



<https://doi.org/10.53032/tvcr/2025.v7n2.26>

Research Article

Indian FMCG Industry Sees Boom in Sustainable Packaging: Real Impact or Greenwash?

Steffy Michael Gomes

Assistant Professor

Department of Commerce,

Kirti College Dadar

Abstract

Sustainable packaging is a trending phenomenon in Indian FMCG companies due to escalating green consciousness among consumers and rising regulations. However, with a number of organizations going green merely on paper by declaring themselves environmentally friendly, greenwashing concerns create doubt regarding its real impact. This article reviews sustainable packaging strategies among Indian FMCG leading brands, reviews financial and environmental reports, and investigates if these strategies are genuine or a form of greenwashing. The research also evaluates consumers' perceptions and regulatory difficulties, providing insights into the future of sustainability in FMCG packaging.

Keywords: Sustainable packaging, FMCG, greenwashing, Extended Producer Responsibility (EPR), consumer perception, India

1. Introduction

1.1 Background & Context

The FMCG sector is one of the largest contributors to plastic waste in India, with packaging waste forming a major environmental concern. According to the Central Pollution Control Board (CPCB, 2022), India generates about 3.4 million tonnes of plastic waste annually, with FMCG companies being a significant contributor.

Some Indian businesses, such as Hindustan Unilever (HUL), ITC, Nestlé, and Dabur, have

committed to going green in packaging. The success of these efforts is questionable, though, with critics asking if these actions are actually lessening environmental damage or just a form of greenwashing.

1.2 Research Objectives

1. To analyze the degree to which Indian FMCG businesses have embraced sustainable packaging.
2. To compare secondary data from company reports in order to measure the effects of such initiatives.
3. To determine whether consumer beliefs concur with corporate claims on sustainability.

1.3 Research Questions

- Are FMCG brands really decreasing plastic waste, or are they greenwashing?
- How claims of sustainability affect consumer action and firm revenues?
- What are the main issues and expenses in adopting sustainable packaging?

2. Literature Review

2.1 Global & Indian Research on Sustainable Packaging

Research on sustainable packaging suggests that multinational corporations often overstate their environmental progress (Greenpeace, 2023). For example, Unilever and Coca-Cola have made global commitments to 100% recyclable packaging, yet reports indicate that plastic waste remains a major challenge.

In India, a 2023 FICCI report showed that although 73% of Indian consumers would like eco-friendly packaging, they are only willing to pay an extra 20%. This inconsistency makes it difficult for companies that want to shift to sustainable packaging without sacrificing profitability.

2.2 Government Rules on FMCG Packaging

- Single-Use Plastic Ban (2022): Prohibited the use of plastic straws, cutlery, and some packaging materials.
- Extended Producer Responsibility (EPR): Mandates brands to recycle or recollect some of the plastic they produce.
- Corporate Compliance Reports: ITC and HUL report 100% recyclability, but independent audits reveal loopholes in actual practice.

3. Research Methodology

3.1 Research Design

The research is founded on secondary data analysis, employing sustainability reports, government policies, and market research studies.

3.2 Data Sources

1. Company Sustainability Reports:

- Hindustan Unilever (HUL) Sustainability Report 2023
- ITC Annual Report & Sustainability Initiatives
- Nestlé India Environmental, Social & Governance (ESG) Report
- Dabur Sustainability Commitment Reports

2. Government & Regulatory Reports:

- Central Pollution Control Board (CPCB) Plastic Waste Management Reports
- Ministry of Environment, Forest and Climate Change (Mo EFCC) Guidelines on Extended Producer Responsibility (EPR)
- NITI Aayog Reports on Circular Economy and Sustainable Packaging

3. Industry Studies & Market Research Reports:

- Indian Brand Equity Foundation (IBEF) Reports on FMCG Sustainability Trends
- Reports by consulting companies like McKinsey & Co., KPMG, and PwC regarding greenwashing and sustainable business practice.

4. Consumer Perception Studies:

- Nielsen Consumer Sustainability Index 2023
- Local and global surveys regarding consumer attitudes toward eco-friendly packaging
- FMCG Reports: Hindustan Unilever, ITC, Nestlé, Dabur sustainability statements.
- Industry Research: PwC, McKinsey, Statista, IBEF market studies.
- Government Reports: CPCB, Ministry of Environment reports.
- Consumer Behavior Studies: FICCI and Nielsen reports on sustainability preferences.

These sources assist in presenting a critical review of FMCG sustainability initiatives, their believability, and consumer response.

3.3 Data Analysis Method

The study employs both qualitative and quantitative analysis through the following methods:

1. Content Analysis:

- Analyzing sustainability reports for corporate claims' trends.
- Assessing whether the companies are making the composition of packaging materials transparent as well as whether they are recyclable or not.

2. Comparative Analysis:

- Comparing firm claims against actual reported achievement via government and independent reports.
- Analyzing discrepancies between industry-wide data vs. individual company reports to detect potential greenwashing.

3. Trend Analysis:

The Voice of Creative Research

Vol. 7 & Issue 2 (April 2025)

- Studying year-over-year changes in sustainable packaging commitments and implementation.
- Evaluating consumer behavioral shifts based on surveys and sales data of eco-friendly products.

4. Case Studies:

- Selecting specific companies (HUL, ITC, Nestlé, Dabur) to provide detailed insights into their sustainability approaches and their effectiveness.
- By integrating these multi-dimensional analytical techniques, the study ensures a fact-based evaluation of greenwashing in sustainable packaging.

4. Data Analysis & Findings:

4.1 FMCG Companies' Sustainable Packaging Claims vs. Reality Company Sustainability

Claim Actual Plastic Reduction Greenwashing Indicators?

Company	Sustainability Claim	Actual Plastic Reduction	Greenwashing Indicators?
HUL	100% recyclable plastic by 2025	60% as of 2023	Yes (lacks third-party verification)
ITC	“Plastic-neutral” by 2030	No clear roadmap	Potentially
Nestle	Reduced plastic by 12%	Still uses non-recyclable multilayered plastics	Yes
Dabur	100% biodegradable packaging in select products	Only herbal range uses it	Yes

4.2 Case Study: Hindustan Unilever (HUL)

HUL asserts that its packaging will be 100% reusable, recyclable, or compostable by 2025. Nevertheless, Greenpeace India's audit (2023) discovered that much of its plastic is still non-recyclable because of the use of multilayered plastic.

4.3 Financial & Market Impact of Sustainable Packaging

- **Cost Factor:** It is 25-30% more expensive to change to biodegradable material than with regular plastic.
- **Consumer Influence:** 67% of consumers want environmentally friendly packaging, but only 20% are willing to pay more (FICCI, 2023).
- **Revenue Impact:** Organizations that emphasize sustainability experience a 5-10% boost

in brand trust, but little sales growth.

5. Discussion & Interpretation

Discussion & Interpretation

The results show a huge disconnect between FMCG companies' claims and actual implementation of sustainability.

1. Inconsistencies between Commitments & Reality

- HUL and ITC mention 100% recyclability targets by 2025, but their respective plastic reductions are just 60% and 40%.
- Nestlé India's 12% plastic reduction is deceptive since its packaging continues to have non-recyclable multilayered plastics.
- Dabur touts its biodegradable packaging drive, but it is limited to its herbal portfolio, not all products.

This shows that although businesses mention standalone initiatives, their overall packaging waste is a significant concern.

2. Perception vs. Reality

- Consumer surveys indicate that more than 70% of Indian consumers are ready to pay extra for sustainable packaging.
- Yet, there is no adequate labeling and third-party assurance that allows consumers to identify real sustainability initiatives and distinguish them from greenwashing.

3. Regulatory Challenges

- Though the Plastic Waste Management (PWM) Rules 2016 and EPR rules oblige FMCG firms to control their plastic waste, compliance is not uniform.
- Few companies do not make their actual plastic footprint or third-party audit available, which makes it difficult to authenticate their sustainability claims.

4. The Way Forward

To counter greenwashing, the study recommends:

- Stronger third-party audits & independent authentication of sustainability claims.
- Government-issued "Sustainability Scorecards" on FMCG products.
- Fostering innovation towards genuinely biodegradable & compostable packaging materials rather than merely "recyclable" plastics.

6. Conclusion & Recommendations

6.1 Key Findings

- Most FMCG players practice greenwashing in the form of unsubstantiated sustainability claims.
- Financial limitations and a lack of infrastructure are significant obstacles to the

The Voice of Creative Research

Vol. 7 & Issue 2 (April 2025)

adoption of sustainable packaging.

- Regulations such as EPR by the Government have enhanced accountability but require more stringent enforcement.

6.2 Recommendations for FMCG Companies

- **Transparency:** Brands need to supply third-party authenticated reports on packaging sustainability.
- **Innovation:** Investing in low-cost, genuinely biodegradable packaging (e.g., edible cutlery, plant-based plastics).
- **Government Cooperation:** Improving recycling infrastructure and offering subsidies on sustainable materials.

6.3 Future Research Scope

- Examining post-2025 packaging trends following key corporate sustainability deadlines.
- Investigating the efficacy of India's recycling policies in lowering FMCG plastic waste.
- Assessing long-term changes in consumer behavior towards sustainability choices.

7. References

Central Pollution Control Board (CPCB). (2023). Plastic Waste Management Report 2023.

Hindustan Unilever. (2023). Sustainability Report 2023.

FICCI. (2023). Consumer Sustainability Preferences in FMCG.

Greenpeace. (2023). Sustainability & Greenwashing in FMCG: A Critical Review.

McKinsey & Company. (2022). The Future of Sustainable Packaging in Emerging Markets.