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BEYOND SUSTAINABILITY CLAIMS: IS INDIA'S EXISTING LEGAL FRAMEWORK ADEQUATE TO COMBAT CORPORATE GREENWASHING?

-Akshdha Singh,
Student at UPES, Dehradun

Abstract

*Corporate sustainability claims increasingly influence investment, consumption and corporate reputation, making their credibility a question of legal accountability rather than corporate ethics alone. Using an original **Claim–Conduct–Accountability framework**, this paper examines whether Indian law adequately connects what corporations claim about sustainability, how they actually perform, and where legal responsibility arises when the two materially diverge. India has responded to greenwashing through an expanding regulatory architecture: the Companies Act, 2013 incorporates environmental considerations into corporate governance; SEBI's BRSR and BRSR Core regulate sustainability disclosure and credibility; consumer law expressly addresses misleading environmental claims; and environmental legislation regulates the conduct underlying many such representations.*

*The central difficulty, however, is no longer regulatory absence but regulatory fragmentation. This paper argues that India's existing framework regulates different manifestations of greenwashing without adequately connecting corporate claims to underlying environmental conduct and legal responsibility. Disclosure obligations can improve transparency without necessarily preventing selective or misleading sustainability narratives, while consumer, securities and environmental regulation operate through different institutional and remedial structures. The paper consequently proposes an integrated ESG accountability model based on proportionate substantiation, risk-based independent verification, board-level oversight and regulatory coordination. **India does not necessarily require a separate Greenwashing Act; rather, it requires its existing legal mechanisms to operate as an integrated ESG accountability framework.***

Keywords: Greenwashing, ESG, BRSR, Corporate Governance, Sustainability Reporting, SEBI, Consumer Protection.

I. INTRODUCTION: THE ACCOUNTABILITY BEHIND THE GREEN CLAIM

Corporate environmentalism is no longer judged only by what a company does; it is increasingly judged by what it claims. Sustainability reports, product labels, investor presentations, net-zero commitments and ESG-labelled financial instruments now allow corporations to construct and communicate an environmental identity. These representations carry economic value: they can influence consumer preferences, attract capital and strengthen corporate reputation. Once sustainability becomes commercially valuable, exaggerating it becomes commercially valuable too.

Indian law has responded through a series of significant regulatory developments. SEBI's Business Responsibility and Sustainability Reporting ("BRSR") framework mandates structured ESG disclosures for the top 1,000 listed entities; BRSR Core subjects specified sustainability indicators to an assessment or assurance architecture; SEBI separately addresses greenwashing in green debt securities; and the Central Consumer Protection Authority ("CCPA") issued dedicated *Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024*.[1] Greenwashing in India can no longer credibly be characterised as an unregulated phenomenon. **Yet regulatory presence should not be confused with regulatory adequacy.**

Consider, for instance, a corporation that publicly represents itself as "sustainable". In an annual report, the representation may engage securities regulation; on product labelling or packaging, consumer law; if contradicted by pollution records, environmental legislation; and if incorporated into corporate reporting and strategy, company law. The environmental narrative remains substantially the same, but responsibility is dispersed across different legal regimes. **The legal difficulty therefore lies less in identifying the applicable law than in ensuring that these regulatory responses operate coherently.**

This paper argues that **India suffers less from a regulatory vacuum than from regulatory fragmentation**. Its laws regulate disclosure, advertising, corporate governance and environmental conduct separately, without consistently connecting what a corporation **claims**, what it **does**, and who becomes legally accountable when the two materially diverge.

The relevant question is therefore not whether India possesses anti-greenwashing rules, but whether those rules operate as a coherent accountability system rather than a collection of isolated regulatory responses. **In other words, do they collectively create effective corporate accountability?**

II. BEYOND DISCLOSURE: THE CLAIM-CONDUCT-ACCOUNTABILITY GAP

Greenwashing is frequently understood as false environmental advertising. Modern corporate sustainability communication makes that conception too narrow. A corporation can construct an environmentally favourable identity through selective but technically accurate disclosures, ambitious future commitments, or emphasis on a minor green initiative while materially adverse impacts remain outside the narrative.

The CCPA's 2024 Guidelines recognise this broader problem by regulating misleading environmental claims, while ASCI treats greenwashing as including unsubstantiated,

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[1] Securities and Exchange Board of India, *Business Responsibility and Sustainability Reporting by Listed Entities*, Circular No. SEBI/HO/CFD/CMD-2/P/CIR/2021/562 (May 10, 2021); Securities and Exchange Board of India, *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); Central Consumer Protection Authority, *Guidelines for Prevention and Regulation of Greenwashing or Misleading Environmental Claims, 2024* (Oct. 15, 2024).

deceptive or misleading claims and material omissions.[1] The legal concern is consequently not confined to falsity; it includes whether the overall environmental impression is adequately substantiated.

The framework treats greenwashing not merely as defective disclosure but as a failure to connect representation with performance and responsibility. India regulates all three dimensions, but largely through separate legal regimes. That separation explains why additional disclosure, although valuable, cannot by itself eliminate greenwashing.

III. INDIA'S FRAGMENTED ANTI-GREENWASHING FRAMEWORK

Intro??

A. Company Law: Governance Responsibility Without Representational Accountability

Section 166(2) of the Companies Act, 2013 requires directors, while acting in good faith, to have regard to the interests of the community and protection of the environment.[2] Section 135 and Schedule VII additionally recognise environmental sustainability within India's CSR framework.

These provisions make environmental considerations relevant to corporate governance, but neither establishes a specific standard for verifying material sustainability representations. The distinction matters. A director's obligation to consider environmental interests does not automatically determine who must substantiate an enterprise-wide claim that a company is “green”, “sustainable” or progressing towards net zero.

CSR produces an additional danger: the **CSR Halo Problem**. A company may genuinely finance afforestation, renewable-energy or conservation initiatives while the environmental consequences of its principal operations remain considerably less favourable. The project itself need not be misleading. Greenwashing emerges when the environmental virtue of a limited initiative is allowed to construct an environmental identity for the enterprise as a whole.

Company law thus supplies a governance foundation but cannot independently test the integrity of modern sustainability representations. **The consequence is that governance responsibility exists without a corresponding framework for representational accountability.** Where those representations influence investment decisions, the regulatory burden shifts towards securities law.

B. BRSR and BRSR Core: Disclosure Is Not Verification

SEBI's BRSR framework represents India's most significant move towards structured ESG reporting. Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the BRSR framework require specified listed entities to report sustainability information.[1]

Its anti-greenwashing value is substantial. Standardised disclosure limits a company's ability to communicate sustainability entirely through self-selected success stories. Yet standardisation answers what must be disclosed; it does not establish whether the

[2] Companies Act, 2013, § 166(2), No. 18, Acts of Parliament, 2013 (India); *id.* § 135 & sched. VII.

environmental impression generated by those disclosures necessarily corresponds with corporate performance.

BRSR Core attempts to address this credibility problem by subjecting a defined set of ESG indicators to a phased credibility mechanism.[3] **The reform is significant because it recognises that sustainability information loses much of its regulatory value unless its reliability can be independently tested.**

The limits nevertheless remain instructive. BRSR Core applies to specified indicators rather than every sustainability representation a company may make. Further, SEBI's March 2025 reforms introduced the "assessment or assurance" formulation and made ESG value-chain disclosures voluntary.[1]These changes legitimately respond to compliance burdens, but they expose a continuing tension: environmental footprints frequently extend through suppliers and downstream activities, while formal verification necessarily remains bounded.

The problem is therefore not that BRSR is weak. **Its principal limitation lies in its regulatory objective rather than its regulatory design.** Credible disclosure and comprehensive representational accountability are different regulatory objectives. A company can comply with structured disclosure requirements while its broader environmental narrative remains selectively framed. **This reinforces the central argument of this paper: disclosure enhances transparency but cannot, by itself, eliminate greenwashing.**

SEBI consequently strengthens the investor-facing side of sustainability accountability, but its securities-market orientation cannot capture every environmental representation. Consumer law addresses another part of the same problem, demonstrating the fragmentation at the centre of India's framework.

C. Consumer Law: Directly Regulating the Claim, but Not the Whole Corporation

The Consumer Protection Act, 2019 empowers the CCPA to act against false or misleading advertisements, including through section 21.[4] More importantly, the CCPA's 2024 Greenwashing Guidelines expressly regulate greenwashing and misleading environmental claims.[1]

The Guidelines substantially strengthen India's position. Broad expressions such as "green", "eco-friendly", "sustainable" and comparable environmental representations cannot derive credibility merely from attractive language; appropriate qualification and substantiation matter. ASCI's Environmental/Green Claims Guidelines similarly require absolute claims to be supported by robust data or credible accreditation and caution against lifecycle claims based only on a favourable fragment of a product's environmental impact.[5]

This directly addresses the **claim** side of the framework. Yet its institutional orientation remains primarily consumer-facing. Corporate sustainability representations may simultaneously appear in BRSR reports, investor presentations, financing documents and

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[3] Securities and Exchange Board of India, *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).
[4] Consumer Protection Act, 2019, § 21, No. 35, Acts of Parliament, 2019 (India).
[5] Advertising Standards Council of India, *Guidelines for Advertisements Making Environmental/Green Claims* (effective Feb. 15, 2024).

corporate transition strategies. The same environmental narrative can consequently move between consumer and securities regulation without a unified accountability standard.

Consumer law can challenge a misleading green claim. It cannot, by itself, reconcile the company's entire sustainability narrative with its environmental performance. **Responsibility therefore remains institutionally fragmented.**

D. Environmental and Sustainable-Finance Regulation: Conduct and Claims Remain Apart

SEBI's green debt framework demonstrates that Indian law already recognises greenwashing as a threat to market integrity. Its anti-greenwashing requirements prohibit, among other conduct, misleading labels, concealment of trade-offs and cherry-picking favourable data.[1]This establishes an important principle: where environmental representations generate financial value, their credibility warrants enhanced legal scrutiny.

Environmental legislation performs the inverse function. The Environment (Protection) Act, 1986, Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974 principally regulate environmental **conduct** rather than corporate environmental narratives.[6] A pollution regulator may establish that a company violated an emission or discharge requirement without necessarily asking whether its contemporaneous sustainability communications misled consumers or investors.

The result exposes the central structural defect in India's regulatory architecture: environmental claims and environmental conduct are regulated, but not consistently connected through a unified accountability framework.

IV. WHY REGULATORY MULTIPLICITY DOES NOT EQUAL ACCOUNTABILITY

The first weakness is **institutional fragmentation**. SEBI protects securities markets; the CCPA protects consumers; environmental authorities supervise environmental compliance; company law governs corporate responsibility. Institutional specialisation is sensible, but greenwashing can cross all these jurisdictions simultaneously. Information establishing environmental non-compliance in one regime does not automatically trigger examination of representations made under another.

Second is the **disclosure-performance gap**. Reporting more sustainability information does not necessarily demonstrate better environmental performance. The law risks measuring whether information was supplied rather than whether the overall sustainability narrative was justified. Greenwashing can occur through emphasis and omission even where individual disclosed numbers are technically accurate.

Third is an **uneven verification gap**. Consumers and ordinary investors cannot independently calculate lifecycle emissions, verify supply-chain claims or test carbon-neutrality representations. BRSR Core recognises this informational asymmetry but addresses selected disclosures. Consumer regulation demands substantiation but operates through a different

[6] Environment (Protection) Act, 1986, No. 29, Acts of Parliament, 1986 (India); Air (Prevention and Control of Pollution) Act, 1981, No. 14, Acts of Parliament, 1981 (India); Water (Prevention and Control of Pollution) Act, 1974, No. 6, Acts of Parliament, 1974 (India).

enforcement structure. The wider the corporate claim, the more problematic this regulatory separation becomes.

Fourth is a **responsibility gap**. Who inside the corporation bears responsibility for the integrity of a material ESG representation: the board, sustainability team, assurance provider or company itself? Automatic personal director liability would be disproportionate. Yet complete board detachment is equally difficult to justify where sustainability representations influence corporate value and investor decisions.

Collectively, these structural gaps reveal that India's anti-greenwashing regime is fragmented not because individual regulators lack powers, but because those powers remain insufficiently integrated.

These gaps demonstrate why India's problem cannot be solved simply by adding another disclosure form. **The missing element is a legal bridge between claim, evidence, conduct and responsibility.**

V. COMPARATIVE LESSONS: WHAT INDIA SHOULD AND SHOULD NOT BORROW

The United Kingdom's Competition and Markets Authority ("CMA") Green Claims Code provides a useful principle rather than a model for wholesale transplantation. Environmental claims should be truthful, clear and substantiated, should not conceal material information and should consider relevant lifecycle impacts.[1] The emphasis is important: a narrow environmental improvement should not support a broader claim unless the evidence justifies that broader impression.

The European Union's Directive (EU) 2024/825 similarly strengthens consumer protection against generic environmental claims and misleading representations concerning environmental characteristics.[7]

India's regulatory architecture differs significantly from the European Union's institutional framework, making wholesale transplantation neither practical nor desirable. **Comparative experience is therefore valuable not as a legislative template, but as evidence of alternative regulatory techniques. Those techniques can inform context-specific Indian reform.** India already possesses comparable regulatory instincts through the CCPA and ASCI frameworks. **The comparative lesson is therefore not that India requires European-style regulatory volume, but that broader environmental claims require correspondingly stronger evidentiary support.**

VI. TOWARDS AN INTEGRATED ESG ACCOUNTABILITY FRAMEWORK

Bio?

A coherent Indian response should rest on four reforms.

[7] Directive (EU) 2024/825 of the European Parliament and of the Council of 28 February 2024 Amending Directives 2005/29/EC and 2011/83/EU as Regards Empowering Consumers for the Green Transition Through Better Protection Against Unfair Practices and Through Better Information, 2024 O.J. L 2024/825 (Mar. 6, 2024).

First, India should adopt a **claim-evidence correspondence principle**: the broader and more material the environmental representation, the stronger its required evidentiary basis. A precise claim about recycled packaging should not attract the same evidentiary burden as an enterprise-wide assertion of sustainability.

Second, **independent verification should be risk-based rather than universal**. Material emissions-reduction claims, net-zero representations, sustainability-labelled financing and major enterprise-wide environmental claims justify stronger verification because investors and consumers cannot realistically test them independently. This avoids imposing expensive assurance on every environmental statement while targeting claims carrying the greatest reliance risk.

Third, India should develop a materiality-based substantiation mechanism for corporate sustainability representations. Claims capable of significantly influencing consumer or investor decisions should be supported by evidence proportionate to their scope and significance. Where a representation concerns enterprise-wide sustainability performance, emissions reduction or long-term environmental commitments, corporations should maintain verifiable records demonstrating the basis of the claim. This would strengthen the connection between environmental representations and actual corporate conduct without imposing identical compliance requirements on every sustainability statement.

Fourth, India requires **regulatory interoperability, not another regulator**. SEBI, the CCPA, corporate authorities and environmental regulators should establish structured referral and information-sharing mechanisms. Serious environmental enforcement findings should be capable of triggering scrutiny of inconsistent sustainability disclosures, while suspected misleading claims based on environmental data should be referable to the competent environmental authority.

Liability should remain graduated. Innocent error, negligent misstatement, reckless representation and deliberate greenwashing should not receive identical treatment. Corrective disclosure, mandatory substantiation, independent assessment and monetary sanctions can escalate according to materiality and culpability.

This model also answers the principal counterargument: that Indian corporations already face excessive ESG compliance. Integration need not mean more regulation. **Better coordination can reduce duplication while making existing regulation more effective.**

VII. CONCLUSION

India has moved beyond a regulatory vacuum on greenwashing. BRSR, BRSR Core, consumer law, advertising standards, sustainable-finance regulation and environmental legislation collectively create a substantial legal architecture. Their weakness lies in what happens **between** them.

Greenwashing is ultimately a divergence between corporate representation and environmental reality. A framework that regulates disclosure, advertising and environmental conduct separately may identify pieces of that divergence without consistently allocating responsibility for the whole.

India's next regulatory step should consequently not be another layer of indiscriminate ESG disclosure. It should be an integrated accountability architecture connecting **claim, evidence,**

corporate conduct and legal responsibility through proportionate substantiation, targeted verification, board oversight and regulatory coordination.

The evolution required is straightforward but significant: from asking corporations what they disclose to asking whether they can stand behind what they claim.

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