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Regulation of Social Media Influencers

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An audit checked 100 top digital stars for one thing. Did they say when a post was a paid ad? Of the 100 posts checked, 69 failed. This lesson explains the rules, the regulators and the latest changes.

9 Jun 2022 The consumer authority notifies endorsement guidelines.
29 Aug 2024 SEBI's association restrictions take effect.
1 Jul 2026 The 30-day data lag replaces the three-month lag.
23 Oct 2026 SEBI's final order in the Sathe case.

Material connection: A link with a brand, such as money, free products, family ties or equity.

Endorsement: A public recommendation of a product or service.

Finfluencer: A social media influencer who talks about money and investing.

Impound: To hold money or assets under a regulator's order.

1 When does a recommendation become an advertisement?

Must Know · Understand the words · Topic 1

A recommendation becomes an advertisement when the influencer has a **material connection** with the brand. That is the answer to remember.

A material connection is any link that could shape how far people trust the post. It can be money, free products, discounts, gifts, sponsored travel, a job, a family tie or an equity stake. Cash is not needed.

Think of a friend who praises a phone. If the maker gave that friend the phone free, you would want to know. The same idea applies online. An honest opinion still needs a label when such a link exists.

If the influencer bought the product alone and has no link with the brand, no advertising label is needed.

The **Central Consumer Protection Authority** (CCPA) is the government body that polices misleading ads. The Consumer Protection Act, 2019 created it under Section 10. On **9 June 2022**, it notified guidelines on misleading advertisements and endorsements under Section 18.

On 20 January 2023, the Department of Consumer Affairs released a guide called “Endorsements Know-hows!”. It is meant for celebrities, influencers and virtual influencers.

Misconception: many students think only paid posts need a label. Free gifts and sponsored trips count too.

> **Quick check 1.** Only cash payments trigger the duty to disclose an advertisement. *(True or False?)* See answer ↓

2 How must the label look, and who sets the format?

Must Know · Understand the words · Topic 2

The label must be upfront and easy to see. A line in the bio, a buried hashtag or text hidden behind “more” is not enough.

The government guide suggests clear words such as “advertisement”, “sponsored” and “paid promotion”.

The **Advertising Standards Council of India** (ASCI) sets the detailed format. It is an advertising-industry body that regulates itself, not a government regulator. It was set up in 1985. It introduced its influencer guidelines in May 2021.

For video, the time the label stays on screen depends on the length of the video.

Video length	Label must show
Up to 15 seconds	At least three seconds
Over 15 seconds, under two minutes	One-third of the video
Two minutes or longer	Throughout the part about the brand

Live streams need a disclosure at the beginning and at the end.

Misconception: a note in the profile does not cover every post. Each advertisement needs its own clear label.

> **Quick check 2.** A disclosure in the influencer’s biography is enough. *(True or False?)* See answer ↓

3 What fines can the consumer authority impose?

Must Know · Understand the words · Topic 3

The CCPA can fine a maker or endorser up to **₹10 lakh** for a first violation. For a later violation, the limit is **₹50 lakh**.

It can also ban an endorser from endorsing. The ban can last up to one year first time, and up to three years later.

An endorser is protected from these penalties if they took due care to check the ad's claims. This is the due-diligence defence in Section 21(5).

An endorsement must show a genuine, fairly current opinion. It must rest on enough information or experience. Influencers should also check that the advertiser can back up its claims.

So a label alone does not make a post lawful. A false claim with a clear label is still a problem.

Misconception: ₹50 lakh is not an automatic fine. It is the upper limit for repeat violations.

Remember: ₹10 lakh first time, ₹50 lakh later. Ban up to one year, then three years.

> **Quick check 3.** The first misleading-advertisement violation automatically brings a ₹50 lakh fine. *(True or False?)* See answer ↓

4 What did the audit find, and why did the market regulator step in?

Good to Know · Follow the history · Topic 4

The ASCI published its Top Influencer Compliance Scorecard in February 2025. It checked posts from Forbes India's Top 100 Digital Stars 2024. The posts were on Instagram and YouTube, from September to November 2024.

Of the 100 posts, **69 broke the rules**. Another 29 were properly disclosed. Two were dismissed because there was no material connection. Among the 69, 56.8% had no disclosure and 43.2% had a buried one.

Take care with this number. The study used a chosen top-100 list. It was not a count of all Indian influencers.

Money advice is handled by a different regulator. The **Securities and Exchange Board of India** (SEBI) regulates the securities market. A **finfluencer** is a social media influencer who talks about money and investing.

SEBI's association restrictions took effect on **29 August 2024**. They cover SEBI-regulated entities, market infrastructure institutions and their agents. These cannot be linked, directly or indirectly, with unregistered people who give securities advice. They also cannot be linked with people who claim returns without SEBI permission.

A person who only teaches investors is excluded, if they avoid both of those acts. So this is not a blanket ban on all finfluencers.

On 29 January 2025, SEBI clarified the rules for education content. It set a three-month lag for price data used in teaching.

Misconception: education is not a free pass. Stock-specific buy and sell calls are advice, even inside a course.

> **Think it through.** Why would a regulator want a gap between market data and teaching?
>
> **Show the explanation**
>
> Fresh prices invite people to trade right away. Older data works for teaching but is less useful for quick tips. The lag helps separate teaching from advice.

5 Is the three-month data rule still current?

Good to Know · Follow the history · Topic 5

No. As of October 2026, the general lag is **30 days**, not three months.

A SEBI circular dated **8 May 2026** replaced the three-month lag. The new provisions applied from **1 July 2026**.

There is a small exception. The National Institute of Securities Markets has a one-day lag only for its simulation lab.

Older data is not a shortcut. The education category still excludes advice, recommendations and return claims. Choosing older data does not remove those limits.

Misconception: do not quote “three months” as today’s rule. It was the rule from January 2025.

> **Quick check 4.** As of October 2026, the general educational price-data lag is still three months. *(True or False?)* See answer ↓

6 What extra duties apply to health and money advice?

Good to Know · Follow the history · Topic 6

Health advice has its own rules. Guidelines issued on **10 August 2023** ask medical practitioners and health or fitness experts to disclose their professional status.

People who present themselves as health experts must also say that their endorsement cannot replace medical advice, diagnosis or treatment. General wellness advice is exempt if it promotes no product and targets no health condition.

On **28 April 2025**, ASCI updated its rules. Qualifications are needed where technical health or finance advice could be taken as expert advice. Generic ads and public-service messages do not need them.

Keep three duties apart. First, show your qualification. Second, disclose your brand link. Third, check your claims.

For related rules, see SEBI and Consumer Protection in India and e-Jagriti.

7 What did the Avadhut Sathe case show?

Current Affairs · What is new? · Topic 7

The case shows how a course sold as “education” can be treated as advice. Everything below comes from SEBI’s orders and press reports.

In December 2025, SEBI passed an interim order that impounded about **₹546 crore**. The order said Sathe’s academy had collected over ₹601 crore from around 3.37 lakh clients. It said the programmes gave stock-specific buy and sell recommendations. SEBI treated that as unregistered investment advice.

The order said searches in August 2025 recovered recordings and messages. It said they showed direct inducement to trade.

On **22 January 2026**, the Securities Appellate Tribunal (SAT) partly allowed an appeal on the impounding. It cut the required deposit to ₹100 crore.

On **23 October 2026**, SEBI passed a final order. It told the academy and Avadhut Sathe to refund **₹546.17 crore** within five months. It also ordered ₹67.87 crore in interest to go to the Investor Protection and Education Fund.

Penalties totalled ₹11.5 crore on the academy, Avadhut Sathe and Gouri Sathe. The academy and founder face a two-year market ban, or longer until the refund direction is met.

On 28 October 2026, Moneycontrol reported that Avadhut Sathe was likely to challenge the order before the Securities Appellate Tribunal. The academy has denied the allegations and says it is a training institution.

Misconception: a refund order is not a completed refund. It sets a duty and a deadline.

> **Quick check 5.** The ₹546.17 crore refund order proves that participants have already received their money. *(True or False?)*
>
> See answer ↓

8 What changed in 2026 for ads and registration?

Current Affairs · What is new? · Topic 8

On 26 February 2026, SEBI issued a circular on showing registration details. It applies to content uploaded from **1 May 2026**. Regulated entities and their agents must show their registered name and number on social media handles and securities-related content.

On **8 October 2026**, SEBI notified the Intermediaries (Second Amendment) Regulations, 2026. The Gazette is dated 9 October 2026. They add a Common Advertisement Code in Chapter IIID.

As of October 2026, the code is notified but has not started. It starts on the 180th day from the Gazette date.

Under Regulation 16K, celebrity endorsements are allowed at brand or entity level. Claims or inducements about specific products or services are restricted. Celebrity ads need prior approval from the supervisory body, or from SEBI if none is named.

Misconception: notified does not mean in force. Always check the start date.

9 Why regulate disclosure instead of banning influencers?

Good to Know · Follow the history · Topic 9

India's rules aim at conduct, not at the whole industry. The idea is to ask for disclosure and accountability, not a ban.

The Constitution frames the debate. **Article 19(1)(a)** protects free speech. **Article 19(1)(g)** protects any profession or business. **Article 19(2)** allows reasonable speech limits on listed grounds such as defamation, public order, decency and morality. **Article 19(6)** allows reasonable business limits in the public interest.

The ad council and the consumer authority handle labels and qualifications. SEBI handles unregistered financial advice, because securities fall under its own remit.

The industry is big. India's influencer marketing spend was estimated at ₹3,000-3,500 crore in 2025, growing at roughly 22% a year. The wider creator economy is valued near $15 billion in 2026.

Indian creators are estimated to influence over $350 billion in consumer spending each year. Some projections say that could pass $1 trillion by 2030. These are estimates, not official counts.

Think it through. Why not ban influencer marketing?

Show the explanation

A ban would cut honest business and free speech. Disclosure fixes the real harm, which is hidden ads and unqualified advice.

Think it through. A paid course teaches diversification, then gives tomorrow's stock-specific entry and exit prices. What separates education from advice?

▼ Details

Look at what is actually said, how specific it is and why. Teaching ideas is education. Telling people what to buy and sell is advice.

Quick check 6. India's approach to influencer marketing is disclosure and accountability, not an outright ban. *(True or False?)*

See answer ↓

Practice MCQs

1. Which body notified the Guidelines for Prevention of Misleading Advertisements and Endorsements in June 2022?

A. ASCI

B. Central Consumer Protection Authority (CCPA)

C. Ministry of Electronics and IT

D. SEBI

See answer ↓

2. What must an influencer disclose under the 2022 CCPA guidelines when promoting a brand they have a paid relationship with?

A. Their real full legal name

B. The exact production cost of the content

C. Any 'material connection' with the advertiser

D. Their total follower count

See answer ↓

3. What did a 2024 ASCI study of India's top 100 digital influencers find, and what was the approximate non-compliance rate?

A. None failed, full compliance was found

B. 69% failed to disclose brand endorsements properly

C. 35% failed to disclose brand endorsements properly

D. 12% failed to disclose brand endorsements properly

See answer ↓

4. What restriction did SEBI's 29 January 2025 circular place on financial influencers ('finfluencers')?

A. A cap of 1000 followers for anyone discussing stocks

B. A total ban on all financial content on social media

C. A requirement to register as stockbrokers before posting

D. A ban on real-time stock data use and a mandatory three-month lag before referencing securities

See answer ↓

5. In its December 2025 order against finfluencer Avadhut Sathe, approximately how much did SEBI impound, making it its largest such action to date?

A. ₹5,460 crore

B. ₹5 crore

C. ₹546 crore

D. ₹46 crore

See answer ↓

Answer Key

1. **B.** The CCPA notified these guidelines on 9 June 2022, under the Consumer Protection Act, 2019. ↑ Q1
2. **C.** The guidelines require clear disclosure of any material connection with the advertiser, including payment, free products, family ties, or equity. ↑ Q2
3. **B.** The 2024 ASCI study found 69% of India's top 100 influencers failed to properly disclose brand endorsements, despite the CCPA rule being two years old. ↑ Q3
4. **D.** SEBI's January 2025 circular banned finfluencers from using real-time stock data and required a minimum three-month lag before referencing securities in educational content. ↑ Q4
5. **C.** SEBI's ex-parte interim order against Avadhut Sathe impounded over ₹546 crore, the largest such enforcement action against a finfluencer to date. ↑ Q5

Quick-check answers

1. **False.** ↑ 1
2. **False.** ↑ 2
3. **False.** ↑ 3
4. **False.** ↑ 4
5. **False.** ↑ 5
6. **True.** ↑ 6

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