy disposal (about three months)** as well as the **quality of the decisions.**

### Connecting the dots

- **Anti defection law has subverted dissent within the political party and thus is antithetical to the ideals of democracy. Examine critically.**



# Gulf Council Corporation Disintegration

## GS 2

- Important International institutions, agencies and fora- their structure, mandate

### Intro

- GCC was formed in **1981**, the main motivation was **to address the perceived threat from Iran** by raising the level of synergy among the member-states who had much in common.
- Even without hindsight it can be said that the threat from Iran was exaggerated.



### Breaking GCC

- It is paradoxical that **Qatar**, one of the founding members, has been compelled to **embrace Iran** owing to Saudi Arabia's actions.
- **Bahrain** had publicly declared that it would not sit with Qatar and called for suspending its membership. Bahrain, which is heavily dependent on Saudi Arabia for



its survival, would not have come out with such a demand without endorsement from Saudi Arabia.

- The **UAE** had signalled that it agreed with Bahrain.
- Contrary to the expectations of Qatar's foes, **Kuwait invited Qatar's Emir** to the summit. In retaliation, Saudi Arabia, the UAE and Bahrain sent Ministers to the summit.
- Even before it opened, the UAE formally announced that it had reached agreement with Saudi Arabia on tightening their links, militarily, politically, economically and otherwise—a clear signal that they were not interested in negotiated settlement with Qatar.

## Factors Responsible

- While announcing the measures against Qatar, Saudi Arabia claimed that it was compelled to act because of “grave violations being committed by the authorities in Doha over the past years in secret and public aiming at dividing internal Saudi ranks, instigating against the State, infringing on its sovereignty, adopting various terrorist and sectarian groups aimed at destabilising the region including the Muslim Brotherhood Group, Daesh (ISIS) and Al Qaeda, promoting the ethics and plans of these groups through its media permanently....”
1. **Border dispute with Saudi Arabia and Baharin**
    - The discord between Saudi Arabia and Qatar goes back many years. An unpublished **border** agreement signed in 1965 did not prevent a clash in 1992. A final border agreement was signed in 2001.
    - Bahrain and Qatar have a history of discord and rivalry. Their territorial disputes over Hawar Islands and other territories go back to 1936.
  2. **Qatar's “independent” foreign policy**
    - Saudi Arabia resents **Qatar's “independent” foreign policy** and insists that Qatar should align itself with its big neighbour.
    - It was primarily to protect itself from its neighbour that Qatar welcomed with alacrity the stationing of U.S. troops at Al Udeid, built by it at a cost of \$1 billion in 1996. In 1999, the Emir of Qatar specifically requested the U.S. to station at least 10,000 troops there. Currently, the number exceeds 11,000.
  3. **Qatar purported support to Muslim Brotherhood**

- The UAE resents Qatar's support to the Muslim Brotherhood organisation.
- The UAE supported financially and otherwise the plot hatched by the military-led Deep State in Egypt to bring down Mohamed Morsi, the first democratically elected President in Egypt's history.
- The only non-GCC member to participate in the blockade of Qatar is Egypt. The government of President Abdel Fattah el-Sisi resents the support that Qatar extended to Morsi and to the Muslim Brotherhood after Morsi was removed in a military coup in July 2013 when el-Sisi took over.
- Qatar and the UAE have supported opposing camps in Libya. The UAE takes seriously unsubstantiated media reports that Muslim Brotherhood leader Yusuf al-Qaradawi, living in Qatar, has been plotting against it.

#### 4. US role

- One significant actor from outside the Arab world is U.S. President Donald Trump.
- In March 2017, an alliance was struck between the White House and the House of Saud.
- In May, Trump went to Saudi Arabia, his first visit abroad as President. He was received with much fanfare and pomp by King Salman. It is believed that Trump was asked for, and had given his, endorsement to the proposed action against Qatar.
- The U.S. has pursued an incoherent policy in the matter. Qatar hosted the biggest U.S. air base in the region and that it was not in the U.S.' interests to drive Qatar into Iran's arms.
- Secretary of State Rex Tillerson tried to mediate between Qatar and Saudi Arabia but stood no chance with Trump's open support to Saudi Arabia.

#### 5. Qatar relations with Iran

- There are reports of the Emir calling Iran "an Islamic power" and claiming that Qatar had "good relations with Israel"..

### India's position

- India has scrupulously avoided saying anything to annoy either side, for understandable reasons.
- If hostilities break out, India will face the daunting problem of repatriating 8 million of its nationals, not to mention its dependence on the region for energy imports.
- The evacuation of 176,000 people from the region in 1990-91 was a formidable task accomplished competently. It is a **pity that India lacks the diplomatic clout to**

mediate discreetly in the region, mainly because it has not cultivated personally the rulers and other influential persons.

### Conclusion

- The U.S. could have imposed a settlement if it had acted in good time. There is a stalemate that might last for a while, adversely affecting the economies of the member-states.
- Qatar, worried over a military move by Saudi Arabia, did take the precaution of asking Turkey to strengthen its military base in Qatar. Saudi Arabia did try to encourage a regime change by supporting a Qatari prince, but it was an inconsequential move.

### Connecting the dots

- **The apparent disintegration of GCC highlights the faultlines in the politics of Middle East. What is its role in maintaining the regional stability and prospective future?**

## Bitcoin in the Financial Markets and Blockchain Technology

### GS 3

- **Investment models**
- **Awareness in the fields of IT**

### What is bitcoin?

- Bitcoins are “mined” by players by solving complex mathematical puzzles that require combining guesses with running algorithms. Each step creates a block of transactions linked or chained to the puzzle in the previous block—hence the term “blockchain”. When the puzzle is solved the miner is rewarded with an allocation of bitcoins.
- However, the process of generating new bitcoins is planned and the total volume to be generated is capped.
- The cap is 21 million bitcoins and the pace of their generation is adjusted downwards so that the cap is reached only in 2140. As of now, **around 16.7 million bitcoins have been released.**

- Launched in 2009, the role of bitcoin has always been in question

## Origin of Bitcoin

- Bitcoin was launched at the time of the global financial crisis in 2008-09, when the value of most financial assets and even of others like real estate had fallen sharply.
- Simultaneously, central banks in the U.S., the United Kingdom and subsequently Europe resorted to a policy of **quantitative easing** to save banks and financial firms. This involved buying up financial assets to inject large volumes of **cheap liquidity** into the system.
- With interest rates too at long-term lows, this liquidity has found its way into speculative investments in asset markets, **resulting in asset price inflation** that has been troubling institutions like the Bank of International Settlements.

## Arguments in favour

### 1. Competition to national currencies good

- Enthusiasts argue that cryptocurrencies like bitcoin are **rapidly transforming into mainstream money that will offer serious competition to national currencies** issued by central banks.
- Decentralised management by a community that can ensure integrity through verification of transactions over a “public”, peer-to-peer network

### 2. Excellent returns

- Extraordinary return the digital currency has given investors as its price has witnessed a meteoric rise, from just a few cents in 2010 to hit a lifetime high of over \$11,000 last week. In 2017 alone, bitcoin price has increased by over 1000%.
- **Other cryptocurrencies like Ethereum** too have shown equally impressive gains and falls, particularly over the last year.
- Therefore they see bitcoin’s current price rise as merely a reflection of its bright future as a stateless currency.

### 3. Prevent identity

- One advantage of the currency is that transactions involving movements of large volumes of money across space and borders can be conducted without revealing the identity of the transactor.

## Arguments against

### 1. Financial bubble

- Sceptics, however, have pointed to the **Tulip Bubble of the 17th century and Internet stocks of the late 1990s** as cautionary examples.
- Prices are clearly being driven by speculation, as there is no underlying asset to back them. Further, rising prices will attract more people to start such currencies and invest in them. This will increase the contact of virtual currencies with formal finance, and developments in this market would affect the financial system.

### 2. Acceptability low

- Yet the fundamental value of any currency is based not on its underlying technology but on its general acceptability as money for the purpose of commerce.
- Bitcoin, or any other cryptocurrency, is nowhere close to widespread use as a medium that helps in the exchange of goods and services.
- Earlier this year, a **Morgan Stanley research note concluded that bitcoin's acceptance "is virtually zero"**.
- In fact, it found that the acceptance of bitcoin among the top 500 online retailers actually dropped in the last year.
- In itself there was no reason to expect that bitcoin would emerge as an alternative asset, since there was nothing endowing it with value other than the state of demand relative to the limited quantity being put into the market.
- So long as that demand was restricted to those from the "bitcoin community", the virtual currency had little value in terms of real currency.

### 3. Affects investment in areas wherever required

- An **increase in the use of such instruments could also affect financial intermediation, investment and growth**. Therefore, it is important for policymakers to carefully evaluate the potential costs and benefits of a possible rise in the use of unregulated cryptocurrencies.

### 4. Financial instability

- If **automated risk management, smart contracts**, and similar tools are deployed across a network, **cascades of rapid and hard-to-control obligations and liquidity flows could propagate across a network**

- This interdependence will likely call for creative organizational thinking to address the need for governance and strong risk management.
- A central bank manages the supply and cost of money in the system to attain maximum growth with price stability. But in the world of unregulated cryptocurrencies, central banks may find it difficult to manage the level of economic activity.

#### 5. Financial avenue for criminals due to identity security

- Criminals of various kinds have been using the currency to transfer funds.
- For example, demand for bitcoins initially rose because drug dealers were making payments with the currency on the Silk Road website. Since then there have been many reports about the links between illegal activities and the bitcoin market.

#### Conclusion

- The blockchain technology may well have some merits, as shown by **increasing interest in it even among central banks and other financial institutions**. Many have even started offering financial products and services centred around bitcoin.
- It is also a telling sign of the times where **easy monetary policy has pushed investors starved of yield in traditional assets into highly risky assets like bitcoin**.

#### Technology of blockchain

- Bitcoin is an **unregulated cryptocurrency which is administered by a network of users through an open and distributed ledger known as blockchain**.
- **Each transaction is verified by the network**.
- Since it is a distributed ledger and **no one person or organization controls it, technically, chances of someone manipulating the system are very low**.
- Blockchain has the **potential to end property-related litigation in a country like India**.
- The **government can have a blockchain where ownership and transactions can be tracked easily**.

#### Benefits

##### 1. Efficiency in transactions

- **Blockchain can make government spending more efficient in areas such as the social sector, as it will increase transparency**.

## 2. Reduce costs

- The technology is also being tested in the financial sector to settle transactions.
- This could help **reduce costs for financial institutions and the working capital requirement for other firms.**
- Because the distributed ledger have the **usage such as smart contracts.**

## Challenges

### 1. Financial instability

- If **automated risk management, smart contracts,** and similar tools are deployed across a network, **cascades of rapid and hard-to-control obligations and liquidity flows could propagate across a network**
- This interdependence will likely call for creative organizational thinking to address the need for governance and strong risk management.
- A central bank manages the supply and cost of money in the system to attain maximum growth with price stability. But in the world of unregulated cryptocurrencies, central banks may find it difficult to manage the level of economic activity.
- An **increase in the use of such instruments could also affect financial intermediation, investment and growth.** Therefore, it is important for policymakers to carefully evaluate the potential costs and benefits of a possible rise in the use of unregulated cryptocurrencies.

## Conclusion

- Even though the future of cryptocurrencies is uncertain at this stage, it is the **idea of blockchain that deserves more attention, as it could potentially transform the way transactions are settled.**
- Regulators would do well to closely track developments in this area so that financial stability risks can be avoided if adoption increases in the system.

## Connecting the dots

- **What are the advantages and disadvantages of the bitcoin in the financial markets?**
- **Blockchain technology can play an important role to realise e-governance initiatives. Assess.**

# India-ASEAN Partnership

## GS 2

- Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests
- India and its neighbourhood- relations
- Important International institutions, agencies and fora- their structure, mandate

## Intro

- India and the 10-member Association of South East Asian Nations (ASEAN) are currently celebrating 25 years of their rapidly expanding partnership.
- They are also marking 15 years of their Summit engagement and five years of Strategic their Partnership.
- In addition, ASEAN completed 50 years of its establishment in 2017.
- To mark the 25th anniversary of the partnership, all 10 Heads of States/Governments of ASEAN States will participate as Chief Guests in the Republic Day celebrations on 26 January 2018. This is for the first time that more than one Head of State/Government has been invited as Chief Guest on India's National Day. The presence of the entire ASEAN leadership on this occasion is a **natural extrapolation of the Act East Policy** (AEP) launched by Prime Minister Narendra Modi at the first East Asia Summit (EAS) attended by him in Myanmar in November 2014.

## Act East Policy

- AEP is the successor to the Look East Policy (LEP) that was put in place by then Prime Minister Narasimha Rao in 1992 under radically different geo-political and economic circumstances.
- LEP was **primarily focused on strengthening economic ties** between India and ASEAN states. The end of the cold war and disintegration of the Soviet Union in 1991 provided a welcome opportunity for India to reach out to South-East Asia to capitalize upon its historical, cultural and civilisational linkages with the region.
- As External Affairs Minister **Sushma Swaraj** said at the recently held ninth edition of the Delhi Dialogue, India's age old ties with South-East Asia have been **established through culture, trade and religion and not through "conquest and colonization."**



## Nature of relations

- ASEAN continues to form the central pillar of India's Act East Policy. This is evident from the very active exchange of visits that has taken place between India and the region. Relations, which were earlier seen as lackadaisical, are again assuming renewed vigour.
- **The Look East Policy registered impressive gains for 20 years** after its inception.
- Relations with ASEAN have become **multi-faceted** to encompass security, connectivity, strategic, political, space technology, counter-terrorism and anti-insurgency operations, anti-radicalisation, trade and investment, maritime security and defence collaboration, in addition to economic ties.

### 1. Economic Relations

- Having become a **sectoral partner of ASEAN in 1992**, India became a **dialogue partner and member of the ASEAN Regional Forum (ARF) in 1996**.
- India and ASEAN entered into a **summit partnership in 2002**, the 10th anniversary of LEP, and launched **negotiations for a Free Trade Agreement (FTA) in goods in 2003**. These discussions culminated in a bilateral deal being **concluded in 2009 and becoming effective in 2010**. Bilateral trade and investment showed impressive gains in the first decade of this century.
- India's two-way trade with ASEAN now stands at approximately USD 76 billion. India and ASEAN missed out on achieving the two-way trade target of USD 100 billion set during the Commemorative Summit held on the 20th Anniversary of the bilateral partnership in 2012 in New Delhi.
- The **India-ASEAN Free Trade pact in services and investments**, which was **concluded in 2014** and came into effect a year later, has the potential to reduce India's trade deficit with the region as also impart a strong impulse to bilateral exchanges.
- India is also a **part of the ASEAN-led Regional Comprehensive Economic Partnership (RCEP)**, which, when concluded and implemented, will cover almost 40 per cent of the world's population, 33 per cent of global GDP and 40 per cent of world trade.

### 2. Strategic relations

- India and ASEAN are natural partners in their desire to create a free, open and inclusive regional architecture.

- They are active **participants in the East Asia Summit (EAS), ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meeting Plus (ADMM-Plus), and the Expanded ASEAN Maritime Forum (EAMF).**

### 3. Miscellaneous relations

- Currently, there exist **30 different dialogue mechanisms** between India and the ASEAN states focusing on a range of sectors. These comprise an annual Summit and seven Ministerial meetings focused on a variety of areas that include foreign affairs, economy, environment, tourism, etc.
- The **ASEAN-India Centre (AIC), established in 2013**, has enhanced the strategic partnership by concentrating on policy research and recommendations as well as organising meetings between think-tanks and similar institutions in India and ASEAN countries. AIC seeks to bridge the existing information divide amongst the people of the two regions.
- **Exchange programmes** have been put in place for frequent interaction between students, senior officials, diplomats, academics, media professionals, etc.

## Challenges and Opportunities

- Common concerns and aspirations as well as similar threats and challenges confront the ASEAN countries and India at a time when not only Asia but the whole world is in the throes of an uncertain and unpredictable phase.

### 1. Connectivity

- Connectivity between **India and ASEAN, particularly Myanmar and Thailand**, has emerged as a significant element in cementing bonds between the two regions.
- Better infrastructure connecting Northeast India and ASEAN has become the sine qua non for stronger economic and trade partnership and vital contributor to prosperity and economic development of the region.
- The **allocation of USD 1 billion by Prime Minister Modi during his visit to Malaysia in September 2015** to support connectivity projects is testimony to the importance that the government attaches to rapidly developing infrastructure and bring the regions closer.
- Two major connectivity projects, viz., the **Trilateral Highway between north-east India and Myanmar and onwards to Thailand (and Laos and Vietnam)** as well as the **Kaladan multi-modal transit and transport project**, have been under implementation for several years. Both are likely to soon become operational.

## 2. Security of north-eastern states

- Stronger relations between India and Myanmar have also helped to quell insurgency and extremism in the north-eastern states of India.
- Peace, stability and security of north-east India will be further preserved and promoted with more robust ties and understanding with Myanmar.
- India has recognized that the **success of the AEP will be determined by its contribution to security and economic development of Northeast India.**

## 3. Indian diaspora

- The large Indian diasporas in many Southeast Asian countries help strengthen diplomatic, economic and security relations between India and ASEAN as they contribute to expand and intensify bonds.
- The Indian diaspora comprises an important instrument of India's soft power.

## Chinese Conundrum

- In a rapidly evolving geo-political scenario marked by China's assertive military, political and economic rise, the AEP has imparted greater dynamism to India's ties with ASEAN.
- The **issue of ownership, control, use and exploitation of oil, gas, mineral and fisheries resources in the South China Sea** has emerged as a major dispute between China and several ASEAN countries like Vietnam, Philippines, Brunei and Malaysia.
- This is an issue that has **divided ASEAN** down the middle. There is no unanimity amongst them on how to deal with China on this issue.
- **India is concerned because more than 40 per cent of its trade passes through the South China Sea.** It is also interested in harnessing fossil fuel resources in the region for meeting its energy needs. ONGC Videsh Limited (OVL) entered into an agreement with Vietnam to prospect in oil blocks 127 and 128 off the Paracel islands which fall within the Exclusive Economic Zone of Vietnam.
- India and several other countries have **supported freedom of navigation, ensuring maritime security, expeditious resolution of disputes according to provisions of international law, viz., the UN Convention on the Law of the Seas 1982, developing a Code of Conduct, and settlement of disputes through dialogue and peaceful means.**
- China's increasing intemperance and intractability over the last many years has added to the anxieties and concerns of countries in South East Asia and beyond. They want India to play a more active countervailing role in the region.

## India – U.S. Partnership in the Region

- Relations between India and USA have progressed and grown in recent years.
- A strong impetus was provided by President **Obama's visit** to India as the Chief Guest at its **Republic Day function in 2015** and the **issuance of a Joint Strategic Vision for the Asia Pacific and Indian Ocean Region**. This partnership was given a further fillip during the visit of US President Trump to East and Southeast Asia in November 2017. **Trump's consistent use of the expression "Indo-Pacific"** throughout his visit, instead of the more commonly used "Asia Pacific" to signify that India is a significant player in the region and will need to be included in all discussions and decisions on peace and security of the region, sent out a clear message about the common position held by India and USA regarding developments in the region.
- It also signalled that the USA and India will partner each other to promote a free and inclusive Indo-Pacific region.
- A meeting of the **Quad** (USA, Japan, Australia and India) at the level of officials also gave a strong indication of the interest of these countries in working together to ensure a free, open, inclusive and prosperous region.

## Conclusion

- India and ASEAN account for about **30 per cent of the global population** (i.e., 1.85 billion people) and a **combined GDP of approximately USD 5.1 trillion**.
- Given their combined clout, it is but natural for them to expand their areas of collaboration particularly in view of the rapidly changing and uncertain global and regional scenario.
- Originally conceived as an economic initiative in 1991, this engagement has evolved in terms of geographical expanse and sectoral reach across the three pillars of **politico-security, economic and socio-cultural cooperation**. Besides geographical proximity, historical commonalities, cultural affinities and commercial interests, **India's AEP has been driven by geo-strategic concerns as well**.
- The promotion of India's geostrategic interests in the Indo-Pacific region depend on India's bilateral and multilateral/regional engagements with the countries in the region. It is hence essential to strengthen collaboration with ASEAN as an organisation as well as with individual Southeast Asian countries.
- Despite progress made over the last 25 years in India-ASEAN ties, there remains **immense scope for further growth in the relationship**.
- This is one of the most dynamic regions of the world today, and it is necessary for both India and ASEAN to actively collaborate to shape the so-called '**Asian century**'.

A stronger partnership and enhanced cooperation should be prioritised by both sides if the full potential of this engagement is to be realised.

### Connecting the dots

- **India-ASEAN relations require comprehensive engagements on various levels to upgrade to Act East policy in full spirit. Analyse.**

Best Wishes!

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