

Greenwashing Unveiled: The Truth Behind Eco-Labels in India

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ABSTRACT

Greenwashing, the practice of making misleading or exaggerated environmental and sustainability claims, has become a significant challenge in India's rapidly growing market for sustainable goods. As consumer demand for eco-friendly products increases, greenwashing complicates purchasing decisions, erodes consumer trust, and hampers genuine progress towards sustainability. Hence, this paper delves into the complexities of greenwashing in the Indian consumer market, where companies frequently exploit green rhetoric without implementing real changes in their operations. Through detailed case studies, this research highlights how misleading claims distort consumer perceptions and undermine broader environmental efforts. In addition, the paper explores the role of eco-labels, certifications, and trademarks as critical safeguards against greenwashing. When properly regulated and enforced, these mechanisms can offer verifiable assurances of a company's environmental practices and promote transparency. However, their success depends on the development of a comprehensive framework that includes rigorous oversight and consumer awareness. By uncovering the nuances of greenwashing, this paper ultimately aims to deepen the understanding of the practice in India and contribute to more effective sustainability initiatives.

Keywords: Greenwashing, Sustainability, Indian consumer market, Eco-labels, Green trademarks

Introduction

Over the past few decades, there has been a rise in green consumerism, with buyers growing more perceptive of their role in protecting and safeguarding the environment. Capitalizing on this shift, several companies, advertisers, and big corporations have begun resorting to greenwashing, a deceptive practice where information is misrepresented through exaggerated, vague, false, or unsubstantiated environmental claims (Santos et al., 2024).

These practices have been widely criticized on a global stage and have been a growing concern for Indian markets too. Recently, two of India’s consumer rights watchdogs—Central Consumer Protection Authority (CCPA) and the Advertising Standards Council of India (ASCI)—joined hands in an attempt to curb misleading advertisements and protect the interests of Indian consumers (DoCA and ASCI, 2024). Guidelines issued by CCPA and ASCI both note that companies making green claims, like being “environmentally-friendly”, “eco-friendly”, “sustainable”, “carbon-neutral”, and similar assertions, must also be able to substantiate them (CCPA, 2023; Lim, 2024).

Through false claims, greenwashing not only deceives consumers, but also undermines the credibility of genuine efforts to address the climate crisis, promotes false solutions, and makes it harder for the public to trust companies (Ioannou et al., 2022; United Nations, 2024). There is already evidence for the erosion of trust between consumers and organizations in India, with studies noting that 60% of Indian consumers expressed concerns over greenwashing, and just 29% of consumers responding that they trust environmental claims made by organizations (Hussain and Tandon; 2024).

Eco-labels can be of great benefit here. These labels are frameworks that guide purchasing decisions across the world by verifying and conveying specific environmental credentials (UN Environment Programme). Such labels do not just help consumers looking to shop consciously but also act as a tool for governments to encourage behavioral changes among producers. Despite this, eco-labels never received much traction, and are not widely used in India—but do hold potential in the current climate.

Firstly, research evidences a growing demand for sustainable products in India. In a study of consumers in urban India by Bain & Company, 52% expected to increase spending on sustainable brands (The Times of India, 2022). In fact, Indian consumers were also willing to pay a premium as high as 20% for sustainable products, the highest figure across 11 countries (Business Standard, 2023). However, misinformation on sustainability remains a significant issue for buyers. Among companies listed on the National Stock Exchange’s NIFTY 50 index, Gidage et al. (2024) found that 47% exhibited greenwashing characteristics. In previous decades, many big companies were also embroiled in legal issues over greenwashing, including Godrej Industries for falsely marketing their repellent as “100% natural”, Hindustan Unilever Limited for misrepresenting the environmental benefits of its detergent, and Voltas for false claims over the energy efficiency of its ACs, which were advertised as “eco-friendly” with a “5-star energy rating” (Sonawala, 2023).

In light of this, the study aims to explore the extent of greenwashing and the presence of misleading claims in the ad world, understand the relevance of green certifications, labels, and trademarks in this context, as well as their role in the Indian consumer market.

Background

Greenwashing, simply put, is the unethical business practice of falsely claiming that a product or service is environmentally friendly to sway public opinion. According to Bernini and La Rosa (2024), this practice is born out of companies' need to resolve the trade-off between environmental compliance and their real efforts towards the same objective.

Greenwashing can be traced back to the 1980s but was first coined as a combination of the words "green" and "brainwashing" (Mitchell and Ramey, 2011; Malinauskaite and Jouhara, 2024). At the time, a growing awareness of environmental issues led to changes in consumer behavior, which in turn, increased corporate displays of greenwashing. Many countries have since turned to eco-labelling as a way to encourage a more sustainable way of consumption to the masses. In 1992, eco-labels were officially endorsed at the UNCED to "encourage expansion of environmental labeling and other environmentally related product information programmes designed to assist consumers to make informed choices" (UNCED, 1992).

These labels can be broadly divided into different categories: *Type I*, where a certified third party awards the claim after proper investigation and is usually government-backed; *Type II*, which is self-declared based on internal standards; and *Type III*, that is based on the lifecycle of the product, and less frequently used in communication with consumers (Verma and Lobo, 2024).

Aside from eco-labels, green certifications, trademarks, as well as advertisements, are tools that companies leverage to communicate their environmental commitments. But their role in the Indian markets has been lackluster. Following many countries, India also launched its own eco-labelling scheme, Ecomark, in 1991 (Mehta, 2007). But unlike the rest, this label considered both environmental criteria as well as product quality, and differed from the majority of the world.

Ecomark has also not been met with much success. Not only had few manufacturers applied and received the Ecomark, but even among them, its utility was regarded as quite low. With the demand from the consumer's end for eco-labelled products being low as well, many companies did not find value in going through the process to get their product licensed. Moreover, the scheme appears to have largely fallen behind, with no stakeholders showing an active interest in advancing it.

Now, advertisements are often the go-to channel to communicate 'greenness' to buyers. While India does not have a law specifically regulating greenwashing, the aforementioned regulatory

bodies as well as The Consumer Protection Act, 2019 are well-equipped to prevent the practice, and ensure that the rights of consumers are protected.

Discussion

With the explosion of green claims in the market, the tide has seemed to turn against the eco-revolution, largely due to skepticism on the part of consumers. In India, Khandelwal et al. (2019) found that many consumers perceive green advertisements as a greenwashing communication tactic. However, a lack of proper regulatory system and compliance has led to the proliferation of such claims that still risk manipulating consumers.

In a study with a systematic analysis of print advertisements for 2010 and 2011, Fernando et al. (2014) found that a staggering 51.7% of claims were greenwashed, and just 3.3% actually had certifications backing their claims. This situation has put actual eco-friendly firms at a disadvantage by instilling negative bias in the consumer, who is likely to disregard such claims and not care to purchase their products either.

This is because the consumer, as is the case for many credence goods, cannot reasonably determine and judge the environmental-friendliness of a product even after purchasing it. As Caswell (1998) notes, labeling can bring validity to these attributes and equip the consumer with the knowledge they need before buying the product.

Moreover, determining the environmental commitment of firms has also become nebulous, as green certifications, labels, and trademarks advertised, might not extend to the company's entire supply chain. In the case of Godrej, one of the leading companies in the country, environmentally progressive labels are often used for their products. In its sustainability vision, the company makes a direct claim to "create a more inclusive and greener planet" through the "Good & Green" trademark and several other ambitious plans, including zero waste to landfill, being carbon neutral, and generating a third of their portfolio revenues through green products (Godrej Industries Group). It also has multiple green certifications to back it up, Green Pro Certification, Greenguard Certification, SCS Indoor Advantage, among others. However, Godrej has been widely criticized for its misleading environmental claims in the past.

In 2012, Godrej was fined 5 lakhs by the ASCI for falsely claiming their repellent was "100% natural"; and again in 2015, over false claims regarding the environmental benefits—like being "100% natural", "biodegradable", and "eco-friendly"—which incurred a fine of 15 lakhs (Sonawala, 2023). In a report by Greenpeace (2012), Godrej was also one of the major Indian companies criticized for meeting a significant portion of demand for palm oil through imports from Indonesia, which were tied to deforestation, destruction of the natural ecosystems, and devastating impacts on the climate. While Godrej did petition for RSPO-certified palm oil with

the Indian government, the report notes it has not made commitments to ensure that the palm oil it purchases is not linked to deforestation, and that mere membership of the RSPO does not ensure sustainability.

While the company may be making earnest efforts toward sustainability today, there also seems to be a lack of consistent and comprehensive implementation. Without fully integrated sustainability practices, the company's trademark risks misleading consumers, creating a perception of environmental responsibility that is not uniformly substantiated across its operations.

The absence of a rigorous eco-labeling framework in India, coupled with ambiguity over the scope and limitations of green trademarks, labels, and certifications, creates a scenario where companies make broad environmental claims that do not always align with the realities of their business. These gaps in consumer knowledge—which an eco-label can mediate—instead become a loophole for firms to engage in greenwashing.

Zomato, one of the most widely used food delivery apps in India, for example, has publicly committed to sustainability and deployed initiatives for a greener impact. It boasts an ECG score of 40, awarded by S&P Global, and an AA rating as a Sustainability Leader by MSCI in January 2023 (Zomato, 2024). In a past Environmental, Social, and Governance (ESG) report, Zomato has also declared its intent to contribute towards Sustainable Development Goals (SDGs) by making “climate-conscious deliveries” (Zomato, 2022).

But on-ground realities tell a different story. To fulfill these sustainability objectives, Zomato launched a new initiative with the intent of converting large parts of their fleet to pedal power-assisted bikes for shorter delivery routes, especially in Delhi NCR, leading to 18% of its deliveries being conducted by bicycles in FY2022 (Matharu, 2022).

The brunt of these environmental benefits, however, was actually borne by the delivery personnel, who suffered from heat, fatigue, and burnout—all for a meager sum that did not even constitute a livable wage for many (Matharu, 2022). On top of this, the cost of essentials like raincoats or bags also had to be borne out of pocket, further burdening the gig workers. Such disconnects between sustainability claims made by eco-labels, certifications, trademarks, and advertisements, and the lived experiences of workers, reveals that determining which company is really “green” is a complex task, encompassing many facets and variables.

This framework is necessary however, since beyond just tarnishing public trust, as Choudhury et al. (2024) note, greenwashing can also act as a barrier to a circular economy and negatively impact sustainability goals. In this context, the role of a credible, standardized eco-label becomes critical. Such a well-established label could serve as a definitive symbol of environmental

integrity, bridging the gap between consumer perception and corporate responsibility. Moreover, research has often tied greenwashing's negative impact to multiple stakeholders. Here, an eco-label can streamline communications and provide clarity regarding a company's environmental commitments (Santos et al., 2024).

For such a framework to be effective in India, it must need to work two-ways. Not only should businesses be motivated to register for labels, but there also needs to be a demand for them from the consumer side. Only when eco-labels are widely recognized, understood by buyers, and create tangible market advantages for businesses, can they incentivize genuine sustainable practices.

At the same time, it is also crucial to address ambiguous green claims and certifications within the industry. Clear, consistent, and enforceable guidelines are needed to ensure that green communication does not contribute to mixed messaging. In fact, greenwashing is viewed so negatively among consumers that companies have now resorted to "green blushing"—where many actually downplay their environmental achievements to avoid accusations of greenwashing (Sonawala, 2023). While regulatory efforts by Indian authorities are moving in the right direction, there is also potential for a more comprehensive framework to combat this practice. Coupled with a robust eco-labeling system tailored to the Indian context, this approach could significantly improve consumer protection and pave the way for ethical, honest, and transparent communication.

Conclusion

Greenwashing poses a significant challenge to achieving genuine sustainability, both globally and within India. While companies may publicly commit to environmental goals, the inconsistency between their claims and operations undermines public trust.

Over the past few years, regulatory bodies in India have issued more stringent guidelines to protect consumer rights. But with rising consumer awareness and increasing interest in environmental issues, the country also stands at a pivotal moment. By establishing a credible, comprehensive eco-labeling framework that aligns with global standards, the country can not only mitigate the risks of greenwashing but also lead the charge in sustainability efforts.

Such a system also needs regulatory oversight, clear guidelines, and widespread consumer education. Moreover, it is imperative that businesses, corporations, and other stakeholders view sustainability as a real goal rather than just a marketing strategy. Only by making these changes can the gap between discourse and action be bridged, leading to meaningful environmental contributions, and a sustainable future to look forward to.

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