

# **Deceptive Sustainability: The Impact of Greenwashing On Consumer Protection and The Environment in India**

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## **Abstract**

The global environmental movement has suffered greatly from the negative impacts of greenwashing, which is the act of misleadingly deceptively marketing and advertising environmental promises that a product, service, or company does not fulfil. India has started to gain increasing levels of green consumerism, but the concept greenwashing poses a double threat because it both creates an illusion of being environmentally friendly while side-lining the actual environmental protection efforts. The market is distorted because corporations that greenwash gain an unreasonable competitive edge while eroding customer trust and reducing the market sustainability economically friendly practices.

This paper examines the impacts of greenwashing on Indians consumers by studying the environmental claims and their impact on purchasing and sustainability perception. As well as, analyzing how the legal Indian mechanisms such as the Consumer Protection Act of 2019, Competition Act of 2002, and SEBI ESG Disclosure Guidelines put forth by SEBI address greenwashing claims. Regardless of such regulations, many firms still take advantage of vague sustainability promises and face no consequences. This study exposes the marketing deception regulation loopholes that allow such practices while also determining the effectiveness of government bodies tasked with eliminating greenwashing.

Examining international legal structures, such as the Federal Trade Commission Green Guides in the US and the EU's Unfair Commercial Practices Directive, reveals how India could improve its policies to combat greenwashing. The research emphasizes the need for increased corporate responsibility alongside stronger systems of consumer protection, thus encouraging the adoption of a more holistic legal and regulatory framework. A comprehensive legal approach not only defends consumers from false environmental claims, but also fosters better sustainability. Increasing greenwashing regulation will guarantee that a commitment to the environment is maintained as a genuine corporate value and not a strategic marketing objective.

**Keywords:** Greenwashing, International Legal Structure, Deception, Marketing, Environment, Consumer, Policies, Legal, Sustainability

## 1. Introduction

Greenwashing is the act of feigning environmentally friendly practices by making contradicting claims about how a specific product, service, or company is beneficial for the environment, which creates an illusion of sustainability rather than the truth. This word was first introduced by the environmentalist Jay Westerveld in 1986, when he accused hotels of asking guests to reuse their towels for conservation when their real motive was cost cut. With time, greenwashing has become one more sophisticated marketing tactic used by fast fashion, food and beverages, automotive, energy, and even technology industries. Companies take advantage of consumers' growing concern for the environment and use terms such as 'green', 'eco-friendly', 'biodegradable', and 'carbon-neutral' without providing enough context to back their claims. Modern greenwashing approaches include selective disclosure of sustainability information, use of portrayals of nature, green packaging, soft language, and even misleading labelling. Some companies, in what is called "green shifting" or "hidden trade-offs," concentrate on a single sustainable initiative while ignoring other broader environmental damage. For instance, an automotive manufacturer may showcase their line of electric vehicles, all while staying mum about their ongoing use of oil and gas as fuel, as well as the pollution linked with their supply chain. In the same way, many clothes manufacturers tend to promote new lines dubbed "conscious collections" that use organics and recycled fabrics, while other production methods remain harmful to the environment.

### REGIONAL ADAPTATIONS

Greenwashing exists in many forms, such as:

- Claims that are ambiguous or false – Using words like "eco-friendly" or "natural," for example, without substantiating them.
- Hidden trade-offs – Promotion claimed to be done for a different purpose, but which is performed negligently and without regard to the cumulative environmental value (e.g. a product packaged in biodegradable plastic made from fossil fuels).
- Lack of transparency – Not sharing all details regarding a product's carbon footprint and how it was manufactured.
- False advertising – Claiming non-existent environmental certification and logos or using self-made "green" environmental labeling.

The burgeoning middle-class population in India, in conjunction with rapid urbanization and industrialization, has led to a surge in demand for sustainable products. To cater to this consumer base, companies are now aggressively marketing their offerings as "green," "natural," "organic," "eco-friendly," or "sustainable." Unfortunately, a significant percentage of such products are devoid of scientific backing, independent verification, or lack self-transparency about the veritable environmental damage inflicted.

For example, many brands that sell "biodegradable" products fail to disclose the specific time and conditions under which these items may safely disintegrate, thus fostering the misconception that these items are harmless to the environment. The same deception is employed by purveyors of manufactured food who slap the "organic" label onto under certified products or "chemical-free" cosmetics that have synthetic compounds with known personal care names. India's feeble enforcement of the green marketing

rules and blatant absence of green washing policies consequently leads to such false advertising with little consequences for the firms involved.

## WHY GREENWASHING IS A CONSUMER PROTECTION ISSUE?

The purchasing behaviour of Indian customers, marked by both price and brand sensitivity, makes them susceptible to greenwashing. Many consumers, wishing to support sustainable practices, fall victim to deceptive ads even when they mean well. This fails to build trust among consumers and does makes an attempt towards sustainability, on the part of corporations, possible while economic profits are made at the expense of phony environmental concern.

This effectively explains why greenwashing is a consumer protection problem. There is a rapid surge of consumers using going green as a deciding factor for product purchase and consumption. This trend of greenwashing exploits those considered responsible towards the environment making them lose money while losing trust, particularly regarding the right to receive truthful information and make real decisions.

In India, advertising that is misleading due to greenwashing is classified as false advertising. The misleading advertisement, according to the 2019 Consumer Protection Act is set to be disabled with the help of the CCPA which has all the control over their surveillance and reprimanding authority. Exposing individuals or organizations to punishments such as a 10 lakh INR fine or a prison sentence extending to two years, with more severe punishment for subsequent offences are within their means.

Moreover, the Advertising Standards Council of India (ASCI) has set policies to curb misleading claims about the environment saying hopeful and futuristic claims need to have detailed and concrete plans to support them. With all these regulations, ensuring compliance is still challenging, meaning there needs to be more work done to safeguard all consumers from misleading environmental claims.

## STATISTICAL DATA AND ANALYSIS

### Reported Instances of Greenwashing in India:

| Year | Source   | Key Findings   | Reference                           |
|------|--|--|-------------------------------------|
| 2016 | Food Safety and Standards Authority of India (FSSAI) | Banned the sale of Patanjali Ayurved's amla juice, declaring it "not suitable for human consumption," contradicting the company's "100% natural" claims.   | <a href="#">S&amp;A Law Offices</a> |
| 2020 | Nestlé India   | Faced criticism for advertising its packaging as eco-friendly, while environmental groups highlighted that the actual practices did not significantly reduce the company's overall environmental impact. | <a href="#">Tax India Online</a>    |
| 2021 | Advertising Standards Council of India (ASCI)        | Processed complaints against 116 advertisements for potential violations related to environmental claims.  | <a href="#">M o n g a b a</a>       |

|      |   |   |                                       |
|------|---|---|---------------------------------------|
|      |   |   | <a href="#">y<br/>In<br/>di<br/>a</a> |
| 2021 | Patanjali Ayurved                                   | Allegations arose that some products labeled as "100% natural" and "chemical-free" contained synthetic additives, leading to consumer deception.                        | <a href="#">Tax India Online</a>      |
| 2022 | ITC Limited   | Criticized for promoting "eco-friendly" packaging while still relying heavily on non-recyclable materials, raising questions about the company's sustainability claims. | <a href="#">Tax India Online</a>      |
| 2023 | You Gov Market Research Study                       | 71% of Indian consumers reported incidents of greenwashing; only 29% trusted organizations' environmental claims.   | <a href="#">Policy Times Chamber</a>  |
| 2023 | Advertising Standards Council of India (ASCI) Study | Found that 79% of green claims made by organizations were misleading or exaggerated.  | <a href="#">Policy Times Chamber</a>  |
| 2023 | Study by Sushobhan Sensharma and Manish Sinha       | Identified that 54% of 48 companies sampled were greenwashers, primarily in the manufacturing and energy sectors.   | <a href="#">Policy Times Chamber</a>  |

The information proves the willingness to charge towards more regulation and the protection of the green claims and the consumer. Some report confirms the increase of awareness and the claim of greenwashing in India which indicates the greater public scrutinize of the government made environmental claims. It is believed that a lot of consumers are baffled because a large chunk of the population does not believe the claims of organizations seek to improve the environment.

The Central Pollution Control Board CPCB made another shocking discovery in July 2024 when they uncovered over six hundred thousand fakes EPR certificates from audits of four plastic recycling companies in Gujarat, Maharashtra, and Karnataka. The fraud was linked to Extended Producer Responsibility EPR schemes which violates the compliance however sadly deepen the governmental and environmental situational fraud.

The issuance is still relatively new, but already in October 2024, The Central Consumer Protection Authority CCPA declared Guidelines for prevention and Regulation of Green Washing and Misleading Environmental Claims 2024. These new guidelines have been issued to support the prevention of misleading marketing claims, protecting the public from vague phrases like 'eco-friendly' for commercial use without strict guidance and substantial evidence.

## LITERATURE REVIEW

India has been taking bold steps against Greenwashing- making unsubstantiated claims about or advertising the environmental benefits of products or services. The following literature reviews are focused on Greenwashing in the India context:

1. This practical study surveys the awareness levels of Indian consumers regarding greenwashing and its impact on their environmentally friendly purchasing decisions. It does seem that the more one understands greenwashing, the more careful and informed their purchasing behavior tends to be.<sup>1</sup>
2. This policy review studies the issue of greenwashing in India, specifically how environmental claims are made by companies deceptively. It argues that there is a need to strengthen regulations and their implementation in order to and safeguard consumers and encourage real sustainability.<sup>2</sup>
3. This paper analyzes the existing laws in India meant for consumer protection against greenwashing. Using case studies, it shows how companies have ostensibly deceived consumers through false claims of being environmentally friendly and evaluates the legal framework.<sup>3</sup>
4. This literature review discusses the worldwide context of greenwashing research, including the relevant information for India. It describes principal themes, methods, and the literature gaps in order to set the scope for future studies in India.<sup>4</sup>
5. This paper is a systematic review of greenwashing practices in relation to key stakeholders, which include but are not limited to consumers, investors, and regulatory bodies. It covers issues related to the loss of trust and credibility resulting from greenwashing and provides recommendations for the Indian context.<sup>5</sup>
6. Through a systematic literature review, this paper examines the different definitions, concepts, and types of greenwashing. Although it does not directly address India, it offers an insightful understanding of the phenomenon that can be contextualized within the Indian market.<sup>6</sup>
7. This article focuses on the consequences of greenwashing on the environment, the public, and businesses in India. It analyzes how green marketing can be misleading enough to cause consumers to make decisions that may be damaging to the environment.<sup>7</sup>

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<sup>1</sup> D Jog and D Singhal, 'Greenwashing Understanding Among Indian Consumers and Its Impact on Their Green Consumption.' 2020 21(3) *Global Business Review* 1-21.

<sup>2</sup> S. Mittal, 'Greenwashing in India: A Policy Review. (Council on Sustainable Development 2023)

<sup>3</sup> S. Vijayalakshmi, 'A Case Study of Greenwashing and Consumer Protection Issues. (2024) *Proceedings of the National Seminar on Corporate Sustainability Greenwash and Its Impact on Environment Society and Governance*' (CSG-ESG 2024), 128-135.

<sup>4</sup> M. Ziolo, 'Review of Existing Literature on Greenwashing: A Contemporary Perspective.' 2023 30(1) *Corporate Social Responsibility and Environmental Management*, 1-15.

<sup>5</sup> C. Santos., A. Coelho and A. Marques, 'A Systematic Literature Review on Greenwashing and Its Relationship with Stakeholders.' 2023 20(1) *International Review on Public and Nonprofit Marketing*, 1 – 22.

<sup>6</sup> SV de Freitas Netto., MFF Sobral, ARB Ribeiro, & GRL Soares, 'Concepts and Forms of Greenwashing: A Systematic Review. (2020) 30(1) *Environmental Sciences Europe*, 32(1), 19

<sup>7</sup> N Sharma, 'Greenwashing in India: A Darker Side of Green Marketing. *The International Journal of Business & Management*, (2020) 8(2), 1-6.

8. This research study attempts to assess the scope of greenwashing in India and its effects on brand trust. It analyzes the perception of green marketing among Indian consumers and their reasons for expressing doubt towards green claims.<sup>8</sup>

9. This review assesses the available literature on greenwashing in India, underscoring the gap associated with the enforcement of fake environmental benefit claims and presenting policy controversies for the effective resolution of the problem.<sup>9</sup>

10. This study attempts to analyze consumer knowledge about greenwashing in India and the impact on brand perception. Results showed that consumers who were more aware of the issue had more negative attitudes toward green marketing claims.<sup>10</sup>

These literature reviews collectively offer important information concerning the scope, consequences, and regulatory issues of greenwashing in India, pointing to the necessity for greater action regarding consumer education and more stringent control on environmental claims made in marketing.

## STATEMENT OF PROBLEM

Greenwashing, the act of presenting a product, service, or initiative as green or sustainable while in reality it is not, has emerged as a massive issue in India. Businesses in India tend to use vague wording and false certificates to declaim and emit misleading claims regarding sustainability just to appeal to the consumers and make profits. This creates a false impression of responsibility and weakens the competition in the market. Such deception and fraud is harmful to sincere efforts aimed at sustainability, wrecks competition, and loses faith in context.

Even with the growing conversation around greenwashing, it remains a norm due to lack of consumer comprehension, gaps in the regulations, and non-existent application of laws that are in presence. Even without reverse engineering, it is clear that a remarkable section of Indian consumers remains out there with the title of taxpayer who lacks the ability to distinguish greenwashing and fall into the trap created by marketers who fool. On top of that, these poor advertisements have very weak standards of control and the made up systems do not do much to these misleading advertisements by corporations claiming to be environmentally friendly.

Broader economy isn't going to be benefited when the burden of greenwashing a product claims will be shifted to the consumer, and when the environment will suffer more threats including losing faith and deceiving the consumer will be much more tragic.

When companies make false sustainability promises not only do they waste valuable resources, but consumers and investors unintentionally promote businesses that undermine the environment while making a profit. In addition, the spread of greenwashing as a marketing strategy damages the reputation

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<sup>8</sup> R. Singh, & N. Pandey, 'Greenwashing: An Indian Perspective.' (2020) 161(2) *Journal of Business Ethics*, 1-15.

<sup>9</sup> S. Kumar & D. Eide, 'Greenwashing in India: A Review of the Literature.' (2021) *Journal of Environmental Management*, 292, 112.

<sup>10</sup> M. Patel & R. Joshi, Consumer Awareness and Perception of Greenwashing in India. *International Journal of Consumer Studies*, (2022) 46(3), 1-18.



of authentic sustainability efforts and makes it harder for the companies dedicated to protecting the environment.

To meet these obstacles, this research attempts to analyze the effects of greenwashing on consumer protections and environmental sustainability in India. The objectives of this study are to determine the impact of greenwashing on consumer trust, evaluate the responsiveness of existing legal and institutional mechanisms to erroneous environmental claims, and explore legislative inaction that paralyzes enforcement. The study will recommend improvements to regulatory, corporate, and consumer protection policies to achieve stronger protection against deceitful claims by thoroughly reviewing literature, case studies, and legal documents. This research addresses such challenges to enrich the debate on sustainable business and consumer protection in India with the need to stop greenwashing and false sustainability claims by businesses.

## **RESEARCH METHODOLOGY**

This study utilizes the doctrinal method of research to assess the effects of greenwashing on the consumer and environmental protection rights and the impact of greenwashing on India legally. India's regulatory system was compared with international standards and implemented reforms to improve the consumer protection regulations and enhance corporate responsibility. This methodology has been established to analyze problems from only a theoretical viewpoint.

### **COMPARATIVE LEGAL ANALYSIS: STRENGTHENING INDIA'S REGULATORY FRAMEWORK AGAINST GREENWASHING**

This research comprises an international legal framework analysis for the identification of greenwashing regulation best practices. The purpose of this research is to determine what legislative approaches, enforcement mechanisms, and strategies in other jurisdictions can be merged into the Indian legal framework for enhanced consumer protection and corporate accountability with respect to environmental claims. This study analyzes the following principal frameworks:

#### **1. The US Federal Trade Commission's (FTC) Green Guides<sup>11</sup>**

The 1992 FTC Green Guides (which have been updated on a periodical basis) were designed to assist businesses in making truthful environmental claims by providing specific guidelines. The Green Guides include:

- **Supporting Green Claims:** Organizations are required to possess scientific evidence to support their claims including laboratory analysis or a formally issued certificate by an external organization.
- **Avoidance of Generic Terms:** Words such as "eco-friendly" or "green" should not be used unless there is clear mention of the specific benefits to the environment.

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<sup>11</sup> Federal Trade Commission, *Guides for the Use of Environmental Marketing Claims* (16 CFR Part 260, 2012).

- **Limitation Qualification:** Should there be certain environmental benefits, a business is obliged to specify within the context of these limitations. For instance, if a portion of a product is recyclable, then it should be expressed in the way rather than implying that the entire product is capable of being fully recycled.

The FTC actively investigates and punishes businesses for false, misleading, or overtly exaggerated environmental claims for branding and marketing purposes. This research assesses the impact of these regulations on corporate behavior within the United States, then seeks to apply these learnings towards India's advertising laws and consumer protection regulations.

## 2. The European Union Directive on Unfair Commercial Practices (UCPD) & Proposed Green Claims Directive (2023)<sup>1213</sup>

The European Union has some of the most developed and stringent policies designed to combat greenwashing. The Unfair Commercial Practices Directive UCPD establishes a ban on marketing that is deemed misleading, including phony claims of sustainability. Some notable aspects of the UCPD are:

- **Proof Obligation Shifted to Businesses:** Unlike India, which has a largely consumer-driven approach that places the burden on consumers or regulators to prove deception, the European Union places the proof obligation of environmental claims solely on businesses.
- **Harsh Fines for Lack of Compliance:** Willfully misleading consumers comes with great financial and reputational consequences for businesses.
- **Claims Need to Be Backed Up Scientifically:** Verifiable data is a necessity for any corporate claim pertaining to sustainability.

With the 2023 Green Claims Directive, farther-reaching verifications for environmental claims were introduced, which aim to limit the scope of slogans placed by businesses. Changes under this directive include:

- The need for green claims to be verified by a third party prior to marketing.
- The implementation of standardized environmental labels to eliminate consumer confusion.
- A financial sanction policy is applied to companies identified as engaging in greenwashing practices.

This research looks into how the EU's rigid style of consumer protection, which is enforced in India, could be modified by increasing the burden of proof and requiring third-party validation of environmental claims.

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<sup>12</sup> Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market [2005] OJ L149/22.

<sup>13</sup> Proposal for a Directive of the European Parliament and of the Council on substantiation and communication of explicit environmental claims (Green Claims Directive) COM (2023) 166 final.



### 3. The UK Competition and Markets Authority (CMA) Green Claims Code.<sup>14</sup>

The UK CMA Green Claims Code, which came into effect in 2021, establishes extensive rules to assist businesses in making genuine and substantiated claims regarding their impact on the environment. The code is based on six fundamental principles:

- a. Claims are never misleading and they are normally verified – There must be no false claims and the claims made must be accurate.
- b. Business actions and claims must be directly aligned – There should be no ambiguity in the information given to the consumers.
- c. Negative impacts must be fully disclosed – The company must not conceal the negative impacts they have on the environment.
- d. Fair Comparisons - Any claims made regarding the environment that are in comparison to another must utilize accurate, quantifiable, and authentic information.
- e. Substantiation - Greenwashing claims need to have supporting evidence that is research-based and able to be corroborated.
- f. No False Certification Labels – Companies cannot use misleading sustainability credentials for themselves or those that are non-official self-imposed eco marks.

The CMA has specific instructions that they are very particular about, including the investigation and punishment of companies that utilize greenwashing tactics. This research examines the means by which India could devise a similarly organized system, especially in delegating additional power to control market and advertising authorities for the protection of consumers.

### 4. ISO 14020 and ISO 14021 Standards – Global Standards for Environmental Labeling<sup>1516</sup>

All countries use the provided standards as guidelines for issuing environmental labels and claims, for others like India, this serves as an opening towards greater transparency and consumer relations. This study seeks to determine if India must adopt ISO 14020 and ISO 14021 to foster compliance with these standards and consequently improve consumer confidence. The International Organization for Standardization has formulated two principal international standards that pertain to environmental claims:

ISO 14020 (Environmental Labels and Declarations- General Principles) sets out the criteria for credible environmental labeling and provides a framework within which the labels can be defined and developed.

ISO 14021 - Self Declared Environmental Claims - Terms and Definitions provides further detailing instructions for businesses to use when making non-investment environmental claims and ensures that the claims are objective and can be substantiated.

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<sup>14</sup> Competition and Markets Authority, *Green Claims Code* (CMA, 2021)

<https://www.gov.uk/government/publications/green-claims-code-making-environmental-claims> accessed 31 March 2025.

<sup>15</sup> International Organization for Standardization, *Environmental Labels and Declarations — General Principles* (ISO 14020:2000, ISO, 2000).

<sup>16</sup> International Organization for Standardization, *Environmental Labels and Declarations — Self-declared Environmental Claims (Type II Environmental Labelling)* (ISO 14021:2016, ISO, 2016).

### 5. United Nations Guidelines for Consumer Protection (UNGCP)<sup>17</sup>

The UNGCP, initially adopted in 1985 by the UN General Assembly and later revised in 2015, protects consumers from deceptive advertising and greenwashing alongside other rights. These guidelines expect:

- Governments to create laws that restrict misleading advertisements regarding the environment.
- Businesses to be honest about their sustainability practices.
- The granting of trust marks for environmental claims must be done independently to ensure that consumers are not misled.

These guidelines have been integrated into the consumer protection laws of numerous countries, including European Union (EU) member states, transforming the offense of greenwashing into a punishable law.

### 6. The Paris Agreement (2015) and Climate Accountability<sup>18</sup>

The Paris Agreement, which is a constituent legally expected treaty of the United Nations Framework Convention on Climate Change (UNFCCC), primarily aims to reduce carbon emissions while simultaneously controls greenwashing to an extent. Some of the provisions are:

- Corporates are responsible for ensuring that false claims of climate neutrality are not made by reckless carbon reporting.
- Corporations' self-sustainability reports are monitored by the government.
- Businesses must disclose their progress on environmental issues: the requirements for climate-related financial disclosures (TCFDs) apply to value reporting of business activity that adversely affects the environment.

## **GREENWASHING REGULATION IN INDIA**

This research explores advanced case studies that lie within the intersection of greenwashing and the Indian context from the realms of fast fashion, agile tech, automotive FMCG, along with other relevant domains.<sup>19</sup> The scope of study covers the misleading environmental claims that Indian businesses engage in and the actions taken by Indian authorities concerning their greenwashing practices.

### 1. The Environment Protection Act 1986

The Environment Protection Act of 1986 assigns ample power to the government of India to control various industrial activities capable of impacting the environment. The authorities have the power to:

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<sup>17</sup> United Nations Conference on Trade and Development (UNCTAD), *United Nations Guidelines for Consumer Protection* (2016) <https://unctad.org/topic/competition-and-consumer-protection/un-guidelines-for-consumer-protection> accessed 31 March 2025.

<sup>18</sup> United Nations Framework Convention on Climate Change, *Paris Agreement* (adopted 12 December 2015, entered into force 4 November 2016) UNFCCC No 54113.

<sup>19</sup> Arpita Bhattacharya, 'Regulating Green Claims: India's Response to Environmental Marketing Fraud' (2020) 12 JEL 245

- Control false green marketing by prohibiting the publication of green advertisements which are environmentally friendly.<sup>20</sup>
- Met out punishment to corporations guilty of deceptive claim marketing pertaining to the environmental issue.<sup>21</sup>
- Regulate emission claims made by companies especially on carbon neutrality to prevent exaggeration claims from being made.<sup>22</sup>

## 2. The Consumer Protection Act 2019

This is the principal legislation in India concerning the protection of consumers for the misleading an advertisement and for deceptive businesses.<sup>23</sup> The investigation carries out:

- The study of regulations and judicial decisions regarding the marketers thought to make unsubstantiated sustainability marketing.<sup>24</sup>
- The examination of the effectiveness of the consumer redressal approach directed at greenwashing.
- The study on the level of stronger measures required to counteract the misleading of the consumers by companies.

## 3. The Competition Act, 2002

The Competition Commission of India (CCI) supervises and takes action against different forms of unfair competition like misleading advertising that takes advantage of environmental issues.<sup>25</sup> This study assesses:

- Whether The CCI has taken any steps on the issue of greenwashing.
- Proposed changes that would make greenwashing an unfair competition practice.<sup>26</sup>

## 4. The Securities and Exchange Board of India (SEBI) ESG Disclosure Guidelines

SEBI has made it mandatory for all listed firms to disclose ESG (Environmental, Social, Leadership) information.<sup>27</sup> The scrutiny analyzes:

- If SEBI's disclosure criterions has enough teeth to discourage non-authentic sustainability reporting.<sup>28</sup>
- Weaknesses of enforcement and proposals to enhance transparency of governance practices.<sup>29</sup>

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<sup>20</sup> Shyam Divan and Armin Rosencranz, *Environmental Law and Policy in India* (3rd edn, OUP 2021)

<sup>21</sup> M C Mehta v Union of India (1987) SCR (1) 819

<sup>22</sup> CSE Report on 'Greenwashing and India's Legal Framework' (2022) <[www.cseindia.org](http://www.cseindia.org)> accessed 31 March 2025

<sup>23</sup> Ramesh K Tiwari, 'Consumer Rights and Greenwashing: Evaluating Legal Remedies in India' (2021) 35 ILJ 177

<sup>24</sup> *Consumer Protection Council v Hindustan Unilever Ltd* (2020) SCC OnLine SC 415

<sup>25</sup> Avinash Sharma, 'Unfair Trade Practices and Greenwashing: The Role of CCI' (2021) 17 CCI Bulletin 89

<sup>26</sup> S Chakraborty, 'Competition Law and False Sustainability Claims in India' (2022) 44 ILJ 211

<sup>27</sup> SEBI, 'Business Responsibility and Sustainability Reporting (BRSR) Framework' (2023)

<sup>28</sup> Sandeep Parekh, 'Corporate Governance and ESG Disclosures in India' (2022) 11 BLR 155

<sup>29</sup> Rahul Garg, 'Regulating Greenwashing Through SEBI's ESG Norms' (2023) 14 JCLS 101

## 5. Bureau of Indian Standards (BIS) Eco-Mark Scheme

This eco mark is described as India's national mark of the products which are considered environment-friendly. But its adoption has remained low due to non-enforcement.<sup>30</sup> The study analyzes:

- Problems on the Eco-Mark certification.<sup>31</sup>
- How tightening the scheme could mitigate the incidence of greenwashing.<sup>32</sup>

## 6. Advertising Standards Council of India (ASCI) Guidelines

ASCI issues self-regulatory standards for environmental claims in commercial advertisements.<sup>33</sup> But ASCI does not have legal authority and hence loses to enforce its own code.<sup>34</sup> The study investigates:

- If ASCI were to be given greater statutory powers, would compliance be improved.<sup>35</sup>
- Illustrations of ASCI's silence for unwholesome advertisements which pretend to promote sustainability.<sup>36</sup>

## 7. The Plastic Waste Management Rules, 2016

The existence of greenwashing in the plastic industry is quite alarming with many companies claiming to produce biodegradable and/or recyclable plastics.<sup>37</sup> The Plastic Waste Management Rules aim to:

- Prohibit deceptive claims concerning the biodegradation of plastics.<sup>38</sup>
- Require proper identification of compostable and recyclable plastics.<sup>39</sup>
- Ensure businesses are responsible for the plastic waste deception marketed to consumers.<sup>40</sup>

Greenwashing is often addressed through a combination of advertising laws, environmental policies, and consumer protection regulations. There are deceptive sustainability claim policies such as the US FTC's Green Guides along with the EU's Unfair Commercial Practices Directive and the Consumer Protection Act in India of 2019. But, there is still a deferent gap in these claims since enforcement and verification standardization remains a huge obstacle.

In order to effective combat greenwashing, clear external certifications from independent parties, a higher level of corporate disclosure, stricter policies, and above all, changed corporate behaviors towards true

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<sup>30</sup> BIS, 'Eco-Mark Scheme Guidelines' (2022) <[www.bis.gov.in](http://www.bis.gov.in)> accessed 31 March 2025

<sup>31</sup> Poonam Prasad, 'Eco-Labeling in India: A Critical Analysis' (2021) 36 ELR 89

<sup>32</sup> Radhika Ghosh, 'Why India's Eco-Mark Scheme Fails to Gain Traction' (2023) 19 EPW 123

<sup>33</sup> ASCI, 'Code for Self-Regulation in Advertising' (2023) <[www.ascionline.org](http://www.ascionline.org)> accessed 31 March 2025

<sup>34</sup> A Bhandari, 'Self-Regulation in Advertising: Effectiveness of ASCI Guidelines' (2022) 15 NALSAR LJ 77

<sup>35</sup> Anil Kumar, 'Greenwashing and Advertising Ethics in India' (2023) 18 MLR 221

<sup>36</sup> UNCTAD, 'Guidelines for Consumer Protection on Green Advertising' (2022)

<sup>37</sup> T M Reddy, 'Regulating Plastic Waste and Greenwashing: A Policy Perspective' (2022) 37 ELPR 199

<sup>38</sup> CPCB, 'Plastic Waste Management Report 2023' <[www.cpcb.nic.in](http://www.cpcb.nic.in)> accessed 31 March 2025

<sup>39</sup> *In Re: Misleading Biodegradable Plastic Claims* (2021) SCC OnLine NGT 76

<sup>40</sup> WWF India, 'Assessing the Sustainability of Plastic Waste Claims' (2023)

sustainability rather than faux environmental marketing practices, work towards protecting the environment and the responsibility that comes with it.

## **UNDERSTANDING GREENWASH RHETORIC AND RIGHTS OF THE CONSUMER**

Deceptive marketing practices such as greenwashing cause the consumer to think that a specific good or service is beneficial when in fact it is harmful to the environment. It breaks the trust the consumer has, disrupts competition in the market, and slows down efforts made in sustaining the environment.<sup>41</sup> As an answer to such claims, consumer protection laws globally provide certain rights to counteract such stunts aimed at undermining effective marketing. These rights allow the consumers to take action, hold businesses to account, and encourage positive change towards better environmental sustainability.<sup>42</sup>

### **1. Right to Information**

Another of fundamental consumer rights is related to receiving truthful, comprehensive, and verifiable information about a product's related environmental consequences. Each and every consumer expects a company to credibly claim its efforts towards sustainability in a believable way that is not misleading.<sup>43</sup> This right is violated when vague terms such as "eco-friendly" or "green" or "100% biodegradable" are used without any backing evidence.

### **2. Right to Protection Against Unfair Trade Practices**

Unethical or unfair practices such as 'greenwashing' which is defined in detail above misleading environmental claims is defined as an infringement of principles of fair trade by many established legal systems.<sup>44</sup> These fraudulent trade practices tend to undermine the sustainable competitors in promoting their products and gives unethical businesses an edge over more responsible operators.

### **3. Right to Redressal**

This sets in place the right of consumers who have been harmed by any fraudulent product claiming sustainability, to seek compensation, corrective measures, or legal action from the dishonest business.<sup>45</sup> This right enables person to ensure the companies and its marketing strategists are ownership accountable to the often worsened dilution of terms called 'green washing.'

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<sup>41</sup> P Rajeswari, 'The curious case of 'eco-friendly' products: combating the menace of greenwashing' (2023) 2(2) Synsto Journal of Law <<https://synstojournals.com/law/article/view/133>> accessed 25 March 2025

<sup>42</sup> Sebastião Vieira de Freitas Netto and others, 'Concepts and Forms of Greenwashing: A Systematic Review' (2020) 32(19) Environmental Sciences Europe <<https://doi.org/10.1186/s12302-020-0300-3>> accessed 26 March 2025

<sup>43</sup> Francesca Bernini & others, 'Research in the greenwashing field: concepts, theories, and potential impacts on economic and social value' (2024) 28 *J Manag Gov* <<https://doi.org/10.1007/s10997-023-09686-5>> accessed 27 March 2025

<sup>44</sup> Simi TB & others, 'Combatting Greenwashing in India: Contextualising Global Good Practices to Drive Sustainable Consumption in India' (CUTS International, August 2024) <<https://cuts-cart.org/pdf/bp-combatting-greenwashing-in-india.pdf>> accessed 24 March 2025

<sup>45</sup> Pascual Berrone, 'Green Lies: How Greenwashing can destroy a company (and how to go green without the wash)' (CreateSpace, 2016)

<[https://www.researchgate.net/publication/299563812\\_Green\\_Lies\\_How\\_Greenwashing\\_can\\_destroy\\_a\\_company\\_and\\_how\\_to\\_go\\_green\\_without\\_the\\_wash](https://www.researchgate.net/publication/299563812_Green_Lies_How_Greenwashing_can_destroy_a_company_and_how_to_go_green_without_the_wash)> accessed 20 March 2025

#### 4. Right to Choose

Consumers must have the opportunity to make well-informed decisions about the products they purchase based on genuine information about the product's impact on the environment.<sup>46</sup> By offering false or overstated claims of sustainability, greenwashing hampers this right and makes it difficult for consumers to tell real sustainability from fake.

#### 5. Right to a Healthy and Sustainable Environment

Greenwashing has an impact beyond single consumer interests and into the realm of environmental preservation. Companies who market their services or products as environmentally friendly,<sup>47</sup> leads to the misallocation of consumer funds away from the companies who truly put their resources in green technology. This undermines sustainable progress and hampers regulatory action to deal with the problem of environmental damage.

### CHALLENGES IN REGULATING GREENWASHING

The intricacy of environmental claims, insufficient enforcement procedures, and advancing corporate advertising tactics create challenges in regulating greenwashing.<sup>48</sup> Below are the key challenges that such sources corroborate:

#### 1. Lack of Standardized Guidelines

The absence of universal definitions for terms like "eco-friendly" leads to ambiguity in enforcement.

#### 2. Weak Enforcement Mechanisms<sup>49</sup>

Regulatory bodies often lack the authority to impose strict penalties, allowing corporations to continue deceptive practices.

#### 3. Corporate Influence in Policy Making<sup>50</sup>

Companies may lobby against stringent regulations, hindering effective legal measures against greenwashing.

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<sup>46</sup> Aarushi Jain & others, 'Greenwashing – Drawing A Line Between Green Marketing or Green Misrepresentations' (Cyril Amarchand Mangaldas Blog, October 2024 <<https://corporate.cyrilamarchandblogs.com/2024/10/greenwashing-drawing-a-line-between-green-marketing-or-green-misrepresentations/>> accessed 15 March 2025

<sup>47</sup> 'Greenwashing - New Guidelines and the Path to Compliance' (Cyril Amarchand Mangaldas Blog, November 7 2024) <<https://www.cyrilshroff.com/wp-content/uploads/2024/11/Client-Alert-Regulation-of-Greenwashing.pdf>>accessed 19 February 2025

<sup>48</sup> Fu Huang & others, 'Unpacking greenwashing: The impact of environmental attitude, proactive strategies, and network embeddedness on corporate environmental performance' (2024) Journal of Environmental Management <<https://doi.org/10.1016/j.jenvman.2024.123625>>accessed 18 February 2025

<sup>49</sup> Hongfu Huang & others, 'Combating greenwashers in emerging markets: A game-theoretical exploration of firms, customers and government regulations' (2020) Transportation Research Part E: Logistics and Transportation Review <<https://doi.org/10.1016/j.tre.2020.101976>> accessed 22 March 2025

<sup>50</sup> 'Summary Report: Greenwashing – Legal Risks and Opportunities' (The Centre for Climate Engagement, July 1 2024) <<https://climatehughes.org/summer-newsletter/>>accessed 23 March 2025



#### 4. No Clear and Unified Legal Framework<sup>51</sup>

Even if a different law exists about Consumer protection and Environmental laws, and corporate disclosure laws, they tend to be in silos under different jurisdictions creating gaps in enforcement. These regulations do not deal effectively with deceptive claims concerning sustainability.

#### 5. Ambiguous definition of terms of sustainability

Words such as “green” or “eco-friendly” or “sustainable” do not have proper legal definitions which means that such statement can be made by companies without letting them being accountable. Standardized systems of labeling do not exist which makes it harder for consumers to trustfully buy products.

#### 6. Passive Monitoring and Enforcement

A lot of regulatory agencies do not have resources or powers to monitor or punish greenwashing. Evasion is easy for these companies because the punishments given are too passive and not preemptive.

#### 7. Consumer Disinformation and Low Education Level<sup>52</sup>

Despite the fact that people are more worried about environmental issues, they do not seem to have the expertise to differentiate real from false sustainable effort. Because people fail to complain, enforcement become difficult.

#### 8. Marketer Skepticism and Control

Many large companies have the ability to lobby against strict conversion restriction on greenwashing. Unfortunately, many companies are more interested in increasing profits than prioritizing true sustainable development.

#### 9. Issues in Implementing Borders Enforcement

Numerous International firms that conduct business in different countries are situated in regions with varying environmental policies which makes enforcing greenwashing checks very difficult.

### **JUDICIAL PERSPECTIVE: CASE LAWS ON GREENWASHING IN INDIA**

The judiciary has an important role in the interpretation, action and the construction of laws on greenwashing. In India, the courts have dealt with cases concerning false claims about the environment through a variety of approaches including the Consumer Protection Act 2019, the Environment Protection Act of 1986 and The Competition Act of 2002. A number of Indian cases and some international ones tell us about the combination of corporate greenwashing and the judicial response where the courts penalise and set framework for moral principles of environmental law.

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<sup>51</sup> Deepti Jog and Divya Singhal, ‘Greenwashing Understanding Among Indian Consumers and Its Impact on Their Green Consumption’ (Sage Journals, September 2014) <<https://journals.sagepub.com/doi/10.1177/0972150920962933>> accessed 24 March 2025

<sup>52</sup> Manoj Sonawala, ‘Green Washing and Green Blushing’ (Chartered Secretary, April 2023) <<https://www.icsi.edu/media/webmodules/CSJ/April/11ArticleManojSonawala.pdf>>accessed 26 February 2025.

1. Godrej Industries: The company was penalized 5 Lakh Rupees by the Advertising Standards Council of India in 2012 due to false and misleading advertisements of Its Good Knight Fast Card mosquito repellent. The company claimed its product was natural and completely organic, stating it was “100% natural” and “chemical-free.”
2. HUL Greenwash case: In 2011, the Ministry of Environment and Forests of the Indian Government put a case with Hindustan Unilever Limited (HUL) on advertisement fraud over the ecological advantage its Surf Excel Easy Wash Detergent. The claim of the detergent being “synthetic free” and “100% natural” was proved untrue as the product included raw materials made out of other HUL was fined ten lakh rupees by the Central Pollution Control Board.
3. Voltas AC Greenwash case: In 2013, a Tata Group Company, Voltas Ltd, was charged for falsely advertising the level of electricity consumed by their air conditioners. They claimed their air conditioners were “eco-friendly” and earned a “5-star energy rating”. However, it was found out the appliances did not meet the claimed standard. The company was fined 50,000 Rs by the ASCI.
4. Godrej Soaps Greenwash case: Godrej Consumer Products Limited was, in 2015, sued for allegedly bragging about the environmental impacts of their Godrej No. 1 soap. The Company had claimed that the soap was “100% natural”, “biodegradable” and “eco- friendly”, but was caught using fake components. Godrej was fined Rs. 15 lakhs by the ASCI.

## **JUDICIAL PERSPECTIVE: INTERNATIONAL CASE LAWS ON GREENWASHING**

With the advancements in globalization towards corporate sustainability and responsibility, there has been litigation brought forward against greenwashing in numerous jurisdictions. The United States, EU Member countries, Australia, and Canada are some of the countries that have seen overspending in legal suit and regulatory actions against companies that make false environmental claims. Legal attention on the issues of consumer and environmental protection has drastically increased in these cases considering corporate narratives of sustainability, which makes them highly significant.

1. Volkswagen “Clean Diesel” scandal: In 2015, Volkswagen was caught in a scandal where the United States Environmental Protection Agency (EPA) found out that it used software on its “Clean Diesel” cars that gamed the emissions tests. The Company claimed to be selling these vehicles as eco-friendly while it later surfaced that they were releasing around 40 times the maximum needed pollutants. After facing countless lawsuits due to multi regulatory fines and the scandal, Volkswagen came to an agreement with the US government, paying billions for the incurred damages and harmed customers.
2. Tesco “Everyday Value” bulbs: In 2010, Tesco, UK grocery store chain was accused of cheating their customers through lies about the carbon footprint of their “Everyday Value” dim bulbs. The company claimed the bulbs were energy efficient and would last up to eight years, saving customers both money and effort. However, it was revealed their calculations were wrong and the bulbs did not last longer than a few months. Tesco was fined three hundred thousand pounds by the Advertising Standards Authority.
3. KFC ‘Rainforest Alliance Certified’ coffee. A fast food chain, KFC were found misleading the public in 2010 over the “eco-friendly” features of their coffee. The company advertised for their coffee to be

certified by the Rainforest Alliance, which is a non-profit green organization that promotes sustainable agriculture. But the coffee was only ten percent certified, and KFC was not authorized to use the Rainforest Alliance logo in advertising, so they were fined 7,500 pounds by the ASA.

4. H&M. In 2020, H&M were sued by a coalition of environmental groups over them having allegedly practiced greenwashing, hence scamming customers over their environmental policies. Their claim was that the company's marketing was sketchy and that H&M was doing next to nothing towards its sustainability objectives.

## **GREENWASHING LEGAL AND POLICY REFORM RECOMMENDATIONS**

Greenwashing facilitates corporate malpractice and in turn destroys competition and the environment. India does not have sufficient laws on greenwashing which calls for reforms at a legal and policy level unlike those existing on the global scale.

### **1. Enforcement of Independent Verification**

The absence of sustainability claim verification fosters greenwashing. Businesses tend to label themselves as “eco-friendly” or “carbon-neutral” without any real evidence. In order to protect their credibility, India ought to:

- Mandate independent audits and certifications like the EU is introducing under the Green Claims Directive 2023.
- Create verification bodies under BIS and SEBI that will certify sustainability claims.
- Develop an eco-labelling system following ISO 14020 and ISO 14021 guidelines.
- Restrict the use of vague “green” or “natural” to stop misleading advertising.

### **2. Increased penalties for Misleading Claim**

India has a rather punishing system for false claims that are made pertaining sustainability. This needs to be changed for preventing corporations from indulging in greenwashing. The government has to:

- Have heavy financial fines that are more than the income generated from misleading ads.
- Make the provisions under Consumer Protection Act, 2019 and Competition Act, 2002 more stringent.
- Incorporate punishments such as stopping sales of the product or holding the managers responsible.
- Introduce a policy aimed to publicly targeting habitual offenders and exposing them to the public.

### **3. Enhanced Enforcement Action**

Inadequate enforcement efforts provide corporations the opportunity to take advantage of loopholes. We need to enable regulatory bodies to make certain that compliance is met:

- SEBI ought to focus more on the scrutiny of how ESG's are disclosed.
- BIS should improve the Eco-Mark scheme by incorporating a sustainability standard.

- ASCI should have the power to sanction for misleading green advertisements.

#### 4. Holistic Greenwashing Regulation

There is no single law in India to base greenwashing on. An anti-greenwashing law should be able to:

- Bring together consumer protection, environment, and business malpractice law.
- Provide for the non-verification of sustainability claim and unqualified eco-marketing.
- Create an authority for the purpose of making an investigation and imposing fines.
- Introduce “biodegradable,” “carbon neutral,” and “eco-friendly” legal definitions to the law.
- Create sustainability reporting frameworks for particular sectors such as apparel, FMCG, and technology.

#### 5. Educating and Raising Awareness Among Consumers

An engaged citizen can unmask and contest fraudulent environmental claims. Important steps include:

- Public education programs on greenwashing and reporting greenwashing issue activators.
- A website that allows for the listing of certain marketed products, which are claimed to be sustainable, and those which are not.
- Teaching sustainability in schools

#### 6. Corporate Liability Provisions

Make entities liable for misleading environmental claims both legally and as to damages. Suggested reforms include:

- Provision for unqualified third-party audited sustainability reports.
- Judicial action for the CEOs who support erroneous statements.
- State-organized unplanned audits and unscheduled checks to support ‘green’ claims.
- Granting consumers the right to file individual or collective suits resulting from fraudulent ecological advertising.

The adoption of these changes will increase accountability while safeguarding consumers’ interests and supporting real efforts of corporations to achieve sustainability, thus protecting India’s environmental and economic interests.

## CONCLUSION

Among the corporate social responsibilities and challenges of a developing country, India, greenwashing poses a risk to sustainable development and the consumer's right for accurate information. The more companies claim to provide solutions related to sustainability such as providing eco-friendly products or services, the more they seem to exit the framework because they use over-exaggerated or complete false

environmental claims. Both consumer decisions and actual sustainability activities are severely hampered, enabling companies to cash in while carelessly continuing their negative impact on the environment.

While there are some laws in place to protect consumers, the environment, and even regulate advertising, marketing deception is still rampant. The protective measures provided by the Consumer Protection Act of 2019, the Competition Law of 2002, and the ESG disclosure guidelines by SEBI are of little assistance because the relevant enforcement authorities do not apply them in a consistent or effective manner. Furthermore, businesses are permitted to certify their own sustainability claims, which often lack supporting evidence, due to the absence of compulsory independent verification of green claims.

There is a dire need for India to strengthen its fight against greenwashing by enacting legislation that merges consumer protection, environmental issues, and corporate accountability. This would mean tougher sanctions for unfounded claims, greater agency intervention by SEBI, BIS, ASCI and CCI, and tougher requirements on eco labeling with the revised BIS Eco-Mark Scheme. Also, adoption of independent audits for green claims, as well as compliance with the FTC Green Guides and EU Green Claims Directive would facilitate improvement in transparency for companies.

No less critical is educating the customer and raising general awareness of how to detect and report false sustainability claims. A well-informed citizenry, backed by adequate legislation, can create a real market for authentic green products, forcing companies to practice honest and responsible sustainability. Through building a market based on integrity, accountability, and environmental ethics, India can stop greenwashing and actually achieve sustainable economic and ecological goals.