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GREENWASHING AND CORPORATE LIABILITY IN INDIA: A CRITICAL ANALYSIS OF THE EXISTING LEGAL AND REGULATORY FRAMEWORK

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ABSTRACT

Greenwashing is when a company makes false or exaggerated claims, or uses a vague, one-sided or weak or limited substantiation to communicate environmental benefits. It can lead to a misallocation of sustainable investments, affect consumer decision making and erode confidence in corporate environmental reporting. This paper critically considers the effectiveness of India's law and regulation in combating greenwashing and holding companies liable. Uses a doctrinal approach with reference to the official and self-regulatory information described, the legal position is up to 31 October 2026. The study is based on the following: Consumer Protection Act, 2019 and the Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024, by the Central Consumer Protection Authority (CCPA); Securities and Exchange Board of India (SEBI) Guidelines on Business Responsibility and Sustainability Reporting (BRSR) and Green-debt safeguards; Companies Act, 2013; Advertising Standards Council of India (ASC) green-claims standards; and Environment (Protection) Act, 1986, as amended. The quantitative data suggests that there is a material enforcement concern – while 211 advertisements were investigated in 211 of which 211 required modifications in 2024-25, only 34 were investigated in 2023-24 and all these 34 required modification for lack of substantiation. This is an administrative review sample, and not a population estimation of greenwashing in India. The analysis reveals that India has taken a step beyond a voluntary approach, notably with the 2024 CCPA Guidelines and SEBI's BRSR Core regime. But the framework still has a number of drawbacks, and is spread across consumer regulation, securities regulation, corporate regulation and environmental regulation. The main deficiencies include lack of consistency in assurance, small value-chain verification, poor transparency of enforcement results, and the lack of a cohesive taxonomy for green claims and uncertainty in measuring life-cycle claims. The paper suggests a risk-based approach to verifying independently, board-level claim governance, standardised disclosure processes, coordinated enforcement and transparent reporting of regulatory findings.

Keywords: Greenwashing, Corporate Liability, Environmental Claims, Consumer Protection Act, 2019, CCPA Guidelines, 2024, BRSR, SEBI, Sustainability Disclosures, India

INTRODUCTION

Companies sell products, sell shares to raise money and report their performance. The usage of words like “green”, “eco-friendly”, “sustainable”, “carbon-neutral”, “biodegradable” and “net-zero” is affecting the decision making process of buyers and investors. If it is accurate, specific and verifiable, environmental communication can help to facilitate informed choice. It is greenwashing when the information given to the public about the environmental impact is materially more positive than the evidence. The issue is not

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Transparency: The authors affirm that this manuscript presents an honest, accurate, and transparent account of the study. All essential aspects have been included, and any deviations from the original study plan have been clearly explained. The writing process strictly adhered to established ethical standards.
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environmental advertising per se, but between the claim and the environmental performance and the information that is presented to the audience.

Delmas and Burbano (2011) identified several reasons for greenwashing: information asymmetry, competitive pressure, weak monitoring, the reputational incentives and the lack of consumers' ability to evaluate companies' environmental performance on their own. Greenwashing can manifest in a variety of ways, for example, a company could make an unsupported product claim; emphasize a minor green attribute while hiding a large negative effect; use a generic language like "planet positive;" make a carbon neutrality claim without providing details about offsets, emissions boundaries, or other carbon information; or make a sustainability statement that is missing reliable data. The idea doesn't just apply to ads. It can also be found in corporate sustainability reports, investor presentations, green-debt disclosures, websites, labels, packaging and influencer content Lyon and Montgomery (2015), de Freitas Netto et al. (2020).

The regulatory answer has emerged in various legal areas in India. The Central Consumer Protection Authority (CCPA) is vested with powers under Consumer Protection Act, 2019 to deal with unfair trade practices and misleading advertisements. The 2024 Greenwashing Guidelines set out a clear baseline by CCPA. The Securities and Exchange Board of India (SEBI) has issued safeguards for green debt securities and is regulating sustainability-related disclosures under the framework of BRSR for listed entities. Examine the duties under the Companies Act, 2013 relating to corporate-governance and fraud, and environmental duties relating to pollution, waste, environmental clearance and regulatory compliance. The Advertising Standards Council of India (ASCI) provides additional regulation of advertising by issuing its self-regulatory code and guidelines on green claims. Shaifali (2025)

The core question is whether the instruments, both taken together and on their own, provide a coherent liability framework. An unsupported "eco-friendly" term is not necessarily the same offence as the false term in an offer document, the material misstatement in the BRSR disclosure or the illegal discharge of pollutants. They can serve different audiences, legal obligations, regulators, thresholds for evidence, remedies. A critical assessment must thus look for the legal trigger for liability, failing to do so would make all environmental misrepresentation a single crime. Roy et al. (2025)

STATEMENT OF THE PROBLEM

While the government has issued a directive to corporate bodies to not engage in 'greenwashing,' the certification of their environmental claims is not straightforward. Environmental performance is often technical, comparative and dependent on the boundaries used for measurement. For instance, "100% recyclable" might depend on the material composition, local collection systems, sorting systems and ability to recycle. The "net-zero" designation can be dependent on the emissions scope, pathway and quality of carbon credits, and baseline year. Even if one part of this statement is actually true, it could give a false impression if these details are not made clear.

The problem of enforcement is aggravated by its disjointedness. Consumer regulators look at the impact a representation has on consumers, whereas SEBI looks at the disclosures and integrity of the market for investors, Company law looks at governance and fraud and Environmental regulators look at compliance with environmental obligations. Without a unified approach to the verification of environmental claims, there may be weaknesses in the environmental-claims verification system, especially if a claim is made on a digital platform or if it involves a complex value chain.

RESEARCH OBJECTIVES

- To explain the concept, forms and legal significance of greenwashing in the Indian corporate context.
- To critically examine the Consumer Protection Act, 2019 and the CCPA Greenwashing Guidelines, 2024.
- To analyse the role of SEBI's BRSR framework and green-debt safeguards in preventing misleading sustainability disclosures.
- To assess the relevance and limits of the Companies Act, 2013 and environmental legislation in establishing corporate and managerial liability.
- To interpret available Indian regulatory data on environmental advertising claims and identify enforcement limitations.
- To recommend legal, institutional and corporate-governance measures to improve accountability.

RESEARCH QUESTIONS

- How does Indian law define and regulate misleading environmental claims made by corporations?
- What forms of corporate, managerial and market-facing liability may arise from greenwashing?
- Do the current CCPA and SEBI frameworks provide adequate standards of substantiation, disclosure and independent verification?

- What do available ASCI data indicate about the nature of green-claims compliance, and what are the limitations of those data?
- What reforms are required to create a more coordinated and enforceable system of green-claims accountability?

SCOPE AND SIGNIFICANCE

The study is limited in scope to Indian legal and regulatory landscape and selected use of international scholarship is used to explain the concept of greenwashing. It includes disclosures on claims made to consumers, as well as disclosures about sustainability made to investors, but it is not an attempt to audit the environmental performance of a specific company. The quantitative is based on published administrative data from ASCI and official statements from regulatory bodies. It is descriptive and exploratory and is not a survey of consumers, a census of ads or an econometric assessment of the prevalence of greenwashing. The importance of the study lies in a possible effect of the environmental claims on market choice and in the fact that the underlying environmental information is hard for ordinary consumers and retail investors to verify.

METHODOLOGY

The paper's design of research is based on doctrinal legal research with secondary quantitative data. The doctrinal part covers legislation, delegated legislation, circulars issued by the regulator, guidelines, official FAQs, parliamentary answers and some selected judicial decisions. The key legal instruments are the Consumer Protection Act, 2019; CCPA Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024; SEBI BRSR and green-debt circulars; the Companies Act, 2013; and the Environment (Protection) Act, 1986 amended by the Jan Vishwas (Amendment of Provisions) Act, 2023. The annual complaints reports and the guidance for green claims developed by ASCI are not legally binding, but provide self-regulatory and administrative evidence.

The descriptive data component is based primarily on two ASCI annual complaints documents—2024–25 and 2025–26. This 2024–25 report provides a specific tally of advertisements investigated for content and/or claims that may constitute false or exaggerated claims about the environment. The 2025-26 report offers more general information about the number of advertisements reviewed and how they were distributed digitally, but does not report an annual number of greenwashings comparable to what was reported in the 2014-15 report. Reporting periods and denominators are included when reproducing figures. Calculations based on counts published by ASCI are identified as the author's calculations. No respondent-level data or company-level data was provided and there was no primary field survey conducted.

The study adopts a qualitative content analysis approach to classify the legal framework into four pathways (i) consumer protection and misleading advertising; (ii) securities and sustainability-disclosure regulation; (iii) corporate governance, conduct of directors and fraud; and (iv) substantive environment-compliance regulation). These pathways are analyzed by assessing the regulated conduct, responsible actors, the power to enforce, the evidentiary standards and the remedies. An illustration of case law regarding the boundaries of commercial speech and the need for a factual basis in advertising claims is also a part of the analysis.

DATA SOURCES AND PERIOD

The reference cut-off is 31 October 2026. The study emphasizes on the laws and materials produced by the primary regulators as well as the official Government of India and SEBI, MCA, CCPA and ASCI sources. Conceptual framework is developed using academic publications. The paper is based on the circular of SEBI dated 28 March 2025 and the reply to Lok Sabha Unstarred Question No. 1267 dated 28 July 2025 by the Ministry of Corporate Affairs. The report ASCI 2025-26 only contains information for the overall context of monitoring for advertising purposes, and is not intended to imply that the report shows a trend of greenwashing where there is no comparable number of categories.

LIMITATIONS

There are four limitations in the study. First, ASCI data are not random samples of all advertisements in India, but only advertisements that have been selected and reviewed by a self-regulatory organization, including proactive monitoring. Second, the surge in reporting from 34 to 211 green-claim ads by ASCI could be due to greater monitoring effort and not necessarily to a comparable surge in the frequency of greenwashing. Third, enforcement data published doesn't give a comprehensive, consolidated view of CCPA investigations, enforcement actions, or consumer remuneration or corporate remediation relating to greenwashing. Fourthly, the Guidelines of 2024 are a relatively recent source, and the interpretation of the judicial court directly related to the Guidelines is still limited in the material examined for this study. Given this, statements of conclusions are tentative and should not be viewed as causal conclusions.

RESULTS AND DISCUSSIONS

MEANING AND FORMS OF GREENWASHING

The term "greenwashing" can be understood in two different ways.There are two forms of greenwashing. Greenwashing is more of an environmental false impression than a false sentence. A claim can be misleading for various reasons, including it being factually incorrect, failing to contain enough information to determine its meaning, being so worded that it cannot be tested, or by using a true statement that is presented in a way that makes it seem more environmentally beneficial. The CCPA guidelines 2024 take this more comprehensive view and encompass the concealment or omission of relevant information, exaggerated, vague, false or unsubstantiated claims and misleading words, symbols or imagery that highlight positive aspects while downplaying harmful aspects CCPA (2024a).

There are also several types of greenwashing, which are described in the literature. Product-based greenwashing is about a particular product, service, component, packaging or production process. Organisational greenwashing is related to the overall environmental identity or performance of the organisation. Disclosure-based greenwashing is by omitting or selectively revealing positive data and/or by using weak boundaries or unverifiable information in sustainability reporting. Greenwashing can occur in investment products, such as a green debt instrument, where the proceeds are not sufficiently managed and the environmental benefits sought are not realized. Some of these categories may be overlapping, but do not necessarily result in the same legal consequences Seele and Gatti (2017).

One practical difference between a claim and its evidence is that between scope and proof. If the calculation method and products boundary is known, "Packaging made from 30% recycled plastic" is a narrow claim that is testable under the new regulations. The phrase, "Our product is sustainable" is very general and can be misinterpreted without specifying: the dimension, the comparator, the period, and the evidence. Likewise, carbon neutral does not mean the same when talking about direct emissions, purchased electricity and the carbon neutral value chain or offsets. The CCPA Guidelines tackle these issues by stating that claims must refer to the specific product or service element and that only favourable research findings should be presented.

CONSUMER PROTECTION ACT, 2019 AND CCPA GREENWASHING GUIDELINES, 2024

Addressing consumer-oriented greenwashing concerns is primarily through the Consumer Protection Act, 2019 (Consumer Protection Act, 2019, ss. 2(28), 18–21, 88–89). Under Section 2(28) the definition of misleading advertisement is very wide and covers an advertisement that is false or misleading in any particular content or in the overall impression likely to be created by it, either because it describes a product or service falsely or gives a false guarantee, or because it conveys an express or implied representation that would constitute an unfair trade practice or because it is designed to convert important information deliberately. The Act creates the CCPA, a body that is responsible for the protection, promotion and enforcement of consumer rights, as well as the regulation of unfair trade practices and false or misleading advertisements.

The 2024 CCPA Guidelines have been published in compliance with section 18 of the Consumer Protection Act and are explicitly meant to implement the 2022 Guidelines on misleading advertisements and endorsements. They cover environmental claims and manufacturers, service providers and traders whose products or services are advertised, advertising agencies and endorsers who are engaged to make those advertisements. Environmental claims are defined in the Guidelines to encompass products, product components, manufacturing processes and packaging, use, disposal, services and delivery processes. They define greenwashing as omitting or hiding information, using ambiguous or unsubstantiated environmental claims and using misleading words, symbols or imagery. However, this does not mean that every puffery statement, every use of a generic colour scheme (without deception) or general mission statement constitutes an environmental claim CCPA (2024a).

The substance of the obligations in the Guidelines is substantial. Words like 'green', 'clean', 'eco-friendly', 'sustainable', 'natural' and 'carbon-neutral' are too generic and cannot be used without sufficient and accurate qualifiers, substantiation and disclosure. Technical environmental terminology must be translated into consumers' terms. The environmental claims should be backed by easily accessible and verifiable evidence, such as independent research or third party certifications. The material information may be provided in the advertisement, or by scanning a QR code or following a link that is easily accessible. The Guidelines also forbid the manipulation of favourable data, the requirement of information on the advertiser's product to display the fact that the claim refers to the total product or only to a part or stage of it and the requirement to reveal the particular comparison made when a comparative claim is used. Clear and concrete plans CCPA (2024a) are required to back up all aspirational claims.

The Guidelines are not intended to establish a new system of penalties. According to them, contraventions are covered by the provisions of the Consumer Protection Act. The CCPA under section 21 can direct discontinuance or rectification of an advertisement that is false or misleading and can impose a penalty of ₹10 lakh for the first contravention and ₹50 lakh for subsequent contravention on the manufacturer or endorser. For each first contravention and each subsequent contravention, the endorser can also be barred from endorsement for up to 1 year and 3 years respectively for a contravention (as prescribed by statute). It is evident that false or misleading notices are considered prejudicial towards consumers and Section 89 of the Act provides for criminal punishment for a manufacturer or service provider, with imprisonment of up to 2 years and a fine of up to ₹10 lakh for his first offence and

imprisonment of up to 5 years and a fine of up to ₹50 lakh for his second offence. Failure to comply with CCPA directions is dealt with in section 88. It may be necessary to specify the exact route and sanction (whether or not it involves imprisonment) depending on the facts and the statutory elements, and an unsupported claim should not automatically be interpreted as imprisonment.

The framework has a couple of advantages. First, it applies general consumer-protection principles to environmental-claim requirements, particularly evidence, qualifiers, transparency and specificity. Secondly, its reach goes beyond product labels, to its manufacture, packaging, use, disposal and claims in service. It also has its restrictions. The Guidelines do not contain a common technical taxonomy for all environmental claims or specify universal calculation methods for carbon neutrality, recycled content or life-cycle impact. They are also very dependent on the general enforcement provisions of the Consumer Protection Act and do not lay down a particular timetable of penalties for various forms of greenwashing. The CCPA's capacity to investigate, technical expertise and enforcement consistency, are therefore essential to effective implementation.

ASCI AND THE EMPIRICAL INDICATORS OF GREEN-CLAIMS COMPLIANCE

The Advertising Standards Council of India (ASCI) is an industry self-regulatory body, not a statutory regulator similar to the CCPA or SEBI. The Code and Green Claims Guidelines offer an important element of prevention. The ASCI 2023 Green Claims Guidelines, which will come into effect on 15 February 2024, focus on both explicit and implicit environmental claims and highlight that advertisers should have evidence in their possession before making any green claims. ASCI reserves the right to make changes to or remove an advertisement and may refer to relevant statutory authorities. It is especially relevant to the digital advertising context and the recommendations it has made should not be equated with statutory penalties issued by a government regulator ASCI (2023).

The ASCI 2024-25 Annual Complaints Report is an administrative dataset that is focused. It saw 211 ads it investigated for false or exaggerated environmental claims, up from 34 in the previous year. All 211 ads were found to be in need of modification, as none of them contained substantiation for the green claims, according to ASCI. Home care, fashion and lifestyle (34) and personal care (19) were the three largest reported categories. Forty-five per cent of flagged advertisements were reported as uncontested and 14 per cent of cases were taken to a regulator for breaches of the ASCI Code and potential breaches of the CCPA Guidelines ASCI (2025).

Table 1

Table 1 Advertising Standards Council of India (ASCI)

Indicator (ASCI report)	Reported value	Interpretation
Potentially false or exaggerated green-claim advertisements investigated, 2024–25	211	Targeted review count; not a census of Indian advertisements.
Comparable count in preceding year, 2023–24	34	ASCI attributed the subsequent rise to proactive monitoring efforts.
Advertisements requiring modification for inadequate substantiation	211 of 211 (100%)	Within the reviewed sample, every advertisement required modification.
Home care category	98 of 211 (46.4%)	Largest category in the reported green-claim review.
Fashion and lifestyle category	34 of 211 (16.1%)	Second-largest category reported.
Personal care category	19 of 211 (9.0%)	Third-largest category reported.
Flagged ads reported as uncontested	45%	Indicates response/contest status, not a finding of liability by a court.
Cases escalated to a regulator	14%	Referral/escalation is not equivalent to a final regulatory adjudication.

Author's calculation: 211 advertisements are approximately 6.2 times the 34 advertisements reported for the preceding year, representing an increase of about 520.6 per cent in the number reviewed. This calculation describes ASCI's reported review counts only. ASCI itself attributes the increase to proactive monitoring; it would therefore be methodologically incorrect to treat the 520.6 per cent change as proof that the actual prevalence of greenwashing increased by the same amount. Similarly, the 100 per cent modification figure is conditional on the 211 advertisements selected for review and does not establish that 100 per cent of all green advertisements in India are misleading.

Figure 1

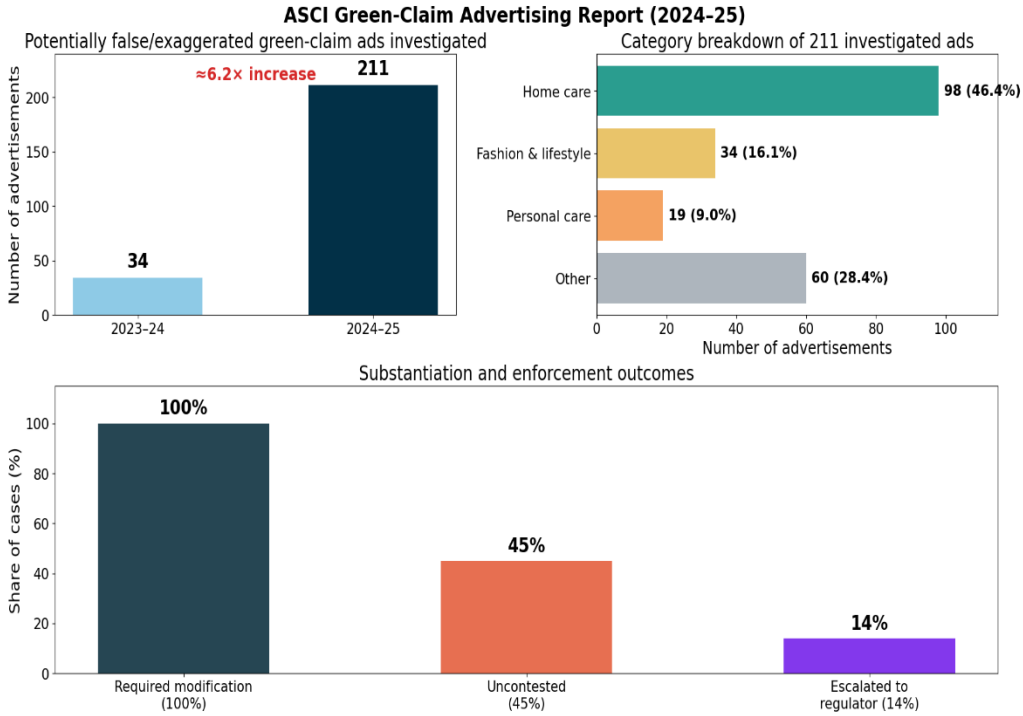


Figure 1 ASCI Green-Claim Advertising Report (2024-25)

The latest ASCI report for April 2025–March 2026 shows the expanding importance of digital monitoring. It records 9,841 advertisements scrutinised, of which 97.3 per cent appeared on digital media; 93 per cent of the scrutinised advertisements came from proactive monitoring. The report states that 98 per cent of advertisements scrutinised required some modification. These are all-category advertising statistics, not greenwashing-specific figures. The report does not provide a directly comparable aggregate count of environmental-claim advertisements for 2025–26. It does, however, identify misleading claims including green claims in a discussion of real-estate advertisements ASCI (2026).

Table 2

Table 2 Real-estate advertisements (ASCI, 2026)

ASCI reporting period	Metric	Reported figure	Use in this study
2024–25	Environmental-claim advertisements investigated	211	Primary green-claims indicator.
2024–25	Share requiring modification due to inadequate evidence	100% of 211	Evidence problem in the reviewed sample.
2025–26	Advertisements scrutinised across categories	9,841	Overall scale of monitoring, not a greenwashing count.
2025–26	Share of scrutinised advertisements on digital media	97.3%	Supports the need for digital monitoring and claim traceability.
2025–26	Share of scrutinised advertisements requiring modification	98%	All-category statistic; not attributable solely to green claims.

The data support three limited but useful conclusions. First, a sizeable volume of environmental claims selected for ASCI review lacked adequate substantiation. Second, home-care, fashion and personal-care advertising were prominent in the 2024–25 green-claims sample. Third, the broader advertising environment is increasingly digital, making claims on social platforms, e-commerce pages and corporate websites important enforcement targets.

Figure 2

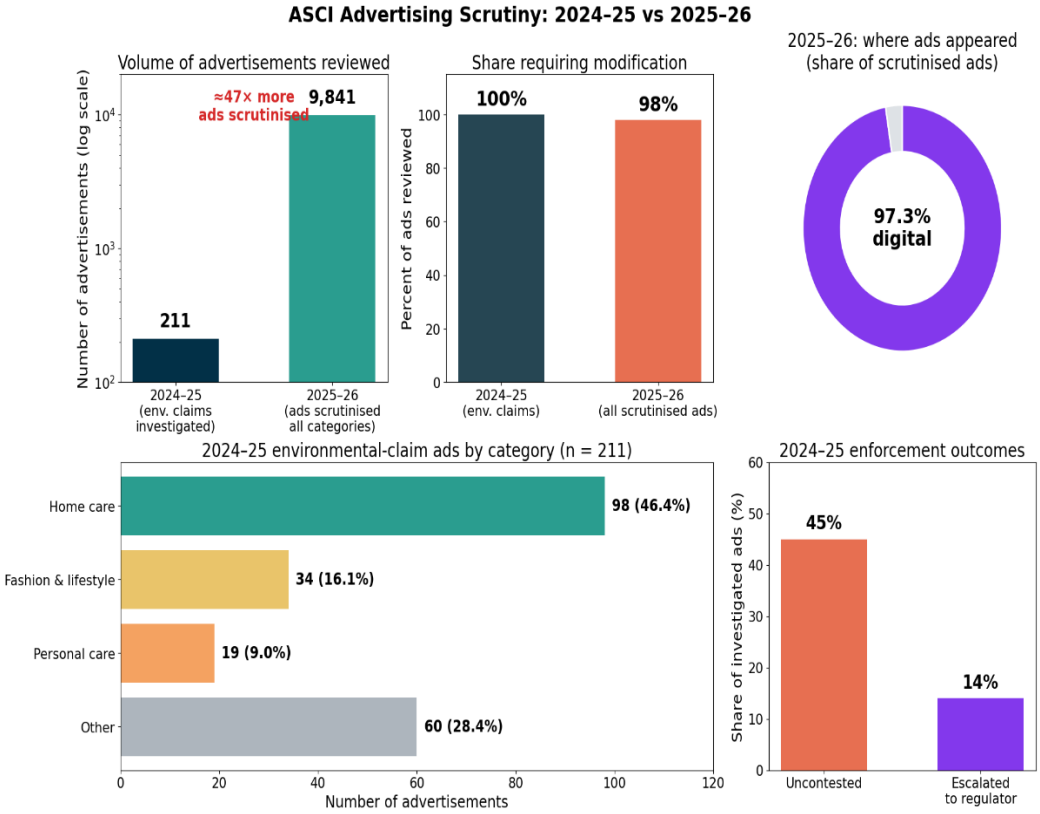


Figure 2 ASCI Scrutiny 2024-25 vs 2025-26

ASCI advertising scrutiny across two reporting periods. 2024–25 covers 211 environmental-claim ads. All 211 required modification. 2025–26 covers 9,841 ads across categories. 97.3% were on digital media. 98% required modification. Category and outcome breakdowns apply to 2024–25 only.

SEBI, BRSR AND INVESTOR-FACING GREENWASHING

There's something more to greenwashing than luring consumers with environmental advertising. Sustainability disclosures can be used by investors to evaluate transition risk, governance quality, long-term resilience and the use of proceeds of labelled financial products. The consequences of inaccurate or selective ESG information, therefore, can have an impact on investment decisions and market integrity. SEBI's BRSR framework plays a crucial role in this regard of the Indian framework. The BRSR is grounded in the National Guidelines on Responsible Business Conduct, and has structured disclosures in the environmental, social, and governance themes.

The Ministry of Corporate Affairs updated in its Lok Sabha answer dated 28 July 2025 that from FY 2021-22 SEBI has made the top 1,000 listed companies by market capitalisation mandatory to report under BRSR and made it voluntary from FY 2022-23. As per the answer further, there is a phased glide path on which listed entities will be required to get assurance or assessment in respect of the limited set of critical key performance indicators (KPIs) contained in BRSR Core; top 150 entities FY 2023-24, top 250 entities FY 2024-25, top 500 entities FY 2025-26, and top 1,000 entities FY 2026-27 Ministry of Corporate Affairs (2025).

The 28 March 2025 SEBI circular has granted some flexibility on the assurance/assessment framework and value-chain disclosures. The official parliamentary answer states that value chain ESG disclosures for the top 250 listed companies will be voluntary from FY 2025-26 and their assurance or assessment will be voluntary from FY 2026-27. As per SEBI's April 2025 FAQ, the third party assurance providers may rely on globally accepted standards like ISAE 3000, ISSA 5000 or relevant SEBI-developed standards by Industry Standards Forum, and third party assessment would be according to the standards developed by the Industry Standards Forum in consultation with SEBI. It is a material distinction as BRSR reporting applies to top 1000 listed companies whereas the scope and nature of assurance, assessment and value-chain disclosure is different in the revised framework SEBI (2025a), SEBI (2025b).

Additional protection is offered for green debt securities. In its circular dated 3 February 2023, SEBI gave its "dos and don'ts" which were expected to help mitigate the risk of greenwashing, among others, such as the requirement to identify the environmental impact of the proceeds, disclose when proceeds are not used as promised, and avoid misleading descriptions. The need for these requirements is not to be overlooked in view of the fact that the green label can affect the price and demand for debt. Investors need to have confidence in tracking, reporting and review of the proceeds and outcomes, where the issuer is committing to spend the funds to support projects that meet the eligibility criteria. If there is no defensible project-selection and monitoring process, it could compromise the integrity of the instrument.

However, SEBI has its own shortcomings. BRSR is a reporting framework and not a guarantee that each environmental claim in the advertising and supply chain of a company has been verified independently. Assurance is applied in a phased manner and value chain disclosures are voluntary, which allow for variable data quality especially regarding environmental impacts that occur via value chain intermediaries, logistics and product use and disposal. Having several different assurance or assessment methods can enhance flexibility, but also requires comparability, independence, competence and public transparency of the work done. An investor should be able to identify a metric prepared by the company, one that has been independently assured and one that has been only assessed for limited assurance.

BUSINESSES ACT 2013 – BOARD ACCOUNTABILITY AND FRAUD

It is not a general offence to be called 'greenwashing' under the Companies Act, 2013 (Companies Act, 2013, s. 34–36, 134, 166, 447). It does provide, however, valuable avenues for accountability in relation to environmental misstatements that are a part of a company's formal reporting, prospectus or as part of a fraudulent action. Board approval of financial statements and the Board's report are covered by Section 134. The report includes certain disclosures and statements by the directors. If sustainability or environmental information is incorporated into a Board-approved report, it affects the accuracy and governance of that information and thus the director's oversight and statutory duties.

Section 166 is particularly relevant as it presumes a director has to act in good faith and for the benefit of the company and for the interest of the company, its employees, shareholders, community and the protection of the environment. It also requires due and reasonable care, skill and diligence and independent judgment. If contravention occurs, it will result in a fine under the section. Explicit reference to environmental protection offers a statutory basis for governance that includes consideration of environmental risk and integrity of environmental oversight. It must not be taken to mean however that a company automatically has personal liability for every inaccurate environmental statement it makes under section 166. A case involves establishing the director's "relevant conduct," "breach" and "statutory conditions.

Where a material false statement relating to the environmental performance is included in a prospectus or used in a fraudulent way to induce investment, sections 34, 35 and 36 may come into play. Section 447 imposes punishment for fraud on the condition that it satisfies all of its statutory criteria. The fraud definition also encompasses actions and omissions to deceive, gain undue advantage or to injure the interests of the company, shareholders, creditors or another person, by means of fraud, concealment or abuse of position. Therefore, a marketing statement that an emissions reduction was estimated when it was actually false or misleading would be a different legal issue than a statement that was not false or misleading but imprecise. There is still the need for an intent and the clear link with the responsible persons.

The governance, reporting and anti-fraud provisions of the Companies Act therefore provide for accountability, but are not a replacement for in-depth rules on green claims. The effectiveness of such a tool relies on the fact that the environmental statement is included in a legally required corporate document and that the elements of the relevant provision can be determined. These existing provisions would be made more effective by stronger internal controls, board review, audit committee oversight, and retaining records and receiving documented approval of environmental claims.

ENVIRONMENT (PROTECTION) ACT, 1986 AND SUBSTANTIVE ENVIRONMENTAL LIABILITY

Environmental law has a different function than consumer and securities regulation. Substance environmental conduct is regulated by the Environment (Protection) Act, 1986 and rules made under it, which include compliance with standards, directions, safeguards and prescribed procedures etc. If a company markets a product as environmentally responsible, but is in violation of a pollutant discharge law or is mishandling hazardous materials, or failing to comply with a direction given by that law, it may be liable for the pollution resulting from the violation. The mere advertisement does not constitute an offence under the Environment (Protection) Act. The regulatory body needs to determine which statutory duty has been breached, and needs to meet the requirements of the evidence and procedure.

The Jan Vishwas (Amendment of Provisions) Act, 2023 has materially changed the penalty provisions in the Environment (Protection) Act, 1986, with the consequential changes made to the penalty provisions in the Environment (Protection) Act, 1986, coming into force from 1 April 2024. 14A–15D, as amended). Section 15 now specifies a general penalty of ₹10,000 to ₹15 lakh for contraventions where no specific penalty is mentioned, plus a penalty per day for continued contravention. Penalty under section 15A is a fine of ₹1 lakh to ₹15 lakh to be imposed on a company and ₹1 lakh for every day of the continued contravention. The

modified Act additionally offers mechanisms for adjudicating officers and appeals. These are punishments for non-compliance with the environment laws, not automatic penalties for using misleading green language.

The difference is crucial to maintaining a clear liability analysis. Consumer protection is about the integrity of the representation of the environment, environmental regulation is about conduct and impact the representation may describe. In several situations a combination of both can be true: A company could claim that it has no discharge and at the same time breach an effluent standard. Whereas, in other instances, a false "biodegradable" claim may also be subject to consumer law even if it has not been separately established that there was a pollution offence. The CCPA Guidelines explicitly state that they are "in addition to other specific laws," meaning that if there is a contrasting specific law in place, the specific law trumps the CCPA Guidelines. The framework assumes the presence of cumulative, but distinct duties, therefore.

The judicial approach is demonstrated by advertising claims and evidentiary basis.Judicial approach is illustrated by the advertising claims and evidentiary basis.

It is a well known fact and has been held by the Indian courts that commercial speech is protected under the Constitution, but false, misleading, unfair or deceptive advertisements are not given an unlimited protection. Dabur India Ltd. v. Colortek Meghalaya Pvt. Ltd., 2010 is a case on comparative advertising and disparagement. Advertisers can advertise the benefits of their products, but if the claim is beyond what is acceptable advertising and is false or misleading, it must have a reasonable basis in the facts. The Court also looked at the overall impression and message of advertising, and not words in isolation.

While Dabur was not a greenwashing issue, and predated the CCPA Guidelines, the reasoning is applicable by analogy. Environmental advertising frequently employs comparative or absolute statements – "less plastic" or "zero emissions" or "safest for the planet" – which can be subject to testing against evidence. The case holds that commercial speech does not give an advertiser the right to make an unsubstantiated fact statement. The assessment needs to be context-dependent at the same time: visual design, qualifications, awareness and impression of the audience could play a role. The CCPA Guidelines now have more specific environmental claim standards; however, as of the date of the research cut-off, the set of reviewed sources does not yield any reported Supreme Court or High Court cases directly interpreting the 2024 Guidelines.

Table 3

Table 3 Comparative Assessment of the Existing Framework

Legal instrument	Primary focus	Potential liability / response	Key limitation
Consumer Protection Act, 2019; CCPA (2024a)	Consumer-facing environmental claims and advertisements	Discontinuance or modification; statutory penalties; possible prosecution under applicable provisions	Enforcement depends on evidence, CCPA capacity and technical claim assessment.
SEBI BRSR / BRSR Core framework	Listed-company sustainability disclosures to investors	Mandatory disclosure for top 1,000; phased assurance/assessment; regulatory directions under securities law	Value-chain disclosure voluntary from FY 2025–26; not every advertising claim is covered.
SEBI green-debt safeguards	Use and disclosure of proceeds from green debt securities	Disclosure, monitoring and third-party review expectations	Project taxonomy, outcome measurement and continuing monitoring need robust implementation.
Companies Act, 2013	Board reporting, directors' duties, prospectus statements and fraud	Corporate and director accountability where specific statutory elements are established	No standalone greenwashing offence; personal liability requires proof of relevant breach/intent.
Environment (Protection) Act, 1986	Substantive environmental compliance	Monetary penalties for statutory breaches, including company contraventions	A misleading claim alone does not prove environmental non-compliance.
ASCI Code and Green Claims Guidelines	Advertising self-regulation, including digital advertising	Requests to modify/withdraw; referrals to regulators	Self-regulatory authority; no substitute for statutory adjudication.

The comparison illustrates that India's legal system is multi-level, but with some gaps and inconsistencies. The CCPA Guidelines provide the most straightforward general guidance on substantiation of environmental claims. SEBI deals with a smaller, but more significant category of disclosure and instruments. In appropriate cases, company law can have governance and fraud implications and environmental law will have implications for the breach of environmental responsibilities. ASCI brings in early detection and voluntary compliance, especially in the field of advertising. The difficulty is in coordinating these regulators and institutions, sharing data and using a consistent technical assessment.

KEY INSIGHTS AND LESSONS LEARNED FROM THE ANALYSIS.

One, the framework does not have a common, public taxonomy of common environment claims. While the CCPA Guidelines provide examples and require proof, there are still potential differences in how recycled content, biodegradability, carbon neutrality, water savings or life-cycle impact can be measured by corporations and consumers. Technically correct but poorly defined claims can give the overall impression of something that is not. A central protocol should not stifle innovation but be a statement of minimum disclosure and accepted verification practices.

Second, assurance is inconsistent. While BRSR Core introduces phased assurance or assessment, there are still impacts that could not be covered under the most robust of verification layers that are included in the voluntary treatment of value-chain disclosures. Environmental footprints of many companies are spread along the suppliers, transportation, energy sources, use and end-of-life disposal. A company can enhance its own processes and outsource the results to either contractors or customers. So, it is important to have a clear boundary of disclosure, with one or two material omissions being explainable.

Third, the transparency of enforcement is still limited. Advertisement review counts are reported by ASCI, however consolidated data on CCPA greenwashing investigations, penalties, compensation, corrective advertisements, repeat offenders and time taken for disposal is not yet presented in a unified format and is publically available. It will be hard to gauge if the Guidelines 2024 are preventing misleading claims if there is no outcome data available. Statistics for referrals must be separated from final adjudications, and request for modification from a finding of liability.

Fourth, digital ads present challenges in terms of measuring accountability. Claims can be included in short-form videos, on paid posts from influencers, on ecommerce listings, in search ads and corporate social media accounts. The 2025–26 ASCI report that 97.3 per cent of the advertisements it assessed were on digital media platforms is not a greenwashing rate, but rather a reminder of the need for digital traceability. The evidential record may be held by portions by the advertiser, agency, endorser and platforms. A defensible system should maintain the claim, its length of time, the intended audience and the evidence available to the audience at the time of publication.

Fifth, proper allocation of liability for the corporation needs to be done. Responsibility could be shared by multiple actors if a claim is generated by a marketing agency, validated by brand management, technical teams and reported by a company's directors.

CONCLUSIONS AND RECOMMENDATIONS
CONCLUSION

At a broader level, India's efforts to counter greenwashing have come a long way, especially with the introduction of the CCPA Guidelines, 2024, and SEBI's initiatives in sustainability-disclosure and the green-debt framework. The CCPA Guidelines put forth the requirement for environmental claims to be clear, specific, substantiated and supported by material disclosures that are easily accessible. They also include a discussion about selective presentation, comparative claims and future environmental obligations. Consumer Protection Act offers enforcement and penalties for misleading ads. The BRSR framework has been enforced on top 1,000 listed entities and also includes a phased implementation of assurance or assessment of core of BRSR, as per the SEBI framework. The provisions of the Companies Act may apply to a situation of accountability when misleading environmental information is included in statutory reporting, prospectus disclosures or fraudulent behaviour. Environmental legislation is still applicable if environmental criteria are not complied with during the company's real activity.

The ASCI data show the need for this regulation, but should be taken with a grain of salt. Of the 211 ads reviewed in 2024-25, none contained sufficient evidence for them to be substantiated with a claim of "potentially false or exaggerated environmental claims," and thus all had to be modified. This is not a national estimate of prevalence. ASCI reports that 97.3 per cent of the ads that it reviewed in 2025–26 were digital, signifying the critical role of online monitoring but not providing such a definitive increase or decrease in greenwashing. These data highlight an enforcement and substantiation issue, and highlight the need for greater transparency of final regulatory results for the public.

The overall argument is India is already in possession of the pieces to a viable greenwashing liability regime but lacks a coherent, and largely non-standard, verifiable regime in place. The most serious flaws are not the lack of law, but the failure to consistently measure and verify it, the lack of consensus and acceptance at the corporate level, the lack of transparency in its enforcement, and the failure to provide effective remedies. Implementation, co-ordinated regulation and the development of sound evidence trails for environmental claims will thus be key to judging the effectiveness of the framework.

RECOMMENDATIONS

1) Build a reindeer herd that is used to applying such protocols

Claim specific protocols for high-frequency terms, including: “recyclable”, “biodegradable”, “compostable”, “carbon-neutral”, “net-zero”, “plastic-free”, “renewable” and “water-saving” should be developed by the Department of Consumer Affairs, CCPA, relevant technical ministries and standards institutions. Protocols should include a definition of the relevant product or organisational boundary, measurement method, baseline, time period, assumptions, exclusions and acceptable forms of evidence. If there is no harmonised technical standard, the advertiser should state the method and limitations clearly in language.

2) Collect a file of evidence that proves a claim about the environment.

There should be an internal evidence file for every material environmental claim which will be kept for a set period. The file should contain the actual words and appearance of the claim as well as scientific or technical evidence, testing reports, certification information, calculations, assumptions, scope and approval documentation. Record should be amended if changes occur to product or process, supplier, or evidence. This would enable the company and the regulator to check not just if there's any evidence, but if there is evidence that backs up the overall impression the advertisement gives.

3) Improve the application of the aforementioned independent verification on a risk basis.

Significant consumer or investor claims, including net zero commitments, carbon neutral product labelling, sizeable lifecycle reductions and green debt outcomes should be accompanied by the same level of independent verification. The verification should reveal the standard, level of assurance, the scope of the verification, materiality thresholds, exclusions and conflicts of interest. Simplification should be allowed only for smaller enterprises, and should not allow unsupported or materially misleading claims.

4) Increase board and senior management accountability

A board-approved policy for environmental-claims should be adopted for listed and large companies. The policy should spell out who is accountable for the business, mandate that the policy be technically reviewed before publishing, have legal and compliance clearance for contentious statements, and establish escalation steps for ambiguous or unverifiable statements. Material environmental disclosures and claims should be reviewed periodically by the audit committee or by a board committee of the company of a suitable composition. The policy should be consistent with directors' duties under section 166 and reporting requirements under section 134 of the Companies Act, but should not presume that directors have personal liability unless there are specific grounds for such liability under the Act.

5) Enhance the transparency of BRSR and value chains

SEBI should further enhance the comparability of BRSR Core metrics and provide clear guidance on differentiating between the information that is given by the companies and from the third party assessment and independent assurance. Progressively increase value chain disclosures for material environmental impacts, with proportionate approach for small value chain suppliers. Listed entities should make public explanations of material exclusions, the percentage of purchases or sales that are excluded, estimation methods and limitations. Investors should be able to identify the numbers that have been independently verified and the numbers that are on management's reports.

6) Develop a coordinated green-claims enforcement system

A formal referral and information sharing mechanism should be put in place between the CCPA, SEBI, Ministry of Corporate Affairs, Ministry of Environment, Forest and Climate Change and ASCI. The protocol should define the primary regulator and permit concurrent action when certain statutory requirements are not met by the same regulator by the affected audience. Having a single digital record of decisions, referrals, correction orders, penalties and repeat violations would eliminate duplication and enhance deterrence. If they are referred to ASCI, this should be noted as a referral, not as a finding of statutory guilt.

7) Compile and release each year's figures on the enforcement of greenwashing regulations.

They both should release annual disaggregated data on complaints, investigations, the number of complaint types, sectors, digital platforms, orders, penalties, corrective disclosure, settlements and repeat offenders. Allegation should be clearly differentiated from preliminary investigation, preliminary findings and voluntary changes from the final findings. Case summaries without explicit identifiers and / or anonymised / aggregated summaries would help industry adherence and academic review. Monitoring indicators are already available in the annual ASCI report and would be useful, but statutory regulators should add outcome-based data to this.

SCOPE FOR FURTHER INVESTIGATION

Future studies could develop a reliable database of CCPA, SEBI and ASCI green-claims cases, discuss the nature of the environmental representations in different sectors, environmental representation failures and enforcement results. A company-level study can be conducted to compare BRSR Core disclosures with advertisements and independent sustainability information. Empirical research could also explore how consumers interpret typical green language and if QR based disclosures help to enhance

understanding. This doctrinal paper does not address the issues of having a transparent sampling frame or independent verification of primary data, which would be required for such studies.

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