

THE RISE OF GREENWASHING AS ECONOMIC CRIMES

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Abstract

Greenwashing - the practice where corporations, organisations, or products present misleading, exaggerated, or unsubstantiated claims of environmental responsibility—has escalated into a pervasive and economically significant form of corporate deception. Once confined to isolated instances of marketing spin, greenwashing has matured into an organized phenomenon that not only distorts consumer choice but also corrupts market signals, misdirects capital flows, undermines legitimate sustainability efforts, and, in many cases, constitutes regulatory and criminal wrongdoing. This extended study situates greenwashing within the conceptual framework of economic crime by examining the essential elements of intent, deception, and financial gain, and by documenting how false environmental claims translate into measurable economic harm to consumers, competitors, investors, and public treasuries.

The paper traces the historical trajectory of greenwashing from its early marketing origins to its modern manifestations—ESG-washing, carbon credit fraud, AI-generated deceptive advertising, and life-cycle concealment—while assessing evolving legal responses at the national and international levels, including the European Green Claims Directive, FTC enforcement in the United States, and India's CCPA guidance. Through in-depth case studies (e.g., Volkswagen Dieselgate, major fast-fashion controversies, plastic and water claim by global FMCG firms, and significant Indian regulatory actions), the study demonstrates the complex interplay between corporate strategy, regulatory gaps, technological enablement, and consumer psychology.

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The paper concludes with concrete, multi-layered recommendations: robust statutory definitions, mandatory scientific life-cycle assessment disclosure, independent third-party verification regimes, enhanced civil and criminal sanctions calibrated to turnover, broader powers for regulators to compel corrective advertising and restitution, and coordinated international cooperation to close cross-border enforcement gaps. The findings underscore that without decisive policy action and stronger enforcement, greenwashing will continue to erode trust in sustainability markets and thwart meaningful progress toward environmental objectives.

INTRODUCTION

The past two decades have witnessed an extraordinary reorientation of economic, political and social priorities toward environmental sustainability. Consumers increasingly expect firms to reduce greenhouse gas emissions, to conserve biodiversity, to manage waste responsibly, and to commit to circular economy principles. Simultaneously, institutional investors, asset managers and sovereign wealth funds have integrated environmental metrics into investment decisions, rendering environmental performance a material factor for corporate valuation³. Governments have likewise introduced incentives and regulations intended to accelerate the transition to low-carbon economies, including subsidies, preferential procurement, tax breaks, and access to green finance channels⁴. In this context, a firm's environmental reputation has acquired substantial commercial value and regulatory leverage. This transformation has created powerful incentives for entities to project an appearance of environmental stewardship. When those projections are truthful and backed by measurable action, they accelerate positive change; when they are deceptive, they constitute greenwashing and, as this study argues, an economic crime with tangible harms.

Greenwashing therefore sits at the junction of advertising law, corporate governance, consumer protection, financial regulation, and environmental law. Its illicit aspects must be understood both legally and economically: legally, because deceptive environmental assertions may violate statutes and regulations designed to protect consumers and markets; economically, because such deception reallocates resources away from genuine sustainability investments and inflates valuations premised on false premises.

³ Larry Fink, *A Fundamental Reshaping of Finance*, BlackRock CEO Letter to CEOs (2020)

⁴ International Energy Agency, *Net Zero by 2050: A Roadmap for the Global Energy Sector* (IEA, 2021).

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In recent years, the discourse surrounding corporate environmental accountability has transcended voluntary ethics to become a matter of enforceable governance. Global frameworks such as the Paris Agreement (2015), the United Nations Sustainable Development Goals (SDGs), and the European Union's Green Deal have established explicit links between environmental disclosure and international economic participation. These initiatives have prompted jurisdictions worldwide to develop robust reporting standards—ranging from the EU's Corporate Sustainability Reporting Directive (CSRD) to the Securities and Exchange Board of India's Business Responsibility and Sustainability Reporting (BRSR) framework - that embed environmental transparency into corporate compliance regimes. The convergence of mandatory disclosure norms has thus elevated the cost of misrepresentation, while simultaneously expanding the scope for scrutiny. From a socio-economic perspective, greenwashing operates as a distortionary mechanism within sustainability-driven markets.

Misleading claims regarding carbon neutrality, recyclable materials, or ethical supply chains create informational asymmetries that undermine the efficiency of both consumer choice and capital allocation. Investors who allocate funds under the assumption of verifiable environmental performance may inadvertently finance polluting activities, eroding trust in green financial instruments and destabilizing the credibility of ESG (Environmental, Social, and Governance) indices. Consumers, in turn, make purchasing decisions under false pretenses, weakening the moral and market-based incentives for genuine sustainability. Moreover, greenwashing reveals the tension between private environmental claims and public regulatory oversight. While corporate disclosures aim to demonstrate voluntary responsibility, they frequently intersect with legally enforceable duties under securities, advertising, and competition laws. The absence of harmonized definitions for “sustainability,” “carbon neutrality,” and related terms allows firms to exploit interpretive grey zones, blurring the line between permissible branding and fraudulent misrepresentation. National and transnational regulators are increasingly responding through litigation, administrative sanctions, and disclosure-based enforcement—signalling a global shift from normative persuasion to punitive accountability⁵. Ultimately, this study situates greenwashing as an emerging form of economic crime that manipulates trust-based systems central to both environmental governance and market integrity. Understanding greenwashing through this

⁵UN Environment Programme, *Integrity Matters: Net Zero Commitments by Businesses* (2022).

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dual legal-economic lens reveals it not merely as a lapse in business ethics but as a structural challenge that compromises sustainable development goals, misguides investment flows, and erodes democratic oversight of corporate power. The introduction frames greenwashing as a systemic problem—one that calls for integrated analytical approaches and systemic solutions rather than piecemeal remedies.

REVIEW OF LITERATURE

1) Delmas, M. A., & Burbano, V. C. (2011)

Often cited as an early comprehensive review, this article conceptualizes greenwashing as the discrepancy between environmental performance and communication, and provides a typology of drivers at firm and institutional levels, highlighting regulatory gaps and market incentives that permit deception.

2) Lubloy, A. (2025). “Quantifying firm-level greenwashing: A systematic literature review.”

This review surveys empirical measures of greenwashing at the firm level, develops a typology of measurement approaches, and shows how methodological weaknesses impede detection of deceptive ESG reporting, reinforcing the need for stronger legal and economic tools.

3) Raimo, N., Vitolla, F., & others (2023). “Measuring greenwashing: A systematic methodological literature review.”

This paper examines how empirical studies operationalize greenwashing, concluding that the phenomenon is multidimensional and difficult to measure objectively, which has implications for evidentiary standards in enforcement and litigation.

4) Lyon, T. P., & Montgomery, A. W. (2015).

This influential work frames greenwashing as strategic corporate behaviour responding to stakeholder pressure, showing how firms exploit information asymmetries in environmental communication, and thereby laying groundwork for economic-crime interpretations of misleading claims.

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5) Wang, L. (2025). “Financial crime risks in environmental, social, and governance (ESG) investment.”

This article directly connects greenwashing in ESG investment to false disclosure and financial crime risks, arguing that misrepresented ESG credentials can amount to securities fraud and create systemic vulnerabilities in financial markets.

6) Saraswati, A. et al. (2025). “Greenwashing strategy in ESG disclosure: The mediating role of disclosure quality and information asymmetry.”

Using firm-level data from Indonesia and Malaysia, this study shows how symbolic ESG disclosure and low-quality reporting amplify information asymmetry, demonstrating that greenwashing can distort value creation and misallocate capital.

7) “Dirty Green Money: ESG Fraud, Greenwashing and Compliance in the Drive for Net Zero” (ISRF project).

This research programme treats greenwashing as part of “dirty green money,” analysing how misrepresented ESG activities fit within broader patterns of financial crime and emphasising the need for compliance, audit, and enforcement mechanisms tailored to ESG-related fraud.

8) Fernando, Z. J. (2025). “Greenwashing as a Crime and the Urgency of Redesigning Environmental Law.”

This paper explicitly argues that greenwashing should be recognised as a criminal offense, not merely a regulatory or ethical violation, and calls for redesigned environmental and criminal law frameworks that reflect the economic and ecological harms of deceptive green claims.

9) Vaishali, T. (2025). “Financial Crime in Greenwashing: Misconception and Way Forward.” Indian Journal of Integrated Research in Law.

The author conceptualises greenwashing as a form of environmental financial crime or economic crime, catalogues common deceptive practices (false labels, selective disclosure, false certifications), and comparatively analyses national regimes to identify legal gaps and reforms.

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10) Climate Hugues Initiative (2024). “Greenwashing – Legal Risks and Opportunities / Summary Report: Greenwashing – Legal Risks and Opportunities.”

This briefing outlines how consumer, competition, and financial laws are increasingly used to tackle greenwashing, explains emerging liability pathways for investors and shareholders, and frames greenwashing as a systemic risk to markets and trust.

MEANING AND NATURE OF GREENWASHING

Greenwashing is not a single act but a family of practices bound by the common thread of misrepresentation⁶. The phenomenon ranges from borderline exaggeration to deliberate fabrication. What gives greenwashing its forensic significance is the combination of two elements: the communicative act (a claim, label, image, or report) and the material consequence (a financial benefit or regulatory advantage obtained through that communicative act)⁷. Thus, greenwashing is defined operationally as any representation of environmental attributes— explicit or implicit—that a reasonable audience would rely upon and that is materially false, misleading, or insufficiently substantiated, where the misrepresentation results in financial benefit or prevents regulatory, market or behavioural correction. The operational definition emphasizes three criteria for comporting with the concept of economic crime: (1) misrepresentation, (2) economic benefit to the perpetrator, and (3) economic loss, reputational harm, or market distortion for others.

Greenwashing often leverages psychological shortcuts. Consumers rely on heuristics—labels, logos, colours, and narratives—to make quick purchasing decisions. Corporations exploit those heuristics while obfuscating technical details like full life-cycle impacts, supply chain emissions, or end-of-life disposal realities. The opacity of modern supply chains and the technical complexity of carbon accounting further disadvantage consumers and regulators, enabling sophisticated forms of concealment. Recognizing this informational asymmetry is critical to both diagnosing greenwashing and designing effective remedies.

⁶Delmas, M.A. & Burbano, V.C., “The Drivers of Greenwashing,” (2011) 54 *California Management Review* 64.

⁷OECD, *Greenwashing and the Misrepresentation of Environmental Claims* (OECD Policy Brief, 2023).

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HISTORICAL BACKGROUND

The earliest identifiable forms of greenwashing appeared in the late 20th century as environmental consciousness entered mainstream discourse. Initially, many corporate “green” initiatives were genuine responses to consumer pressure and regulatory change. Over time, as environmental credentials began to command market premiums and regulatory relief, opportunistic behaviour emerged. The shift accelerated in the 1990s and 2000s with the advent of self-reported sustainability metrics and voluntary standards that lacked consistent verification. The renewable energy and carbon offset markets of the early 2000s introduced novel instruments that, while designed to channel investment into decarbonization, also created opportunities for speculative and fraudulent activity. The modern era, characterized by the exponential growth of ESG investing and platform-based marketing, supercharged both legitimate sustainability practices and illegitimate greenwashing. The historical arc thus moves from rudimentary spin to sophisticated, market-rewarded deception—arguably converting some aspects of greenwashing into organized economic misconduct.

TYPES AND TECHNIQUES:

A taxonomy of greenwashing techniques helps to identify and classify deceptive practices. The major types include:

- **Hidden trade-offs:** Marketing a single beneficial attribute (e.g., “made with recycled paper”) while ignoring detrimental elements of the product’s life-cycle, such as energyintensive production or toxic finishes.
- **No proof / unverifiable claims:** Assertions presented without accessible evidence or independent verification, often accompanied by invented seals.
- **Vagueness and fuzziness:** Use of imprecise language “eco-friendly,” “green” or “natural”—that lacks regulatory or scientific definition.
- **Irrelevance:** Claims that are technically true but irrelevant in context, such as advertising “CFC-free” when CFCs have been banned for decades.

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- **Lesser-of-two-evils framing:** Positioning a problem product as the least harmful option within a generally harmful category, thereby normalizing consumption.
- **Imagery and emotional signalling:** Use of natural colours, photographs or music to invoke environmental association irrespective of the product's actual impact.
- **Carbon-washing and offset scams:** Manipulation of carbon accounting, including double-counting, phantom offsets, or investment in projects that would have occurred regardless of the offset revenue.
- **ESG-washing:** Selective disclosure and creative accounting to achieve favourable ESG ratings while masking material liabilities.
- **Life-cycle obfuscation:** Presenting cradle-to-gate metrics while omitting gate-to-grave impacts, such as consumer disposal or recycling failure.
- **Green baiting:** Bait-and-switch tactics where initial claims lead consumer interest but subsequent product iterations remove or weaken the environmental feature⁸.

Each technique can be leveraged alone or in combination, and the presence of complex supply chains, multiple jurisdictions, and voluntary standards complicates detection and enforcement.

LEGAL FRAMEWORKS

INTERNATIONAL CONTEXT

Global responses to greenwashing are evolving rapidly but unevenly. The European Union has taken a front-line position through the Green Claims Directive and related measures aimed at harmonizing evidence requirements, standardising life-cycle assessments (LCAs), and penalising unsubstantiated claims⁹. The Directive introduces requirements for companies to demonstrate and publish the scientific basis of their claims and authorises national authorities to impose proportionate sanctions. In the United States, the Federal Trade Commission's Green Guides provide guidance for environmental claims in advertising and

⁸IPCC reports (relevant sections on mitigation and corporate reporting).

⁹ Lyon, T., & Montgomery, A. (2015). The Means and End of Greenwash. *Organization & Environment*.

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have been used as the basis for enforcement actions¹⁰; however, the US approach historically relies more on case-by-case enforcement and private litigation than on prescriptive regulatory obligations.

Standard-setting bodies (ISO) and multilateral institutions (UNEP, OECD) have issued principles and recommendations—but their instruments are largely non-binding. The Financial Stability Board and other financial regulators are increasingly focused on the risks greenwashing poses to market integrity, emphasising transparent disclosure and remediation. Notably, the transnational nature of supply chains and the mobility of corporate operations complicate enforcement; authorities must therefore collaborate across borders through mutual legal assistance, coordinated investigations, and shared standards for evidence.

INDIAN CONTEXT

India's regulatory response to greenwashing has intensified. The Consumer Protection Act (2019) provides consumers with avenues to seek redress for misleading claims, and the Competition Commission can address anti-competitive distortions resulting from deceptive environmental marketing. The emergence of CCPA (Central Consumer Protection Authority) guidelines on green claims reflects a policy recognition that vague and unverified environmental assertions require regulatory correction. ASCI (Advertising Standards Council of India) offers self-regulatory oversight of advertising standards, including environmental claims, but self-regulation has limits where monetary incentives for greenwash are high. Environmental statutes (Environment Protection Act, Air & Water Acts) criminalise false environmental reporting in contexts where regulatory permits and emissions data are at stake. For investor-oriented greenwashing — especially in ESG funds and green bonds — SEBI has increasingly required greater disclosure and third-party verification to protect capital markets from deception.

However, key enforcement challenges persist in India: scientific capacity to evaluate complex LCAs is limited across regulators, cross-agency cooperation is uneven, and the pace of private litigation and administrative adjudication can be slow—allowing reputational damage to become entrenched before remedies are applied¹¹.

¹⁰ Federal Trade Commission. (Updated Green Guides).

¹¹ European Commission. (2024). Green Claims Directive text and guidance.

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CASE STUDIES

Volkswagen Dieselgate

One of the most paradigmatic instances, Volkswagen installed defeat devices that manipulated engine performance during emissions tests, thereby materially misrepresenting real-world NOx emissions. The scandal reveals how technical manipulation can be combined with sustained corporate marketing to generate prolonged consumer and investor deception. Legal consequences included multi-jurisdictional prosecutions, huge financial settlements, regulatory fines, and criminal indictments for corporate officers. Dieselgate illustrates the synergies between technical fraud, marketing fiction, and regulatory failure, and shows how rapid corrective action is necessary to mitigate systemic damage.

Fast Fashion and H&M

Fast fashion retailers have been repeatedly accused of making extensive sustainability claims about “conscious collections” or “recycled lines,” while continuing business models based on low-cost, high-throughput production that generates massive waste and poor labour conditions. These cases show how fractional sustainability claims—applied to sub-lines while the core business remains unsustainable—create a veneer of environmental responsibility without structural change.

Plastic and Water Claims in FMCG

Major beverage and consumer goods firms have long marketed recyclability and water stewardship while global audits show high leakage rates of plastic waste and contested water extraction impacts in sensitive hydrological areas. Such examples reveal the tension between packaging claims and actual waste management systems, where the absence of circular infrastructure undermines the promise of recyclability.

Indian Cases: Patanjali and Others

Indian regulatory actions have included ASCI notices and CCPA interventions against claims lacking substantiation. The Indian context is instructive for how evolving advertising

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standards, consumer protection mechanisms and judicial review can be marshalled to deter greenwashing, but also for the resource constraints that limit sustained enforcement.

RECENT TRENDS

The contemporary landscape exhibits several emergent dynamics:

- **AI and Deepfakes:** Artificial intelligence enables realistic but fabricated imagery and reports, complicating authenticity verification.
- **Green Financial Instruments:** The explosion of green bonds and ESG funds has increased the monetary stakes of greenwashing; mislabelled instruments create systemic investor risk.
- **Carbon Market Vulnerabilities:** Issues such as double-counting of offsets, questionable additionality, and weak project vetting have created high-value opportunities for fraudulent actors¹².
- **Platform Commerce:** E-commerce platforms sell products with fake eco-labels at scale, often across jurisdictions, challenging local regulators.
- **Third-party Ratings Capture:** ESG rating agencies, while intended to increase transparency, are vulnerable to firms gaming disclosures or to conflicts of interest, giving a false signal to markets.

These trends indicate that technological and financial innovation, absent robust governance, can amplify the scale and speed of greenwashing.

ECONOMIC AND SOCIAL IMPACT

Greenwashing imposes multifaceted costs. Consumers overpay for products that do not deliver the promised environmental benefits; competing firms are disadvantaged; capital markets misallocate resources; and policymakers' ability to monitor progress toward climate goals is compromised.

¹²Central Consumer Protection Authority (India), Guidelines for Prevention and Regulation of Greenwashing and Misleading Environmental Claims (2024).

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Societally, greenwashing slows behaviour change by creating a false sense of progress—citizens and governments may perceive that the private sector is sufficiently addressing climate objectives and thus delay more stringent public action.

The erosion of trust in sustainability claims can also depress consumer willingness to support genuinely sustainable products, producing a negative feedback loop that undermines environmental progress¹³.

ENFORCEMENT CHALLENGES AND EVIDENTIARY ISSUES:

Enforcement requires both legal authority and technical capacity. Proving greenwashing often involves complex science—life-cycle assessment, carbon accounting, supply-chain auditing—and regulators may lack the expertise or budget to perform detailed audits¹⁴. Private litigation can provide remedies but is time-consuming and expensive. Cross-border commerce raises jurisdictional issues: a product advertised online in one jurisdiction and shipped from another complicates enforcement. Moreover, voluntary standards and private eco-labels often muddy the evidentiary waters: distinguishing legitimate certification from sham labels can itself be challenging. This combination of scientific complexity, resource limits, and fragmented regulatory regimes explains why greenwashing persists despite growing public awareness.

POLICY RECOMMENDATIONS

Combating greenwashing demands an integrated strategy combining legal reform, institutional capacity-building, market mechanisms, and consumer empowerment.

1. Statutory Clarity and Definitions: Legislatures should adopt clear definitions of environmental claims and proscribe unsubstantiated assertions, specifying evidentiary standards (such as accredited LCA methods).

2. Mandatory Disclosure and LCA: Corporations making environmental claims should be required to publish standardized, third-party verified LCAs and operational metrics, subject to audit.

¹³ Xavier Grech et al., Assessing the Economic and Social Impacts of Greenwashing, *Int'l J. Bus. Mgmt.* 18 (2025).

¹⁴ Garima Goel, Greenwashing in the Indian Corporate Landscape: An Empirical Study Using NIFTY 50 ESG Scores, 27 *Env'tl. Dev. & Sust.* (2025).

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- 3. Independent Verification Regimes:** Establish national or regional eco-labelling authorities that accredit and audit certifications to prevent seal-factory creation.
- 4. Proportionate Sanctions:** Fines should be calibrated to deter behaviour (e.g., percentage of turnover) and include restitution where consumers or investors suffered loss.
- 5. Rapid Corrective Mechanisms:** Regulators should have powers to order corrective advertising, product recalls, and disgorgement of illicit gains.
- 6. International Cooperation:** Cross-border information sharing, joint investigations, and harmonized standards reduce jurisdictional arbitrage.
- 7. Capacity Building:** Fund scientific units within regulators for technical evaluation and equip consumer organisations to litigate and investigate.
- 8. Market-based Controls:** Promote greater transparency in ESG ratings and require rating agencies to disclose methodologies and conflicts of interest.
- 9. Consumer Education:** Public awareness campaigns and accessible databases of verified eco-labels empower buyers to make informed choices.
- 10. Whistleblower Protections:** Strong protection and incentivization for insiders who reveal fraudulent environmental reporting.

CONCLUSION

The rise of greenwashing as an economic crime reflects a structural flaw in the global sustainability transition: the gap between environmental aspirations and the market incentives driving corporate behaviour. As societies and legal systems place increasing emphasis on sustainability, corporations have simultaneously recognized the economic value of appearing green—whether or not they are willing to undertake the real, often expensive, operational changes required to become genuinely sustainable. This misalignment has created fertile ground for deceptive practices, enabling greenwashing to become not only widespread but also systemically embedded within global markets. It is no longer confined to isolated marketing exaggerations; it increasingly manifests as a sophisticated form of economic misconduct involving falsified scientific claims, manipulated ESG disclosures, sham certifications, selective reporting, and large-scale consumer deception. Viewed through this

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lens, greenwashing must be understood not merely as a communication issue but as a serious economic crime with profound societal consequences.

Greenwashing undermines the integrity of environmental markets, distorts competition, and misleads consumers who often pay a premium believing they are contributing to environmental protection. It causes direct economic harm by diverting capital from genuinely sustainable companies toward entities using deceptive tactics to appear green. This misallocation of resources slows the development of environmentally responsible industries and creates a competitive disadvantage for corporations that invest heavily in true sustainability practices. It also erodes the credibility of the entire sustainability ecosystem. When claims of recyclability, carbon neutrality, biodegradability, or eco-friendliness are repeatedly exposed as false, consumer trust collapses—leading to broader scepticism, confusion, and disengagement. In this way, the harms caused by greenwashing extend far beyond the economic sphere; they undermine the moral and social fabric of sustainability movements themselves.

At the regulatory level, the persistence of greenwashing highlights gaps in governance and enforcement. Many national laws were written in an era when environmental claims were relatively rudimentary, and are therefore ill-equipped to evaluate today's complex life-cycle assessments, carbon accounting methodologies, and ESG reporting systems. Moreover, oversight is fragmented across multiple agencies—consumer protection authorities, environmental regulators, advertising standards bodies, stock market regulators, and international certification entities—creating opportunities for regulatory arbitrage. As long as corporations can exploit these gaps, greenwashing will continue to flourish¹⁵. The judicial system also faces challenges, as courts are often required to interpret scientific evidence, evaluate environmental methodologies, and determine materiality in ways that extend beyond traditional legal expertise. There is thus an urgent need for cross-disciplinary collaboration between legal scholars, environmental scientists, economists, and data auditors.

Furthermore, the rise of greenwashing reveals a deeper problem: sustainability has become a commercial trend without sufficient accountability. Corporate sustainability reports, CSR disclosures, environmental labels, and ESG ratings are frequently self-reported or evaluated

¹⁵Xavier Grech et al., Assessing the Economic and Social Impacts of Greenwashing, *Int'l J. Bus. Mgmt.* 18 (2025).

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by private bodies whose methodologies lack uniformity or transparency. The regulatory environment is unable to keep pace with the rapid expansion of sustainability as a marketing and investment tool. As a result, corporations can manipulate public perception at scale, creating “green illusions” that pacify consumer concerns while masking harmful environmental realities¹⁶. When companies exploit sustainability narratives without undertaking real environmental change, they effectively weaponize the sustainability movement for profit. This represents not only a breach of public trust but also a significant impediment to climate mitigation and the pursuit of global environmental goals.

From an economic standpoint, the consequences of greenwashing are multifaceted. It reduces consumer welfare, undermines fair competition, destabilizes ESG investment markets, and creates systemic risks—especially in industries like finance, energy, fast fashion, and FMCG. When misleading environmental claims drive investment decisions, the stability of entire economic sectors is compromised. For instance, inflated ESG valuations or exaggerated carbon-neutral claims can create asset bubbles that collapse when the truth emerges, resulting in investor losses and market volatility. This shadow economy of false sustainability must be addressed through rigorous governance reforms that prioritize transparency, accountability, and scientific verification.

In conclusion, the rise of greenwashing as an economic crime demands a paradigm shift in how environmental claims are regulated, evaluated, and enforced. Traditional advertising and consumer protection laws are no longer sufficient to combat the scale and sophistication of modern corporate green deception. Nations must adopt stronger, more unified legal frameworks—such as mandatory scientific substantiation, independent third-party certifications, stringent penalties proportional to corporate turnover, and real-time disclosures—to prevent misleading environmental claims. Equally important is the need to build institutional capacity, enabling regulators, courts, and consumer bodies to properly evaluate complex environmental data. Global coordination is essential, given the transnational nature of corporate supply chains and sustainability claims.

Ultimately, the fight against greenwashing is not just a legal or economic battle; it is a moral one. Without credible, verifiable sustainability claims, society’s broader environmental

¹⁶Jianyu Tang, Greenwashing and Market Value of Firms: An Empirical Study, 22 J. Fin. Econ. 334 (2025).

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goals— including carbon reduction, climate resilience, biodiversity protection, and resource conservation—will remain unattainable. Combating greenwashing is therefore central to safeguarding the public interest, protecting economic integrity, and ensuring that sustainability becomes a reality rather than an illusion constructed for commercial gain. Only when governments, corporations, investors, and consumers act collectively with transparency and accountability can greenwashing be effectively curtailed and genuine environmental progress achieved.

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