# Book Review

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## Madhumitha Srinivasan, Ketaki Ghoge, Stuti Haldar, Amir Bazaz, and Aromar Revi, *Climate Finance in India 2023*, 2023, pp. 142, Indian Institute for Human Settlements, ISBN-13:978-81-9584733-4.

Climate change has become the emerging challenge of the 21st century, with substantial impacts on growing economies like India. According to this framework, the Indian Institute for Human Settlements (IIHS) offers a timely and factually grounded contribution through its book, *Climate Finance in India 2023*. This book focuses on India's current climate finance flows, estimates the required investments, and examines enabling policy instruments and institutional pathways to ensure India meets its climate goals. More significantly, it links these financial dynamics to the broader question of sustainability—economic, environmental, and social—making it a critical read for policymakers, researchers, and financial actors engaged in climate transition planning.

This book comprises eight chapters, accompanied by a detailed executive summary. It is structured to gradually build the case for why India needs an extreme shift in investment priorities to meet its Nationally Determined Contributions (NDCs), while safeguarding economic resilience and inclusive development. The opening chapters (Chapters 1 and 2) explore the foundational relationships between climate change and financial systems, including domestic and international finance sources. Climate finance is positioned not only as a flow of money but also as a mechanism to alleviate long-term macroeconomic risks, including loss of GDP, employment dislocation, and ecological degradation.

This book's sustainability lens is evident, particularly in its presentation of low-carbon and climate-resilient development concepts. Drawing from both the Intergovernmental Panel on Climate Change (IPCC) and India-specific macroeconomic studies (e.g., RBI, 2023; Kompas et al., 2018), this book focuses on the fact that India could suffer a GDP loss of 3%–10% annually by 2100 if climate risks are not appropriately managed by the government and private enterprises. This links climate finance directly to the sustainability of economic growth itself, as it is not only a question of emissions but also of future livelihoods and institutional stability (pp. 11–13; Ch. 4).

A key strength of the report lies in its quantification of investment needs. It estimates that India requires an annualized climate investment of $167 billion from 2016 to 2030—about 8% of India's 2015 GDP—to meet its NDC targets. Achieving a 1.5°C pathway demands 7%–18% of GDP2019 annually until 2050 (pp. 42–45). These figures reflect ambition and expose the scale of the sustainability finance gap. Moreover, climate finance in India remains one-sided, with 90% focused on mitigation and only 10% directed toward adaptation of climate finance (pp. 20–25). The report rightly notes that such an imbalance undermines long-term resilience, especially for vulnerable populations in agriculture, water-stressed regions, and informal settlements.

This book's deep dive into macroeconomic impacts is another vital contribution (Ch. 4). It links physical and transforming risks to inflation, trade deficits, and sectoral shifts. It discusses the difference in GDP between business-as-usual and low-carbon scenarios, estimating a 0.7% loss in GDP by 2050 in a low-carbon path—a doable trade-off if social and regional inequalities are appropriately addressed. This also connects to the broader sustainability point of view: A just transition must balance emission reductions with social protection, livelihood continuity, and careful management and allocation of resources.

Perhaps the policy-relevant and sustainability-linked discussion comes mostly from Chapter 7 on transition risks and abandoned assets. Over 40 GW of coal power capacity is already stressed in 34 coal power plants, with $25 million in outstanding loans (Standing Committee on Energy, 2018), and public sector banks are heavily exposed (pp. 91–93). This book also argues persuasively that continued investment in fossil fuels—including the $90 billion invested in coal plants from 2006 to 2014—risks establishing carbon lock-ins and undermining financial stability. The sustainability theme is ecological (reducing carbon intensity) and economic (preventing financial shocks from stuck public investments).

However, this book clearly maps these risks but does not fully develop the macroeconomic modeling dimension. For example, it references GDP loss projections and cost-benefit gaps, but there is no imitation of fiscal scenarios under delayed versus accelerated climate investments. A deeper analysis of inter-temporal trade-offs, for example, upfront fiscal stimulus for green infrastructure versus long-run gains in productivity and employment, would improve the sustainability finance argument. Similarly, while it recognizes that India's cumulative adaptation costs should reach ₹86 trillion by 2030 (p. 113), as per Climate Policy Initiative 2020, it is short of the required price.

The report admirably addresses governance and institutional capacity gaps impacting sustainable finance flows. Many state governments lack the skills necessary for climate budgeting, while private sector work in adaptation finance remains negligible. The report recommends the creation of a public facility to de-risk private finance and crowd-in investment—a recommendation with substantial macroeconomic relevance—although details on design and accountability mechanisms remain sparse (pp. 117–118).

This study differs from many other climate finance reports since it consistently links climate action to the Sustainable Development Goals (SDGs). It also

proclaims that adaptation finance should be harmonized with SDG-aligned development investments, particularly in health, education, urban resilience, and agriculture. This inter-relation is essential to ensure climate finance is not stagnant or limited to scientific knowledge; it should support holistic development pathways.

In conclusion, *Climate Finance in India 2023* offers an in-depth and accessible analysis of India's climate finance landscape. Its importance extends beyond the financial sector to anyone concerned with sustainable development, fiscal stability, and ecological justice. Its factual strength and normative clarity make it ideal for policy advisors, state climate planners, financial regulators, and sustainability researchers. While it could be nourished by integrating dynamic macroeconomic models or scenario-based investment trade-offs, it nevertheless succeeds in making the case that climate finance is not a circumstantial issue, but the foundation of India's long-term sustainability strategy.

## References

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