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BOOK REVIEW

Economic, Financial and Institutional Dimensions of Climate Action

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Mohanty, M, and Runa Sarkar, eds. 2025. *Financing Climate Action: India in a Global Context*. Routledge India. 440. ISBN: 9781032962641

Climate change is widely regarded as the greatest market failure in modern economic history, reflecting the inability of markets to account for the environmental and social costs of greenhouse gas emissions (Stern 2008). Addressing the challenges of climate change requires not only technological and regulatory reforms but also a restructuring of investment priorities and financial flows, redirecting capital from carbon-intensive development pathways towards mitigation, adaptation, resilience, and sustainable development. In addition, concerns about equity and the role of existing financial mechanisms in realizing a just and effective climate transition are equally

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significant. In this context, *Financing Climate Action: India in a Global Context*, edited by Mritiunjoy Mohanty and Runa Sarkar, is a timely and substantive intervention and provides a valuable contribution to climate finance literature. The open-access edited volume consists of 27 chapters across six thematic sections. The contributors are from a diverse range of disciplines, including economics, finance, public policy, energy systems, environmental science, and development studies, and represent academic institutions, policy think tanks, and practitioner organizations. This interdisciplinary breadth lends the volume a richness that is often lacking in economics-centred research on climate finance. The volume explores the economic, financial, and institutional dimensions of climate action and offers insights relevant to the Global South.

Part I of the book comprises six chapters that provide a multidimensional perspective on climate action financing in India, from macroeconomic, institutional, and sectoral perspectives. The topics covered in this section include financing requirements and the need to mobilize private investments to support renewable energy policies, decentralized adaptation strategies, grid integration interventions, and fiscal reforms. The section demonstrates how public institutions, private capital, community initiatives, and fiscal frameworks collectively shape pathways towards low-carbon and climate-resilient development. The four chapters of Part II examine the governance and institutional dimensions of climate finance, emphasizing that effective climate action depends not only on the availability of resources but also on how they are regulated, allocated, and implemented. The section also underscores that public finance plays an important role where private finance is unwilling to take on the risks involved in adaptation and other difficult climate projects. Overall, this section suggests that climate finance depends not just on funding, but also on the rules, institutions, and partnerships that guide how that funding is used.

Part III focuses on the instruments and mechanisms that can be deployed to mobilize climate finance. Across four chapters, this section moves from broad policy frameworks to practical tools, discussing mechanisms such as capital recycling, securitization, green state development loans, carbon pricing instruments, and debt-for-climate swaps. The section emphasizes the role of public and private financial institutions in supporting projects and fostering innovation, especially where markets are shallow or risks are high. Part IV consists of six chapters that connect climate finance with the economy and discuss how financial tools can support the decarbonization of the energy sector. Further, this section suggests that climate finance must go beyond broad commitments to include practical instruments that can support firms, workers, and infrastructure in moving towards a low-carbon economy. The chapters also highlight the need for sustainability-linked green bonds; green finance platforms for micro, small, and medium enterprises; energy-efficiency financing schemes; transition plans and disclosure frameworks for large firms; carbon markets; carbon pricing; transmission financing; and just transition funding models.

Part V of the book focuses on public resources, arguing that long-term capital is needed to support public investment institutions, and the involvement of central banks is required to create an effective and equitable climate financing system. Particularly, the chapter on loss and damages advocates for grants and stronger governance arrangements to make climate funding available to countries that are most vulnerable to the climate crisis. The final part of the edited volume examines the experiences of Brazil, India, and Indonesia and argues for regional cooperation to develop effective climate finance programmes. The chapters highlight the role of public-sector firms in supporting a just energy transition. Examples include the use of carbon taxes and green bonds to finance renewable energy and manage inflation. Other examples include the development of country-level platforms to align international support with national priorities, and models such as the Energy Transition Mechanism and Just Energy Transition Partnership, which illustrate the importance of linking finance, policy, and implementation.

The 27-chapter volume is a commendable achievement in scope and intellectual ambition. The contributors are from diverse backgrounds, so some variation in analytical depth across chapters is perhaps to be expected. Certain chapters offer rigorous original analysis, while others adopt a more descriptive approach, synthesizing insights on existing schemes and from secondary sources. Although the thematic introductions by the editors serve as helpful navigational guides, they could have more explicitly highlighted the linkages and points of divergence across chapters. The edited volume would also have benefited from a more sustained engagement with the political economy of climate finance, including the institutional interests that complicate decarbonization, the distributional implications of carbon pricing, and governance challenges.

In conclusion, *Financing Climate Action: India in a Global Context* is a timely and intellectually valuable contribution to the scholarship on climate finance, offering wide-ranging analyses of the institutional, financial, and policy dimensions of climate action in developing economies. The volume's strength lies in how it brings together diverse perspectives on public finance, private capital, governance, instruments, and international experience, while maintaining a consistent focus on equity, resilience, and the realities of development. As India commits to a net-zero future by 2070 while simultaneously pursuing its development aspirations, the book offers valuable insights into the opportunities and constraints that will shape its transition. It is therefore an important resource for researchers, policymakers, and practitioners interested in the evolving relationship between climate finance and sustainable development.

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