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THE RISE OF INFLUENCER CULTURE AND THE NEED FOR STRONGER DIGITAL ADVERTISING LAWS IN INDIA

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INTRODUCTION

Social media creators have evolved from entertainers into powerful marketing agents by leveraging parasocial relationships to build immense trust. In India's booming digital market, influencers act as relatable peers, significantly shaping consumer purchase intentions. This shift has birthed an influencer-driven culture where authenticity is a primary currency. Consequently, the rapid professionalization of this space necessitates stricter oversight under the Consumer Protection Act and ASCI guidelines to ensure transparency and prevent deceptive advertising practices through mandatory disclosures.[1]

THE PSYCHOLOGY BEHIND INFLUENCER CONSUMERISM

The shift toward influencer consumerism is rooted in parasocial relationships, where followers develop a one-sided sense of intimacy and "friendship" with creators.[2] Unlike traditional celebrities, influencers provide a facade of accessibility, leading audiences to trust their recommendations as peer-to-peer advice rather than corporate pitches. This trust is further amplified by FOMO (Fear of Missing Out) marketing, where time-sensitive "drops" or curated lifestyles create a psychological urge to consume to maintain social belonging.

Young consumers, particularly Gen Z and Millennials, are most susceptible to this phenomenon.[3] Their digital-native status makes them more likely to reject polished

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[1] The Consumer Protection Act, 2019, No. 35, Acts of Parliament, 2019 (India)

[2] George, A., "Impact of Social Media Influencer Marketing on Customer Purchase Intention in the Fashion Industry: A Systematic Literature Review," *Frontiers in Communication* (2025)

[3] Mahajan, R., "Assessing the Effectiveness of Influencer Marketing on Consumer Purchase Intentions: A Case Study of Indian Consumers," *Journal of Marketing & Social Research* (2026)

traditional advertisements in favour of perceived "authenticity." However, this psychological bond can blur the lines between genuine endorsement and paid promotion. To protect these vulnerable demographics, the ASCI Guidelines and the Consumer Protection Act now mandate clear disclosures, ensuring that the "trust" influencers cultivate is not exploited through deceptive commercial practices.[4]

HIDDEN ADS, FAKE REVIEWS, AND THE ILLUSION OF AUTHENTICITY

The efficacy of influencer marketing often relies on a manufactured "illusion of authenticity." This illusion is shattered when sponsored content is intentionally disguised as organic recommendations, a practice known as "stealth advertising."[5] The primary ethical breach is the lack of disclosure, where creators omit material connections to brands, leading followers to believe a paid promotion is a personal preference.

Furthermore, the ecosystem is plagued by fake testimonials and the manipulation of affiliate marketing links, where financial incentives dictate praise rather than product quality. Such deceptive practices mislead consumers into making uninformed financial decisions. To combat this, Indian regulatory bodies have tightened oversight, emphasizing that transparency is not optional. Under the current legal framework, failing to clearly label commercial partnerships constitutes a "misleading advertisement," punishable under consumer protection statutes to ensure digital markets remain fair and credible.[6]

THE RISE OF FINFLUENCERS, HEALTH INFLUENCERS, AND OTHER UNREGULATED EXPERTS

The emergence of "finfluencers" and health experts has introduced high-stakes risks into the digital ecosystem. Many creators provide financial advice without qualifications, bypassing the stringent licensing requirements mandated by the Securities and Exchange Board of India (SEBI).[7] This often extends to volatile crypto promotions, where influencers push speculative assets without disclosing personal stakes or the underlying market risks, leading to significant retail investor losses.

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[4] Advertising Standards Council of India, *Guidelines for Influencer Advertising in Digital Media* (2021)

[5] Ciani, J., “Dark Partners: Transparency Obligations Against Deception in Virtual Influencer Marketing,” *Dialnet* 148 (2025)

[6] Yadav, G., “Consumer Protection against Misleading Advertisements and Deceptive Branding: Interplay between Consumer Law and Intellectual Property Rights in India,” *ACR Journal* (2025)

[7] Securities and Exchange Board of India (SEBI) regulations relating to investment advice and influencer promotions

Similarly, the health sector faces a surge in medical and skincare misinformation. Unqualified influencers often endorse prescription-strength products or restrictive diets, masquerading as medical professionals. The risks caused by unverified advice are profound, ranging from financial ruin to severe health complications. Consequently, the Advertising Standards Council of India (ASCI) and the Central Consumer Protection Authority (CCPA) have intensified regulations, requiring influencers in "high-risk" categories to possess relevant professional certifications and provide clear, prominent disclaimers to prevent the exploitation of consumer trust.[8]

CHILDREN, ALGORITHMS, AND VULNERABLE CONSUMERS: WHO PROTECTS THEM?

The digital landscape poses unique risks to vulnerable audiences, particularly children, who often lack the cognitive ability to distinguish between organic content and child-targeted ads.[9] Gaming influencers wield immense power in this demographic, frequently promoting in-game purchases, loot boxes, or high-energy products through "unboxing" or gameplay videos that function as covert commercials. This exposure is magnified by algorithm-driven product promotion, which creates echo chambers of consumption by repeatedly pushing sponsored content to impressionable users.

The exploitation of vulnerable audiences extends to those lacking digital literacy, who are easily swayed by perceived authority. To address this, the Central Consumer Protection Authority (CCPA) and ASCI have introduced stricter mandates under the Consumer Protection Act.[10] These guidelines prohibit advertisements that portray products as superior for social or physical status to children and require influencers to ensure content does not encourage dangerous practices or bypass parental control. Transparency in algorithmic targeting and clear labelling are now essential to prevent predatory marketing.

INDIA'S CURRENT DIGITAL ADVERTISING FRAMEWORK: REGULATION OR MERE GUIDELINES?

India's digital advertising landscape operates through a hybrid model of self-regulation and statutory authority. The Advertising Standards Council of India (ASCI) guidelines serve as the

[8] Advertising Standards Council of India, *Guidelines for Influencer Advertising in Digital Media* (Updated 2023).
[9] Central Consumer Protection Authority, *Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements* (2022)
[10] The Consumer Protection Act, 2019, No. 35, Acts of Parliament, 2019 (India)

primary self-regulatory code, mandating that influencers disclose commercial interests via specific tags (e.g., #ad, #collab).[11] While historically viewed as "soft law," these guidelines gained significant teeth through the Central Consumer Protection Authority (CCPA) rules issued in 2022. The CCPA provides a formal regulatory framework, making non-disclosure a punishable offense.[12]

At the pinnacle of this structure is the Consumer Protection Act, 2019, which empowers the government to impose heavy fines up to ₹10 lakhs for first-time offenders and prohibit influencers from endorsing products for up to a year.[13] However, existing legal loopholes persist. Enforcement remains reactionary, often relying on consumer complaints rather than proactive monitoring. Furthermore, "dark patterns" and cross-border digital content often fall outside the jurisdictional reach of domestic regulators, leaving a gap between the written law and its digital execution.

THE FUTURE THREAT: AI INFLUENCERS, DEEPFAKE ENDORSEMENTS, AND DIGITAL DECEPTION

The digital frontier is facing a new crisis: the rise of virtual influencers – CGI (Computer - Generated Imagery) entities that mimic human personalities without the physical limitations or ethical constraints of real people.[14] These AI-driven personas can be programmed for 24/7 promotion, blurring the line between reality and simulation. More alarming is the surge in deepfake advertisements, where sophisticated AI generates hyper-realistic video and audio to create fake celebrity endorsements.[15] This technology allows bad actors to hijack the "trust equity" of a public figure to sell fraudulent products or spread misinformation.

These developments present emerging legal challenges that outpace current frameworks. Identifying the "originator" of a deepfake and assigning liability remains a jurisdictional nightmare. Indian regulators are now tasked with expanding the Consumer Protection Act and IT Rules to address "digital personas," emphasizing that the duty of disclosure applies equally

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[11] Advertising Standards Council of India, *Guidelines for Influencer Advertising in Digital Media* (2021)
[12] Central Consumer Protection Authority, *Guidelines for Prevention of Misleading Advertisements and Endorsements for Misleading Advertisements* (2022)
[13] The Consumer Protection Act, 2019, No. 35, Acts of Parliament, 2019 (India)
[14] Agrawal, S., “Digital Transformation in Retail: Adapting to New Consumer Landscape,” 6 *LPCPS E-Sarthi* 110 (2024)
[15] Ciani, J., “Dark Partners”: Transparency Obligations Against Deception in Virtual Influencer Marketing, *Dialnet* 148 (2025)

to synthetic creators.[16] Without stringent verification protocols, the digital market risks a total collapse of consumer trust.

CONCLUSION: WHY INDIA NEEDS STRONGER LAWS BEFORE INFLUENCE BECOMES EXPLOITATION

As the digital economy matures, transitioning from voluntary guidelines to enforceable statutes is essential.[17] To prevent influence from becoming exploitation, India needs stronger accountability mechanisms holding both creators and brands liable for claim veracity. While mandatory disclosures are foundational under CCPA rules, they are frequently bypassed, necessitating standardized, high-visibility labelling.

Furthermore, platform responsibility must be codified; social media giants should be mandated to use AI-driven tools to detect undisclosed promotions and deepfakes.[18] The ultimate goal is safeguarding the consumer's economic and physical well-being. Transparency must be the digital era's default setting, not a regulatory hurdle. Without a robust legal shield, the trust fuelling influencer culture risks becoming the tool of its own destruction, undermining India's digital marketplace integrity.

[16] Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (India)
[17] The Consumer Protection Act, 2019, No. 35, Acts of Parliament, 2019 (India)
[18] Advertising Standards Council of India, *Guidelines for Influencer Advertising in Digital Media* (Updated 2023)