

Daily Editorial Analysis 20 February 2026

February 20, 2026 • vajiramandravi.com



Tehran Re-enters the Global Geopolitical Spotlight

Context

- The dispute over Iran's nuclear programme reflects the intersection of **security concerns**, **regional rivalries**, and **great-power politics**.
- What appears as a technical debate over atomic capability is in fact a broader contest over influence, deterrence, and political legitimacy in **West Asia**.
- Over time, U.S. policy has moved in a cycle, negotiation, withdrawal, coercion, and a renewed return to diplomacy.
- The issue demonstrates that even adversarial relationships cannot be managed solely through force; they ultimately return to political bargaining.
- The core challenge remains balancing **non-proliferation**, **deterrence**, and **stability** without igniting a wider conflict.

The Origins: Diplomacy and the JCPOA

- In 2015, the **Joint Comprehensive Plan of Action (JCPOA)** emerged from negotiations between Iran and the **P5+1**, the United States, United Kingdom, France, Russia, China, and Germany.
- Western governments suspected Iran of pursuing **nuclear weapons**, while Tehran insisted its programme served **civilian nuclear energy**.
- The agreement-imposed inspections, restrictions on enrichment, and monitoring mechanisms designed as verification measures rather than trust-based commitments.
- Iran sought relief from **economic sanctions**, while the international community aimed to prevent a nuclear arms race.
- The deal represented pragmatic diplomacy: neither side achieved full objectives, but both reduced immediate risks.
- It embodied a broader principle of **arms control**, managing capability instead of eliminating knowledge.
- The agreement temporarily stabilised the region and reopened economic engagement with Iran.

The Trump Administration: Withdrawal and Coercive Strategy

- In 2018, President **Donald Trump** withdrew the United States from the JCPOA, arguing it failed to protect **American interests**.
- This move strained relations with **European allies** and disrupted the coordinated international approach.
- A policy of maximum pressure followed, combining sanctions and later military strikes on Iranian nuclear and air-defence facilities in 2025, conducted with support from **Israel**.
- Despite the coercive strategy, negotiations re-emerged. The shift revealed a central reality: military action can damage infrastructure but cannot erase technological capability or geopolitical influence. Even after escalation, diplomacy became necessary again.
- The situation illustrated the limits of force and the persistence of diplomatic engagement as an unavoidable tool of international politics.

Israel's Security Perspective

- For **Israel**, Iran's nuclear development is viewed as an existential danger.
- Prime Minister Benjamin Netanyahu consistently advocated preventing Iran from reaching a **nuclear threshold**.
- Israeli intelligence assessments heavily influenced U.S. decision-making, reinforcing fears that Iran was moving toward weaponization.
- Israel prioritises prevention above containment, seeking permanent restrictions rather than temporary arrangements.
- The difference between Israeli urgency and American strategic calculation highlights how **alliances** shape superpower policies.
- While Washington balances global commitments, Israel focuses on immediate national survival, making the issue central to its **national security doctrine**.

Regional Actors: The Gulf States and the Fear of War

- The **Gulf states** share rivalry with Iran yet strongly oppose escalation. Their economies depend on trade routes, energy exports, and investor confidence.
- A regional war would disrupt **oil markets**, maritime shipping, and infrastructure across the Persian Gulf. Stability, even with a rival Iran, is preferable to open conflict.
- Iran has warned it retains **retaliatory capability**, including potential attacks on **S. military bases** in the region.
- The threat of wider confrontation raises fears of a prolonged crisis. Uncertainty surrounding leadership decisions intensifies anxiety, as unpredictability increases the risk of miscalculation. The priority for regional actors is **de-escalation** rather than victory.

India's Strategic Interests and Domestic Politics Inside Iran

• India's Strategic Interests

- For India, Iran is more than an energy supplier. Tehran once ranked among India's major sources of crude oil, linking the issue directly to **energy security**.
- The **Chabahar Port** project provides access to Afghanistan and Central Asia without dependence on Pakistan, making Iran vital for regional connectivity and trade.
- Iran's relations with **Pakistan**, its pragmatic engagement with the **Taliban**, and its role in Central Asian politics affect India's broader strategic environment.
- Sanctions disrupted trade and weakened cooperation, making diplomatic resolution essential. A negotiated settlement supports both economic engagement and geopolitical balance.

• Domestic Politics Inside Iran

- Internal dynamics within Iran strongly influence external negotiations. Persistent protests, economic pressure, and factional rivalry shape policymaking.
- External attacks tend to strengthen **conservative factions** and promote **nationalism**, weakening reform-oriented moderates who favour engagement.
- Military pressure therefore produces unintended consequences: instead of compliance, it consolidates domestic unity.
- Political legitimacy becomes tied to resistance, complicating compromise.
- Negotiations succeed only when internal political conditions allow leadership to justify cooperation without appearing weak.

Conclusion

- The Iran nuclear issue demonstrates a **recurring pattern in international relations**: confrontation ultimately returns to negotiation.
- Diplomatic agreements such as the JCPOA may be imperfect, but they reduce immediate risk more effectively than prolonged conflict.
- For regional powers, the stakes involve survival and economic continuity. For global actors, they involve credibility and strategic balance.

- For India, they concern trade routes, energy, and geopolitical access and the broader lesson is clear: **sustainable security requires persistent diplomacy**, because the alternatives, escalation, retaliation, and regional war, carry unpredictable and far greater costs.

Tehran Re-enters the Global Geopolitical Spotlight FAQs

Q1. What was the main objective of the JCPOA?

Ans. The main objective of the JCPOA was to restrict and monitor Iran's nuclear programme to prevent the development of nuclear weapons while allowing civilian nuclear activity.

Q2. Why did the United States withdraw from the JCPOA in 2018?

Ans. The United States withdrew because the Trump administration believed the agreement did not adequately protect American strategic interests.

Q3. Why do Gulf states oppose military escalation with Iran?

Ans. Gulf states oppose escalation because a regional war would disrupt oil markets, trade routes, and economic stability.

Q4. Why is Iran important for India?

Ans. Iran is important for India due to energy security, access to Central Asia through the Chabahar Port, and its influence in regional geopolitics.

Q5. How do domestic politics in Iran affect negotiations?

Ans. Domestic politics affect negotiations because external pressure strengthens conservative factions and makes compromise more difficult.

Source: **The Hindu**

Transitioning to Green Steel

Context

- India's path to achieving **net-zero emissions** by **2070** will significantly depend on scaling up the production and consumption of green steel, given that the steel sector is one of the country's largest industrial sources of emissions.
- Recognising this, the Ministry of Steel formed **14 task forces** comprising industry leaders and technical experts to chart decarbonisation pathways and develop a roadmap for accelerating low-carbon steel production.
- However, a major challenge identified was the "**green premium**" — the higher upfront cost of producing green steel.
- Manufacturers face financial constraints in transitioning to cleaner technologies.
- To address this, the roadmap emphasises the need for targeted fiscal support in the initial years, including GST rationalisation and time-bound incentives, to ease the burden on producers and facilitate the shift toward sustainable steel production.

Green Steel Premium: A Manageable Cost for Strategic Gains

- **Limited Impact on Public Infrastructure Costs**

- Although green steel carries a premium, its overall impact on infrastructure budgets is modest.
- Steel makes up about 18% of large public projects. Even with a 30% premium and exclusive public-sector use, overall project costs would rise by roughly 5.5%.
- If only 20% adoption occurs, the increase in public works budgets such as highways would be around 1.1%.

- **Strategic and Economic Rationale**

- The incremental cost is viewed as manageable, particularly as a safeguard for national economic security.
- India faces pressure from the EU's Carbon Border Adjustment Mechanism and heavy reliance on imported coking coal, exposing the economy to price volatility.
- Green steel can help avoid carbon tariffs and reduce vulnerability to fossil fuel shocks.

- **Lessons from Global Models**

- International examples offer guidance. Japan's Green Purchasing framework combines procurement mandates with fiscal incentives to support industry transition.
- California's Buy Clean model uses strict carbon benchmarks and verified disclosures to ensure traceability and accountability.

- **India's Green Steel Framework**

- India has introduced a **Green Steel Taxonomy** featuring a 3-, 4-, and 5-star rating system based on emission intensity, providing transparency through a carbon "nutrition label."
- The Ministry has initiated steps to embed green steel procurement mandates, but final approval is pending due to concerns over costs and verification mechanisms.

Bridging the Trust Gap in Green Steel Procurement

- **Strengthening Verification and Transparency**

- A key barrier to green steel adoption is the lack of reliable verification.
- Procurement officers currently cannot easily distinguish certified green steel from conventional products.
- Integrating **Green Star ratings** into the existing Made in India **QR code system**, alongside Quality Council of India accreditation, can enable instant carbon credential verification.

- **Reforming Procurement Frameworks**

- Procurement policies should move beyond the lowest-cost principle and adopt a broader “value for money” approach that factors in sustainability and national economic interests.
- The Schedule of Rates must formally recognise certified low-carbon steel as a standard quality parameter, reducing administrative risk for officers. Capacity building and coordination with States are also essential.

• **Aligning Incentives with Demand**

- Production Linked Incentives and green hydrogen missions should be aligned with public procurement.
- If the government subsidises green steel production, it must also act as an anchor buyer to ensure market stability and harmonise private and public incentives.

• **Phased Standards and Pilot Implementation**

- While a 3-star benchmark offers an entry point, policy should gradually shift toward 4- and 5-star standards post-2030 to encourage deeper decarbonisation.
- Launching pilot projects through large public buyers like Indian Railways can create a practical testing ground.
- Coordinated action among the Ministries of Steel, Finance, and Environment will be crucial to link climate goals with procurement and fiscal policy.

Transitioning to Green Steel FAQs

Q1. Why is green steel important for India’s net-zero goal?

Ans. Green steel is crucial because the steel sector is a major industrial emitter. Decarbonising it significantly advances India’s pathway toward achieving net-zero emissions by 2070.

Q2. What is the “green premium” in steel production?

Ans. The green premium refers to the higher upfront cost of producing low-carbon steel compared to conventional steel, posing financial challenges for manufacturers during the transition phase.

Q3. How much would green steel raise public infrastructure costs?

Ans. Even with a 30% green premium and full public adoption, overall infrastructure costs rise about 5.5%. Partial adoption at 20% increases budgets by roughly 1.1%.

Q4. How can procurement reforms support green steel adoption?

Ans. Procurement policies should move beyond lowest cost, recognise carbon intensity as a quality parameter, embed Green Star verification, and align incentives with sustainability goals.

Q5. What role can public procurement play in scaling green steel?

Ans. Public procurement can act as an anchor demand driver. Pilot projects and phased standards can create market confidence and encourage industry investment in higher-grade low-carbon production.

India's Execution Deficit in the Age of AI

Context

- The recent Artificial Intelligence (AI) Summit in Delhi, held shortly after the Union Budget 2026, has sparked a wider debate about India's developmental trajectory.
- India's policy ambition remains bold — ranging from AI leadership to semiconductor manufacturing and data-centre expansion.
- However, the summit exposed a persistent structural weakness: the **gap** between **announcement** and **implementation**.

The Budget 2026 - Ambition Without Retrospection

- **Detailed review avoided:** Finance Minister (Nirmala Sitharaman) presented her ninth consecutive Union Budget, notable for its restrained rhetoric. However, the speech avoided a detailed review of past flagship programmes.
- **Key observations:**
 - Multiple new initiatives announced.
 - Long-term commitments, **for example**, 25-year tax holiday for semiconductor manufacturing, incentives for data centres and cloud infrastructure, and long-term skill development programmes.
 - Fiscal consolidation path maintained.
- **Structural limitation of Budgets:**
 - With **GST** institutionalised, customs duties aligned with trade agreements, and limited room for major direct tax reforms, annual budgets now signal direction rather than drive transformation.
 - Wealth tax and agricultural taxation remain politically sensitive.
 - Only about 30 million individuals pay income tax out of roughly 90 million in the **tax net**.
 - However, meaningful gains now depend on administrative reform, not fiscal announcements.

The AI Summit

- **Symbolism vs reality:** The AI Summit was intended to project India as a **global AI leader**. However, operational lapses — long queues, overcrowding, and notably, cash-only counters at a digital summit — symbolised deeper **administrative weaknesses**.
- **The irony:** A summit celebrating digital infrastructure, UPI ecosystem, and AI innovation was undermined by basic logistical failures.
- This reflects a recurring governance pattern: Strong policy vision, weak last-mile execution.

The Broader Economic Pattern

- **Manufacturing stagnation:**

- Manufacturing share remains around **16-17%** of GDP for nearly two decades.
- This is despite lower labour costs than competitors (including China), Production-linked incentives, infrastructure expansion, etc.
- This is because of execution bottlenecks like project delays, regulatory hurdles, land and compliance issues.

- **Fiscal incentives vs governance quality:**

- Tax holidays and incentives (e.g., semiconductor mission, data centres) cannot substitute for predictable regulation, administrative efficiency, judicial speed, logistics and supply chain management, and trust-based taxation.
- The **Laffer Curve** (logic popularised by Ronald Reagan) highlights that lower compliance costs and trust-based taxation may improve collections more sustainably than coercion.

Lessons from Reform History

- **The 1991 moment:**

- The landmark reforms of 1991 occurred during a balance-of-payments crisis when foreign exchange reserves covered only days of imports.
- Unlike that crisis-driven transformation, contemporary reforms operate without existential urgency.

- **Reform thinkers and incrementalism:**

- Several prominent economists have warned against excessive bureaucratic activism without necessity, advocated credible incremental reforms, and emphasised calibrated gradualism suited to India's political economy.
- **Common insight:** Implementation determines success more than policy design.

The Core Governance Challenge

- After 35 years of economic liberalisation, India's development constraint is no longer primarily policy design.
- It is the **execution deficit**, like,
 - Weak last-mile delivery.
 - Institutional capacity constraints.
 - Compliance burden.
 - Adversarial tax administration.
 - Regulatory unpredictability.
- Even digital filing systems alone cannot build trust.

Institutional Reform

- **Creating an “Implementation Commission”:** Focused not on designing schemes but on ensuring delivery.
- **Main idea:** Though paradoxical — creating bureaucracy to reduce bureaucratic inefficiency — the idea underscores the urgency of –
 - **Outcome-based monitoring.**
 - Inter-ministerial coordination.
 - Process simplification.
 - Administrative accountability.
 - Governance innovation.

Other Challenges and Way Forward

- **Policy overproduction:** Too many schemes, insufficient review. **Shift** from scheme-centric to delivery-centric governance. Evaluate old schemes before launching new ones. Institutionalise sunset clauses and outcome audits.
- **Trust deficit in tax administration:** Trust-based taxation, resulting in lower compliance costs, stable regulatory regime, and predictable dispute resolution.
- **Event management vs institutional strength:** Civil service reforms – Specialised technical cadres for AI, semiconductor, and digital sectors. Project management capabilities.

Conclusion

- The AI Summit and Budget 2026 together highlight a critical truth: India does not lack ambition, it lacks consistent execution.
- Incremental reform can indeed produce transformative change — but only if implementation itself becomes the central reform agenda.
- India’s next developmental leap will begin when **delivery replaces declaration** as the metric of success. Ultimately, the question is not what India announces — but what it implements.

India’s Execution Deficit FAQs

Q1. Why does India continue to face structural constraints in achieving transformative economic growth?

Ans. This is because of weak administrative capacity and last-mile implementation rather than in policy design or fiscal intent.

Q2. How did the AI Summit in Delhi symbolically highlight governance challenges in India’s development trajectory?

Ans. The summit exposed the gap between digital ambition and ground-level administrative efficiency.

Q3. Why are fiscal incentives such as tax holidays insufficient for ensuring success in sectors like semiconductors and AI?

Ans. Without predictable regulation, efficient logistics, fiscal incentives alone cannot deliver structural transformation.

Q4. What distinguishes incremental reform from crisis-driven reform in India?

Ans. Unlike crisis-driven reforms of 1991, contemporary reforms rely on gradual, credibility-based implementation.

Q5. What institutional reform is required to bridge the gap between policy intention and outcomes?

Ans. Prioritising implementation-focused institutional innovation, possibly through a dedicated mechanism like an Implementation Commission.

Source: IE

Source: <https://vajiramandravi.com/current-affairs/daily-editorial-analysis-20-february-2026/>

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