"Greenwashing in the Era of Sustainability-Examining Moral Implications and the Effectiveness of Regulatory Frameworks"

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DOI: https://doi.org/10.47772/IJRISS.2026.100601283

Received: 28 June 2026; Accepted: 03 July 2026; Published: 17 July 2026

ABSTRACT

Greenwashing, is the practice of making deceptive or exaggerated claims about the environmental benefits of products or services to mislead consumers, has emerged as a significant concern globally, including in India. Businesses have been using environmental marketing more and more to draw in customers attention as eco-conscious consumers, however this has resulted in the spread of dishonest tactics that undercut sincere sustainability initiatives and damage customer confidence. The purpose of this study is to examine its key characteristics of greenwashing, analyze its ethical implications and assess the effectiveness of laws and certifications in influencing environmental sustainable practices. Through this study, the research determines the possible discrepancies between current laws and real company practices, assesses the influence of greenwashing on consumer awareness, and investigates the degree to which it occurs in the modern period.

The study specifically examines how greenwashing erodes customer confidence and the wider ramifications for environmental responsibility. Additionally, it evaluates the ways in which current laws, like the Consumer Welfare Act, and other environmental certifications, help to prevent greenwashing while pointing out instances in which they could fall short. The research also intends to investigate the ethical ramifications of companies that engage in greenwashing, specifically with relation to environmental responsibility and customer deceit. This study intends to aid in the creation of more potential frameworks and tactics to counteract greenwashing and advance true sustainability by identifying regulatory and identify the gaps. In the end, the study aims to provide light on how the regulatory environment may be improved to promote consumer confidence and ethical corporate conduct in the age of sustainability.

Keywords: Greenwashing, Eco-conscious, consumer confidence, consumer welfare act, Environmental certificates and Law, Environmental responsibilities, Morals, Ethics and Regulations.

INTRODUCTION

The growing awareness of environmental issues has significantly influenced consumer behavior, with more individuals seeking brands that align with their values, particularly regarding sustainability. While this shift offers immense opportunities for business, it also paves the way for the rise of misleading marketing practices.

Sustainability has become a vital priority in today's global economy, prompting many businesses to present themselves as environmentally responsible to appeal to consumers who value sustainability. While some organizations genuinely adopt sustainable practices, others resort to greenwashing misleading consumers about the environmental benefits of their products, services, or operations. This report explores the concept of greenwashing, differentiates it from authentic environmental efforts, and discusses the challenges and potential solutions for addressing this deceptive practice.

Greenwashing

Greenwashing refers to marketing strategies that create a misleading impression of environmental responsibility. This deceptive practice erodes trust in genuine sustainability efforts and skews the competitive landscape by favoring superficial claims over meaningful environmental impact. Companies engaging in greenwashing often exaggerate or fabricate their environmental efforts, using vague statements, misleading claims, or minimal actions that fail to deliver significant environmental benefits. The primary aim of greenwashing is to attract environmentally conscious consumers, enhance brand reputation, or deflect criticism. Common examples include labeling products as " green" or "sustainable" without credible evidence or highlighting minor eco-friendly initiatives while overlooking larger harmful practices.

Objectives:

1. To identify the defining characteristics of greenwashing and explore its underlying practices.
2. To analyze the ethical implications of greenwashing on businesses, consumers and society.
3. To examine the existing regulations and certifications designed to address greenwashing.

Need of the study:

The need for this study is to protect consumers, encourage companies to adopt more sustainable and transparent practices, and provide valuable insights to combat false environmental claims. Ultimately, the study aims to enhance policy development, increase consumer awareness, and foster an environment that promotes genuine environmental initiatives.

Statement of the Problem:

The research aims to examine the prevalence and extent of greenwashing practices in the current era, explore the moral implications of green practices, and assess the effectiveness of existing regulations and certifications in preventing greenwashing. The study will also evaluate how greenwashing affects consumer awareness and trust, while identifying potential gaps between current regulations and actual practices.

REVIEW OF LITERATURE

1. Transparent Environmental Communication: Transparent communication can help boost trust in a company's sustainability initiatives by lowering skepticism and promoting measurable goals, external audits, and regular updates. Businesses are perceived as more credible when they use data-driven insights in their sustainability reports. (Chetan Bhagat, 2024)
2. Impact of Greenwashing: Greenwashing has a negative effect on governance, sustainability, and trust. To reduce its effects, a more robust regulatory environment and true corporate responsibility are required. (Yoganandham Govindharaj, 2024)
3. Carbon Compensation Practices: Businesses should concentrate on reducing emissions and enforcing strict guidelines for carbon offsets because carbon compensation is frequently abused as a flimsy sustainability strategy. (Jannika Salminen, 2024)
4. Greenwashing and Consumer Perceptions: Greenwashing lowers consumer interest and the perceived credibility of environmental claims, highlighting the significance of consumer education and the need for more research on greenwashing that goes unnoticed. (Menno D. T. De Jong et al., 2018)
5. Corporate Reputation and Greenwashing: Greenwashing damages a company's credibility and makes them suspicious. Trust can be increased by creating sincere pro-ecological projects and incorporating stakeholders. (Danuta SZWAJCA, 2022)
6. Consumer Behavior and Greenwashing Awareness: As consumers become more conscious of greenwashing, their decisions to buy are adversely impacted. Sustainable practices can be encouraged with the support of stricter laws and consumer education. (Jatinder Kaur et al., 2023)

7. Impact of Green Marketing: Consumer perceptions of greenwashing and their purchasing decisions are influenced by factors such as eco-labels, brand perception, and the reliability of the source. To stop deceptive marketing, clearer regulations are required. (Anne Brouwer, 2016)
8. Green Certifications: Research indicates that addressing the risks of greenwashing through stricter standards could improve the efficacy of green certifications, which in general increase consumers' willingness to pay for sustainable products. (Arne Nygaard, 2023)
9. Greenwashing raises ethical concerns because it erodes consumer trust in authentic green products, necessitating stronger laws and consumer education to distinguish between false and authentic green claims. (Kalee Prasanna Pattanayak et al., 2020)
10. Reducing the prevalence of greenwashing would increase consumer confidence in eco-friendly products because it undermines trust and causes confusion. (Dr. Noor Un Nisa et al., 2022)
11. Impact of Transparency and Interactive Websites: By reducing the perception of greenwashing, interactive websites and authentic environmental storytelling can increase consumer trust and encourage purchases. (Szerena Szabo, 2021)
12. Impact of Greenwashing on Brand Trust: Consumer confidence can be restored by enacting stricter laws and carrying out green audits. Greenwashing affects brand trust. (Praful Vijay More, 2019)
13. The Impact of Greenwashing on Business Conduct: Greenwashing undermines consumer trust, impedes sustainability advancements, and stifles regulatory initiatives. To solve this problem, greater openness and consumer education are required. (Dr. G. YOGANANDHAM, 2024)
14. Malaysian consumers' trust is impacted by their confusion about greenwashing. To win back customers' trust, businesses must implement real sustainable practices and be transparent on social media. (Weng Marc Lim, 2013)
15. Minor discrepancies in environmental claims have the potential to seriously harm a business's reputation, underscoring the necessity of truthful and open marketing strategies to prevent greenwashing. (Juliane Keilmann et al., 2023)

Key Forms of Greenwashing:

1. **Vague Claims:** Using ambiguous terms such as "eco-friendly" or "natural" without providing solid proof.

2. **Irrelevant Claims:** Focusing on a minor environmentally beneficial feature while neglecting significant harmful practices.

3. **Hidden Trade-offs:** Emphasizing one sustainable aspect of a product while downplaying other negative implications.

4. **Lack of Verification:** Showcasing certifications or claims that are not independently verified.

5. **Exaggeration:** Inflating the environmental advantages of a product or service.

4. **Genuine Environmental Impact**

5. Meaningful impact occurs when companies integrate environmental sustainability into their essential practices, leading to measurable enhancements in ecological and social health. In contrast to greenwashing, true impact is transparent, data-driven, and effectively addresses systemic environmental issues.

Genuine Impact

Genuine impact denotes significant and quantifiable initiatives undertaken by companies, organizations, or individuals to tackle environmental, social, or economic issues. This concept encompasses transparent and well-documented efforts that result in concrete improvements, such as lowering carbon emissions, protecting frequently associated with long-term commitments, strict accountability, and third-party certifications to validate that the claims made are credible and effective.

Principles of Genuine Impact:

1. **Holistic Integration:** Sustainability encompasses the entire product lifecycle, supply chain, and operational processes.

2. **Transparency:** Open communication regarding sustainability metrics and independent audits.

3. **Stakeholder Involvement:** Engaging consumers, employees, and local communities in sustainability efforts.

4. **Evidence-Based Goals:** Objectives that align with international frameworks such as the Paris Agreement and the UN Sustainable Development Goals.

5. **Ongoing Progress:** Continuous initiatives aimed at minimizing carbon emissions and resource consumption.

Key Differences

- **Intent:** Greenwashing aims to shape public perception, while genuine impact is centered on achieving tangible real-world outcomes.

- **Transparency:** Genuine impact relies on transparent and honest communication, along with verification from independent sources, whereas greenwashing tends to rely on ambiguous or unsubstantiated claims.

- **Results:** Greenwashing offers only surface-level advantages, whereas genuine impact fosters measurable positive transformations for both the environment and society.

Impact of Greenwashing vs. Genuine Practices

Aspect	Greenwashing	Genuine Impact
Consumer Trust	Erodes trust in brands and sustainability efforts.	Enhances trust and brand loyalty.
Market Dynamics	Distorts competition by rewarding false claims.	Encourages innovation and authentic competition.
Environmental Goals	Hampers progress by diverting attention from real issues.	Contributes significantly to global sustainability targets.
Regulatory Risks	Increases risk of fines and reputational damage.	Complies with and shapes positive regulatory policies.

Regulations – against Green Washing in India:

Unfair Trade Practices (Section 2(47))

According to Section 2(47) of the Consumer Welfare Act, unfair trade practices are any false, dishonest, or misleading statements a company makes about its products, services, or market behaviour. This clause is essential for shielding customers against deceptive advertising, such as "greenwashing," in which companies may misrepresent the environmental advantages of their goods.

The Legal Metrology (Packaged Commodities) Rules, 2011

If a business says a product is "eco-friendly" or "biodegradable," it has to prove it. These guidelines may be broken by misleading labelling.

The Bureau of Indian Standards (BIS)

Businesses can apply for BIS certification to support their environmental claims (such as energy efficiency or biodegradability). A corporation may be subject to regulatory action if it makes misleading claims to satisfy such requirements without the necessary certification.

National Green Tribunal (NGT)

The NGT has the authority to act if a company's fraudulent environmental claims cause environmental damage. Although it doesn't specifically address advertising claims, it has the authority to step in when they do harm to the environment or violate environmental regulations.

The Securities and Exchange Board of India (SEBI) – Business Responsibility and Sustainability Report (BRSR):

The BRSR helps guarantee that firms make accurate statements about their environmental efforts by requiring them to submit comprehensive information about their environmental, social, and governance (ESG) practices. The BRSR makes businesses more open about their sustainability policies, which inadvertently eliminates greenwashing.

Environmental Protection Act, 1986

Companies making environmental claims must adhere to the standards set by this Act, and false claims could be deemed a violation, especially if they contribute to environmental harm.

Forms of Greenwashing

Greenwashing appears in multiple forms, often complicating the task for consumers to separate genuine environmental claims from deceptive ones. Fundamentally, greenwashing occurs when a company markets its products, services, or practices as eco-friendly while hiding the more significant detrimental effects on the environment. This can take several forms, as we've listed below:

How to identify greenwashing	
Vague claims	Companies often use vague terms like "eco-friendly" or "natural" without providing specific evidence to support their claims, focusing on minor changes like reduced packaging while ignoring the overall environmental impact.
Selective disclosure	Some companies highlight a single positive attribute, such as recycled materials, while concealing larger negative impacts, like pollution from manufacturing.
Lack of proof	Many environmental claims need more verifiable evidence, with companies offering vague sustainability promises without transparent data or third-party certifications.
Irrelevant claims	Companies may promote irrelevant environmental benefits, like being "CFC-free," even though CFCs have been banned for decades, making the claim meaningless.

The "lesser of two evils"	Companies may market products as greener compared to competitors despite being part of inherently harmful industries—like a fuel-efficient SUV labelled as eco-friendly.
Executional greenwashing	Executional greenwashing relies on nature-based imagery and colours to suggest eco-friendliness without making substantive environmental claims.
Greenwashing by association	Companies sometimes partner with environmental causes or make donations to create a "halo effect," distracting from their harmful business practices.

Addressing Greenwashing

To mitigate these impacts:

Transparency and Accountability: Companies should provide verifiable data and third-party certifications for their environmental claims.

Stronger Regulations: Governments and international organizations can impose stricter guidelines and penalties for misleading green claims.

Consumer Education: Awareness campaigns can help consumers differentiate between greenwashing and genuine sustainability efforts.

Corporate Audits: Independent assessments can ensure environmental claims align with actual practices.

Possibilities / Action to be taken:

In order to combat greenwashing and improve consumer protection in India, there are a number of important suggestions for bolstering current laws and encouraging openness in environmental claims. These suggestions centre on raising consumer awareness, fostering industry accountability, strengthening enforcement, and offering more precise rules.

Enhanced Clarity in Environmental Claims Guidelines:

It is suggested that the government establish particular rules and requirements for environmental claims (such "eco-friendly," "sustainable," "biodegradable," etc.) in order to make sure that companies support their statements with credible data.

Justification: Businesses frequently make ambiguous or inflated environmental claims as a result of a lack of clarity. In addition to giving consumers a greater understanding of the terminology, clear criteria would give firms a framework for making honest promises.

Action: By developing such rules, the Bureau of Indian Standards (BIS) might help ensure industry-wide uniformity and cut down on false claims.

Increase the Consumer Protection Act of 2019's Enforcement

It is suggested that the Central Consumer Protection Authority (CCPA) adopt more proactive measures to combat false environmental claims and expand its ability and resources to look into greenwashing.

Justification: While the CCPA is now able to combat deceptive advertising and unfair business practices, greenwashing requires more concentrated attention. Enforcing laws more strictly will help guarantee that companies are held responsible.

Action: By establishing a specialized task force or division devoted to deceptive environmental claims, the CCPA might be given specific directives to combat greenwashing.

Third-Party Audits and Certification Are Required for Environmental Claims A mandated certification system for environmental claims should be established, requiring businesses to submit their goods for validation by recognized third-party organizations prior to making statements such as "eco-friendly" or "carbon neutral."

Justification: Independent audits and certifications provide customer's confidence in the promised environmental advantages and guarantee that companies are not making exaggerated promises.

Action: Third-party certifying agencies and regulatory agencies like BIS

The use of digital tools and platforms, such as applications or websites that offer information on product sustainability based on accessible data and certifications, is advised in order to enable customers to confirm the environmental claims of products.

Justification: As digital platforms become more widely used, customers may have simple access to tools that enable them to instantly verify the accuracy of environmental claims. For example, QR codes on packaging may lead to independent verification or sustainability reports.

Action by urging enterprises to use technology to increase transparency and collaborating with consumer tech firms to provide tools for verification that assist customers in making wise choices.

Public Education and Awareness Campaigns

It is advised that nationwide awareness programs be started to warn customers about greenwashing, enabling them to spot false environmental claims and make wise decisions.

Justification: Education can assist customers in navigating environmental claims, as many are not aware of what greenwashing is. The efficacy of dishonest marketing strategies will decrease with greater knowledge.

Action: Governmental organizations, non-profits, and consumer advocacy groups might work together to develop teaching programs and materials that describe typical greenwashing techniques and how to spot them.

CONCLUSION

In conclusion, greenwashing erodes the credibility of environmental claims and hinders genuine sustainability efforts, creating significant challenges for both consumers and businesses. While the Consumer Protection Act of 2019 provides essential tools to address deceptive advertising and unfair practices, more targeted actions are necessary to effectively combat greenwashing. India can strengthen its regulatory framework to safeguard consumers from misleading claims by implementing clearer guidelines for environmental claims, enhancing enforcement mechanisms, mandating third-party verification, fostering transparency through ESG reporting, and boosting consumer awareness.

Additionally, in reducing greenwashing, fostering corporate accountability and aligning Indian regulations with international standards will enhance the global credibility of India's sustainability initiatives. These measures, combined with stricter penalties for violators and more accessible consumer redress systems, will create a fairer and more transparent market, boosting consumer trust and driving meaningful environmental progress.

Ultimately, tackling greenwashing requires a collaborative approach involving the government, regulatory bodies, businesses, and consumers. By working together, all stakeholders can ensure that environmental claims are backed by truth, integrity, and real-world impact.

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