
GREENWASHING AND CORPORATE LIABILITY IN THE ERA OF ESG REGULATION: AN INDIAN CORPORATE AND COMMERCIAL LAW ANALYSIS

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ABSTRACT

Greenwashing has emerged as a significant legal and governance concern in India as sustainability claims become embedded in corporate disclosure, advertising, and capital market communication. With the introduction of the Central Consumer Protection Authority's 2024 Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims, the SEBI BRSR framework and the BRSR Core assurance architecture, sustainability messaging has gone from being a largely reputational domain to a legally regulated space. This article examines the evolving Indian framework governing misleading environmental claims, the liability pathways available under consumer protection, securities regulation, and advertising standards, and the practical enforcement challenges that remain. It argues that while India has not yet developed a large body of reported BRSR-specific litigation, regulatory scrutiny and compliance expectations are sufficiently mature to support corporate liability for false, vague, or unsubstantiated ESG claims. The article concludes that Indian law is moving toward a more integrated model of disclosure accountability, in which greenwashing will increasingly attract regulatory, civil, and reputational consequences.

Keywords: Greenwashing; ESG regulation; BRSR; corporate liability; consumer protection; SEBI; misleading environmental claims.

1. Introduction

Greenwashing can no longer be viewed only as a question of corporate ethics or marketing practice. In India, it increasingly operates within a legal and regulatory framework shaped by consumer protection law, securities regulation, advertising standards, and ESG disclosure obligations.¹ This development is particularly significant for listed entities, as environmental and sustainability-related statements now directly affect investor confidence, consumer behaviour, lender assessment, and regulatory oversight. The introduction of dedicated anti-greenwashing guidelines in 2024 reflects a broader shift from voluntary sustainability narratives toward enforceable standards of corporate accountability.²

This paper contends that the Indian approach to greenwashing is best understood as a multi-layered system of accountability rather than a single statutory mechanism. The Business Responsibility and Sustainability Reporting (BRSR) framework mandates disclosure-based obligations, the Central Consumer Protection Authority (CCPA) addresses misleading environmental representations, and the Advertising Standards Council of India (ASCI) reviews misleading sustainability advertising. Collectively, these mechanisms allow greenwashing to be examined not merely as exaggerated branding, but as corporate misrepresentation, unfair trade practice, and a failure of governance. The central legal issue, therefore, is not the use of sustainability language itself, but whether corporations possess credible and verifiable evidence to substantiate the environmental claims they choose to make.

2. Why the issue matters

The growth of ESG reporting has significantly changed the way corporations present themselves to the public and the market. Today, sustainability-related statements do more than enhance corporate image; they shape investor decisions, consumer trust, lending opportunities, and business partnerships. Because of this growing influence, environmental claims can no longer be dismissed as mere marketing language. When such claims are misleading or unsupported, they have the potential to misguide stakeholders and weaken confidence in the broader disclosure framework. This explains why regulators are increasingly viewing greenwashing through the lens of legal and regulatory responsibility rather than simple

¹ Securities and Exchange Board of India, Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122, Business Responsibility and Sustainability Reporting by Listed Entities (July 12, 2023).

² Central Consumer Protection Authority, *Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims*, Gazette of India, Extraordinary, Part III, § 4 (2024).

corporate branding.³

India's evolving ESG framework further strengthens this concern by placing greater emphasis on measurable and verifiable disclosures. The introduction of BRSR Core has encouraged companies to move towards structured reporting standards backed by evidence and internal accountability mechanisms. At the same time, value-chain disclosure requirements have widened the scope of compliance beyond the reporting entity itself, bringing suppliers and associated business partners within the regulatory conversation. Consequently, sustainability claims now require credible support from documentation, audits, and operational data. As reliance on these disclosures grows among investors, consumers, and regulators, so does the possibility of legal liability where claims are inaccurate, exaggerated, or incapable of verification.

3. Greenwashing as legal risk

Greenwashing refers to the practice of presenting a business, product, or service as environmentally responsible without adequate factual support for such claims. The concern is not limited to whether a statement is completely false; even partially accurate or selectively presented information can create a misleading impression in the minds of consumers and investors. In many cases, broad expressions such as “eco-friendly,” “sustainable,” or “green” are used without clear evidence, making it difficult for stakeholders to assess the actual environmental impact behind the claim.⁴ What ultimately matters from a legal standpoint is whether the representation is transparent, capable of verification, and sufficiently clear for an ordinary person to understand.

The issue of greenwashing extends beyond advertising and directly affects corporate accountability. Within corporate law, it raises concerns regarding the responsibility of company management, the accuracy of disclosures, internal compliance systems, and the handling of reputational risks. From the perspective of commercial and consumer law, misleading sustainability claims may influence purchasing decisions, distort market competition, and undermine fair advertising practices. In an era where ESG disclosures increasingly shape

³ Securities and Exchange Board of India, *Business Responsibility and Sustainability Reporting Core—Framework for Assurance and ESG Disclosures for Value Chain*, SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/169 (Dec. 20, 2023).

⁴ Central Consumer Protection Authority, *Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims* (2024).

investment decisions and regulatory confidence, sustainability-related statements carry consequences far beyond public relations. For this reason, greenwashing should be examined primarily as a problem of disclosure and accountability rather than merely a question of corporate image-building.

4. Legal framework in India

One of the major recent developments in India's approach to greenwashing is the Central Consumer Protection Authority's Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims in 2024. These guidelines were framed after stakeholder consultation and reflect a growing regulatory concern over the misuse of sustainability-related representations in advertisements and product marketing. The framework specifically discourages vague or exaggerated environmental descriptions and requires businesses to substantiate claims associated with terms such as "eco-friendly," "green," "natural," and "sustainable." The emphasis is no longer on how attractive a claim appears in marketing material, but on whether the company can actually support that representation with reliable evidence.

The importance of these guidelines lies in the fact that they move environmental communication away from symbolic branding toward evidence-based compliance. Businesses are now expected to provide clear disclosures and verifiable material in support of environmental assertions made before consumers. Merely using green imagery, sustainability slogans, or broad environmental language is no longer sufficient to avoid regulatory scrutiny. The regulatory trend clearly indicates that environmental claims must be capable of objective verification rather than functioning as aspirational corporate messaging.

The legal foundation for this approach can be traced to the Consumer Protection Act, 2019, which treats misleading representations and deceptive advertisements as unfair trade practices.⁵ This is particularly relevant because greenwashing frequently targets consumers through advertisements, packaging, labels, and promotional campaigns rather than through formal corporate filings alone. Consequently, environmental misstatements may attract liability even when they arise outside securities disclosures or annual reports. The CCPA framework therefore expands accountability beyond corporate governance and places sustainability-

⁵ Consumer Protection Act, No. 35 of 2019, §§ 2(28), 2(47), India Code (2019).

related consumer communication within the scope of regulatory enforcement.

Alongside consumer protection regulation, SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework has strengthened disclosure obligations for listed companies.⁶The introduction of BRSR Core and the gradual move toward industry-based assurance standards demonstrate a shift toward more structured and measurable ESG reporting practices.⁷ Sustainability disclosures are no longer treated as voluntary corporate narratives; they are increasingly becoming part of formal governance and investor communication systems. As a result, misleading or unsupported environmental claims in sustainability reports may give rise to securities-related concerns, particularly where such disclosures influence investor decisions or market perception.

5. Liability pathways

Corporate liability for greenwashing in India does not arise from a single legal framework; instead, it may emerge through multiple regulatory routes operating at the same time. Misleading environmental representations can attract liability under consumer protection law when such claims influence purchasing decisions or create a false impression regarding the environmental impact of a product or service. Similar concerns may also arise under advertising standards where sustainability-related statements are found to be exaggerated, vague, or unsupported. In the context of listed companies, inaccurate sustainability disclosures made through BRSR filings or other ESG-related reports may additionally invite regulatory scrutiny, investor concerns, and questions regarding corporate governance practices.⁸

The growing overlap between these regulatory mechanisms has important practical consequences for companies. Businesses can no longer defend questionable sustainability claims by arguing that the statements were merely part of promotional or branding exercises. Environmental representations today frequently appear across several platforms at once, including company websites, annual reports, product packaging, social media campaigns, and investor presentations. As a result, a single unsupported claim may simultaneously affect

⁶ Securities and Exchange Board of India, *Business Responsibility and Sustainability Reporting by Listed Entities*, SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

⁷ Securities and Exchange Board of India, *BRSR Core—Framework for Assurance and ESG Disclosures for Value Chain*, SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/169 (Dec. 20, 2023).

⁸ Advertising Standards Council of India, *Guidelines for Advertisements Making Environmental/Green Claims* (2024).

consumers, investors, regulators, and market perception. This interconnected nature of ESG communication increases the likelihood of exposure under multiple legal regimes for the same factual misrepresentation.

Greenwashing also reflects a broader governance concern within corporations. Where environmental claims are published without adequate internal checks, documentary support, or legal review, the issue may indicate deeper weaknesses in compliance and disclosure systems. In such situations, misleading sustainability communication is not simply an isolated advertising problem but evidence of inadequate ESG oversight within the organisation itself. For this reason, companies and their boards must approach environmental disclosures with the same degree of caution, verification, and accountability that is ordinarily expected in relation to financial reporting and statutory disclosures.

6. Indian case studies

India may not yet have an extensive body of reported litigation dealing specifically with BRSR-related greenwashing, but several regulatory developments and illustrative disputes provide valuable insight into how environmental misrepresentation is likely to be treated under Indian law. In recent years, SEBI has expressed concerns regarding misleading sustainability disclosures and unsupported ESG-related claims made by companies across different sectors.⁹ These discussions are significant because they indicate a regulatory shift toward examining whether corporate sustainability narratives are backed by measurable and verifiable information rather than broad promotional language.

One of the examples frequently discussed in professional and regulatory commentary involves allegations against Hindustan Unilever Limited (HUL) relating to products marketed as environmentally friendly despite concerns regarding their actual composition and environmental impact.¹⁰ The controversy became important not merely because of the product claim itself, but because it highlighted how sustainability-focused branding may expose companies to legal and reputational scrutiny where the underlying claim lacks adequate factual support. From a doctrinal perspective, the matter demonstrates that environmental representations can become legally vulnerable when corporate messaging creates an

⁹ Securities and Exchange Board of India, *Business Responsibility and Sustainability Reporting by Listed Entities*, SEBI Circular No. SEBI/HO/CFD/CFD-SEC-2/P/CIR/2023/122 (July 12, 2023).

¹⁰ See Shreya Maini, *Greenwashing and Corporate Accountability in India*, 5 Indian J.L. & Env't Stud. 44, 48–49 (2024).

impression that is inconsistent with the actual characteristics of the product.

Another commonly referenced example concerns Voltas and the use of environmental marketing claims in relation to energy-efficient or environmentally beneficial products.¹¹ The relevance of this illustration lies in the fact that it extends the greenwashing discussion beyond sectors such as food, cosmetics, or wellness products. It shows that sustainability-related representations can attract scrutiny in virtually any industry where environmental efficiency, reduced emissions, or ecological benefits are used as part of commercial promotion. The issue therefore is not limited to the nature of the product but to the accuracy and verifiability of the environmental benefit being communicated to consumers.

The litigation involving Patanjali and Dabur concerning chyawanprash advertisements also offers an important doctrinal parallel.¹² Although the dispute primarily related to misleading and disparaging advertising rather than ESG disclosures in the strict sense, the reasoning adopted by the Delhi High Court remains highly relevant to greenwashing analysis. The Court restrained advertisements that created a misleading impression regarding the quality and authenticity of a competing product. The broader legal principle emerging from such cases is that commercial speech cannot escape scrutiny merely because it appears in promotional form. This reasoning can logically extend to sustainability and environmental claims, particularly where such statements influence consumer perception and market behaviour.

An equally significant comparative example is the Volkswagen diesel emissions matter before the National Green Tribunal.¹³ While the dispute did not arise from ESG disclosures or BRSR reporting, it remains relevant because it demonstrates the legal and financial consequences that may follow when environmental claims or representations prove deceptive. The Tribunal directed Volkswagen India to deposit substantial compensation in connection with the use of defeat devices that manipulated emissions testing. The importance of this case lies in its recognition that environmental misrepresentation can produce both regulatory liability and broader public harm. For corporate law analysis, it serves as a reminder that inaccurate environmental claims are capable of attracting serious legal consequences, particularly where they affect public trust, regulatory compliance, or environmental protection objectives.

¹¹ Id.

¹² Patanjali Ayurveda Ltd. v. Dabur India Ltd., CS (COMM) 132/2023 (Delhi High Court 2023).

¹³ Original Application No. 681 of 2018, *In re: Volkswagen Diesel Emissions Matter* (Nat'l Green Tribunal 2019).

7. Corporate governance and board liability

An important aspect of the greenwashing debate in India is the growing responsibility of company directors and senior management in relation to ESG disclosures. Sustainability claims are no longer confined to advertising campaigns or branding exercises; they have gradually become part of a company's overall governance and risk-management structure. This evolution means boards cannot reasonably excuse themselves from inaccurate or unsupported environmental claims by treating them as solely marketing matters. Directors are expected to act with due care, good faith and diligence to protect the interests of the company under the Companies Act.¹⁴

Where sustainability disclosures are capable of influencing investors, regulators, or consumers, the failure to properly verify such claims may be viewed as a lapse in corporate governance rather than a minor operational mistake.

The significance of director oversight becomes even greater with the introduction of BRSR Core assurance requirements. Once companies are expected to provide credible assurance regarding key ESG indicators, it becomes necessary for boards to ensure that proper compliance and verification mechanisms exist within the organisation. In practical terms, this requires companies to establish reliable systems for ESG data collection, documentation, third-party assessment, legal scrutiny, and maintenance of supporting records. Without such internal safeguards, sustainability disclosures risk becoming unsupported public statements rather than evidence-based corporate reporting. In such circumstances, directors may face criticism for permitting the publication of claims that cannot ultimately be substantiated.

The issue also carries important implications from the perspective of shareholders and institutional investors. Sustainability-related disclosures now form part of annual reports, investor communications, and broader public filings. As a result, inaccurate environmental representations may influence market valuation, investor confidence, and future access to capital. A misleading ESG statement therefore has the potential to create consequences extending beyond consumer perception and into the financial and governance structure of the company itself. For this reason, greenwashing should not be understood solely as a consumer-protection concern; it must also be recognised as a governance and disclosure issue capable of

¹⁴ Companies Act, 2013, § 166 (India).

affecting corporate credibility and long-term financial stability.

8. Enforcement challenges

India has taken some key regulatory steps to combat greenwashing, but the implementation of these standards in practice is still facing a lot of challenges. One of the big challenges is the use of broad environmental expressions such as “green”, “eco-friendly”, “natural” or “sustainable”. These terms are often used in advertising and corporate communication, but they usually do not have a fixed legal or scientific meaning.¹⁵ In the absence of measurable standards or lifecycle-based verification, it becomes difficult for regulators to determine whether such claims genuinely reflect environmental performance or merely create a positive public impression.

Another major difficulty is the size of the market itself. Regulators cannot practically monitor every environmental claim made across advertisements, product packaging, websites, and social media platforms. The problem becomes even more complicated when companies use vague or indirect sustainability language that is difficult to verify.

Supply chains also create serious compliance challenges. Many companies depend on suppliers and third parties for environmental data, certifications, and sourcing information. Because businesses do not always independently verify this information, there is a real risk of unintentional greenwashing. This makes proper documentation, internal review, and verification systems essential for ensuring that sustainability claims are accurate and reliable.

There is also a noticeable gap between the development of regulatory standards and the emergence of detailed judicial precedent in this area. India now possesses a reasonably developed framework dealing with misleading environmental claims through consumer protection law, advertising standards, and ESG disclosure obligations. However, reported judicial decisions directly addressing BRSR-linked greenwashing remain relatively limited.¹⁶ This should not be interpreted as a weakness in the legal framework itself. Instead, it reflects the evolving nature of ESG regulation in India, where future accountability is likely to develop gradually through regulatory investigations, consumer complaints, disclosure-related scrutiny,

¹⁵ Advertising Standards Council of India, *Guidelines for Advertisements Making Environmental/Green Claims* (2024).

¹⁶ Ministry of Corporate Affairs, *National Guidelines on Responsible Business Conduct* (2019).

and enforcement proceedings initiated by market regulators.

9. Reform directions

India's present framework against greenwashing is an important beginning, but clearer standards are still necessary. More specific sector-based guidelines would help companies understand what kind of evidence is required for environmental claims. Stronger assurance mechanisms for ESG disclosures would also improve transparency and reduce the gap between corporate claims and actual practices. In addition, better coordination between SEBI, CCPA, and ASCI would create more consistent enforcement.

The repeated greenwashing also needs to be seen as a governance issue and not just a marketing one. Companies that make unsupported sustainability claims without sufficient internal verification should be held accountable at the senior management and board level. This would encourage businesses to work as hard on ESG disclosures as they do on financial reporting and would boost investor confidence in sustainability reporting in general.

10. Conclusion

Greenwashing in India is no longer viewed only as an ethical or reputational concern. It has gradually evolved into a question of legal responsibility and regulatory accountability. The combined effect of consumer protection measures, advertising standards, and ESG disclosure obligations has created an environment in which unsupported environmental claims can lead to serious consequences. The focus of regulation today is shifting away from attractive sustainability language and toward the ability of companies to substantiate what they publicly claim.

Although India is still at an early stage in developing detailed judicial precedent specifically dealing with BRSR-linked greenwashing disputes, the broader regulatory structure already provides sufficient basis for scrutiny and enforcement. As ESG reporting continues to become more influential in shaping investor behaviour and consumer trust, expectations regarding accuracy and transparency are likely to become stricter. The future direction of Indian ESG regulation will therefore depend not only on the creation of new rules, but also on how effectively regulators, companies, and corporate boards treat sustainability disclosures as matters of genuine accountability. In that sense, greenwashing is increasingly becoming a

central corporate governance concern rather than a simple issue of marketing strategy.