"PAID PARTNERSHIPS, UNPAID PROTECTIONS" THE REALITY OF INFLUENCER CONTRACTS IN INDIA

Anagha Suresh Manian, Student , Asian Law College, Noida

ABSTRACT

The quick growth of influencer marketing in India has changed digital advertising because it helps brands reach consumers through content creators while making legal and contractual issues more difficult. The research investigates Indian influencer contract structures through its analysis of fundamental contract elements which include deliverables, compensation, exclusivity, intellectual property rights, disclosure requirements and dispute resolution systems. This paper further studies the regulatory framework which the Consumer Protection Act, 2019; Advertising Standards Council of India guidelines and Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 create to enforce requirements about transparent operations, responsible behaviour and accurate information sharing. The present study discovers ongoing problems because of informal agreements, slow payment processes, unfair contracts, intellectual property conflicts and false advertising practices. It further demonstrates how weak contractual protections as well as enforcement deficiencies create systemic weaknesses through case studies that show financial fraud and payment delay incidents. The analysis shows that different jurisdictions need to establish more stringent compliance processes for their regulations according to the comparison between the United States, the United Kingdom andthe current study. This research presents standardized contract practices, improved regulatory control and Indian Influencer Contract Standard initiatives as essential elements to create equitable systems in India's growing influencer marketing sector.

Key Words: - *Influencer Marketing, Influencer Contracts, Consumer Protection, Payment Disputes, Regulatory Framework*

I. INTRODUCTION

Brands and content creators sign contracts which define their official partnership through specific campaign requirements, payment structures, deadlines, content ownership terms and mandatory legal responsibilities. The contract provides clear definitions which safeguard both parties while ensuring that influencer collaborations will meet established performance standards. The influencer contract establishes content delivery schedules, payment procedures and advertising law compliance requirements which protect both the brand along with the creator. Problems arise when parties fail to meet contractual obligations[1].

India has experienced a remarkable transformation in its practice of influencer marketing. The industry experienced global growth which resulted in India developing an energetic market system that creators use to establish new trends and control public discussions. Brands now use influencer marketing as their main strategy to reach audiences because the creator economy and influencer marketing industries have grown rapidly as the audience prefers the content created by creators[2].

The digital era has brought forth the emergence of influencer culture, which enables people to control consumer product perceptions and brand image through their endorsement of sponsored content. The development has introduced modern marketing tools and communication methods to the industry, but it has created significant legal and ethical challenges. The principle states that all individuals in society need to fulfiltheir obligations according to the power they possess. The advertising content which makes false statements about a product or service or which fails to disclose its paid sponsorship or which makes untrue assertions will create legal responsibility for the influencer, the partnered advertising agencies and brands which they represent. The

[1]Devyani Mehta, "How to Write an Influencer Contract That Protects Your Brand" available at: https://learn.g2.com/influencer-contract (last visited on March 24, 2026)
[2]ETBrandEquity, "Influencing Change: How India's Creator Economy is Making Waves in Marketing" available at: https://brandequity.economictimes.indiatimes.com/news/research/influencing-change-how-indias-creator-economy-is-making-waves-in-marketing/117827734 (last visited on March 24, 2026)

Advertising Standards Council of India (ASCI)[3]and the Consumer Protection Act, 2019[4] provide guidelines that govern endorsement practices and mandatory disclosure requirements[5].

Disputes in influencer contracts often arise due to several factors. An influencer commits content breach through failure to deliver contracted material or through delivery of false information. Payment disputes involve late, partial, or non-payment for sponsored content or campaigns. Contract terms permit infringement of exclusivity when an influencer endorses competitive products. Intellectual property rights face violations through the combination of copyrighted music, images and unauthorized usage of third-party content. The brands experience fraudulent activities through influencer partnerships when influencers present false information about their follower counts and engagement metrics. The parties involved face termination and cancellation issues because either party decides to stop campaigns or events before their planned completion. Parties involved in the dispute resolution process must follow either civil litigation or arbitration or mediation according to contract specifications and jurisdiction laws[6].

This paper demonstrates that influencer contracts function as essential legal instruments which govern brand-creator relationships in India, but the swift expansion of influencer marketing has created legal and contractual protection gaps which allow informal work methods, payment problems, worker mistreatment and weak enforcement to continue existing, thus requiring the development of common contract standards and enhanced regulatory control.

II. UNDERSTANDING INFLUENCER CONTRACTS IN INDIA

Social media platforms together with influencer authentic relationships with their audiences have made influencer marketing into a fundamental component of contemporary brand strategies. Brands use influencer marketing to promote their products because they believe that influencers can help them connect with customers through their trusted relationship with their audience. The increasing size of the industry requires brands and influencers to establish formal contracts for

[3]Advertising Standards Council of India, *Guidelines for Influencer Advertising in Digital Media*, available at: https://ascionline.in (last visited on March 24, 2026)
[4]The Consumer Protection Act, 2019
[5]Prince Raj, "Influencers and the Law: Analysis of Legal Issues in Endorsements and Sponsored Content" available at: https://www.khuranaandkhurana.com/influencers-and-the-law-analysis-of-legal-issues-in-endorsements-and-sponsored-content (last visited on March 24, 2026)
[6]Law Gratis, "Social Media Influencer Contract Disputes" available at: https://www.lawgratis.com/blog-detail/social-media-influencer-contract-disputes (last visited on March 24, 2026)

their business partnerships. Structured contracts provide detailed information about what parties involved in a contract must deliver together with their respective payments and rights to use created content which helps to avoid misunderstandings and legal conflicts. These agreements provide legal protection while establishing professional standards for collaboration which protect both creators and brands during campaign operations which need to be conducted in an open manner[7].

The essential components of a well-structured influencer contract need examination because they form the basis of this particular context. Influencer marketing agreements require specific rules which need to address various commercial, creative and legal aspects that exist between brands and content creators.

1. Deliverables

The primary function of influencer contracts requires specific details about deliverables and content ownership rights. The agreement should describe all work responsibilities which the influencer must complete together with detailed information about required content creation. The agreement requires the influencer to create particular types of content which include videos, photographs, blogs, and social media posts. The agreement must establish whether the partnership involves a single post or multiple posts which belong to a larger campaign. The agreement provides both the brand and the influencer with complete understanding of their responsibilities which helps prevent any possible conflicts. It also establishes complete clarity between the brand and influencer regarding their duties which stops any potential disagreements from occurring. The contract must specify every task which the influencer needs to complete while providing specific instructions about creating video content, photo content,blog content and social media contentbecause it enables them to understand their respective responsibilities which minimizes the probability of disputes. The contract needs to address content ownership and usage rights through specific intellectual property provisions which require separate detailed treatment[8].

[7]Tring, "Influencer Agreements & Contracts: All You Need To Know" available at: https://www.tring.co.in/influencer-marketing/influencer-agreement (last visited on March 24, 2026)
[8]Pritha Ash, "Influencer Contract Negotiation: From Payment Terms to Exclusivity" available at: https://hobo.video/blog/influencer-contract-negotiation-from-payment-terms-to-exclusivity/ (last visited on March 24, 2026)

2. Compensation

Transparent payment arrangements establish trust between businesses and influencers while showing their professional standards during their partnership. The payment structure in influencer contracts needs to specify payment methods which include flat fees that pay artists a fixed amount for each post or reel, product-based payment and performance-based commission through affiliate earnings and hybrid payment systems that use multiple payment methods. The total amount payable needs to include the correct currency display which usually shows Indian Rupees as the standard currency. The agreement should also provide a precise payment timeline which includes partial payment before work starts and the rest of the payment after the content receives approval or payment needs to occur within a certain time after the content goes live. The agreement needs to specify the payment method which includes bank transfer, UPI or digital payment platforms as available options. The establishment of precise payment rules enables brands and influencers to maintain responsibility while eliminating possible conflicts[9].

3. Exclusivity

Exclusivity provisions in influencer contracts are designed to prevent influencers from promoting competing brands during the term of a campaign, thereby protecting the commercial interests of the contracting brand. The clauses need to establish their exclusive time frame while showing which specific rivals or product categories face restrictions and which areas face geographical limitations. The clause needs to show all exceptions which break the exclusivity rule because this will help people understand better. The standard clause states that the influencer cannot promote competing brands within the same industry for the duration of the agreement and the designated period after their final content release. The correct drafting of exclusivity clauses creates clear guidelines which stop conflicts of interestas well as protect brand partnerships[10].

4. Disclosure and Compliance

[9]Michael Teves, "Understanding Influencer Contracts: What to Include in Your Agreement" available at: https://www.getsaral.com/academy/influencer-contracts-what-to-include-in-your-agreement (last visited on March 24, 2026)

[10]StarNgage, "Writing Airtight Influencer Contracts: Essential Clauses & Templates for Brand Protection" available at: https://starngage.pro/blog/writing-airtight-influencer-contracts-essential-clauses-templates-for-brand-protection (last visited on March 24, 2026)

The Indian regulations for influencer marketing require contracts to include clauses that outline influencer obligations about transparency and disclosure requirements. Influencers must clearly disclose any brand relationship that includes paid partnerships, sponsorships and gifted collaborations, which they need to endorse through their genuine opinions. The Advertising Standards Council of India established guidelines that require disclosures to maintain clear and direct content which common consumers can easily understand. Advertisements must show their common identifiers through #Ad, #Sponsored or #PaidPartnership which need to stay visible in captions without hiding behind multiple hashtags. Disclosures need to match the requirements of different platforms through their use of overlay text in videos, social media post captions and live stream verbal disclosures. These requirements serve as essential components which help organizations meet legal obligations while creating transparency and building consumer confidence[11].

5. Approval and Revision

Businesses maintain strict control over their brand goodwill together with their brand product marketing activities. Businesses should implement a clause which requires influencers to share promotional content about their products or services only after the business has given its final approval. The businesses need to protect influencer creative freedom during their drafting process[12].

6. Termination

A well-drafted influencer contract must include a termination or cancellation clause to address situations where campaigns are discontinued due to unforeseen circumstances or breaches by either party. The clause describes all conditions which permit the parties to end the contract before its scheduled conclusion through brand non-payment unreasonable demands or influencer contract violations or content that fails to meet standards. The agreement must include force majeure provisions which protect both parties from natural disasters, pandemics and other

[11]Corrida Legal, "Drafting Influencer Contracts: Key Compliances Under the ASCI and DPDP Act" available at: https://corridalegal.com/drafting-influencer-contracts-key-compliances-under-the-asci-and-dpdp-act/ (last visited on March 24, 2026)

[12]Isheta T. Batra, "Social Media Influencer Contracts: Elaborating The Must-Have Clauses" available at: https://www.mondaq.com/india/social-media/1358818/social-media-influencer-contracts-elaborating-the-must-have-clauses (last visited on March 24, 2026)

uncontrollable events. The clause should define the notice period requirements while describing the rights and obligations of both parties regarding payments and deliverables after contract termination. The provisions establish equitable terms which decrease guessing work while they deliver legal safeguards for situations when influencers end their marketing activities before scheduled time[13].

7. Intellectual Property Rights

One of the key issues in influencer collaborations is determining ownership and usage rights over the final content. Furthermore, Contracts may provide for full brand ownership, shared ownership, or a limited license, where the influencer retains rights but permits the brand to use the content for specific purposes. Furthermore, it is also essential to define the duration of such usage, as some agreements restrict it to the campaign period while others allow extended use, often requiring higher compensation[14].

8. Confidentiality

The contract needs to have a confidentiality and non-disclosure clause which will protect all sensitive information. The agreement stops the influencer from sharing any secret information which belongs to the brand.The essential confidentiality provisions require the definition of confidential information to establish which details will be treated as confidential, the non-disclosure obligations must describe how the influencer will maintain information secrecy and the duration of confidentiality must explain the time period for which confidential information must remain protected[15].

9. Dispute Resolution

The influencer contract needs to include an explicit procedure for dispute resolution between the parties so that they can resolve conflicts without interrupting their work activities. The agreement allows parties to choose between arbitration and mediation as their preferred methods for resolving disputes while establishing the conditions under which they can initiate legal

[13]The Influence Agency, "Must-Have Terms in Influencer Contracts" available at: https://theinfluenceagency.com/blog/must-have-terms-in-influencer-contracts (last visited on March 24, 2026)
[14]Pickle, "Influencer Contracts: What Brands Must Include" available at: https://picklesocial.com/insights/influencer-contracts-what-brands-must-include (last visited on March 24, 2026)
[15]Bark Social, "Effective Influencer Contracts" available at: https://barksocial.digital/effective-influencer-contracts/ (last visited on March 24, 2026)

proceedings. The contract requires parties to choose a governing law which determines jurisdictional matters because they usually use Indian law for their domestic business operations. The parties involved in the dispute resolution process gain better understanding through established procedures and designated legal frameworks which decrease potential disputes and inform them about their rights along with the available legal options.

The effectiveness of these clauses as the base structure of influencer contracts depends on two requirements which need to be fulfilled through correct contract writing and fair contract negotiation. The negotiation process between parties requires both sides to reach an agreement on all contract terms.

III. REGULATORY FRAMEWORK

Indian influencer marketing operates under a system which uses both official legal rules, industry-established guidelines to maintain open business operations while protecting customer rights and promote moral marketing methods.The Consumer Protection Act, 2019; CCPA Guidelines, 2022[16]; ASCI Guidelines, 2021 along with the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954[17] create legal requirements which brands, advertisers and influencers must follow to maintain transparent advertising practices, truthful product information and required endorsement disclosure. The digital marketing ecosystem which experiences rapid growth will obtain better consumer trust through these measures while businesses will face new responsibility standards and the system will restrict deceptive advertising practices.

1. Consumer Protection Act, 2019

The Act establishes a definition for 'misleading advertisement' in Section 2(28)[18], which describes these advertisements as those that provide incorrect information or present untrue statements while hiding vital details which would deceive buyers.Section 21[19] empowers the Central Consumer Protection Authority (CCPA) to directly discontinue or modify misleading

[16] Government of India, *Central Consumer Protection Authority (CCPA) Notification* available at: https://doca.gov.in/ccpa/files/CCPA_Notification.pdf (last visited on March 24, 2026)
[17]Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954
[18]Consumer Protection Act, 2019, § 2(28)
[19]Consumer Protection Act, 2019, § 21

advertisements while the authority can also impose fines which reach ₹10 lakh for first-time violations and ₹50 lakh for all following violations while the authority can also prohibit endorsers from appearing in advertisements for one year after their first violation and three years after their subsequent violations.

The Consumer Protection Act, 2019 protects consumer rights because it requires both influencers and brands to face consequences for false advertising. The regulation establishes legal consequences for businesses which either fail to reveal sponsored content or present deceptive product information. Influencers must follow specific compliance rules which require them to display endorsement disclosures clearly while maintaining truthful product reviews and disclosing all brand partnerships. The requirements establish consumer trust through ethical advertising methods which operate within the influencer marketing system[20].

2. CCPA Guidelines, 2022

The guidelines released under Section 18[21] of the Consumer Protection Act, 2019 have been enacted to bring the advertising in India under reasonable control by establishing standards for truthfulness, fairness and responsibility by every person involved whether directly or indirectly, including advertiser, agency and endorser/influencer.

The guidelines define several words like "advertiser", "advertising agency", "bait advertisement", "surrogate advertisement", "endorser" and governs all forms of advertisements across all types of media, by requiring that all advertisements are truthful and not misleading, supported by material with evidence which should be available to be verifiable; that it does not indulge in misleading offers, surrogate advertisements about products banned for being misleading etc; it lays down specific provisions and protections for children advertisements which discourages advertisement that exploits the lack of experience, belief or judgement of a child or their particular susceptibility and warns them against misleading advertisements for products which may be harmful for them.

Advertisers together with endorsers must fulfil their assigned responsibilities to prevent advertisements from displaying false information and deceptive content. The companies which

[20]Lawfluencers, “Influencer Marketing Laws in India” available at: https://lawfluencers.com/influencer-marketing-laws-in-india/
[21]Consumer Protection Act, 2019, § 18

provide free offers must give customers these deals without requiring them to fulfilany additional conditions. The advertisements need to display easily readable disclaimers about this subject whenever the situation requires such information. The endorsers must reveal every important connection they have with the product or service they promote which includes any monetary ties. The endorser should show genuine belief in their endorsement because they have direct experience with the product or service they promote.

3. Advertising Standards Council of India (ASCI) Guidelines, 2021

The Advertising Standards Council of India developed advertising policies which create a complete operational framework to manage influencer advertising through clear and responsible practices.The regulation needs influencers to show their mandatory disclosure of material connectionswhich includes all paid partnerships, gifts or any other type of incentive that they received regardless of whether their actual opinion was genuine. The guidelines require three particular labels for disclosures which consist of #Ad and #Sponsored and #PaidPartnership that function as their primary identification system and they should not appear in captions or hashtags. Both influencers and advertisers must follow rules to prevent sponsors from creating content that would mislead viewers while maintaining ethical advertising practices. The guidelines require platforms to create specific disclosure formats which include visible overlays or verbal disclosures that must appear during videos, at the beginning of blogs, captions through on-screen displays in stories and reels. Both influencers and advertisers must follow rules to prevent sponsors from creating content that would mislead viewers while maintaining ethical advertising practices[22].

The guidelines establish disclosure requirements together with a new obligation for influencers which requires them to conduct product research before they endorse any product especially in health, finance and technology fields. Influencers who provide expert advice need to show their relevant qualifications which they must disclose because they can only provide general marketing materials without these qualifications. The guidelines require virtual influencers to show their non-human nature while they apply to all digital channels and all content that offers

[22]Advertising Standards Council of India, *Guidelines for Influencer Advertising in Digital Media* available at: https://www.ascionline.in/social/wp-content/uploads/2025/04/ASCI-Influencer-Guidelines.pdf (last visited on March 24, 2026)

financial incentives. The provisions aim to protect consumer interests by showing which content is paid promotion and which content is organic but the influencer marketing industry faces problems with enforcement and compliance that persist because the industry keeps changing[23].

4. Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954

The Act intersects with the regulatory frameworks as it prohibits the misleading advertisements of certain medical and health claims in paid partnerships and also holds influencers liable alongside brands. Along with ASCI 2021 guidelines, this act reinforces the regulations by mandating disclosures for endorsements, ensuring compliance with the DMRA's ban on ads on certain diseases, disorders or conditions as mentioned in the Schedule of the Act.

Section 7[24] of the DMRA Act, 1954 outlines the penalties for non-compliance with the provisions or the rules made within the Act. Upon the first conviction, the imprisonment may extend to six months with or without fine or both depending upon the facts and severity of the case. However, upon subsequent convictions the imprisonment may extend to one year with or without fine or both. Influencer contracts often include indemnity clauses which requires creators to verify the claims;however, violations expose both the parties to the contract under joint liability.

The combination of these laws with their accompanying guidelines establishes a complete regulatory system that requires both brands and influencers to practice ethical advertising standards which protect consumers from misleading advertising and hidden sponsorships. The influencer industry continues to face enforcement and compliance difficulties yet the combination of existing laws with self-regulatory practices creates stronger protection for consumers while enhancing transparency and trustworthiness of influencer marketing in India.

IV. LEGAL ISSUES AND EXPLOITATION

Social media influencers have emerged as major forces in the digital world because they use their online platforms to influence how people shop and perceive brands. The expansion of their power requires development of a complete legal system which should control their operations. Companies now use influencer marketing to promote their products through an advertising

[23]Ibid
[24] Drugs and Magic Remedies (Objectional Advertisements) Act, 1954 § 7

strategy which creates new marketing possibilities together with fresh marketing challenges for businesses and social media influencers. The legal framework of influencer law addresses multiple legal matters which protect contract rights and intellectual property assets and ensure businesses follow rules to maintain customer safety[25].

1. One-Sided Contract

The process of creating one-sided contracts results in unfair treatment because these agreements force weak parties to accept unfair responsibilities which usually affect small creators who lack power, money and influencers who lack influence. The stronger party gains advantage through these contracts which show no possibility for fair settlement because the parties have different levels of bargaining power. The lack of equal dispute resolution methods and delayed payment interest charges forces influencers to spend money on court battles which strengthens the practice of exploitation.

2. Content Ownership and IP issues

Influencers face a significant legal obstacle when they need to protect their intellectual property rights while trying to prevent unauthorized use of other people's intellectual property. Videos, pictures and music are shared with the audience on platforms such as Instagram, and YouTube. When a creator uses copyright material without the relevant authorization then the copyright owners take action to remove the infringing videos, seek legal actions and sue infringement, charging for infringement money. Legal content creators are required to know about copyright law and have to understand about the protection of content. An attorney partnership enables content creators to register their intellectual property rights while obtaining guidance on proper utilization of third-party materials[26].

3. Informal Agreements

In India, influencer partnerships commonly use informal agreements because most partnerships end through direct messaging, email and verbal agreements instead of written contracts. The

[25]Attorneys Media, "Influencer Law: Legal Considerations for Social Media Stars" available at: https://attorneys.media/influencer-legal-considerations/ (last visited on March 25, 2026)

[26]The Social Media Law Firm, "What Are the Legal Issues With Influencers?" available at: https://thesocialmedialawfirm.com/blog/influencer-law/what-are-the-legal-issues-with-influencers/ (last visited on March 25, 2026)

communication methods create a record of mutual understanding but they fail to provide the necessary details which courts require to enforce agreements. The Indian Contract Act, 1872[27] requires three elements for an agreement to achieve legal validity but the lack of a written contract makes it hard to prove what the parties intended. The use of informal agreements results in higher risks of confusion which decreases legal security and creates obstacles for proving rights and duties during conflicts.

The preferred method of conducting influencer partnerships requires formal agreements because these contracts establish precise terms which establish unambiguous obligations and create legally binding conditions. The formal written contract establishes essential terms which include deliverable specifications, payment details, schedule requirements, content ownership privileges and methods for resolving disputes which help organizations reduce confusion while prevent potential disagreements.The use of informal agreements results in parties not reaching essential contract terms, which creates potential for disputes that become harder to resolve.

4. Non-Payments or Delayed Payments

Payment problems create persistent conflicts between parties involved in the transaction. The conflicts arise because the contracts sometimes do not provide clear information about payment schedule dates, methods andamounts. The situation becomes problematic because the parties involved do not establish clear terms which define both extra work and additional revision costs[28].

The agency or platform which handles the payments sometimes causes influencers to wait for their payments longer periods past the scheduled payment date. Delays often occur due to intermediary agencies and platforms fail to provide sufficient information while they maintain poor communication. The team needed to complete their deliverables first before they could start tracking their payment status which they could only manage through self-created payment reminders. The influencer or manager due to delay emails the agency contact who then contacted the agency finance team about the payment schedule which created a waiting period. The creators who worked with these brands went to their brand contacts directly with payment issues

[27]Indian Contract Act, 1872

[28]Tapereal, "5 Legal Solutions for Influencer Contract Disputes" available at: https://web.tapereal.com/blog/5-legal-solutions-for-influencer-contract-disputes/ (last visited on March 25, 2026)

which made the brand feel guilty enough to pay the creators directly. Late payments not only create financial difficulties for creatives but these payments also harm the trust which brands build with their partners who use these platforms[29].

5. Misleading Advertisements

Under Indian law, advertisers, influencers and their campaigns involving endorsements are not absolved from liability with reference to advertising and endorsementsparticularly in reference to truth and transparency. An influencer is mandated to provide clear disclosure of any paid collaboration; in the absence of which, the endorsement may mislead consumers into believing it to be an organic and non-commercial recommendation. This constitutes a contravention of guidelines of the Advertising Standards Council of India, the ConsumerProtection Act, 2019 etc. Apart from making disclosures, an influencer has to conduct due diligence while making claims about the product, and not merely take the representation of the brand at face value; for, the endorsements of false or unsubstantiated claims (Misleading medical or health benefits) shall result in legal repercussions. Under the Consumer Protection regime, influencer could face penalties, which could include fine, suspension of endorsement activity for some duration, as well as severe reputational damages. In instances of repeated offenses, the law provides for a ban on endorsements of such products for some duration. While an influencer will also have to share liability with the brand as being a co-promoter of the product, there would be no escaping penalties[30].

The entire influencer marketing ecosystem in India faces major legal and ethical problems which create difficulties for both content creators and brand companies. The professional responsibilities of influencers become challenging because they must deal with various dangers which include unfair contracts, unofficial deals, and disputes over intellectual property rights, as well as payment delays and the possibility of creating deceptive advertisements about their work. The digital marketplace needs protection from exploitation therefore all parties must create binding contracts, deliver payments on schedule, provide open disclosure of endorsements, and

[29]Lumanu, "From Promises to Non-Payments: Influencers Turning to Legal Action" available at: https://www.lumanu.com/blog/from-promises-to-non-payments-influencers-turning-to-legal-action (last visited on March 25, 2026)

[30]Legal Amenity, "Liability of Influencers in Misleading Advertisements" available at: https://www.legalamenity.com/post/liability-of-influencers-in-misleading-advertisements (last visited on March 25, 2026)

follow existing legal and regulatory requirements to establish trust among influencers, brands, and customers.

V. CASE STUDIES

Case studies reveal the actual obstacles which influencers and brands must handle when they operate inside the digital marketing framework. These examples demonstrate that unprotected agreements together with insufficient authentication procedures and defective financial systems result in fraudulent activities which produce both financial losses and damage to public image thus proving the need for improved rules and moral guidelines in influencer marketing.

A recent case demonstrates how influencer marketing agreements pose dangerous threats because three workers from a Mumbai advertisement company face police charges after they allegedly stole ₹1.41 crore through fake influencer projects. The accused created fraudulent campaign invoices which included forged celebrity signatures and they produced counterfeit email addresses for famous people such as Athiya Shetty,KL Rahul and Arshad Warsi to create fake proof of non-existent brand partnerships.The employees used their corporate power to trick clients and internal finance departments because they transferred large amounts of money into their personal accounts while creating fake influencer campaigns that never occurred. The case reveals important legal issues that affect the influencer ecosystem due to the deficiency in verification systems which enables people to misuse digital communication platforms lacking official auditing due to which brands face risks from deceptive practices. Hence, it establishes an urgent requirement for the effective contractual protection and influencer marketing regulations[31].

A recent controversy involved beauty influencer Ayesha Sanghi, who publicly called out major brands and agencies for chronic delays in payments for their work with influencers. She revealed that invoices often stayed unpaid for more than two months after she finished her work. Her statement triggered widespread responses from other creators who shared their experiences with

[31]Storyboard18, "Fake Influencer Projects, Forged Celebrity Signatures: Mumbai Police Book 3 for ₹1.41 Crore Fraud" available at: https://www.storyboard18.com/agency-news/fake-influencer-projects-forged-celebrity-signatures-mumbai-police-book-3-for-%e2%82%b91-41-crore-fraud-86973.htm (last visited on March 25, 2026)

brands including Nykaa, Flipkart and Lakmé which showed that brands throughout India face payment problems as a persistent issue[32].

The above case studies reveal the fundamental weaknesses which exist in the influencer marketing system throughout the Indian territory. The combination of weak verification systems, poor contract protection, along with missing accountability structures makes influencers and brands vulnerable to major threats because of ongoing financial fraud and continuous payment problems. The industry suffers from financial losses because of these issues. They simultaneously damage its trustworthiness and professional reputation. The cases demonstrate that weak contractual agreements which organizations depend on informal business practices continue to create conditions which allow for exploitation of resources together with operational inefficiencies. Therefore, there is an urgent need for robust contractual frameworks, stricter regulatory oversight, and transparent payment mechanisms to ensure fairness, accountability, and sustainability in influencer-brand collaborations.

VI. Comparative Analysis

Each jurisdiction creates its own set of rules for influencer marketing which make companies operating in the United States and United Kingdom reveal details to protect customers through digital endorsement standards that promote open business operations.

1. United States of America (USA)

The United States Federal Trade Commission (FTC) serves as a strict regulatory authority that supervises influencer marketing activities which exist in various parts of the world. The FTC established new rules in 2026 which required influencers to use explicit labels when they disclosed all material connections with brands including payments, gifted products and affiliate commissions in which they needed to use either the "#ad" label or verbal disclosures during the initial 30 seconds of their videos. The noncompliance with these regulations creates financial penalties which exceed $51,000 for each violation together with corrective action orders, shared responsibility for the violations while authorities investigate both AI-generated materials and all international advertising activities. The international trend of regulatory enforcement grows

[32]Free Press Journal, "Nykaa, Flipkart, Lakme Under Fire After Beauty Influencer Ayesha Sanghi Calls Out Big Brands For Delayed Payments" available at: https://www.freepressjournal.in/tech/nykaa-flipkart-lakme-under-fire-after-beauty-influencer-ayesha-sanghi-calls-out-big-brands-for-delayed-payments (last visited on March 25, 2026)

stronger which enables India to examine the possibility of establishing enhanced surveillance systems, formal disclosure requirements and regulatory enforcement methods that will protect consumers and enhance transparency in influencer marketing activities[33].

2. United Kingdom (UK)

In the United Kingdom, influencer marketing operates under the Advertising Standards Authority and the Competition and Markets Authority which require creators, brands and agencies to disclose their commercial relationships. The requirement for advertisers to disclose their relationships with free products and hospitality benefits arises when a brand controls content creation because such benefits qualify as advertising materials. The posts need explicit "advertisement" labels which usually appear as "#ad" to prevent consumer confusion. The ruleset violation results in two outcomes which include regulatory examinations and enforcement actions together with damage to reputation. The process requires businesses to create specific disclosure agreements which need to follow UK regulatory standards because they serve as explicit contractual terms[34].

The international frameworks demonstrate the need for India to establish particular disclosure requirements, contractual protection measures and regulatory supervisory systems which will enhance its influencer marketing regulations while safeguarding consumer rights and building trust in the digital advertising industry.

VII. REFORMS

In a first of its kind industry level contractual framework to standardize brand-creator collaborations and minimise repeated disputes in the influencer marketing space, The Indian Influencer Governance Council (IIGC) has introduced the Indian Influencer Contract Standard (IICS). The standard provides a neutral contractual baseline that addresses key friction points such as scope of work, revision processes, content ownership and usage rights, payment timelines, compliance obligations, and dispute resolution mechanisms.Co-drafted in consultation

[33]AuditSocials, "FTC Disclosure Rules for Creators 2026 — What's Required & What Gets You Fined" available at: https://www.auditsocials.com/blog/content-creator-ftc-disclosure-compliance-2026 (last visited on March 25, 2026)

[34]Jamieson Law, "Influencer Marketing Rules Every UK Brand Should Know" available at: https://jamiesonlaw.legal/resources/blog/influencer-marketing-rules-uk/ (last visited on March 25, 2026)

with experts from law firms such as Trilegal, the Guidelines essentially standardise influencer contracts by codifying payment clauses and disclosure norms along with related moral conscience or reputation-conscious provisions drafted to cater for specific requirements of agreements that a brand enters into with an influencer[35].

Although the IICS is voluntary and does not technically have legal sanctity as a mandate, it aims to establish good practices that would help curb uncertainty prevailing in India's burgeoning creator industry on account of informal or loosely-drafted contracts. By offering a full scope model (the IIGC's turn key program toolkit that can be expanded upon through custom statements of work unique to the campaign), this protocol aims not only to streamline efforts for both influencers and brands, but eliminate costs being passed onto consumersallowing brand/influencer relationships built on integrity, while reducing avoidable financial and reputational risk. Additionally, the framework sets up a dispute resolution path starting with mediation via IIGC which highlights how involvement of fair conflict management can help in creating trust and transparency within the influencer marketing ecosystem[36].

VIII. CONCLUSION

The influencer marketing industry in India operates as a powerful force which shapes both consumer behaviour and contemporary advertising methods. The paper shows that the fast sector expansion does not match the development of effective contractual frameworks and their corresponding enforcement systems. Influencer contracts which establish rights and responsibilities between parties create challenges because their content contains unclear terms which create unfair outcomes, result in different enforcement outcomes that harm both creators and brands through legal disputes and financial damage.

The Consumer Protection Act, 2019 together with the Advertising Standards Council of India guidelines create essential rules which help businesses maintain transparent and responsible practices. The enforcement of these rules faces difficulties because informal contracts raise

[35]EventFAQs, "IIGC Launches India's First Influencer Contract Standard (IICS) to Formalize Creator Agreements" available at: https://in.eventfaqs.com/2026/03/04/iigc-launches-indias-first-influencer-contract-standard-iics-to-formalize-creator-agreements (last visited on March 25, 2026)

[36]Media Infoline, "IIGC Launches India's First Influencer Contract Standard (IICS) to Formalize Creator Agreements" available at: https://www.mediainfoline.com/brand/iigc-launches-indias-first-influencer-contract-standard-iics-to-formalize-creator-agreements (last visited on March 25, 2026)

problems as well as payment delays occur while advertisements mislead customers and enforcement measures remain ineffective. The case studies examine systemic deficiencies which include verification shortcomings, inadequate contractual protections and existing industry power imbalances.

The situation requires immediate implementation of uniform contract standards together with improved influencer knowledge and increased enforcement of regulatory standards. The Indian Influencer Contract Standard functions as a vital advancement toward establishing formal industry norms. The process requires strengthening existing mechanisms which will establish fairness together with stakeholder protection and trust development in the growing influencer marketing landscape of India.