India's Enviro-Legal Approach Towards Greenwashing

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ABSTRACT

Greenwashing, the practice of overstating or fabricating environmental credentials, is a growing concern in Indian markets, where sustainability claims now shape purchasing decisions across nearly every consumer category. This paper looks at whether India's existing legal tools, drawn from consumer protection, environmental, contract and securities law rather than any dedicated statute, are adequate to restrain misleading green marketing. It examines the statutory framework alongside documented enforcement practice, including recent action by the Advertising Standards Council of India, to assess how the law actually operates rather than how it reads on paper. It argues that although these laws each address part of the problem, none of them defines greenwashing or treats it as a distinct wrong, and enforcement remains largely reactive rather than systemic. The paper proposes a small set of targeted reforms rather than a wholesale rewrite of the law: a clear statutory definition, independent verification of Environmental, Social, and Governance (ESG) disclosures, a coordination mechanism between the regulators already involved, and measures to make consumer complaints easier to bring and act upon.

1. INTRODUCTION

Sustainability now sells. Companies routinely describe products as carbon neutral, biodegradable or eco-friendly, and Indian consumers increasingly rely on such claims when deciding what to buy. Where the underlying claim is false, exaggerated or impossible to verify, the practice is called greenwashing. It misleads consumers and it also disadvantages businesses that are genuinely trying to reduce their environmental impact.

India has no single law that names or defines greenwashing. The problem is instead addressed indirectly, through the general prohibition on unfair trade practices in the Consumer Protection Act 2019,[2] industrial compliance obligations under the Environment Protection Act 1986,[3] disclosure requirements imposed on listed companies by the Securities and Exchange Board of

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[2] Consumer Protection Act, No. 35 of 2019 (India).
[3] Environment (Protection) Act, No. 29 of 1986 (India).

India (SEBI), and a voluntary advertising code administered by the Advertising Standards Council of India (ASCI). This paper examines whether that combination is adequate, and where its gaps lie.

The stakes are not purely domestic. Indian exporters increasingly face sustainability due diligence from foreign buyers, and Indian companies compete for capital from investors who now factor ESG performance into allocation decisions. A regulatory environment that cannot reliably separate a genuine sustainability claim from a marketing exercise makes both harder that it lets a company profit from a claim it cannot support, and it leaves a consumer or investor with no easy way to tell that company apart from one that has actually done the work. The analysis below proceeds in four steps: it defines greenwashing and situates it against documented Indian enforcement practice, maps the statutory provisions that apply to it, identifies the structural gaps that remain, and closes with proposals aimed specifically at those gaps rather than at the framework as a whole.

2. THE PROBLEM OF GREENWASHING

Regulators internationally have converged on a broadly similar idea of what greenwashing is, defining it as an environmental claim that misleads because it lacks substantiation, is exaggerated, or omits a material trade-off. The United States Federal Trade Commission's Green Guides treat unsubstantiated environmental marketing as a form of deception,[4] and the United Kingdom's Green Claims Code requires that environmental claims be truthful, clear and evidenced before they are made.[5] The clearest international example remains Volkswagen's diesel emissions scandal, in which vehicles marketed as low-emission were fitted with software designed specifically to defeat regulatory testing, a case that produced one of the largest consumer settlements in automotive history.[6]

Beneath this general definition, greenwashing tends to recur in a few identifiable patterns, and distinguishing them matters because each demands a different regulatory response. The first is the unverifiable label, a term such as "natural" or "eco-friendly" used without any defined meaning or supporting standard behind it. The second is selective disclosure, where a single genuine feature, such as recyclable packaging, is used to imply the sustainability of a product

[4] Fed. Trade Comm'n, Guides for the Use of Environmental Marketing Claims, 16 C.F.R. § 260 (2022).
[5] Competition & Mkts. Auth., *Green Claims Code* (2021).
[6] *In re Volkswagen "Clean Diesel" Mktg., Sales Practices & Prods. Liab. Litig.*, MDL No. 2672, No. 3:15-md-02672-CRB (N.D. Cal.).

whose broader manufacturing footprint is left unmentioned. The third is the misuse of certification, where a company creates its own mark designed to resemble independent accreditation. The fourth is the unaudited offset or net-zero claim, where a reduction in emissions is asserted without underlying data that a regulator or consumer could check. The first pattern is best addressed through advertising standards, the second through disclosure law, and the fourth through audit requirements, which is one reason a single undifferentiated approach to greenwashing tends to under-perform.

India has its own record of enforcement action against these patterns, even without a dedicated statute. In 2012, and again in 2015, ASCI fined Godrej Consumer Products for advertising a mosquito repellent and a soap as "100% natural" and "biodegradable" when both in fact contained synthetic ingredients.[7] Hindustan Unilever faced similar scrutiny in 2011 over claims that its Surf Excel Easy Wash detergent was "100% natural".[8] Both cases fall into the first pattern described above, the unverifiable or false label, and both were resolved only after a specific complaint triggered ASCI's process. That reveals something important about how Indian enforcement actually works that the regulators are capable of identifying greenwashing once it is brought to them, but the system currently has almost no capacity to catch a similar claim before it reaches the market, since nothing requires substantiation to be checked in advance rather than after the fact.

3. THE LEGAL FRAMEWORK

3.1 Consumer protection

The Consumer Protection Act 2019 is the main instrument used against greenwashing in India. Section 2(47) prohibits false representations about a product's quality, standard or benefits, which is broad enough to capture an inflated eco-label.[9] The Central Consumer Protection Authority (CCPA), created under the Act, can investigate complaints and order that misleading advertisements be withdrawn or modified, and the Guidelines for Prevention of Misleading Advertisements, 2022 specifically require scientific substantiation for environmental claims.[10]

[7] RNA Technology & IP Attorneys, *Eco-Integrity: How to Move Beyond Greenwashing?* (2024), https://rnaip.com/eco-integrity-how-to-move-beyond-greenwashing/ (last visited July 25, 2026).
[8] Citizen Consumer & Civic Action Group, *How India's Greenwashing Guidelines Can Protect Consumers* (Jan. 20, 2025), https://www.cag.org.in/blogs/how-indias-greenwashing-guidelines-can-protect-consumers (last visited July 25, 2026).
[9] Consumer Protection Act, No. 35 of 2019, § 2(47) (India).
[10] Ministry of Consumer Affairs, Food & Public Distribution, *Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements, 2022* (India).

The limitation is practical rather than textual. The CCPA acts mainly once a complaint is filed, and thus its reach depends on consumers noticing a false claim and being willing to report it.

3.2 General Fraud and Misrepresentation

Where a green claim is made with actual knowledge of its falsity, two more general provisions can in principle apply. Section 318 of the Bharatiya Nyaya Sanhita (BNS) 2023, which replaced the equivalent cheating provision in the former Indian Penal Code (IPC) with effect from 1 July 2024, criminalises cheating through a fraudulent or dishonest representation,[11] and section 17 of the Indian Contract Act 1872 allows a contract to be treated as voidable where it was induced by a fraudulent misrepresentation of fact.[12] Neither provision was drafted with environmental marketing in mind, and both require proof of knowledge or intent that is considerably harder to establish than the objective falsity standard used under consumer protection law. In practice, this makes them a backstop for the clearest cases of deliberate deception rather than a routine tool against greenwashing, which more often results from careless or self-serving marketing than from calculated fraud.

3.3 Environmental Compliance

The Environment Protection Act 1986 gives government wide powers over pollution and industrial compliance, but it was not written with marketing claims in mind.[13] Its relevance to greenwashing is indirect, through the Environmental Impact Assessment (EIA) Notification 2006, which requires accurate disclosure of a project's likely environmental effects. A falsified EIA report can be challenged under this Notification, though it addresses regulatory disclosure rather than consumer-facing claims.[14]

3.4 Corporate and Securities disclosure

Under the Companies Act 2013, directors are required to act in good faith under Section 166, and Schedule VII lists environmental sustainability as a permissible corporate social responsibility activity.[15] More significant in practice is SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework, which requires the top 1,000 listed companies by

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[11] Bharatiya Nyaya Sanhita, No. 45 of 2023, § 318 (India).
[12] Indian Contract Act, No. 9 of 1872, § 17 (India).
[13] *Id.* at 3.
[14] Environmental Impact Assessment Notification, 2006, Ministry of Environment, Forest & Climate Change, (India).
[15] Companies Act, No. 18 of 2013, § 166 & sch. VII (India).

market capitalisation to disclose their ESG performance, including climate impact, from the 2022 to 2023 financial year onward.[16] Because the framework does not currently require independent audit of the figures a company reports, it functions as a transparency requirement rather than a verification one, leaving room for companies to present their ESG performance more favourably than the underlying data would support.

4. REGULATORY AND ENFORCEMENT PRACTICE

ASCI's own rules have moved specifically to address greenwashing. Its Guidelines for Advertisements Making Environmental or Green Claims took effect in February 2024 and require that terms such as "biodegradable," "carbon neutral" or "plastic free" be backed by credible, verifiable evidence rather than internal or unsubstantiated assertions.[17] This is a meaningful step, but ASCI remains a self-regulatory body. It can direct that an advertisement be withdrawn or amended, but it has no statutory power to fine a company or compel compliance, so its effectiveness still depends on voluntary cooperation from advertisers. The Bureau of Indian Standards separately administers the Eco-Mark scheme, India's only government-backed environmental label, but industry uptake has remained low and there is no penalty available against a company that makes a similar claim outside the scheme altogether.[18] SEBI has also introduced disclosure norms for green bonds, requiring issuers to explain how proceeds are used, though verification here too rests substantially on issuer self-reporting.[19]

5. GAPS IN THE FRAMEWORK

Four gaps stand out, and they compound one another rather than operating in isolation. First, no Indian law defines greenwashing as such, so every case has to be fitted into a provision written for a different purpose, whether unfair trade practices, EIA disclosure, or corporate governance. This makes outcomes less predictable and gives a well-resourced company more room to contest liability, since the applicable standard shifts depending on which law a complainant happens to invoke. Second, oversight is split across the CCPA, SEBI, ASCI, the Bureau of Indian Standards and the Ministry of Environment, Forest and Climate Change, with

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[16] Securities & Exchange Board of India, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 (May 10, 2021) (India).
[17] S&R Associates, *Greenwashing: An Overview* (Apr. 18, 2025), https://www.snrlaw.in/greenwashing-an-overview/ (last visited July 25, 2026).
[18] Bureau of Indian Standards, *Eco-Mark Scheme Guidelines* (rev. ed. 2021) (India).
[19] Securities & Exchange Board of India, Circular No. CIR/IMD/DF/51/2017 (May 30, 2017), Disclosure Requirements for Issuance and Listing of Green Debt Securities (India).

no formal mechanism for these bodies to coordinate or share findings. A claim that falls between two regulators' remits can go unaddressed by either, and a company found to have made a false claim by one body faces no assurance that the finding will be acted on by another with overlapping jurisdiction.

Third, verification remains largely self-reported. BRSR disclosures are not independently audited, and ASCI's substantiation requirement, while a genuine improvement introduced in 2024, is enforced only once someone complains rather than checked as a matter of routine before an advertisement runs. Fourth, the practical burden of enforcement still falls on the consumer or a public interest group willing to file a complaint and see it through, and awareness of that route, along with the time it takes to resolve a complaint, remains a real barrier. The two Godrej cases and the Hindustan Unilever case discussed above took years between the offending advertisement and the regulatory finding against it, which limits the deterrent value of even a successful enforcement action.

6. RECOMMENDATIONS

The reforms that would matter most are narrow rather than sweeping, and each responds to one of the gaps identified above rather than attempting to remake the framework from scratch. A statutory definition of greenwashing, even a short one inserted into the Consumer Protection Act itself, would give the CCPA a clearer basis to act instead of relying on the general unfair trade practice provision, and it would reduce the inconsistency that currently follows from different laws applying different standards to the same conduct. Mandatory third-party verification of BRSR disclosures, similar to the external audit already required for financial statements, would convert ESG reporting from a self-certified exercise into a genuinely checked one, and would matter most for exactly the net-zero and offset claims that are hardest for an outside observer to test without access to underlying data.

A simple coordination mechanism between the CCPA, SEBI and ASCI, even something as basic as a shared complaints registry, would prevent a claim from falling through the gap between regulators and would let a finding by one body inform the others without a fresh complaint having to be filed each time. Given how long the Godrej and Hindustan Unilever matters took to resolve, a fast-track procedure for advertising complaints specifically, modelled on ASCI's existing process but with a firmer timeline, would also improve the practical deterrent effect of enforcement. Finally, extending the CCPA's ability to hear group complaints and publishing a simple public guide to what does and does not count as a substantiated green claim would lower the burden currently placed on individual consumers to identify greenwashing and pursue it themselves. None of this requires dismantling what already exists. It requires tightening enforcement of a framework that is already largely in place.

7. CONCLUSION

India's legal response to greenwashing is real but partial. Consumer protection, environmental and securities law each reach part of the problem, and recent regulatory steps, particularly ASCI's 2024 green-claims guidelines, show the direction of travel is toward stricter substantiation requirements. What is still missing is a framework that treats greenwashing as a distinct problem with its own definition and its own verification standard, rather than as an occasional side effect of laws built for other purposes. Closing that gap would benefit consumers directly, and it would also give genuinely sustainable Indian businesses a clearer way to distinguish themselves in a market that, at present, still rewards the best marketing rather than the best environmental performance.