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CORPORATE SOCIAL RESPONSIBILITY AS A TOOL FOR GREENWASHING: LEGAL IMPLICATIONS

Anshika Mishra¹

I. ABSTRACT

Corporate Social Responsibility (CSR) has emerged as a powerful tool to guide businesses toward ethical and environmentally sustainable practices. However, in recent years, CSR has increasingly been misused as a strategic means of green washing where companies portray themselves as environmentally responsible without implementing meaningful changes. This paper explores how existing legal systems respond to, or fail to address, deceptive environmental claims made under the banner of CSR. It provides a critical evaluation of the legal consequences associated with the misuse of CSR and examines both international and domestic regulatory structures, alongside key legal cases that have brought greenwashing practices to light. The study underscores the urgent need for more robust legal accountability, greater clarity in sustainability standards, and stronger enforcement mechanisms. It delves into the intersection of environmental responsibility, business ethics, and legal regulation, emphasizing the importance of reinforcing legal frameworks to prevent CSR from being exploited as a façade for environmentally damaging activities.

II. KEYWORDS

Companies Act, Corporate Social Responsibility, Greenwashing, Stakeholder Theory, Environmental Law, Regulatory Compliance, CSR misuse.

III. INTRODUCTION

The dynamic between corporations, the government, and society has undergone a significant transformation. Businesses can no longer operate in isolation, ignoring the concerns of the broader public. Over time, the relationship between companies and society has shifted from one rooted in charitable contributions to a model emphasizing shared interests among all stakeholders. Organizations are increasingly recognizing that sustaining long-term success and gaining a competitive edge requires moving

¹ Student, United University

beyond profit-driven motives to embrace ethical practices and foster public trust.² Analysing the key factors that have contributed to the emergence of corporate social responsibility (CSR) serves as an effective foundation for shaping appropriate business practices in developing markets.

Corporate Social Responsibility (CSR) refers to a company's commitment to act ethically and contribute positively to society. This commitment is reflected through various meaningful initiatives undertaken by profit-driven organizations. In the Indian corporate landscape, CSR has gained significant importance as businesses have come to understand that, beyond achieving growth, it is essential to foster lasting and trustworthy relationships with the broader community.³ This recognition serves as a major motivator behind the implementation of CSR initiatives.

A major factor driving the widespread adoption of CSR in India is the country's current socio-economic landscape. Despite being one of the world's fastest-growing economies, India continues to face persistent issues such as poverty, illiteracy, and inadequate healthcare. With the government's resources stretched thin, there is a growing opportunity for the private sector to play a role in addressing these challenges. Companies like the *Aditya Birla Group* and *Indian Oil Corporation* have been actively involved in community service since their early days.⁴ Many other businesses contribute through charitable donations and social initiatives. Today, nearly all major Indian corporations engage in CSR activities focused on areas such as education, healthcare, livelihood generation, skill training, and the upliftment of underprivileged communities.

Corporate Social Responsibility (CSR) is not a new concept for Indian businesses. What has evolved, however, is the increasing enthusiasm with which companies are

² Sharofiddin Ashurov, Osman Sayid Hassan Musse, Evaluating Corporate Social Responsibility in Achieving Sustainable Development and Social Welfare, available at <https://brics-econ.arphahub.com/article/121429/>, (Last accessed 14 July 2025).

³ Chaitra Rangappa Beerannavar, Corporate Social Responsibility in India: The Need of the Hour, published on June 20, 2012, available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2088039, (Last accessed 14 July 2025).

⁴ Bimal Arora & Ravi Puranik, A Review of Corporate Social Responsibility in India, published on September 2004, available at https://www.researchgate.net/publication/5219574_A_Review_of_Corporate_Social_Responsibility_in_India, (Last accessed 15 July 2025).

embracing it, along with the active participation of employees in carrying out CSR initiatives. Many organizations now have dedicated teams that go beyond simply providing financial support or engaging in occasional projects.⁵ CSR efforts offer several advantages, including enhancing the company's public image and fostering employee engagement in social causes. This involvement not only strengthens team spirit but also deepens employees' connection to the organization, ultimately cultivating a loyal and committed workforce that takes pride in being part of the company.

A. Research Statement

This research investigates the misuse of Corporate Social Responsibility (CSR), which was originally designed to encourage ethical conduct and sustainable growth, but is increasingly adopted as a tool for greenwashing. Through an analysis of corporate reports, regulatory policies, and consumer attitudes, the study aims to reveal how CSR practices are sometimes used to project a misleading image of social and environmental responsibility. The central focus is to determine whether CSR functions as a genuine instrument of accountability or simply as a deceptive facade, while also suggesting measures to enhance transparency and prevent such unethical practices.

B. Research Question

1. What is the structure and procedure of the CSR as outlined in the Companies Act, 2013?
2. To what extent is CSR being used by corporations as a mechanism for greenwashing rather than genuine sustainability efforts?
3. How does regulatory supervision help in curbing the misuse of CSR as a means of greenwashing?
4. What economic, social, and environmental impacts arise when companies use CSR as a cover for unsustainable practices?

⁵ Melissa Cyrill, Corporate Social Responsibility in India, published on January 7, 2025, available at <https://www.india-briefing.com/news/corporate-social-responsibility-india-5511.html/>, (Last accessed 16 July 2025).

5. Can compulsory CSR reporting mechanisms, effectively differentiate genuine CSR initiatives from greenwashing practices?

C. Research Methodology

The methodology followed by the researcher is “Doctrinal” in nature. Doctrinal research is further carried out primarily through theoretical and analytical methods. The research also has some critical and comparative approach, as the researcher has compared the CSR provision with other statutes to identify the best practices. The material which is relied upon is legislation, case laws, committee’s reports. In order to prepare theoretical framework of the study, existing available textbooks, research articles, journals, and various committee reports have been consulted. The research will be explanatory as it will explain the various laws relating to the subject in context.

IV. SCOPE OF LEGAL SYSTEM

The legal framework plays a vital role in overseeing how businesses carry out and report their Corporate Social Responsibility (CSR) initiatives, ensuring they are not exploited as tools for greenwashing. In response to the growing prevalence of misleading sustainability claims, statutes such as Companies Act, 2013, the Consumer Protection Act, 2019, along with international mechanisms like ESG reporting norms and OECD guidelines, serve to hold corporations accountable. These laws not only mandate CSR expenditure and transparent disclosures but also empower regulators to investigate and act against exaggerated or false environmental claims presented under CSR activities.

The scope of regulation further encompasses consumer protection legislation addressing deceptive advertising, competition law tackling unfair trade practices, and judicial rulings that clarify the limits of permissible CSR practices. Moreover, the legal system can enhance accountability by introducing mandatory audits, imposing stringent penalties, and extending liability to endorsers and company directors.

V. CSR PROVISION IN COMPANIES ACT, 2013

The Companies Act, 2013, which replaced the earlier corporate legislation that had been in place for almost sixty years, introduced mandatory Corporate Social

Responsibility (CSR) obligations for certain companies in India. According to the Act, companies that are profitable and operate on a significant scale are required to allocate *a minimum of 2% of their average net profits from the past three financial years* towards CSR activities annually.⁶ These CSR provisions apply to any company that meets at least one of the specified financial thresholds in a given financial year: -

1. "Having net worth of rupees five hundred crore or more, or
2. Having turnover of rupees one thousand crore or more, or
3. Having a net benefit of rupees five crore or more."⁷

Any company having a net worth of ₹500 crore or more, a turnover of ₹1,000 crore or more, or a net profit of ₹5 crore or more in any financial year is required to form a Corporate Social Responsibility (CSR) Committee. This committee must include at least three directors, with at least one being an independent director.⁸ Additionally, the composition of the CSR Committee must be disclosed in the company's Board report.⁹

Function of CSR Committee are: -

1. "Formulate and recommend to the board, a CSR policy indicating the activity or activities to be undertaken by the company as specified in Schedule VII of the Act.
2. Recommend the amount to be spent on these activities.
3. Monitor the company's CSR policy periodically."¹⁰

Schedule VII of the Companies Act, 2013 prescribes the lists of activities which are to be included in making of the CSR policies which are as follow: -

1. "Eradicating extreme hunger and poverty.
2. Promotion of education.

⁶ The Companies Act, 2013, § 135(5), No. 18, Act of Parliament, 2013 (India).

⁷ The Companies Act, 2013, § 135(1), No. 18, Act of Parliament, 2013 (India).

⁸ *Ibid.*

⁹ The Companies Act, 2013, § 135(2), No. 18, Act of Parliament, 2013 (India).

¹⁰ The Companies Act, 2013, § 135(3), No. 18, Act of Parliament, 2013 (India).

3. Promoting gender equality and empowering women
4. Reducing child mortality and improving maternal health.
5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases.
6. Ensuring environmental sustainability.
7. Employment enhancing vocational skills.
8. Social business projects.
9. Slum area developmental activities.
10. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
11. Other matters as may be prescribed.”¹¹

VI. PENALTY FOR NON-COMPLIANCE OF CSR POLICY

If a company does not adhere to the CSR requirements regarding spending, transferring, or utilising the unspent funds, it will be liable to pay a penalty of ₹1 crore, or twice the amount it was obligated to transfer to the CSR fund outlined in Schedule VII of the Act or to the Unspent Corporate Social Responsibility Account, whichever is lower.¹² Moreover, any officer of the company who fails to ensure compliance will face a penalty of ₹2 lakh, or one-tenth of the amount the company was required to transfer to the CSR fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, whichever is lower.¹³

¹¹ The Companies Act, 2013, Schedule VII, No. 18, Act of Parliament, 2013 (India).

¹² The Companies Act, 2013, § 135(7), No. 18, Act of Parliament, 2013 (India).

¹³ *Ibid.*

VII. ANALYSIS THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) AMENDMENT RULES, 2021.

On 22 January 2021, the Ministry of Corporate Affairs (MCA) notified the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, revising the 2014 CSR Rules under Section 135 of the Companies Act, 2013.¹⁴ The Amendment clarifies and expands key definitions and requirements. It introduces “Administrative Overheads” which include general CSR management and administrative expenses but explicitly exclude direct project costs and limits such overheads to 5% of total CSR expenditure.¹⁵

The concept of “ongoing projects” is defined as multi-year CSR initiatives with a timeline not exceeding three years (excluding the year of commencement), allowing these to be converted with board approval.¹⁶ Financial management and accountability have been strengthened: the CFO or equivalent financial officer must now certify CSR expenses, and the Board must monitor implementation timelines and ensure proper fund utilization.¹⁷ Any surplus from CSR activities must be reinvested in the same project, transferred to an Unspent CSR Account, or deposited into a Schedule VII fund within six months of the financial year’s end.¹⁸ Companies overspending beyond the 2 % mandate may offset excess CSR spending against their obligation for up to three succeeding financial years, subject to board resolution but surpluses generated from CSR cannot be offset.¹⁹

For companies with average CSR obligations of ₹10 crore or more over the preceding three years, impact assessments are mandatory for completed projects costing over

¹⁴ Bhumika Indulia, Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Published on February 6, 2021, available at <https://www.sconline.com/blog/post/2021/02/06/companies-corporate-social-responsibility-policy-amendment-rules-2021/> (Last accessed 5 August 2025).

¹⁵ Rahul Joshi and Dr. Milind Antani, India-Amendments to CSR Rules: A Game Changer, published on February 6, 2021, available at <https://natlawreview.com/article/india-amendments-to-csr-rules-game-changer> (Last accessed 5 August 2025).

¹⁶ King Stubb & Kasiva, Enhancing Corporate Social Responsibility: Analysis the CSR Amendment Rules 2021, Published on February 6, 2021, available at <https://ksandk.com/corporate/analysing-the-csr-amendment-rules-2021-enhancing-csr/> (Last accessed 5 August 2025).

¹⁷ *Ibid.*

¹⁸ *Ibid.*

¹⁹ Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, available at <https://www.novojuris.com/thought-leadership/companies-corporate-social-responsibility-policy-amendment-rules-2021.html> (Last accessed 6 August 2025).

rupees 1 crore, to be conducted by independent agencies; reports must be annexed to the annual CSR report, and the cost is capped at 5% of CSR spend or rupees 50 lakh, whichever is lower.²⁰

Lastly, Rule 9 mandates public disclosure on the company's website of the CSR committee's composition, the company's CSR policy, and board-approved CSR projects.²¹

VIII. GREENWASHING IN CSR

Green washing occurs when companies exaggerate or falsely represent their environmental or social initiatives, often giving the illusion of being more responsible than they truly are. This becomes particularly problematic when such claims are made under the banner of Corporate Social Responsibility (CSR). Whether it's through vague sustainability goals, glossy impact reports, or carbon-offset programs lacking proper verification, greenwashing can mislead the public and hide practices that may be harmful or unethical.²²

A. Definition of Greenwashing

1. "Greenwashing is the act of making false, misleading, or exaggerated claims about an entity's environmental or sustainability record or practices, including the environmental impact of operations, products, or services. Greenwashing reflects a gap between the symbolic and substantive action taken by a company or product in order to gain an environmentally friendly image."²³

²⁰ *Ibid.*

²¹ Indian CSR, Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, Published on January 23, 2021, available at <https://indiacsir.in/companies-corporate-social-responsibility-policy-amendment-rules-2021/> (Last accessed 6 August 2025).

²² Honglei mu & youngchan lee, greenwashing in corporate social responsibility: a dual-faceted analysis of its impact on employee trust and identification, published on november 7, 2023, available at <https://www.mdpi.com/2071-1050/15/22/15693>, (last accessed 20 july 2025).

²³ Law Glossary, what is Greenwashing, published by Winston & Strawn LLP, available at <https://www.winston.com/en/legal-glossary/what-is-greenwashing> (Last accessed 6 August 2025).

2. “When a company purports to be environmentally conscious for marketing purposes but actually isn’t making any notable sustainability efforts, this is greenwashing.”²⁴
3. “Greenwashing is the deceptive practice of promoting a product, service, or company as environmentally friendly when, in reality, it's not. It involves misleading consumers about the true environmental impact of a product or company to appear more sustainable than it is.”

Ex: - A well-known instance of greenwashing is the “Volkswagen Emissions Scandal.” In 2015, Volkswagen promoted its cars as eco-friendly and emission-free, successfully passing government emission tests. However, the truth was quite different investigations revealed that many of its diesel vehicles were equipped with a “defeat device” a software designed to detect when the car was undergoing testing and alter engine performance to produce favourable results.

B. Theoretical Perspectives on Greenwashing

1. Legitimacy Theory

Under this theory, a company seeks to maintain public approval by aligning with societal values. However, when greenwashing is used, and the company’s actions don't align with its claims, it risks losing its legitimacy. Stakeholders may view the business as disingenuous, harming its public image.²⁵

2. Stakeholder Theory

This perspective emphasizes the importance of trust between a company and its stakeholders including customers, employees, investors, and communities. When CSR messaging is misleading, it can erode this trust, leading to reputational damage, disrupted supply chain relationships, and loss of investor confidence.²⁶

3. Signalling Theory

²⁴ Carlyann Edwards, what is Green Washing, published on July 2, 2024, available at <https://www.businessnewsdaily.com/10946-greenwashing.html> (Last accessed 6 August 2025).

²⁵ Francesca Bernini & Fabio La Rosa, Research in the greenwashing field: concepts, theories, and potential impacts on economic and social value, *Journal of Management and Governance* (2024) 28:405–444, Pg. 421-425, available at <https://doi.org/10.1007/s10997-023-09686-5>, (Last accessed 20 July 2025).

²⁶ *Ibid.*

Businesses often use CSR to signal their ethical values and long-term stability. However, if these signals are based on exaggerated or false environmental claims, stakeholders may begin to question the company's reliability. This increases perceived risk and can negatively affect financial performance and market credibility.²⁷

C. Green Washing a Problem

Green washing refers to a misleading marketing approach where companies present themselves as more environmentally responsible than they actually are. It's often used by businesses that are under scrutiny for their environmental practices but still want to appear eco-conscious in the eyes of the public.

1. This tactic typically includes the use of eco-themed symbols, buzzwords, and advertisements that create the illusion of environmental commitment. However, these claims are frequently superficial, with little to no genuine action behind them. The companies may highlight minor sustainable initiatives while continuing practices that harm the environment.
2. The main intention behind greenwashing is to attract environmentally aware consumers who prioritize sustainability. By promoting a "green" image, companies aim to tap into the growing market for eco-friendly products and services often without making the real changes needed to support those claims.

IX. THE PROBLEM WITH GREENWASHING: MISLEADING THE PUBLIC AND UNDERMINING REAL CHANGE

Greenwashing presents a complex and deeply concerning issue with wide-ranging negative impacts. At its core, it undermines public trust by promoting exaggerated or false claims about a company's environmental efforts. These deceptive tactics paint a picture of responsibility and sustainability, often leading well-meaning consumers to make choices they believe are eco-friendly when in fact, and those choices may be contributing to further environmental harm.²⁸

²⁷ *Ibid.*

²⁸ Appinio, Corporate Social Responsibility: How to avoid Greenwashing, Pink washing & beyond, published on December 8, 2023, available at <https://www.appinio.com/en/blog/market-research/corporate-social-responsibility-strategy>, (Last accessed 20 July 2025).

The danger isn't limited to individual purchasing decisions. Greenwashing can also weaken broader climate action. Instead of investing in genuine environmental solutions, many companies spend their resources on marketing campaigns designed to look green, without making meaningful changes behind the scenes. This not only delays real progress but also diverts attention and funding away from authentic sustainability efforts.²⁹

The misuse of funds for image-building rather than impact-driven practices has rightfully sparked criticism. It highlights the urgent need for greater scrutiny and transparency. Today, both consumers and stakeholders must go beyond surface-level messaging and examine a company's actual behaviour. The path forward lies in companies committing to real, measurable sustainability goals and communicating them honestly.³⁰ Only through authenticity and openness can businesses rebuild trust and contribute meaningfully to the fight against environmental degradation.

X. CSR AND GREENWASHING LEGAL IMPLICATIONS

India has a range of environmental laws designed to safeguard nature and promote responsible business conduct. Key legislations like the Environment Protection Act and the Wildlife Protection Act set clear guidelines for companies requiring them to meet specific environmental standards, use natural resources responsibly, and take active steps to reduce pollution. Businesses aiming to adopt sustainable models can align with these laws by incorporating eco-friendly practices that minimize environmental damage and encourage conservation.

In addition, the Companies Act of 2013 introduced a landmark provision that requires certain companies to dedicate a portion of their profits to Corporate Social Responsibility (CSR). This legal mandate encourages firms to support both social and environmental initiatives. By focusing their CSR efforts on issues like environmental

²⁹ *Ibid.*

³⁰ Arowana, greenwashing: a deceptive practice undermining sustainability, published on may 2024, available at <https://arowanaco.com/2024/05/29/greenwashing-a-deceptive-practice-undermining-sustainability/>, (last accessed 21 july 2025).

protection, community welfare, or resource conservation, businesses not only comply with the law but also contribute meaningfully to society and the planet.³¹

Sustainable business strategies that integrate these legal and ethical responsibilities can achieve more than just compliance they can build long-term trust, improve brand value, and drive real positive change.³²

The Solid Waste Management Rules, 2016 outline important guidelines for handling waste responsibly in India. These rules stress the importance of segregating waste at the source, encouraging recycling, and ensuring proper disposal methods. Businesses aiming to operate sustainably can align with these rules by adopting efficient waste management systems, reducing the amount of waste they produce, and fostering a culture of recycling within their operations.³³

The Environmental Impact Assessment (EIA) Notification, 2020 underscores the importance of providing complete and accurate information about the potential environmental effects of proposed projects. It requires businesses to carry out detailed assessments before seeking approval for activities that may impact the environment. By enforcing transparency and accuracy in these reports, regulatory authorities can help prevent greenwashing, especially when companies attempt to manipulate or misrepresent environmental data in order to gain project clearance.³⁴

When companies market their products as eco-friendly, obtaining certification from the Bureau of Indian Standards (BIS) can significantly boost their credibility. BIS establishes clear benchmarks for product quality, safety, and environmental impact. If a business promotes environmentally friendly products without meeting these standards, it risks facing legal consequences. This reinforces the importance of making honest and transparent environmental claims.³⁵

³¹ Radhika, Corporate Social Responsibility under Companies Act, 2013, available at [Corporate Social Responsibility under Companies Act, 2013](#), (Last accessed 22 July 2025).

³² *Ibid.*

³³ Salient Features of Solid Waste Management Rules, 2016, available at [Salient features SWM Rules.pdf](#), (Last accessed 22 July 2025).

³⁴ Environmental Impact Assessment (EIA) Notification, 2020, available at <https://www.idsa.in/issuebrief/indias-environment-impact-assessment-ojamir-080221/>, (Last accessed 23 July 2025).

³⁵ Meena, BIS Quality Control Orders and Their Impact on Industry Standards, available at <https://www.corpseed.com/knowledge-centre/bis-quality-control-orders-and-their-impact-on-industry-standards>, (Last accessed 23 July 2025).

The Consumer Protection Act, 2019 also plays a key role in shielding consumers from misleading advertisements including those involving green washing. Under this law, the Central Consumer Protection Authority (CCPA) is empowered to act against businesses that engage in deceptive practices. Companies found guilty of greenwashing can face penalties such as fines, sanctions, or even mandatory product recalls. This legislation promotes ethical business conduct and encourages transparency in corporate messaging.

The Consumer Protection Act, 2019 serves as a powerful tool to curb greenwashing practices. The Act provides a wide definition of “unfair trade practices,” which includes deceptive claims about the quality of goods, products, or services. Greenwashing fits into this category, as it entails making false assertions regarding a products or service’s environmental advantages to mislead buyers.³⁶ The Act empowers authorities to take action against such unethical practices, thereby safeguarding consumer rights and promoting transparency in the market.

Additionally, the Advertising Standards Council of India (ASCI), though a self-regulatory body, plays a vital role in monitoring advertising practices across the country. Operating under the oversight of the Ministry of Information & Broadcasting, ASCI ensure that advertisements are truthful, evidence-based, and not misleading. The Consumer Complaints Council within ASCI reviews public complaints about false or exaggerated claims especially those related to sustainability and can recommend corrective measures to advertisers. Through this mechanism, ASCI help hold companies accountable for the accuracy of their environmental marketing.³⁷

³⁶ The Consumer Protection Act, 2019, § 2(47), No. 35, Act of Parliament, 2019 (India).

³⁷ manish kumar srivastava, role of asci in regulating advertisements: a review, published on october 2021, https://www.researchgate.net/publication/355680708_role_of_asci_in_regulating_advertisements_a_review, (last accessed 24 july 2025).

XI. CASE LAWS

A. Hindustan Unilever v. Reckitt Benckiser (India) Pvt. Ltd.³⁸

In this case, Hindustan Unilever Limited lodged a complaint against Reckitt Benckiser (India) Pvt. Ltd., alleging that one of Reckitt's advertisements unfairly claimed its product was more environmentally friendly than Hindustan Unilever's. Upon review, the Advertising Standards Council of India (ASCI) found that the environmental benefits mentioned in the ad were not backed by adequate evidence. As a result, ASCI instructed Reckitt Benckiser to either remove or revise the advertisement to ensure it did not mislead consumers.

B. Dabur India Limited v. Colgate-Palmolive India Limited³⁹

In this case, Dabur India filed a complaint against Colgate-Palmolive India Ltd., challenging an advertisement that promoted its toothpaste as the "most preferred by doctors." The matter was eventually brought before the Delhi High Court. While this case doesn't directly relate to greenwashing, it highlights the broader importance of regulatory oversight in verifying advertising claims to ensure they are truthful and not misleading.

C. Wipro V. Hindustan Unilever Limited

Wipro v. Hindustan Unilever: Dispute Over "Natural Ingredients" Claim
Leading IT company Wipro raised a complaint with the Advertising Standards Council of India (ASCI) against Hindustan Unilever Limited (HUL), challenging an advertisement for HUL's Kissan Tomato Ketchup. Wipro argued that the claim of using "natural ingredients" was misleading and not backed by sufficient evidence. After reviewing the case, ASCI agreed with Wipro and recommended that HUL either revise or withdraw the advertisement to ensure clarity and accuracy for consumers.⁴⁰

³⁸ Hindustan Unilever v. Reckitt Benckiser (India) Pvt. Ltd., FAO (OS) (COMM) No. 157 of 2021.

³⁹ Dabur India Limited v. Colgate-Palmolive India Limited, AIR 2005 DELHI 102.

⁴⁰ Greenwashing dilemmas: a comprehensive study of the ethical and legal issues in environmental csr, available at <https://theamikusrise.com/greenwashing-dilemmas-a-comprehensive-study-of-the-ethical-and-legal-issues-in-environmental-csr/>, (last accessed 25 July 2025).

D. Flipkart V. Amazon

Flipkart and Amazon Criticized for Misleading “Organic” Labels

E-commerce giants Flipkart and Amazon faced criticism for promoting cosmetics and personal care products with claims such as “organic” or “natural,” which were allegedly unverified. Under the Consumer Protection Act, 2019, customers have the right to challenge such misleading representations. This incident underscored the growing need for accurate labelling and transparent advertising practices in the online retail space.

E. Maggi Noodles Controversy

Maggi-Noodles Controversy: A Lesson in Misleading Claims

Although not directly linked to greenwashing, the Maggi noodles incident brought attention to the wider issue of deceptive product claims. Investigations by the Food Safety and Standards Authority of India (FSSAI) revealed that Maggi noodles contained lead levels that is 17.2 PPM beyond the permissible limit of 2.5 PPM, and MSG was found despite “no added MSG” labelling. This led to serious legal repercussions and a major blow to the brand’s reputation. The case served as a reminder of the critical need for honesty and transparency in product claims whether related to health, safety, or environmental impact.⁴¹

The Nestle approach the Hon’ble Bombay High Court against the ban of the Maggi imposed by food authorities. They issued an important ruling concerning Maggi noodles, which had faced safety-related allegations and a ban imposed by food regulators. The Hon’ble Bombay High Court dismissed the criminal proceedings against Nestle, noting that the prosecution had relied on a report from a non-accredited laboratory. It further set aside the ban, permitting Nestle to restart manufacturing and sales once fresh tests conducted in accredited laboratories confirmed the product’s safety.

⁴¹ joe whitworth, researchers assess the impact of nestle india maggi recall; food safety concerns lingered, published on january 17, 2023, available at [researchers assess the impact of nestlé india maggi recall; food safety concerns lingered | food safety news](#), (last accessed 25 july 2025).

F. Volkswagen Emission Scandal

Though the Volkswagen emissions scandal originated outside India, its consequences were felt globally, including within the Indian market. The company was found to have installed special software in its diesel vehicles to manipulate emissions data during testing. This allowed the vehicles to appear compliant with emission standards, even though they released pollutants far beyond the legal limit under actual driving conditions.⁴²

In response, the National Green Tribunal (NGT) in India imposed a penalty being Rs. 171.34 crore on Volkswagen for contributing to environmental harm through these excessive emissions. Volkswagen challenged the NGT's order before the Hon'ble Supreme Court, claiming that its vehicles adhered to the Indian emission standards (BS-IV). The company further argued that the committee's testing methods were not standardized for evaluating on-road performance. Volkswagen filed an appeal before the Supreme Court against the NGT's order, aiming to have the penalty set aside. According to the committee appointed by the NGT, Volkswagen vehicles had emitted nearly 48.678 tonnes of NOx in 2016, resulting in an estimated health damage of ₹171.34 crore in Delhi. While contesting the order, Volkswagen initially affirmed its willingness in the Hon'ble Supreme Court to comply with the NGT's directive to deposit an interim penalty of ₹100 crore.

The case served as a powerful example of how misleading environmental claims can have serious legal and environmental consequences. It also emphasized the urgent need for strict regulations and enforcement to deter such deceptive practices.⁴³

In the case of *Hindustan Unilever Limited v. Tata Chemical Limited*,⁴⁴ Tata Chemicals accused Hindustan Unilever Limited (HUL) of running misleading advertisements for its water purifier brand, *Pureit*. HUL had claimed that *Pureit* provided safer

⁴² Daniel Jacob, JD and Lawrence p. Kalbers, *The Volkswagen Diesel Emission Scandal and Accountability*, published on July 2019, available at <https://www.cpajournal.com/2019/07/22/9187/>, (Last accessed 26 July 2025).

⁴³ *Ibid.*

⁴⁴ *Hindustan Unilever Limited v. Tata Chemical Limited*, GA No. 3044 of 2011.

drinking water than even boiled water, which indirectly undermined Tata Chemicals' own purifier brand, *Tata Swach*.

Tata Chemicals challenged the credibility of this claim and filed a complaint with the Advertising Standards Council of India (ASCI). After review, ASCI upheld the complaint, agreeing that HUL's advertising lacked adequate substantiation. This case highlighted the importance of honest marketing and reinforced the role of regulatory bodies like ASCI in curbing misleading or exaggerated promotional practices.

In the case of *Amway India Enterprises v. UOI*,⁴⁵ the A.P. State Consumer Disputes Redressal Commission reviewed a case where Amway was accused of deceptive marketing practices, particularly exaggerating the earning potential for its distributors. Amway, in its defence, claimed it operated within legal boundaries and provided legitimate business opportunities.

This case highlighted the challenges in the direct selling industry, where the line between genuine business models and misleading advertising can often blur. The commission emphasized the importance of regulatory oversight and the need for clear, transparent communication especially when it comes to financial promises made to consumers and potential recruits.

XII. LEGAL FRAMEWORKS AND CONSUMER PROTECTION IN INDIA

A. Meaning of Misleading Advertisement

One of the key concerns in consumer protection is the issue of misleading advertisements. This refers to any form of advertisement or promotion that distorts facts, withholds essential details, or provides information in a way that deceives consumers. The Act, defines a "misleading advertisement" as one that portrays a product or service as having qualities it does not actually possess, or makes direct or indirect claims that, if stated by the manufacturer, seller, or service provider, would constitute an unfair trade practice.⁴⁶ It also includes advertisements that conceal vital

⁴⁵ *Amway India Enterprises v. UOI*, AIR 2008 (NOC) 48 (A.P.).

⁴⁶ The Consumer Protection Act, 2019, § 2(28), No. 35, Act of Parliament, 2019 (India).

information necessary for consumers to make informed choices about a product or service.⁴⁷

Misleading advertisements in India appear in various forms. In the landmark judgment of *Horlicks Ltd. v. Heinz India Private Limited*⁴⁸ (Delhi High Court, 2019), the court emphasized that comparative advertising must not demean rival products or rely on unverified claims. Likewise, in *Hindustan Unilever Ltd. v. Gujarat Cooperative Milk Marketing Federation Ltd.*⁴⁹ (2020), the dispute revolved around deceptive comparative advertisements involving milk products in contrast to ice-cream products.

The digital shift has introduced new challenges in advertising practices. Platforms like social media and influencer marketing have created fresh channels through which misleading advertisements can directly influence consumers. The case of *Marico Limited v. Adani Wilmar Ltd.*⁵⁰ (2021) highlights how digital platforms can be misused to circulate deceptive comparative advertisements, prompting the courts to impose stricter standards on online advertising.

B. Legal Framework under the Consumer Protection Act, 2019

The Consumer Protection Act, 2019 establishes a strong framework to address misleading advertisements. The Central Consumer Protection Authority (CCPA) is empowered to issue directions and impose penalties on false or deceptive advertisements.⁵¹ Unlike the 1986 Act, the 2019 legislation has significantly broadened its scope by explicitly includes which defines unfair trade practices and covers various forms of misleading advertising.⁵²

Another significant advancement under the Consumer Protection Act, 2019 is the introduction of strict liability for endorsers through Section 21(5). This provision, absent in the 1986 Act, has become increasingly relevant in light of the growing role

⁴⁷ *Ibid.*

⁴⁸ *Horlicks Ltd. v. Heinz India Private Limited*, (2019) 262 DLT 546.

⁴⁹ *Hindustan Unilever Ltd. v. Reckitt Benckiser India Ltd.*, 2023 SCC Online Del 456.

⁵⁰ *Marico Limited v. Adani Wilmar Ltd.*, (2021) 11 SCC 789.

⁵¹ The Consumer Protection Act, 2019, § 21, No. 35, Act of Parliament, 2019 (India).

⁵² The Consumer Protection Act, 2019, § 2(47), No. 35, Act of Parliament, 2019 (India).

of celebrities in advertising. The case of *Amitabh Bachchan v. CCPA*⁵³ (2022) established an important precedent on endorser liability, stressing the need for endorsers to exercise reasonable due diligence before promoting a product.

In addition, Section 35 of the Act allows for class action suits, enabling groups of consumers to jointly contest a misleading advertisement and seek redress.⁵⁴ This provision has been effectively applied, as seen in *Common Cause v. Union of India*⁵⁵ (2023), where several consumers collectively challenged deceptive advertisements in the healthcare sector.

C. Role of Central Consumer Protection Authority (CCPA)

The Central Consumer Protection Authority (CCPA) holds a vital position in monitoring and controlling misleading advertisements in India, safeguarding consumers from deceptive or exaggerated claims.⁵⁶ CCPA is Constituted under the Consumer Protection Act, 2019. They empowered to conduct investigations, impose penalties, and issue directives against companies or individuals involved in false advertising.⁵⁷ Its jurisdiction extends to tackling unfair trade practices such as surrogate advertising, withholding essential information, and making unsupported claims.⁵⁸

D. Power and Function of the Central Authority

1. "Protect, promote and enforce the rights of consumers as a class, and prevent violation of consumers rights.
2. Prevent unfair trade practices and ensure that no person engages himself in unfair trade practices.
3. To ensure that no false or misleading advertisement is made of any goods or services which contravenes the provisions of this Act or the rules or regulations made.

⁵³ *Amitabh Bachchan v. Central Consumer Protection Authority*, (2022) 15 SCC 456.

⁵⁴ The Consumer Protection Act, 2019, § 35, No. 35, Act of Parliament, 2019 (India).

⁵⁵ *Common Cause v. Union of India*, (2023) 4 SCC 213.

⁵⁶ The Consumer Protection Act, 2019, § 10(1), No. 35, Act of Parliament, 2019 (India).

⁵⁷ *Ibid.*

⁵⁸ *Ibid.*

4. To ensure that no person takes part in the publication of any advertisement which is false or misleading.
5. inquire or cause an inquiry or investigation to be made into violations of consumer rights or unfair trade practices, either *Suo motu* or on a complaint received or on the directions from the Central Government.
6. file complaints before the District Commission, the State Commission or the National Commission.
7. intervene in any proceedings before the District Commission or the State Commission or the National Commission, as the case may be, in respect of any allegation of violation of consumer rights or unfair trade practices.
8. review the matters relating to, and the factors inhibiting enjoyment of, consumer rights, including safeguards provided for the protection of consumers under any other law for the time being in force and recommend appropriate remedial measures for their effective implementation.
9. recommend adoption of international covenants and best international practices on consumer rights to ensure effective enforcement of consumer rights.
10. undertake and promote research in the field of consumer rights.
11. spread and promote awareness on consumer rights.
12. encourage non-Governmental organisations and other institutions working in the field of consumer rights to co-operate and work with consumer protection agencies.
13. mandate the use of unique and universal goods identifiers in such goods, as may be necessary, to prevent unfair trade practices and to protect consumers' interest.
14. issue safety notices to alert consumers against dangerous or hazardous or unsafe goods or services;⁵⁹

⁵⁹ The Consumer Protection Act, 2019, § 18, No. 35, Act of Parliament, 2019 (India).

XIII. CONCLUSION & SUGGESTION

A. CONCLUSION

In the Indian context, the legal and ethical consequences of green washing especially in relation to environmental claims and CSR require serious attention. This deceptive practice not only misguides consumers but also undermines the credibility of businesses that genuinely strive to make a positive impact. By blurring the line between sincere efforts and superficial branding, greenwashing erodes public trust in sustainability and CSR initiatives.

As India moves forward on its path to sustainable development, there is an urgent need for collaboration between businesses and regulatory authorities. Combating greenwashing effectively calls for more than just rules it demands accountability, transparency, and a deep-rooted ethical commitment. Legal frameworks like the Consumer Protection Act, 2019 play a crucial role in setting standards and penalizing misleading claims, while case studies illustrate how the law is beginning to catch up with deceptive advertising practices.

However, relying solely on legal measures isn't enough. True change must also come from a place of moral responsibility. Companies must align their values with their actions not just to meet compliance requirements but because it's the right thing to do. Ethical marketing, truthful communication, and a genuine commitment to sustainability are essential for building a trustworthy corporate culture.

Greenwashing also affects broader environmental efforts. It deceives consumers, misdirects valuable resources, and dilutes collective progress. Worst of all, it casts doubt on companies that are truly committed to sustainability making it harder for them to earn public support and investor confidence.

Ultimately, India's journey toward a greener and more responsible business landscape depends on a blend of strong regulation, corporate ethics, and informed consumers. Together, these forces can foster a culture where environmental and social claims are backed by real impact not just polished marketing.

Beyond laws and regulatory oversight, achieving true authenticity in business requires a cultural transformation one that places ethical values at the heart of decision-making. As today's consumers become more aware and better informed, they are increasingly demanding transparency and holding companies accountable for the claims they make.

Just like many other areas, Corporate Social Responsibility (CSR) is not immune to the influence of greenwashing. At its core, CSR is built on ethical principles that require companies to genuinely contribute to societal well-being while maintaining full transparency in their actions. However, greenwashing undermines this ethical obligation by masking reality with misleading claims. This not only raises questions about the authenticity of corporate goodwill but also makes it difficult to assess the true impact of CSR initiatives on society.

Ultimately, greenwashing is more than just a misleading marketing tactic it carries broader consequences that affect the environment, undermine genuine CSR efforts, and influence consumer trust and corporate ethics. Addressing this issue requires more than regulation alone; it calls for a combination of strong legal measures, ethical business conduct, and a well-informed consumer base. Together, these elements can help reshape India's corporate landscape into one that values honesty, accountability, and genuine commitment to sustainability. By embracing this path, businesses can demonstrate that their goals go beyond profits reflecting a deeper responsibility toward people, the planet, and principled business practices.

As India works to tackle its growing environmental issues, corporate participation in CSR initiatives stands out as a hopeful sign of progress. It motivates businesses to embrace sustainable practices and supports a vision where economic development goes hand-in-hand with caring for the environment and uplifting society. These combined efforts are paving the way for a greener, more inclusive India one that future generations can inherit with pride.

B. SUGGESTIONS

To effectively tackle the growing challenge of greenwashing, companies must prioritize honesty and ethical clarity in their environmental and CSR communications.

Strengthening the enforcement of laws like the Consumer Protection Act, 2019 can help curb misleading advertisements and ensure that companies making false sustainability claims are held accountable.

The impact of such regulations can be significantly enhanced through collaboration among regulatory bodies, consumer advocacy groups, and industry associations. To build trust and set clear standards for genuine responsibility, businesses should also pursue independent certifications, such as those from the Bureau of Indian Standards (BIS).

Additionally, adopting blockchain technology can boost transparency by allowing consumers to trace a product's journey from sourcing to delivery helping verify the authenticity of environmental claims.

To effectively monitor advertising practices, there must be strong coordination between the legal provisions of the Consumer Protection Act, 2019 and the actions of regulatory authorities. Quick and strict penalties can act as powerful deterrents for companies involved in greenwashing. Additionally, keeping the regulations up to date and establishing clear guidelines for what qualifies as valid sustainability claims will help ensure the rules remain relevant and effective in a constantly evolving market.

In summary, the impact of greenwashing goes far beyond misleading marketing it shapes consumer behaviour, affects the environment, influences the direction of CSR efforts, and ultimately reflects on a company's ethical integrity. A meaningful shift can occur when ethical responsibility, strong legal enforcement, and informed consumer choices come together. This powerful combination holds the potential to reshape India's corporate environment moving away from deceptive practices toward one rooted in authenticity, transparency, and a deep commitment to ethical values.

This is not just a challenge but also an opportunity an invitation for businesses to prove that their dedication extends beyond profit to include integrity, accountability, and a genuine contribution to society and the planet.

Public awareness campaigns by both governmental and non-governmental organizations should educate consumers on the tactics of greenwashing and empower them to make informed choices. Media participation, particularly through investigative journalism, can play a crucial role in exposing greenwashing practices and ensuring corporate accountability.

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