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• LEGAL

Motion in both Houses, 2/3rds majority: Process to remove CEC

Amaal Sheikh
New Delhi, September 24

CONGRESS LEADER Rahul Gandhi, the Leader of the Opposition in Lok Sabha, on Thursday demanded Chief Election Commissioner (CEC) Gyanesh Kumar's resignation, following *The Indian Express* investigation on the rupture within the Election Commission of India (ECI).

Congress sources also told *The Indian Express* on Thursday that the Opposition will soon move a motion in both houses of Parliament to remove the CEC. "The motion is being drafted with legal experts and we'll soon submit notices in both Houses on behalf of joint Opposition," said a source.

The Indian Express investigation had revealed the criticisms that Election Commissioners Sukhbir Singh Sandhu and Vivek Joshi raised internally against the decisions and processes of the ECI over the last few months. The ECI has three Election Commissioners and the CEC is first among equals — not the seniormost. Decisions are to be taken unanimously by all three as far as possible. Here is what the law says on the removal of the CEC.

How are Election Commissioners appointed?

The ECI is entrusted with the responsibility of conducting free and fair elections

in the country. Article 324 of the Constitution and the CEC and Other Election Commissioners (Appointment, Conditions of Service and Term of Office) Act, 2023 lay down provisions regarding the appointment, tenure, and removal of the CEC.

The President appoints the CEC and Election Commissioners upon the recommendation from a three-member selection committee comprising the Prime Minister, the Leader of the Opposition (LoP), and one member of the Union Cabinet. Those appointed should have previously held secretary-level positions in the Government and be "persons of integrity, who have knowledge of and experience in management and conduct of elections," according to the 2023 Act.

The appointments are made for a tenure of six years or until the age of 65 years, whichever comes first. The CEC enjoys the same services and monetary benefits extended to justices of the Supreme Court.

How can the Chief Election Commissioner be removed?

Article 324(5) of the Constitution states that the CEC can be removed from office only "in like manner and on the like grounds as a Judge of the Supreme Court." This framing can also be found in Section 11(2) of the 2023 Act. The article further states that "any other Election Commis-

Parallels to SC judges

• The CEC enjoys the same services and monetary benefits extended to justices of the Supreme Court.

• Article 324(5) of the Constitution states that the CEC can be removed from office only "in like manner and on the like grounds as a Judge of the Supreme Court".

sioner or a Regional Commissioner shall not be removed from office except on the recommendation of the Chief Election Commissioner".

With the view of shielding the ECI from political pressures, the bar for removing the CEC is purposefully set to be high. Going by Article 124(4) of the Constitution, which contains the process for removing a Supreme Court judge, removal can only be "on the ground of proved misbehaviour or incapacity."

Misbehaviour can comprise any corrupt practices or abuse of office. Over the years, courts have interpreted this to include actions which are incompatible with the office of the CEC or the CEC's failure to discharge her official duties. Incapacity refers to a situation where the officer is unable to perform her duties.

According to the Judges (Inquiry) Act, 1968, to initiate the removal of a judge, members of both Houses must bring a notice of motion explicitly alleging misbehaviour or incapacity. To be admitted, an impeachment motion needs to be signed by at least 100 MPs in the Lok Sabha and 50 in the Rajya Sabha. They can consult people and materials to refuse or admit the motion. If the motion is admitted, an enquiry is conducted to examine the validity of the charges. This involves forming a committee to investigate evidence of misbehaviour

or incapacity. This process would be extended to the removal of the CEC.

The motion for removal then needs to be passed by a two-thirds majority "present and voting" in both houses of Parliament. Once passed successfully, the President orders the removal of the CEC. There is no discretion once the constitutional requirements are met, since the President acts on the advice of Parliament in this context.

Has any CEC been impeached?

No. Back in April, the Rajya Sabha Chairman and Lok Sabha Speaker rejected the impeachment motions submitted in both Houses by the Opposition to remove CEC Kumar. Both presiding officers did not assign any reason for their decisions and the Opposition leaders criticised the move.

The TMC led the Opposition in submitting the impeachment motions in the Lok Sabha and Rajya Sabha on March 12, with 130 MPs signing the former and 63 the latter. Both motions referred to the Election Commission's ongoing Special Intensive Revision (SIR) of electoral rolls, and alleged "partisan and discriminatory conduct" on the part of the CEC and "obstruction of investigation into electoral fraud and SIR".

The *Express* investigation also found that the two Election Commissioners raised concerns about processes linked to the SIR.

1. Motion in Both Houses, 2/3rd Majority: Process to Remove the CEC

Source: The Indian Express

GS: GS-2 — Polity & Governance | Constitutional Bodies | Electoral Reforms

Context

- Reports of differences within the **three-member Election Commission of India (ECI)** have brought the functioning and independence of the Commission into focus.
- The proposed motion seeking removal of **Chief Election Commissioner (CEC) Gyanesh Kumar** has brought the constitutional procedure for removal into discussion.

1. Constitutional Framework of the Election Commission

1. **Article 324:** Establishes the ECI and gives it superintendence, direction and control over elections to Parliament, State Legislatures, President and Vice-President.
2. **Composition:** The ECI consists of the **CEC and other Election Commissioners**, as determined by the President.
3. **CEC as Chairman:** When other Election Commissioners are appointed, the CEC functions as the **Chairman of the Commission**.

2. Removal of the Chief Election Commissioner

1. **Special constitutional protection:** Under **Article 324(5)**, the CEC can be removed only **in the same manner and on the same grounds as a Supreme Court Judge**.
2. **Grounds:** Removal is possible only for **proved misbehaviour or incapacity**.
3. **Initiation:** A removal motion requires signatures of at least **100 Lok Sabha members or 50 Rajya Sabha members** under the **Judges (Inquiry) Act, 1968**.
4. **Inquiry:** If admitted, a **three-member inquiry committee** examines the allegations.
5. **Parliamentary approval:** Both Houses must separately pass the removal motion by a **majority of their total membership and at least two-thirds of members present and voting**.
6. **Final removal:** After the required parliamentary address, the **President issues the order of removal**.

3. Removal of Other Election Commissioners

1. **Different statutory protection:** Under **Section 11(3) of the Chief Election Commissioner and Other Election Commissioners (Appointment, Conditions of Service and Term of Office) Act, 2023**, an Election Commissioner other than the CEC cannot be removed except on the **recommendation of the CEC**.
2. **No parliamentary removal process:** The other Election Commissioners do not undergo the Supreme Court Judge-like removal procedure prescribed for the CEC.
3. **Institutional safeguard:** The requirement of the CEC's recommendation prevents their removal solely at the discretion of the executive.

4. Why Such Strong Protection?

1. **Electoral independence:** The ECI must conduct elections independently, including elections involving the government in power.
2. **Security of tenure:** A high threshold for removal prevents Commissioners from being vulnerable to removal for taking decisions that may be politically inconvenient.
3. **Constitutional neutrality:** Removal safeguards help the Commission function as a **neutral constitutional authority** rather than an institution dependent on executive confidence.
4. **Public confidence:** Independence in appointment, functioning and removal is essential for maintaining **trust in the electoral process**.
5. **Checks on executive power:** The removal mechanism ensures that the executive cannot easily control the institution through the threat of removal.

• ECONOMY

What would it take to triple the size of India's economy

The answer depends on the currency used for the calculation. Since the rupee weakens every year, achieving this aim in dollar terms is a challenge



UDIT MISRA

IN A recent interview, Jamie Dimon, the Chairman of the Board and Chief Executive Officer of JPMorgan Chase & Co., said that India's economy could be three times its current size over the next decade.

"My guess is if we meet again in 10 years... your economy 10 years from now will probably be three times the size," Dimon told *CNBC-TV18*, as he sounded upbeat about the future and outlined continued expansion of the firm's business in the country. India's annual GDP is around \$4.2 trillion.

Dimon's words carry weight because JPMorgan Chase is one of the biggest banks in the world, if not the biggest. As a financial firm, it operates across the world and has assets of \$3.2 trillion. In India, by its own account, JPMorgan Chase has provided over \$80 billion (or Rs 77 lakh crore or trillion) as credit and capital to clients across various industries since 2019. Additionally it has spent \$90 million (Rs 861 crore) in philanthropic contributions since 2015.

A brief history of GDP targets

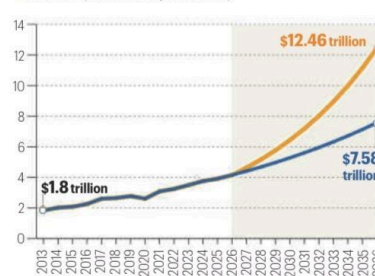
This is not the first time someone in authority has given a projection for India's economy. For a while now, the current government has been chasing the \$5-trillion economy mark.

The initial reference to the figure was made by Prime Minister Narendra Modi in a speech at the World Economic Forum in 2018. At that time, he had said that the size of India's economy will be \$5 trillion by 2025. In 2018, India's annual gross domestic product (or GDP, which is the measure of the size of any economy) was \$2.7 trillion.

In a speech later in 2018, the PM advanced this target to 2022. According to data from the International Monetary Fund (IMF), India's GDP was \$3.9 trillion at

• Chart 1: Tripling GDP in \$ terms would mean doubling rate of annual economic growth

• Indian GDP (business as usual)*
• Indian GDP (if it wants to triple in \$ terms)**



*COMPOUNDED ANNUAL GROWTH RATE (CAGR) OF 6.2%. **CAGR OF 11.6%. NOTE: TRILLION IS LAKH CRORE. SOURCE: IMF

of the end of 2025-26 (which IMF refers to as 2025).

Over the years, however, the \$5-trillion target gave away to the target of becoming a Viksit Bharat (or developed India) by 2047. In hard numbers, this was referred to as becoming a \$35-trillion economy by 2047. In October last year, during the Berlin Global Dialogue, India's Commerce and Industry Minister Piyush Goyal asserted that India will be a \$30-trillion economy in 20-25 years.

Tripling GDP size

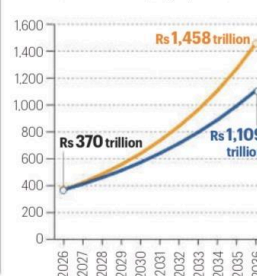
So, how likely is it for India to triple its GDP size in the next 10 years? The answer crucially depends on whether Dimon was talking about India tripling its GDP in Indian rupee terms or in US dollar terms.

Typically, India's GDP is initially assessed in Indian rupee terms (called the nominal GDP).

For international comparisons, GDPs of different countries are recalculated in US dollar terms. This recalculation is done by

• Chart 2: Difference between tripling in rupee and \$ terms

• India GDP needed for tripling in rupee terms
• India GDP needed for tripling in \$ terms



using the exchange rate of any given currency with the US dollar.

Since India's rupee weakens against the US dollar every year, achieving this goal in US dollar terms is considerably tougher than achieving it in rupee terms. For instance, between 2014 and 2026, the Indian rupee has depreciated by 3.2% each year against the US dollar.

It should be noted that the calculations in this article are all about nominal GDP, and not "real" GDP, which is calculated after taking away the effect of inflation, and is often the more commonly talked about version of GDP.

Tripling GDP in \$ terms

Chart 1 shows that tripling the size of annual GDP in the next 10 years would require India to double the rate at which the economy grows each year.

Between 2014 and 2026, India's GDP in US dollar terms has grown at a compounded annual growth rate (CAGR) of 6.2%. If India continues to grow at this rate,

then in 2036, India's GDP will only be \$7.6 trillion. This is far lower than a tripling from the 2026 level of \$4.2 trillion.

To triple the GDP size to \$12.5 trillion by 2036, India would have to grow at 11.6% each year in US dollar terms between now and 2036 — that's almost double the rate achieved in the past 12 years.

To achieve this rate in US dollar terms, India's nominal GDP (in rupees) would have to grow at 15% (14.7% to be exact) each year until 2036.

To understand how ambitious this growth rate is, it helps to note that India's nominal GDP (in rupees) grew at a CAGR of 10% between 2014 and 2025. What's more, this 10% growth rate is based on the old GDP series that gave a higher estimation of India's GDP and was discarded this year.

Tripling in INR terms

In contrast, tripling nominal GDP in INR terms is a much more likely possibility.

To triple in Indian rupee terms India would have to register an average growth rate of 11.6% of nominal GDP — that's still higher than the 10% rate achieved since 2014 but far easier to achieve than the 14.7% required to triple in US dollar terms.

Chart 2 shows the contrast between the trajectory required to triple the GDP in dollar terms as against tripling in rupee terms.

Jamie Dimon's reference

For any international investor, who invests using US dollars, the only returns that matter are the ones in dollar terms. If the Indian economy grows at 10% in rupee terms in a particular year but this growth happens in such a manner that rupee depreciates by 10% against the US dollar, then India's growth in dollar terms in that year will be zero. The same argument holds true for foreign investors and how they calculate the returns on their investments. It is more likely that they expect India's GDP to treble in dollar terms.

While expecting a trebling of GDP is a great sign of confidence in India's growth story, as shown in the calculations above, achieving it will be difficult, especially given the evidence of the past 12 years.

Assessing GDP

Typically, India's GDP is initially assessed in Indian rupee terms.

• For international comparisons, GDPs of different countries are recalculated in US dollar terms.

2. What Would It Take to Triple the Size of India's Economy?

Source: The Indian Express

GS: GS-3 — Indian Economy | Economic Growth & Development

Context

- JPMorgan Chase Chairman and CEO **Jamie Dimon** has suggested that India's economy could become nearly **three times its present size over the next decade**.
- The feasibility of this target depends on whether GDP is measured in **rupee or US-dollar terms**, as exchange-rate movements significantly affect India's dollar-denominated GDP.

1. What Does Tripling the Economy Mean?

1. **Present size:** India's nominal GDP is around **\$4.2 trillion**; tripling it would require reaching roughly **\$12.5 trillion**.
2. **Different measurements:** Domestic GDP is measured in **rupees**, while international comparisons generally convert it into **US dollars**.
3. **Exchange-rate effect:** Rupee depreciation means that even strong domestic GDP growth may translate into a considerably lower increase in **dollar GDP**.
4. **Nominal GDP:** The calculations refer to nominal GDP, which reflects both **real growth and price changes**.

2. How Much Growth Is Required?

1. **Dollar terms:** Reaching about **\$12.5 trillion by 2036** would require approximately **11.6% annual growth in US-dollar GDP**.
2. **Rupee terms:** Because of expected currency depreciation, achieving this dollar target would require roughly **14.7% annual nominal GDP growth in rupee terms**.
3. **Current trajectory:** India's GDP in dollar terms grew at around **6.2% CAGR during 2014–2026**; continuing at this rate would produce only about **\$7.6 trillion by 2036**.

3. Challenges

1. **Currency depreciation:** A weakening rupee can reduce the dollar value of India's domestic economic expansion.
2. **Productivity:** Sustaining very high growth requires substantial and continuous gains in **labour and total-factor productivity**.
3. **Employment:** India must generate enough **productive, non-farm employment** to absorb its large working-age population.

4. **Investment requirement:** Such rapid expansion requires sustained investment in **infrastructure, manufacturing, technology and productive capacity**.
5. **Global environment:** Protectionism, geopolitical tensions, commodity-price volatility and weak global demand can constrain exports and investment.
6. **Macroeconomic stability:** Inflation, fiscal pressures and external-sector vulnerabilities can limit the space for sustained high growth.

4. What Needs to Be Done?

1. **Raise productivity:** Promote technology adoption, innovation, better management and efficient allocation of capital to increase output per worker.
2. **Boost investment:** Strengthen both public infrastructure investment and **private-sector capital formation**.
3. **Expand manufacturing:** Build competitive manufacturing capabilities and integrate Indian firms more deeply into **global value chains**.
4. **Create productive jobs:** Facilitate the shift of workers from low-productivity agriculture and informal activities towards **manufacturing and modern services**.
5. **Develop human capital:** Improve **education, skilling, healthcare and female labour-force participation** to fully utilise India's demographic potential.
6. **Strengthen exports:** Improve logistics, trade competitiveness and product diversification to increase export earnings and foreign-exchange resilience.
7. **Maintain macroeconomic stability:** Keep inflation under control, maintain fiscal sustainability and strengthen external-sector resilience.

• **GEOPOLITICS**

‘Enemy state’ in UN charter: What is it, why Japan wants it removed

Abhinav Chakraborty

New Delhi, September 24

IN HER address to the United Nations General Assembly (UNGA) on Tuesday, Japan’s Prime Minister Sanae Takaichi called on the UN to remove references to “enemy states” in its Charter. Both China and Russia have used the label recently to attack Japan’s plans to ramp up its defence spending.

What UN Charter says

The UN Charter, which came into force in the immediate aftermath of World War II on October 24, 1945, contains numerous references to “enemy states”.

Paragraph 2 of Article 53 defines “enemy state” as “any state which during the Second World War has been an enemy of any signatory of the present Charter”. This referred to WWII’s defeated Axis Powers — Germany, Italy, and Japan — and their allies.

The victorious Allied Powers (the US, the UK, and the Soviet Union) viewed this as a mechanism to counter the re-emergence of militarism and fascist politics in “enemy states” without having to seek recourse to the UN Security Council (UNSC).

Article 107 allows the Allied Powers the legal right to take enforcement actions (including the use of military force) against the “enemy states” without needing prior UNSC approval — an exception to the general rule requiring UN approval.

**PRESSURE ON
TOKYO**

*Why Takaichi asked
for scrapping it*

In the past, Japanese

3. 'Enemy State' in UN Charter: Why Japan Wants It Removed

Source: The Indian Express

GS: GS-2 — International Relations | United Nations | Global Governance

Context

- Japan has renewed its demand for deletion of the “**enemy State**” **clauses** from the UN Charter, which originated in the post-World War II security arrangement.
- The issue has gained relevance amid Japan's present security tensions with **China and Russia** and wider debates over reform of the UN system.

1. Why Was Japan Called an “Enemy State”?

1. **World War II background:** Japan fought against the Allied powers during World War II as a major member of the **Axis powers**, alongside Germany and Italy.
2. **1945 UN Charter:** When the Charter was drafted, the defeated Axis powers were still treated as potential security threats.
3. **Who was covered?** The Charter did not specifically list countries; **Article 53(2)** defines an enemy State as any state that had been an enemy of a signatory during World War II.
4. **Practical application:** The provisions were principally designed with the **former Axis powers — Germany, Italy and Japan — in mind**.
5. **Japan today:** Japan subsequently became a **UN Member State in 1956** and is now an established participant in the UN system, making the continued presence of these World War II-era provisions increasingly anachronistic.

2. What Are the “Enemy State” Clauses?

1. **Article 53:** Creates an exception concerning certain enforcement measures against an enemy State without the normal Security Council authorisation requirement.
2. **Article 107:** Preserves the validity of actions taken against former enemy States as a consequence of World War II.
3. **Article 77:** Also contains an “enemy State” reference in relation to the **trusteeship system**.
4. **Present relevance:** These provisions are generally regarded as **obsolete in practical terms**, although they remain formally part of the Charter.

3. Why Does Japan Want Them Removed?

1. **Changed international position:** Japan is no longer a defeated wartime power but a UN Member State participating in international institutions.

2. **Sovereign equality:** Retaining special provisions based on wartime status appears inconsistent with the contemporary principle of **sovereign equality of states**.
3. **Security concerns:** References to the clauses by China and Russia have acquired significance in Japan's present geopolitical environment.
4. **UN reform:** Their deletion would symbolically remove a **World War II-era provision** and align the Charter more closely with contemporary international relations.

4. Why Have They Not Been Deleted?

1. **Formal Charter provision:** Because the clauses are embedded in the UN Charter, an ordinary General Assembly resolution cannot delete them.
2. **1995 initiative: General Assembly Resolution 50/52** recognised the “enemy State” clauses as obsolete and expressed an intention to initiate the formal amendment process. It was adopted **155–0–3**.
3. **No formal amendment:** The resolution did **not itself delete the clauses**; the required Charter-amendment process was never completed.
4. **Political difficulty:** Different views among major powers have prevented the issue from progressing to formal deletion.

5. How Can They Be Removed?

1. **Charter amendment:** Deletion requires the **Article 108** amendment procedure.
2. **General Assembly:** The amendment must be adopted by a **two-thirds majority of the General Assembly**.
3. **Ratification:** It must then be ratified through national constitutional procedures by **two-thirds of UN Member States**.
4. **All P5 required:** Those ratifications must include **all five permanent members — US, UK, France, Russia and China**.
5. **No separate Security Council vote:** Each P5 country must individually ratify the amendment; the Security Council itself does not vote to delete the clauses.

111 MPs and MLAs switched sides after being elected: data

The Hindu Bureau

NEW DELHI

A total of 111 sitting MPs and MLAs changed their political parties after being elected to the current Lok Sabha, Rajya Sabha and State Assemblies since 2022. Among them, 26 were members of the Lok Sabha, seven were of the Rajya Sabha and 78 were of Legislative Assemblies, according to an analysis by the Association for Democratic Reforms (ADR) and National Election Watch.

The analysis was based on the elections and bye-elections held between 2022 and 2026.

Highest in Nagaland
Nagaland recorded the

(NDPP), All India Trinamool Congress and Indian National Congress together accounted for 64 (58%) of the 111 MPs/MLAs who changed parties.

The highest number of party switches was recorded among representatives originally elected from the NDPP (25, 23%), followed by the Trinamool (20, 18%) and the Congress (19, 17%).

The Bharat Rashtra Samithi (BRS) accounted for nine (8%) party switches.

Fall of govts.

It is noteworthy that the recent fall of governments in some State Assemblies was attributed to defections, the report said.

In terms of parties that received the maximum

4. 111 MPs and MLAs Switched Sides After Being Elected: Data

Source: The Hindu

GS: GS-2 — Polity & Governance | Parliament & State Legislatures | Anti-Defection

Context

- An **Association for Democratic Reforms (ADR)** analysis found **111 sitting MPs and MLAs** who changed political parties after being elected during **2022–2026**.
- The finding has renewed attention on whether the **Tenth Schedule** is sufficient to deal with post-election party switching.

1. What Does the Data Show?

1. **111 legislators switched:** 26 Lok Sabha MPs, 7 Rajya Sabha MPs and 78 MLAs changed parties.
2. **State legislatures dominate:** 78 of 111 cases involved MLAs, showing that party switching is particularly visible at the State level.
3. **Nagaland recorded the highest:** 32 cases (29%), followed by **West Bengal with 20 (18%)**.
4. **Concentration:** NDPP (25), Trinamool Congress (20) and Congress (19) together accounted for **64 cases, or 58%** of all switches.
5. **Political consequence:** The report notes that defections have contributed to changes in legislative majorities and the **fall of some State governments**.

2. What Does This Actually Mean?

1. **Anti-defection law does not ban every party switch:** A legislator changing political affiliation does not automatically mean disqualification under the Tenth Schedule.
2. **Tenth Schedule targets specific conduct:** Disqualification primarily arises when a legislator **voluntarily gives up membership of the party or votes/abstains against the party direction**, subject to the Schedule's conditions.
3. **The gap:** A legislator may change political allegiance in circumstances where the specific conditions for disqualification are not triggered.
4. **Democratic concern:** This creates a tension between **individual political choice and the mandate given by voters under a particular party's banner**.

3. What Does the Present Tenth Schedule Provide?

1. **Origin:** The **52nd Constitutional Amendment Act, 1985** inserted the Tenth Schedule to address political defections.

2. **Two main grounds:** Disqualification can occur when a member **voluntarily gives up party membership** or **votes/abstains contrary to the party direction** without permission and without subsequent condonation within 15 days.
3. **Two-thirds merger exception:** Disqualification does not apply when the original political party **merges with another party** and at least **two-thirds of its legislature party** agrees to the merger.
4. **Who decides:** The **Speaker or Chairman** decides questions of disqualification, subject to judicial review. The Supreme Court upheld the basic constitutional validity of the Tenth Schedule in **Kihoto Hollohan v. Zachillhu (1992)**.

4. What Reforms Are Needed?

1. **Independent adjudication:** Disqualification decisions could be entrusted to an **independent authority**, with the Election Commission playing a role, instead of leaving the initial decision entirely to the Speaker/Chairman. This was also recommended by the **Dinesh Goswami Committee**.
2. **Time-bound decisions:** A definite time limit should be prescribed for deciding disqualification petitions to prevent prolonged uncertainty.
3. **Prevent misuse of merger provision:** The two-thirds merger provision should remain a genuine **party merger mechanism**, not become a route for organised defections.
4. **Balance discipline and dissent:** The law should prevent destabilising defections while preserving a legislator's legitimate **freedom of debate and disagreement** within the legislature.

What are the alternatives to the SWIFT payment system?

Why are countries looking beyond SWIFT? How are CIPS, SPFS and mBridge faring?

G.R.Rajeev

The story so far: The New Delhi Declaration that came out of the recent BRICS Summit in the National Capital resolved to increase trade between member-countries and payments in national currencies. Days before the summit, a report by the news agency Reuters quoted sources as saying that at the event, India would push to link central bank digital currencies (CBDCs) for cross-border payments across BRICS nations, despite political and technical hurdles that could limit progress. The proposal to link CBDCs would be part of the agenda for the leaders' meeting, the sources said, though the limited adoption of digital currencies globally could complicate implementation, the report added. The proposal was, however, not part of the Declaration.

Multiple wars and U.S. weaponisation of the dollar through financial sanctions are making countries in the Global South

think of bypassing the so-far universally accepted Belgium-based SWIFT system for inter-country payments. The attempts to do so have been patchy, but there is an increasingly felt need to have other options.

What are some of the alternatives to the SWIFT payment system?

Project mBridge is a group comprising the Bank of Thailand, the Central Bank of the United Arab Emirates, the Digital Currency Institute of the People's Bank of China, the Hong Kong Monetary Authority, and the Saudi Central Bank. The Cross-Border Interbank Payment System (CIPS), a Reuters report said, is backed by the People's Bank of China. China launched the CIPS clearing and settlement services system in 2015 to internationalise yuan use. It allows global banks to clear cross-border yuan transactions directly onshore, instead of through clearing banks in offshore yuan hubs, the report said.

The System for Transfer of Financial

Messages, or SPFS, was developed by Russia in 2014 to bypass Western sanctions. In 2022, Russian banks were cut off from SWIFT, and the SPFS was of help.

SEPAMA, Iran's local interbank telecom system, has as many as 52 branches of Iranian banks and four unnamed foreign banks connecting with 106 banks using the SPFS, the Central Bank of Iran said in 2023.

How are these systems faring?

The Bank for International Settlements (BIS), an international financial institution owned by central banks to foster international monetary and financial cooperation, exited Project mBridge on October 31, 2024, after hand-holding it since 2019, when the Hong Kong Monetary Authority and the Bank of Thailand launched the system. The mBridge, a cross-bloc multi-CBDC platform with no Western bank, attained minimum viability status in 2024. It was envisaged for direct peer-to-peer CBDC

settlement without going through correspondent banks. The project team developed a new blockchain – the mBridge Ledger – custom-built by central banks to serve as a specialised and flexible platform for implementation of multi-currency cross-border payments in CBDCs, the BIS website says.

The BIS's exit came under a cloud, with media reports saying it was because mBridge could provide the basis for a BRICS initiative to circumvent sanctions on Russia. A May 2016 *Forbes* report said that by late 2025, mBridge was in practice "a renminbi-denominated wholesale settlement rail for trade between China and the Gulf, running outside the dollar correspondent system".

The renminbi's inclusion in the basket of currencies making up the Special Drawing Right, an international reserve asset created by the International Monetary Fund, has increased the acceptance of CIPS, said a November 2025 opinion piece in *The Hindu* by Biswajit Dhar, a trade economist and former professor at Jawaharlal Nehru University. The CIPS now has participants in more than 120 countries, including all BRICS members except India.

A *South China Morning Post* report says CIPS processed 679.8 billion yuan of transactions on average per day in 2025. "While the CIPS has gained ground, it remains far smaller in scale than established global systems, such as the U.S.-based Clearing House Interbank Payments System," it said. Beijing now

appears to be moving towards building CIPS into a global platform compliant with multi-currency settlements and other foreign payment channels, the report quoted a study led by Ju Jiandong, a chair professor at Tsinghua University's PBC School of Finance.

The SPFS, formed as Russian entities were banned from SWIFT, has grown at a record pace in 2023 as Moscow ramped up efforts to resolve financial shortcomings wrought by sanctions over the Ukraine war. Alla Bakina, director of the Russian central bank's national payment system department, said 50 new entities joined Russia's alternative system in 2023, taking the total to 440, of which more than 100 are non-residents.

How do India-Russia trade settlements happen now?

Russia and India, the second-largest importer of Russian oil, have built a functioning payments infrastructure using roubles and rupees, which now account for 96% of bilateral trade, Ivan Nosov, head of Sberbank in India, said. "I am ready to say that this is one of the best-established mechanisms for Russia's payments with other countries," he said.

According to official data, 22 Russian banks, including Sberbank, Russia's largest lender, which was tasked with developing the payments infrastructure, and 17 Indian banks are currently servicing bilateral trade, a Reuters report said.

5. What Are the Alternatives to the SWIFT Payment System?

Source: The Hindu

GS: GS-2 — International Relations | GS-3 — Indian Economy, Financial Infrastructure

Context

- **SWIFT (Society for Worldwide Interbank Financial Telecommunication)** is the dominant global financial messaging network used by banks for cross-border payment instructions.
- Sanctions, geopolitical conflicts and concerns over dependence on a Western-centric financial infrastructure have encouraged countries to develop **alternative payment and messaging arrangements**.

1. What Are the Main Alternatives?

1. **CIPS — China:** The **Cross-Border Interbank Payment System** facilitates cross-border payments in **renminbi (RMB)** and supports China's internationalisation of the currency.
2. **SPFS — Russia:** The **System for Transfer of Financial Messages** was developed by Russia in 2014 as an alternative financial-messaging system after Western sanctions; Russian banks disconnected from SWIFT in 2022 increasingly relied on SPFS.
3. **mBridge — Multi-country CBDC platform:** Developed through cooperation among the **Bank for International Settlements (BIS) Innovation Hub, China, Hong Kong, Thailand and the UAE**, mBridge explored direct cross-border payments using multiple **Central Bank Digital Currencies (CBDCs)** and distributed-ledger technology. The BIS project reached the minimum viable product stage in 2024 and has since been concluded as a BIS project.
4. **India's potential role:** India has its own **Structured Financial Messaging System (SFMS)** and has also promoted linking domestic payment systems and CBDCs for cross-border transactions.

2. How Are These Systems Different From SWIFT?

1. **SWIFT is mainly messaging:** It securely transmits standardised payment instructions between financial institutions; it does **not itself settle the money**.
2. **CIPS is more integrated:** CIPS combines payment messaging with **RMB clearing and settlement infrastructure**, reducing dependence on offshore correspondent banks for RMB transactions.
3. **SPFS is primarily a messaging alternative:** It allows participating institutions to exchange financial messages outside SWIFT.
4. **mBridge uses CBDCs:** It explores **direct, multi-CBDC cross-border settlement**, potentially reducing dependence on traditional correspondent-banking chains.

3. How Successful Are They?

1. **CIPS has expanded substantially:** By June 2026, CIPS had **210 direct and 1,619 indirect participants**, with its network covering banking institutions across **191 countries and regions**.
2. **SPFS has expanded mainly around Russia:** It has helped Russia maintain financial messaging with participating countries despite sanctions, but its international reach remains much smaller than SWIFT.
3. **mBridge showed technological potential:** Its multi-CBDC model demonstrated the possibility of **faster and more direct cross-border settlement**, but the BIS project itself has concluded.
4. **Global limitation:** None of these systems currently matches SWIFT's **scale, global network effects and widespread institutional acceptance**.

4. **Why Are Countries Looking Beyond SWIFT?**

1. **Sanctions vulnerability:** Exclusion from SWIFT can disrupt a country's international banking connectivity.
2. **Financial sovereignty:** Alternative systems allow countries to maintain cross-border payments even when access to Western financial infrastructure is restricted.
3. **Currency internationalisation:** Systems such as CIPS can promote greater use of the **renminbi** in international trade and settlement.
4. **Technological efficiency:** CBDC-based systems can potentially reduce the **cost, time and number of intermediaries** involved in cross-border payments.
5. **Multipolar financial system:** Greater interoperability among different payment systems could reduce excessive dependence on a single global network.

Digi Yatra to be available to passengers flying overseas

Pilot programme for international departures will run from Oct. to Dec. at Bengaluru, Delhi, Kochi, Hyderabad, Mumbai airports; airport access system could also be expanded to foreign travellers

Jagriti Chandra
NEW DELHI

Facial recognition-based airport access system Digi Yatra is preparing to extend its biometric travel system to international departures, while also pursuing interoperability with the European Union's equivalent framework that will allow travellers from India easy airport access overseas and expanding domestic access for foreign travellers.

The pilot programme for international departures will run between October and December at Bengaluru, Delhi, Hyderabad, Kochi and Mumbai airports, Digi Yatra CEO Suresh Khadakhavi told *The Hindu*.

Verifying with selfie

It will test electronic passport-based enrolment, allowing travellers to scan an e-passport and verify their identity with a selfie.

The resulting digital credential will be stored on the passenger's phone and linked to a boarding pass that airlines will issue before passengers arrive at the terminal.



A Digi Yatra gate at the departure block of Vijayawada International Airport, at Gannavaram, Andhra Pradesh. SPECIAL ARRANGEMENT

Air India and IndiGo are expected to participate in the trial, which will cover Indian and foreign nationals departing on international flights. Initially, the system will be used at airport entry points and security checkpoints.

Immigration will remain outside the first phase because of its regulatory and operational sensitivity, Mr. Khadakhavi explained.

The issuance of boarding pass before passengers arrive at the airport marks a departure from current practice. The Digi Yatra CEO said it is needed to create a unique digital

identity that can be recognised at airport gates.

The three-month trial will also collect passenger feedback before any wider rollout, including possible domestic use for expatriates and other foreign travellers.

Working with EU

Alongside the airport trials, Digi Yatra is working on interoperability with the European Union's digital identity framework, known as EU Digital Identity that allows EU citizens, residents, and businesses to store and share verified digital identity data and of-

ficial documents.

Through their APTITUDE consortium, the platform aims to enable cross-border sharing of travel credentials within three to six months. The longer-term objective is for a passenger travelling from India to Europe to share verified credentials with both departure and destination airports.

The effort is part of a broader self-sovereign identity push under the global airline body International Air Transport Association's One ID initiative for contactless air travel.

Domestically, Digi Yatra is active at 39 airports and is expected to reach 64 by March 2027, according to the Ministry of Civil Aviation.

Face recognition is mandatory at terminal entrances and security checkpoints where the system is available, but face-based boarding remains uneven across airports and airlines.

Officials say the inconsistency reflects investment decisions, infrastructure gaps and differing operational priorities among airlines and airport operators.

6. Digi Yatra to Be Available to Passengers Flying Overseas

Source: The Hindu

GS-3: Science & Technology | Digital Infrastructure

Context

- **Digi Yatra**, currently used mainly for domestic air travel, is being extended to **international departures** on a pilot basis.
- The pilot will run from **October to December** at Bengaluru, Delhi, Hyderabad, Kochi and Mumbai airports.

1. What is Digi Yatra and How Does It Work?

- **Digi Yatra** is a **facial-recognition-based airport access system** that links a passenger's verified identity with their boarding pass.
- The passenger registers digitally, verifies their identity and face, and uses **facial recognition at enabled airport checkpoints**.
- This reduces the need to repeatedly show physical identity documents and boarding passes.

2. What Is Changing Now?

- **International departures:** Digi Yatra will now be tested for passengers flying abroad.
- **E-passport verification:** Passengers will scan their **e-passport** and verify their identity through a selfie.
- **Wider coverage:** Both **Indian and foreign passengers** can participate in the international pilot.
- **Initial limitation:** Immigration will remain outside Digi Yatra during the first phase; the system will initially cover **airport entry and security checkpoints**.

3. From Airport Access to Digital Travel Identity

- The aim is to create a **unique digital travel identity** that can be securely recognised at different stages of international travel.
- Through the **APTITUDE consortium**, India is exploring cross-border sharing of verified travel credentials.
- In the longer term, a passenger travelling from India to Europe could potentially use the same verified digital credentials at both **departure and destination airports**.

4. Interoperability with the European Union

- Digi Yatra is working towards interoperability with the **European Union Digital Identity framework**.
- This reflects a broader move towards **self-sovereign digital identity**, where individuals can securely carry and share their verified credentials.

- The objective is to make international air travel more **paperless, contactless and seamless**, while maintaining secure identity verification.