
GREENWASHING AND CORPORATE ACCOUNTABILITY IN INDIA: RETHINKING ESG CLAIMS THROUGH THE LENS OF CONSUMER AND SECURITIES LAW

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ABSTRACT

Companies now talk about the environment constantly, in annual reports, advertisements, investor presentations and on their websites, and ESG has moved from a voluntary extra to something that shapes how capital is allocated. Greenwashing is the legal problem that follows: an environmental impression that is stronger than the evidence behind it. India has no single statute on the subject. SEBI regulates sustainability reporting through the BRSR and BRSR Core frameworks and has issued specific rules for ESG funds and green bonds, the CCPA issued its 2024 Guidelines on misleading environmental claims under the Consumer Protection Act, 2019, and the Companies Act, 2013 governs CSR. This essay argues that the real weakness lies less in a shortage of rules than in the way they sit apart from one another. A company can make different environmental statements to consumers, investors and regulators without any one regime noticing the mismatch. The essay proposes that claims be tested on specificity, evidence, proportionality, internal review and consistency across channels, and that SEBI and the CCPA coordinate more closely. The credibility of ESG in India will depend less on how much companies disclose than on whether people can verify and rely on what is disclosed.

Keywords: Greenwashing; ESG; Corporate Accountability; Sustainability; BRSR; Consumer Protection; Securities Regulation; Corporate Governance; Environmental Claims.

I. INTRODUCTION

A company talks to a lot of people at once. Customers, shareholders, lenders, employees and regulators all read what it says about itself, and over the last few years a growing share of that speech has been about the environment. Words like “green”, “sustainable”, “eco-friendly” and “carbon neutral” now turn up on product packaging, in annual reports and in the offer documents for bonds.

None of this is a problem when the claims are real. Honest information about environmental performance helps consumers choose better and helps investors see risks they would otherwise miss. The trouble starts when the picture a company paints is bigger than the evidence it holds. That gap is what is usually called greenwashing.

Greenwashing is hard to regulate because environmental claims are harder to check than ordinary commercial ones. A shopper can compare the prices of two products and look at what they are made of, but it is much less obvious how to test whether one of them is really better for the environment. Investors face the same limit. They can read a balance sheet, yet most of them cannot independently verify a firm’s emissions figures, its resource use or what happens in its supply chain. The company knows far more than the people it is speaking to, and this imbalance of information is the main reason the law gets involved at all.

India has not answered the problem with one dedicated statute. The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility and Sustainability Report (BRSR) for listed companies¹ and later added BRSR Core, a narrower set of indicators that is meant to be assured.² The Central Consumer Protection Authority (CCPA) issued its Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims in 2024.³ Separately, the Companies Act, 2013 sets out the framework for corporate social responsibility (CSR) and lists environmental sustainability among the permitted activities.⁴

¹SEBI, Business Responsibility and Sustainability Reporting by Listed Entities, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 (May 10, 2021).

²SEBI, BRSR Core – Framework for Assurance and ESG Disclosures for Value Chain, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

³Central Consumer Protection Authority, Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024 (Oct. 15, 2024).

⁴Companies Act, 2013, No. 18 of 2013, § 135; sched. VII (India).

So, the question this essay asks is not whether India has rules on greenwashing, because it plainly does. The question is whether rules that sit in different laws, administered by different bodies for different purposes, add up to a system that keeps a company's environmental image tied to the evidence behind it. The essay looks at this through consumer law, securities regulation and corporate governance, and argues that the weak point is fragmentation rather than a shortage of regulation.

II. WHEN A MARKETING CLAIM BECOMES A LEGAL RISK

Greenwashing is often discussed as if it were only a matter of ethics, but it can have real legal consequences. In its simplest form it means environmental claims that are exaggerated, vague or unsupported. A firm might label a product "100% eco-friendly" without saying which environmental feature it has in mind. Another might publicise one small green project and describe itself as sustainable overall, even though its main line of business does considerable damage.

A statement does not have to be false to mislead. Suppose a company announces that it has cut its carbon emissions by 30 per cent. That may be accurate for its own factories. If the company then uses the figure to suggest that the whole business is now sustainable, while emissions elsewhere in its operations go unmentioned, the overall impression is much wider than what the evidence shows.

This gap between what a statement literally says and what it leads people to believe sits at the centre of the greenwashing problem. The CCPA's 2024 Guidelines reflect it. They cover environmental claims that are false, misleading, vague, exaggerated or unsubstantiated, and they also treat concealing or omitting relevant information as greenwashing.⁵ They do not stop at words either, since symbols and imagery that stress positive environmental features while playing down harmful ones can create the same false impression. Leaves, forests, flowing water and wind turbines on a label can suggest a benefit that nobody has actually demonstrated. Industry self-regulation points the same way: the Advertising Standards Council of India has its own guidelines for environmental claims in advertisements.⁶

It therefore makes sense to treat greenwashing as a question of how reliable corporate

⁵CCPA Guidelines, *supra* note 3.

⁶Advertising Standards Council of India, Guidelines for Advertisements Making Environmental/Green Claims.

information is. The legal inquiry is not just whether the company has done one genuine thing for the environment. It is whether the claim, as the public will read it, correctly describes the environmental feature being advertised and whether the company has enough evidence to back up the impression it creates.

III. CSR IS NOT THE SAME AS ESG

The rise of ESG has caused some confusion with CSR, and the two should not be used interchangeably even though they overlap. CSR in India has a statutory basis. Section 135 of the Companies Act, 2013 applies to companies that cross certain financial thresholds and sets out duties on CSR governance and spending.⁷ Schedule VII then lists the kinds of activity that can count, which include ensuring environmental sustainability, ecological balance, protecting flora and fauna and conserving natural resources.⁸

CSR is, in other words, about what a company contributes to listed social and developmental goals. ESG is about information and performance on environmental, social and governance factors, and it matters most to investors, lenders and financial markets.

The difference has practical consequences. A company can fund tree plantation or river restoration under its CSR programme while its core business continues to have a heavy environmental footprint. A company can also run an impressive CSR programme and still have weak internal systems for collecting and checking sustainability data. If CSR spending is presented as proof that a company is sustainable, readers may be misled. What a company does as a social contribution has to be kept apart from how it actually runs its business, and ESG analysis needs to look at the second as well as the first.

The same point applies when CSR work is used in branding. A genuine CSR project does not give a company licence to make wider claims about its own environmental character or about its products. Each claim needs evidence that actually relates to that claim.

IV. BRSR AND THE TURN TOWARDS DISCLOSURE

BRSR was an important step for sustainability reporting in India. Before it, each company largely decided for itself what to say about sustainability and in what form. The BRSR

⁷Companies Act, *supra* note 4, § 135.

⁸Companies Act, *supra* note 4, sched. VII, item (iv).

framework replaced that with a standard format for listed entities.⁹

Standard formats matter because sustainability data is only useful when it can be compared. If one company measures its environmental performance in one way and a competitor uses different indicators altogether, an investor has little chance of weighing them against each other.

SEBI went further with BRSR Core in 2023. It selected a defined set of key performance indicators across nine ESG attributes, brought in a phased framework for assurance and added ESG disclosures for the value chain.¹⁰ In March 2025 a further circular allowed listed entities to choose between third-party assessment and assurance for BRSR Core, and moved back the timelines for value chain disclosures.¹¹ The change in wording is worth noticing, but the aim stayed the same: to make ESG information more dependable. SEBI's earlier consultation paper tied the idea of assurance to credibility and investor confidence.¹²

Complying with BRSR, however, is not the same as being sustainable. BRSR is a reporting framework, and how much its numbers are worth depends on how accurate and complete they are, how they were measured and how they are presented. A company can meet every disclosure requirement and still greenwash if it picks which facts to emphasise or tells different stories in different places. That is the point at which disclosure rules, useful as they are, reach their limit.

V. THE ANGLE BETWEEN THE CONSUMER LAWS

The consumer side of the problem deserves separate treatment. A company knows what goes into its raw materials, how its products are made, how much energy it uses and how its suppliers operate. The consumer usually sees only the advertisement, the label or the website.

The Consumer Protection Act, 2019 is the general law against unfair trade practices and misleading advertisements, and it set up the CCPA.¹³ The 2024 Guidelines are significant because they speak directly to environmental claims. They require such claims to be truthful,

⁹SEBI, BRSR Circular, *supra* note 1.

¹⁰SEBI, BRSR Core Circular, *supra* note 2.

¹¹SEBI, Measures to Facilitate Ease of Doing Business with Respect to Framework for Assurance or Assessment, ESG Disclosures for Value Chain, and Introduction of Voluntary Disclosure on Green Credits, Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 (Mar. 28, 2025).

¹²SEBI, Consultation Paper on ESG Disclosures, Ratings and Investing (Feb. 2023).

¹³Consumer Protection Act, 2019, No. 35 of 2019, §§ 2(28), 2(47), 10, 21 (India).

accurate, clear and capable of being substantiated. The note attached to the Guidelines gives examples. A statement that packaging is made from “100% recycled materials” needs verifiable evidence behind it, and a slogan such as “Go green with our product!” does not say what environmental benefit is being offered.¹⁴ The Guidelines also restrict generic terms like “green” and “eco-friendly” unless they come with proper qualifiers and substantiation, and they allow aspirational claims only where there is a clear plan for achieving them.

Vague green language is a problem because it gives the reader an impression without giving any information. The legal concern grows when a company has evidence about one narrow feature of a product but speaks as if the whole product were green.

The Guidelines therefore contribute a simple principle to Indian consumer law: an environmental claim has to be tied to evidence that can be identified. This does not stop companies from advertising real environmental benefits. It only asks that the claim should not be bigger than the proof for it.

VI. THE SECURITIES MARKET

The issue becomes more complicated when sustainability information is directed at investors. People may look at ESG information before buying shares, investing in a fund or judging a company’s long-term prospects. A misleading sustainability claim can in this way affect where capital goes.

SEBI’s rules on ESG investment products take account of this. For ESG mutual fund schemes, the 2023 circular requires the name of the ESG strategy to appear in the scheme’s name, calls for disclosure of ESG scores and the rating providers behind them, and ties the schemes’ holdings to companies that report under BRSR and have BRSR Core assured, with an annual independent assurance on whether the scheme follows its stated strategy.¹⁵

Green bonds are another example. SEBI has told issuers of green debt securities not to use misleading labels, hide trade-offs or cherry-pick data in order to highlight green practices while obscuring unfavourable ones. Issuers must also make sure that the money raised is used for

¹⁴CCPA Guidelines, *supra* note 3.

¹⁵SEBI, New Category of Mutual Fund Schemes for Environmental, Social and Governance (“ESG”) Investing and Related Disclosures by Mutual Funds, Circular No. SEBI/HO/IMD/IMD-I-PoD1/P/CIR/2023/125 (July 20, 2023).

eligible purposes and, if a problem comes to light after issue, disclose it to investors.¹⁶

The idea behind these rules is straightforward. If an issuer raises money by presenting an instrument as environmentally beneficial, investors should be able to see why it is called green.

This is also why greenwashing cannot be seen purely as a consumer-law issue. One and the same environmental claim can reach several audiences and have different effects on each. A consumer may buy a product because of it, an investor may buy a security because of the company's sustainability profile, and a lender may price a loan based on environmental risk. The legal response has to pay attention to who is receiving the information and what relationship they have with the company.

VII. RESPONSIBILITY INSIDE THE COMPANY

Internal responsibility is one of the less talked about parts of greenwashing. Sustainability information is rarely produced by a single person. The sustainability team, finance, legal and compliance, senior management, outside consultants and the communications team may all have a hand in it, and the message can change as it travels from technical report to public statement.

An internal document may state a result with all its qualifications, only for a marketing campaign to turn it into a slogan. The public message is then linked to real data but is a great deal broader than the data.

This is where corporate governance has a part to play. Companies should have an internal process for reviewing significant ESG claims before they are published. Each environmental statement should be traceable to a source, supporting documents and a person who answers for it, and where a claim rests on a technical assessment, the company should keep the method and the evidence.

Legal teams have a role here too. An ESG statement should not be waved through as mere marketing just because it appears in an advertisement. If it can influence consumers, investors or other stakeholders, legal and compliance review is sensible.

¹⁶SEBI, Dos and Don'ts Relating to Green Debt Securities to Avoid Occurrences of Greenwashing, Circular (Feb. 3, 2023).

The board matters as well. Directors do not need to become environmental scientists, but they should make sure that the company has proper systems to identify and manage material ESG risks. This changes the question from “what do we do if a regulator objects?” to “what process makes sure this statement is accurate before the public sees it?” In other words, it moves greenwashing control from reaction to prevention.

VIII. THE PROBLEM OF FRAGMENTATION

India’s response to greenwashing is meaningful, but it is spread across different laws and different institutions. Consumer-facing claims fall under consumer protection law. Sustainability disclosures by listed companies come under securities regulation. CSR is governed by the Companies Act, and green debt carries requirements of its own.

There is a reason for this, since each regulator looks at a different part of corporate activity. The difficulty is that one company can say rather different things to different audiences.

Take a listed company that calls itself “carbon neutral” on its website but uses far more cautious language in its BRSR. Or take one that reports measured and limited improvements to investors but uses sweeping language in its advertisements. Each statement might hold up when read alone, yet taken together they give a contradictory picture, and under the present arrangement no single regulator is placed to notice it.

This suggests that the next regulatory step should not simply be more disclosure requirements. It should be consistency across disclosure channels. A company’s annual report, BRSR, investor presentation, website, advertising and sustainability report should not materially contradict one another on the same environmental claim.

Put plainly, a company should not have a different version of its environmental record for each audience. A coherent approach would look at the claim and the evidence behind it, instead of regulating only the medium in which the claim appears.

IX. INVESTORS, ASSESSORS, RATING PROVIDERS AND LAWYERS

Government regulators cannot be left to deal with greenwashing alone. Investors, assessment providers, ESG rating providers, auditors and lawyers all help to decide whether sustainability information deserves to be trusted.

Investors are among the main users of ESG information, and institutional investors in particular often have the resources to ask companies how a sustainability claim was measured and what supports it. As reporting becomes more structured, assessment also gains importance. How useful it turns out to be depends on the quality of the underlying data, the independence of the assessor and the method used.¹⁷

ESG rating providers shape how investors see a company's sustainability profile, and SEBI has put a regulatory framework in place for them, which shows how much weight they now carry in the market.¹⁸

Lawyers also have a part. A lawyer advising a company on ESG should not limit the work to asking whether a statement breaks one particular provision. The lawyer should also ask whether the claim is precise enough, whether it can be substantiated and whether it fits with what the company has said elsewhere. This matters especially for in-house counsel, because ESG claims often sit between legal compliance and commercial communication. A legal adviser who spots the risk before publication may save the company from a regulatory proceeding, a consumer complaint or damage to its reputation.

X. TOWARDS A MORE COHERENT APPROACH

India probably does not need an entirely new legal regime to deal with every form of greenwashing. Better coordination between the existing mechanisms would go a long way. Drawing on the discussion above, five principles could guide that effort.

The first is specificity. A company should say which environmental feature it is claiming instead of relying on broad words such as “green” or “sustainable”. The second is substantiation. Significant environmental claims should be backed by documents that the company can produce if the claim is challenged. The third is proportionality. Evidence about one limited aspect of a product should not be stretched into a statement about the environmental performance of the whole product or business.

The fourth is internal control. Important sustainability statements should be reviewed before they are published, particularly where they are aimed at investors or form part of a regulated

¹⁷SEBI, 2025 Circular, *supra* note 11.

¹⁸Securities and Exchange Board of India (Environmental, Social and Governance Rating Providers) Regulations, 2023 (India).

disclosure. The fifth is consistency. What a company tells regulators and investors should not materially conflict with what it tells consumers.

Two supporting points follow. Assessment and assurance should stay meaningful and should not turn into one more procedural formality, because the point of verification is to make information more reliable and not just to produce another compliance document. And SEBI and the CCPA, although they work under different statutes, are addressing different symptoms of the same problem, which is unreliable environmental information. Closer coordination between them would help the system concentrate on the substance of a claim and the evidence supporting it.

XI. CONCLUSION

Greenwashing poses a particular challenge for corporate law because it lies where information, commerce and environmental responsibility meet. It is not enough to ask whether a company behaves responsibly. One also has to ask whether it describes that behaviour accurately to the people who rely on its statements.

India has already taken important steps. BRSR and BRSR Core show a growing preference for structured sustainability disclosure. The CCPA's 2024 Guidelines deal squarely with misleading environmental claims. SEBI's rules for ESG funds and green debt securities show that greenwashing matters for financial markets too. Even so, these measures do not settle the matter by themselves. The real difficulty lies in the link between what a company does, what it measures, what it discloses and what it claims.

A company can carry out genuine environmental work and still communicate badly if the work is presented without context. The opposite can also happen: a company may have real achievements but describe them so loosely that no one can tell what has been achieved. The aim of regulation should not be to discourage companies from talking about sustainability, since honest communication about real progress has value. The aim should be to make sure that sustainability claims are meaningful, rest on evidence and can be understood by the people they are meant for.

The Indian framework is likely to work better if ESG is treated not just as a reporting exercise but as a matter of how a company governs its information. Companies should know the

evidence behind their environmental claims, boards should understand the material ESG risks of the business, legal and compliance teams should review significant statements, investors should look critically at what they are told, and regulators should work towards more consistency across regimes.

In the end, the credibility of ESG in India will depend on whether stakeholders can tell real sustainability performance apart from sustainability vocabulary. If ESG information is accurate, verifiable and comparable, it can strengthen corporate accountability and support better economic decisions. If it becomes just another branding tool, its value to regulators and to society will fade. Greenwashing, then, is more than the problem of one misleading advertisement. It tests whether corporate communication can stay trustworthy once environmental responsibility has itself become part of what a company sells.