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Green Steel Can Shape India's Climate Goals Trajectory

Context

- India stands at a pivotal moment where economic expansion and climate responsibility must advance together.
- The commitment to submit a more ambitious Nationally Determined Contribution (NDC) places pressure on the country to move beyond incremental change towards **economy-wide**
- Among all sectors, **steel** emerges as the most consequential. Its transformation will shape India's ability to meet climate goals while sustaining development, competitiveness, and global leadership in **sustainable**

The Centrality of Steel to India's Growth and Emissions Challenge

- Steel underpins India's development ambitions, enabling **infrastructure**, urbanisation, and industrial growth.
- To unlock its full economic potential, steel production would need to more than triple from roughly 125 million tonnes annually to over 400 million tonnes by mid-century.
- This scale of expansion is unprecedented and poses a serious climate challenge. The steel sector currently contributes around **12%** of national carbon emissions, primarily due to dependence on **coal-based** blast furnaces.
- India faces a dual imperative common to emerging economies: maintaining rapid growth while aligning with long-term climate targets.
- The central risk lies in locking in **high-carbon** infrastructure through present-day investments. Steel assets are long-lived, and continued reliance on conventional technologies could embed emissions for decades.
- Such lock-in would undermine climate commitments and weaken India's long-term **economic** attractiveness in a world rapidly transitioning towards low-carbon production.

Global Signals and Competitive Pressures

- Global trends reinforce the urgency of transition. Major steel-producing economies are actively reducing emissions.
- **China** is expanding scrap-based secondary steelmaking and investing in **green hydrogen** to curb coal dependence.
- The **European Union** has advanced decarbonisation for decades and introduced the Carbon Border Adjustment Mechanism (**CBAM**), which penalises carbon-intensive imports.

- These developments signal that access to premium global markets will increasingly depend on demonstrable low-carbon production.
- Countries that fail to adapt face border charges, reputational risks, and declining export competitiveness.
- Conversely, early movers in **green steel** will secure a durable advantage. Delay, therefore, is no longer a neutral option but a strategic liability for India.

Industry Action: Progress and Its Limits

- India's steel industry has begun responding. Leading producers are piloting low-emission technologies and diversifying energy sources.
- Initiatives include hydrogen injection trials, expanded **renewable energy** procurement, modernisation of facilities, and exploration of carbon capture.
- These efforts reflect growing leadership commitment and recognition of the climate challenge.
- However, pilot projects alone are insufficient. The sector must move swiftly towards demonstration plants and full-scale deployment of near-zero-emission technologies.
- Continued investment in business-as-usual blast furnace capacity risks diluting progress.
- Small and medium producers also need to adapt by adopting best available technologies and raw materials to improve **carbon efficiency**, ensuring that the transition remains equitable across the sector.

Policy Framework: Momentum Without Sufficient Incentives

- Policy direction has improved, but implementation gaps remain.
- The Greening Steel Roadmap outlines a practical transition pathway, while the Green Steel Taxonomy positions India as a global first-mover in defining low-carbon steel.
- Supporting initiatives such as the **National Green Hydrogen Mission**, expanded renewables, and emissions intensity targets under the Carbon Credit Trading Scheme indicate momentum.
- Yet, strong incentives to decisively shift investments away from coal-based technologies are still lacking.
- Without them, India risks continuing to add outdated infrastructure while others accelerate ahead.
- Key barriers include high hydrogen costs, limited industry-dedicated renewables, an underdeveloped **scrap** market, constrained natural gas availability, financing challenges, and workforce skill gaps.
- These challenges are significant but solvable, as demonstrated by India's rapid renewable energy expansion over the past decade.

The Way Forward: Towards a Market-Aligned Transition

- Long-term investment requires clear and credible policy signals.
- Setting stringent short-, medium-, and long-term emission targets would allow firms to plan capital allocation with confidence.
- Early rollout of **carbon pricing** is essential to internalise emissions costs and distribute them across the value chain.
- Experience from Europe shows that near-zero steel technologies become viable only when carbon prices reach \$90–\$100 per tonne of CO₂.

- Additional measures include widespread adoption of the Green Steel Taxonomy, **public procurement** to create domestic demand, robust certification and labelling systems, and the creation of shared infrastructure hubs for energy, hydrogen, gas, and carbon transport.
- Given that low-carbon steelmaking has **30-50%** higher capital intensity, targeted fiscal support—especially for smaller producers, is critical for a just transition.

Conclusion

- Green steel is no longer optional. It is central to India's climate ambitions, industrial competitiveness, and global leadership.
- Having demonstrated capability in renewables and climate diplomacy, India now faces its next decisive test.
- By aligning bold corporate action with a coherent, market-oriented policy framework, the country can decarbonise steel, protect economic growth, and shape global standards for **low-carbon**

Green Steel Can Shape India's Climate Goals Trajectory FAQs

Q1. Why is the steel sector central to India's climate strategy?

Ans. The steel sector is central because it underpins economic growth while contributing significantly to national carbon emissions.

Q2. What risk does continued investment in coal-based steelmaking pose?

Ans. Continued investment risks locking India into long-term high-carbon infrastructure that undermines climate and economic goals.

Q3. How are global policies influencing India's steel transition?

Ans. Global measures like the EU's CBAM are pushing India to adopt low-carbon steel to remain competitive in export markets.

Q4. Why are pilot projects in green steel insufficient?

Ans. Pilot projects are insufficient because large-scale deployment is needed to achieve meaningful emissions reductions.

Q5. What role does government policy play in enabling green steel?

Ans. Government policy provides long-term targets, carbon pricing, and infrastructure support that enable investment in low-carbon steel.

Source: **The Hindu**

The 27th Amendment, Pakistan's Democratic Dilemma

Context

- The passage of **Pakistan's 27th Constitutional Amendment** (PCA) marks a significant turning point in the country's constitutional evolution.

- Introduced under the pretext of reorganising aspects of military command, the amendment fundamentally alters the structure of constitutional governance.
- By transferring original jurisdiction over constitutional interpretation, fundamental rights, and federal-provincial disputes from the **Supreme Court** to a newly created **Federal Constitutional Court** (FCC), the PCA reshapes the balance of institutional authority.
- This change raises serious concerns about judicial independence, executive dominance, and the long-term stability of constitutional checks and balances.

The Marginalisation of the Supreme Court of Pakistan

- The **Supreme Court** of Pakistan has historically served as the **principal guardian** of the Constitution, particularly through its original jurisdiction.
- This authority enabled it to adjudicate landmark political cases, including the Panama Papers and Memogate controversies, placing the Court at the centre of constitutional accountability.
- The PCA removes this pivotal role, fragmenting constitutional adjudication and weakening the Court's position as the final arbiter of constitutional meaning.
- This reallocation of authority is not merely procedural. It risks institutional **marginalisation**, especially in a political system where executive influence has frequently tested judicial autonomy.
- By sidelining the apex court from the most consequential constitutional questions, the amendment **undermines coherence in constitutional interpretation** and diminishes the Court's ability to function as an effective check on power.

Judicial Independence and the Rule of Law

- At the heart of constitutional governance lies the **rule of law**, articulated most famously by A.V. Dicey.
- This doctrine rests on the **absence of arbitrary power**, equality before the law, and the central role of independent courts as protectors of rights.
- Courts, within this framework, are not passive institutions but active guardians that restrain authority and preserve liberty.
- The PCA unsettles this equilibrium. While specialised constitutional courts are not inherently problematic, their legitimacy depends on demonstrable **independence**.
- The FCC's creation, coupled with the scope for **executive** influence over its composition and functioning, raises the risk that judicial review may become an extension of political power.
- This concern is particularly stark given that the **18th Amendment** had sought to insulate the judiciary by strengthening the Judicial Commission of Pakistan and reducing executive interference. The PCA appears to dilute these safeguards.

Historical Warnings and Constitutional Lessons

- The tension between executive authority and judicial autonomy has deep historical roots.
- In early 17th-century England, King James I claimed the right to personally adjudicate disputes, a claim firmly rejected by Sir Edward Coke, the Chief Justice.

- Coke's insistence that the monarch was **subject to the law** established a foundational constitutional principle: judicial authority must remain separate from executive will.
- This episode underscores that constitutional governance relies not on the goodwill of rulers but on institutional insulation from power.
- Courts operating under political pressure cannot serve as neutral arbiters.
- The PCA echoes this historical struggle by **relocating constitutional interpretation** to a forum potentially vulnerable to political preferences, thereby weakening the structural foundations of judicial neutrality.

Regional Context and Implications for India

- The PCA must be understood within a broader South Asian context marked by political instability, security pressures, and institutional strain.
- In such environments, governments are often tempted to prioritise control over constitutional restraint.
- For countries in the Global South, where democratic institutions remain fragile, constitutional design choices carry lasting consequences.
- For **India**, developments in Pakistan are instructive rather than comparative. As the region's largest constitutional democracy, India has a vested interest in the health of constitutional norms across its neighbourhood.
- The erosion of judicial independence or the normalisation of executive dominance elsewhere in South Asia offers a cautionary lesson.
- History demonstrates that democratic decline is often incremental, achieved through formally valid legal changes rather than abrupt ruptures.
- The experience of inter-war Europe illustrates this danger vividly. Democratic systems were hollowed out through constitutional amendments enacted in the name of stability and necessity.
- Power was consolidated legally, even as institutional checks were steadily dismantled.
- The PCA reflects a similar pattern, preserving constitutional form while weakening constitutional substance.

Conclusion

- Pakistan's **27th Amendment** represents more than an administrative restructuring; it signals a shift in constitutional philosophy.
- By diminishing the role of the Supreme Court and empowering a potentially executive-influenced FCC, the amendment risks transforming the Constitution from a shield against power into an instrument of governance.
- For India and the wider region, the lesson is clear: constitutional democracy depends not merely on written texts but on sustained **respect for judicial independence**, institutional boundaries, and constitutional restraint.
- The choices republics make today will determine whether this century is defined by **democratic renewal or by the quiet erosion of constitutional spirit**.

The 27th Amendment, Pakistan's Democratic Dilemma FAQs

Q1. What is the central constitutional change introduced by Pakistan's 27th Amendment?

Ans. It transfers original constitutional jurisdiction from the Supreme Court to a newly created Federal Constitutional Court.

Q2. Why is the marginalisation of the Supreme Court significant?

Ans. It weakens the Court's role as the final guardian of the Constitution and reduces effective checks on executive power.

Q3. How does the amendment affect the rule of law?

Ans. It risks undermining the rule of law by diluting judicial independence and enabling executive influence over constitutional interpretation.

Q4. What historical example illustrates the importance of judicial independence?

Ans. Sir Edward Coke's resistance to King James I established that courts must remain independent of executive authority.

Q5. Why does the PCA matter for India?

Ans. It offers a cautionary lesson on how constitutional democracies can be weakened through legally valid but institutionally corrosive reforms.

Source: **The Hindu**

India's Manufacturing Revival in a Reconfigured Global Economy

Context:

- Amid growing geopolitical uncertainties and the reconfiguration of global production networks, India's manufacturing sector has **regained momentum**.
- As supply chains diversify away from single-country dependence and industrial policy regains global prominence, India's manufacturing revival provides a strong base for the next phase of **industrialisation**.
- The Economic Survey underscores that sustaining this momentum hinges on improving competitiveness and deeper integration into Global Value Chains (**GVCs**).

Manufacturing Revival - From Capacity Creation to Capability Building:

- India's manufacturing policy has progressively focused on:
 - Lowering entry barriers through targeted incentives
 - Infrastructure investments
 - Ease of Doing Business (**EoDB**) reforms
- These measures have boosted investor confidence and capacity creation.

- However, the next challenge is to shift from mere capacity expansion to capability building, supported by stronger industrial ecosystems.

Strategic Industrialisation and Technology Leadership:

- Countries commanding critical technologies, complex manufacturing processes, and trusted production capabilities enjoy greater global bargaining power.
- India's next phase of industrialisation must:
 - Prioritise strategic and **technology-intensive** sectors
 - Scale up traditional manufacturing
 - Allow higher experimentation and tolerance for firm-level failures
- This approach is essential to move up the value chain and ensure **strategic indispensability**.

Moving up the Value Chain - Sectoral Success Stories:

- India's manufacturing profile is increasingly technology- and export-oriented. **For example**,
 - **Electronics manufacturing:** Production expanded almost 6 times, and exports grew nearly 8 times over the last 11 years.
 - **Pharmaceuticals:** India's pharma production is among the world's largest by volume. India supplies over 50% of global vaccine demand, and it is the major producer of generic medicines.
- To **replicate** such success across sectors, India needs:
 - Higher private sector participation
 - Stronger R&D-led innovation
 - Deeper industry-academia linkages
 - Faster technology absorption
 - Robust skilling ecosystems

Spatial Reorganisation - Rethinking Industrial Clusters:

- As capabilities deepen, spatial concentration of industry gains importance.
- As existing clusters are often small and fragmented, limiting productivity gains, **focus must shift** from creating clusters to building large, integrated industrial ecosystems.
- Tier-2 and Tier-3 cities are emerging as anchors due to:
 - Affordable land and real estate
 - Lower wage and operating costs
 - Large labour pools
 - Improved infrastructure and liveability

Infrastructure and Logistics - The Competitiveness Backbone:

- India has made notable progress. **For example,**
 - Logistics costs declined to around **97%** of GDP (FY 2023–24) — close to global benchmarks.
 - Improved port efficiency, with several ports in the Top 100 of the World Bank's Container Port Performance Index 2024.
- **Key initiatives:** PM Gati Shakti, National Logistics Policy, and Accelerated highway construction.
- **Suggestions:** Rebalance freight movement by increasing share of railways and coastal shipping. Promote multimodal logistics **integration** to unlock further efficiency gains.

Quality Control Orders (QCOs) - Raising Standards, Not Costs:

- QCOs can strengthen competitiveness in strategic and safety-critical sectors.
- By aligning with international standards, they encourage capability upgradation, and global market credibility.
- Success depends on **phased implementation**, adequate testing infrastructure, and continuous industry consultation.

MSMEs - Backbone of Manufacturing Growth:

- MSMEs contribute significantly to employment, output, and exports.
- Recent gains are greater formalisation, improved access to finance, and stronger supply-chain integration.
- Key challenges are persistent **credit gaps**, and limited technology adoption.
- Solutions include deeper MSME integration into strategic value chains, **strengthening skilling**, technology access, and quality infrastructure.

Governance and EoDB - The Factory-Floor Reality:

- While regulatory reforms have improved formal EoDB metrics, firms value speed, predictability, and consistency.
- Persistent bottlenecks include **land acquisition delays**, utilities and regulatory approvals, and weak dispute resolution mechanisms.
- With manufacturing becoming spatially concentrated, state and local governments play a decisive role through stable regulatory regimes, effective **single-window** systems, and time-bound approvals.

Challenges and Way Forward:

- **Fragmented** industrial clusters and scale constraints. Deepen GVC integration; build large, integrated industrial ecosystems in Tier-2/3 cities.
- **Limited** R&D intensity and weak innovation ecosystems. Prioritise technology-intensive and strategic sectors.
- **MSME** credit and technology gaps. Strengthen MSME participation in strategic value chains by filling credit and tech gaps.
- **Overdependence** on road transport for freight. Promote multimodal logistics and freight rebalancing.
- **Regulatory** delays and implementation inconsistencies. Ensure predictable, time-bound regulatory governance.

Conclusion:

- India's next manufacturing leap will be defined not just by the scale of production, but by technological depth, strategic relevance, and global competitiveness.
- The proposed **National Manufacturing Mission** offers a platform to align reforms, infrastructure, skilling, and innovation under a coherent industrial strategy.
- Ultimately, India's success will rest on building globally competitive firms embedded in strategically indispensable sectors—positioning manufacturing as a **durable engine** of growth and resilience.

India's Manufacturing Revival FAQs

Q1. How does the reconfiguration of global value chains create an opportunity for India's manufacturing sector?

Ans. Global supply chain diversification amid geopolitical uncertainties allows India to integrate deeper into Global Value Chains.

Q2. Why is India's manufacturing strategy shifting from capacity creation to capability building?

Ans. Because sustainable industrial growth now depends on technological depth, R&D intensity, skilled manpower, etc.

Q3. What is the role of Tier-2 and Tier-3 cities in India's next phase of industrialisation?

Ans. They offer cost advantages, large labour pools, improved infrastructure, and better liveability.

Q4. How can logistics reforms enhance India's manufacturing competitiveness?

Ans. By reducing logistics costs through multimodal integration, greater use of railways and waterways.

Q5. What is the significance of MSMEs in strengthening India's manufacturing-led growth model?

Ans. MSMEs are critical for employment, exports, and value-chain depth, and requires improved credit access, skilling, and technology adoption.

Source: IE

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