



False Advertising And Consumer Protection: Criminal Aspects

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Abstract

False advertising, involving the dissemination of deceptive or misleading claims, poses significant risks to consumer welfare, market integrity, and public trust. This research critically examines the criminal aspects of false advertising, differentiating them from civil remedies, and explores the evolution of regulatory frameworks aimed at protecting consumers. Drawing on legal statutes, judicial precedents, and scholarly literature, the study highlights how criminal liability serves as a potent deterrent against deliberate deceptive practices that cause substantial harm. Special focus is given to emerging challenges in the digital era, such as cross-border advertising crimes, artificial intelligence-driven ad targeting, and regulatory gaps that traditional frameworks struggle to address. Comparative analysis with international best practices underscores the need for more cohesive and adaptive regulatory models. Through case studies and doctrinal analysis, the research finds that stricter enforcement, technological integration, and increased public awareness are essential to counter the growing sophistication of false advertising strategies. The findings suggest a multi-dimensional approach combining legal reforms, regulatory vigilance, and global collaboration is critical for safeguarding consumer interests and ensuring fair market practices. This study provides valuable insights for policymakers, regulators, and legal practitioners committed to enhancing consumer protection in the evolving advertising landscape.

Keywords: False Advertising, Consumer Protection, Criminal Liability, Regulatory Frameworks, Digital Advertising, Cross-border Advertising, Artificial Intelligence, Market Integrity, Judicial Response, Advertising Law

1. Introduction

False advertising involves disseminating misleading or deceptive claims to persuade consumers, ultimately undermining fair competition and consumer trust. It can significantly damage consumer welfare by promoting untruthful information about products or services. As advertising remains a crucial element in influencing purchasing decisions, ensuring its authenticity is vital for market integrity (Xu, Zhu, & Yang, 2022). The criminal dimensions of false advertising reflect a society's efforts to deter intentional deception, offering an essential layer of consumer protection beyond civil remedies.

1.1. Definition of False Advertising

False advertising refers to publishing or promoting statements that are deceitful or create a false impression about a product or service. It can range from exaggerated claims to complete fabrications, significantly affecting consumer decisions and market competition (Hosseini, Anand, & Azizi, 2016). Additionally, it encompasses practices that violate the fundamental principles of honesty and transparency expected in commercial communications (Mupangavanhu & Kerchhoff, 2021).

1.2. Importance of Consumer Protection

Consumer protection is fundamental to maintaining trust and fairness in market transactions. It ensures that consumers are safeguarded from deceptive, unfair, and fraudulent business practices, particularly in advertising. Without strong protections, consumers are vulnerable to exploitation and misinformation, leading to significant economic and psychological harm (Meenakumary, 2021). Protecting consumers from false advertising is crucial because advertisements directly impact purchasing behaviors and, consequently, market dynamics. Regulations compel businesses to maintain truthful communications, encouraging fair competition and promoting informed consumer choice.

False advertising not only misguides individual consumers but also undermines overall consumer confidence in market systems. Legislation like the Consumer Protection Act in various countries establishes legal mechanisms to redress consumer grievances efficiently. Moreover, regulatory bodies play a critical role in monitoring and enforcing these standards, thereby deterring unfair business practices. Recent studies emphasize that robust consumer protection laws can significantly improve economic outcomes and social welfare, especially in the context of increasing digital and cross-border transactions (Xu, Zhu, & Yang, 2022).

1.3. Overview of Criminal Aspects

Criminal aspects of false advertising involve penal sanctions aimed at deterring and punishing deliberate deceptive practices that result in substantial consumer harm. While civil remedies address restitution and corrective measures, criminal liability focuses on penalizing intentional misconduct, thus providing a stronger deterrent effect.

To prosecute false advertising criminally, legal systems often require demonstrating “mens rea” (criminal intent) and “actus reus” (the act of deception). In many jurisdictions, serious cases involving public health risks, large-scale financial fraud, or repeated offenses are pursued criminally to protect broader societal interests. The severity of penalties, including fines and imprisonment, reflects the societal view of false advertising as not merely a civil wrong but a crime against public trust. Recent developments in legal frameworks have broadened the scope of criminal liability for advertising offenses, particularly with the rise of digital media where false claims can spread rapidly and globally. This shift acknowledges that modern advertising practices can have far-reaching and severe impacts, necessitating stringent criminal enforcement mechanisms (Carrier & Tushnet, 2020).

1.4. Research Objectives and Methodology

The primary objective of this study is to explore the criminal dimensions of false advertising, emphasizing its impact on consumer protection and market integrity. It aims to differentiate between civil and criminal liabilities in advertising practices, highlight the historical evolution of false advertising regulation, and examine the effectiveness of existing consumer protection frameworks. Special attention is given to emerging challenges such as digital advertising fraud, cross-border crimes, and the role of artificial intelligence in ad targeting.

This research adopts a qualitative methodology, using doctrinal legal research to review statutes, judicial precedents, and scholarly articles on false advertising. Comparative analysis is employed to contrast

regulatory approaches across jurisdictions, particularly focusing on India and international practices. The study also reviews notable case laws to illustrate the practical enforcement of criminal liabilities in false advertising. Secondary data sources like recent legal journals and Scopus-indexed papers ensure a comprehensive and updated understanding (Xu, Zhu, & Yang, 2022; Carrier & Tushnet, 2020).

2. The Concept of False Advertising

False advertising refers to the practice of using deceptive, misleading, or untrue statements to promote products or services. It manipulates consumer perceptions, leading to uninformed and often detrimental purchasing decisions. Over time, the rise of mass media and digital platforms has amplified the impact of such practices, making regulatory oversight crucial. False advertising not only undermines consumer trust but also disrupts market fairness, highlighting the need for robust legal frameworks to deter deceptive marketing tactics and protect consumer interests.

2.1. Historical Development

False advertising became a notable concern with the rise of mass media in the early 20th century. Initially, there were limited legal frameworks, which allowed deceptive advertising practices to thrive unchecked. However, as the impact of misleading advertisements on consumers and market fairness became clear, governments started enacting consumer protection laws. Over time, these frameworks expanded from addressing basic fraud to tackling more sophisticated deceptions. The evolution continued with globalization and the advent of digital commerce, where false claims could cross borders easily, making enforcement more complex (Gregory Klass, 2020). Recent research has highlighted the continued prevalence of false advertising in emerging economies, largely due to weaker enforcement mechanisms and the existence of significant information asymmetries between businesses and consumers (Zhixing Xu, Ying Zhu, & Song Yang, 2022). This historical evolution underlines the persistent challenges regulators face in protecting consumer rights in a rapidly evolving marketplace.

2.2. Key Elements and Indicators

False advertising can be recognized by several key elements that regulatory authorities use to distinguish illegal marketing practices. These include the use of deceptive statements that exaggerate or falsify product qualities, omission of material information that would influence a consumer's decision, and presenting misleading comparisons between products. Another important indicator is the reliance on unverified endorsements, often designed to exploit the authority or popularity of a figure without factual backing. Legal frameworks stress the concept of "materiality" — deception must substantially influence consumer decisions, not just be trivial or minor. Identifying these elements is crucial because not all exaggerated advertising constitutes fraud; minor puffery is generally acceptable, but when claims cross the threshold into intentional deception, legal consequences follow (Weiru Fu et al., 2024). Understanding these indicators is key for both regulators and consumers to distinguish between aggressive marketing and unlawful conduct.

2.3. Differences Between Civil and Criminal False Advertising

The legal response to false advertising differs significantly depending on whether the action is treated as a civil wrong or a criminal offense. In civil cases, the primary aim is to compensate the consumer and restore market fairness. Remedies typically include injunctions, financial penalties, and orders for corrective advertising. These cases rely on a "balance of probabilities" standard of proof, which is easier to meet. In contrast, criminal cases require proof of *mens rea* — a deliberate intent to deceive — and *actus reus* — the deceptive act itself. The burden of proof is much higher, requiring evidence beyond a reasonable doubt.

Criminal penalties are severe, often involving imprisonment and substantial fines, and are reserved for serious infractions where public health or financial welfare is at stake (Michael A. Carrier & Rebecca Tushnet, 2020). This distinction is crucial for ensuring proportionate responses to varying degrees of misconduct.

2.4. Common Techniques Used in False Advertising

- **Bait-and-Switch Tactics:** Advertisers lure consumers with a low-cost product, only to claim it's unavailable upon inquiry and upsell a higher-priced alternative. This manipulative technique exploits consumer interest and misleads purchasing intentions (Zhixing Xu, Ying Zhu, & Song Yang, 2022).
- **Misleading Pricing Schemes:** This involves inflating original prices to create false discounts, deceiving consumers into believing they are getting a better deal. Such practices distort the perception of value and lead to misinformed purchases (Gregory Klass, 2020).
- **Fake Endorsements and Testimonials:** Companies fabricate reviews or endorsements from non-existent or unqualified individuals to bolster a product's credibility. These practices exploit consumer trust and mislead decision-making (Yuqing Yao, 2023).
- **Exaggerated Claims:** Products are often advertised with bold claims about their benefits without evidence. This hyperbole misguides consumers and violates advertising ethics when claims are materially false (Michael A. Carrier & Rebecca Tushnet, 2020).
- **Concealing Important Information:** Omitting crucial product information — like side effects or limitations — prevents consumers from making informed choices and breaches transparency principles (Weiru Fu et al., 2024).
- **Manipulative Visuals and Packaging:** Visual enhancements in advertisements create unrealistic expectations about a product's quality or size, misleading consumers about its true characteristics (Yansong Zhao, 2024).
- **Fine Print Trickery:** Important terms and conditions are buried in fine print, making it difficult for consumers to understand the true nature of an offer, while advertisers technically comply with disclosure rules (Meenakumary, 2021).
- **Scientific or Technical Jargon:** Advertisers use complex or scientific-sounding terminology to falsely elevate the credibility of products, misleading consumers who assume such claims are scientifically verified (Zhixing Xu, Ying Zhu, & Song Yang, 2022).
- **Fake Scarcity and Urgency:** False claims about limited stock or time-limited offers create unnecessary pressure on consumers to make impulsive purchases, manipulating their decision-making (Gregory Klass, 2020).
- **Misuse of Certifications and Labels:** Products are falsely labeled as “organic,” “eco-friendly,” or “certified,” exploiting consumer trust and misleading ethical purchasing behaviors (Yan Wang, 2025).

3. Consumer Protection Laws and Policies

Consumer protection laws are critical for shielding consumers from deceptive and unfair practices that harm individuals and disrupt market fairness. In India, the Consumer Protection Act, 2019 strengthened consumer safeguards by introducing the Central Consumer Protection Authority (CCPA), empowered to investigate misleading advertisements and unfair practices (Diksha Arora, 2020). The law now addresses issues arising in digital commerce, including influencer marketing and e-commerce transactions. Internationally, agencies like the Federal Trade Commission (FTC) have elevated consumer protection by focusing on deceptive marketing in their strategic plans (Consumer Protection & False Advertising Disputes, 2020). These modern frameworks provide consumers with rights such as access to accurate information, grievance redressal, and protection against fraudulent practices. Additionally, the evolving landscape of e-commerce and social media marketing is pushing regulators to expand enforcement to ensure market practices remain transparent,

ethical, and conducive to fair competition. Robust consumer protection frameworks are crucial for sustaining trust in dynamic marketplaces.

3.1. International Perspectives

Across the globe, nations have tailored their consumer protection frameworks to fit unique regional challenges while aligning with international standards. South Africa, for instance, employs both statutory regulation through the Consumer Protection Act and self-regulation managed by the Advertising Regulatory Board, ensuring a multi-layered defense against false advertising (Mupangavanhu & Kerchhoff, 2023). Similarly, the United Arab Emirates has taken significant strides to address online deceptive advertising, integrating comprehensive protective provisions under the Federal Consumer Protection Act No. 15 of 2020 (Kameel, Kandeel, & Alkrisheh, 2022). Despite varying legal traditions, nations agree that effective consumer protection is vital for maintaining trust in modern economies, especially with the surge in digital advertising. The shared global objective is to ensure that consumers are not misled by unethical advertising practices, highlighting the universal importance of transparent market conduct in fostering sustainable economic development.

3.2. Role of Regulatory Bodies

Regulatory bodies are pivotal in enforcing consumer protection laws and ensuring ethical advertising. The Federal Trade Commission (FTC) in the United States actively combats deceptive advertising, engaging in both regulatory actions and public education to safeguard consumers (Determann & Tam, 2020). In India, the CCPA, established under the Consumer Protection Act, 2019, plays a similar role by investigating complaints, conducting inquiries into misleading advertisements, and mandating corrective measures (Meenakumary, 2021). These regulatory bodies adapt their strategies to contemporary challenges like influencer marketing and online advertising, ensuring that consumers remain protected even as market dynamics shift. By combining traditional enforcement with modern digital oversight, they uphold market fairness and deter businesses from engaging in unethical practices. Their expanding jurisdiction into the digital realm reflects an understanding of the evolving nature of commerce, ensuring continued relevance in consumer protection.

3.3. Enforcement Mechanisms

Enforcement of consumer protection laws is crucial to deterring deceptive advertising and ensuring market integrity. Agencies like the FTC and India's CCPA employ tools such as fines, cease-and-desist orders, and corrective advertising mandates to address violations swiftly (Harding et al., 2019). These mechanisms ensure that consumers receive accurate information and that companies maintain fair advertising practices. In addition to formal enforcement, self-regulatory initiatives by industry bodies promote compliance through codes of conduct and peer oversight. Nigeria's Federal Competition and Consumer Protection Act represents another robust framework, enhancing enforcement with regulatory powers tailored for modern market dynamics. The combination of statutory enforcement and industry self-regulation creates a comprehensive system that not only punishes violations but also fosters a culture of corporate accountability and ethical consumer engagement across both traditional and digital marketplaces.

4. Criminal Liability in False Advertising

Criminal liability in false advertising arises when the conduct transcends mere commercial misrepresentation and enters the realm of deliberate fraud, impacting public welfare and market fairness. Unlike civil liability, which often focuses on compensation and rectification, criminal liability seeks to punish and deter willful misconduct. In cases where false advertising causes substantial harm or endangers health and safety, criminal sanctions, including fines and imprisonment, may be imposed. Prosecution requires establishing *mens rea* (intent) and *actus reus* (the deceptive act), ensuring that only severe

infractions are criminalized (N. Madaoui, 2023). Enforcement varies across jurisdictions, but common standards focus on protecting consumers and maintaining market integrity. The complexity increases when deception involves health products, financial services, or digital advertising, requiring updated legal frameworks (Carrier & Tushnet, 2020). Criminal liability thus serves as a vital tool to curb egregious practices and uphold consumer trust.

4.1. Criteria for Criminal Responsibility

Establishing criminal responsibility in false advertising cases requires proof of intent (*mens rea*) to deceive and the occurrence of a deceptive act (*actus reus*). It is not enough for an advertisement to merely be misleading; the prosecution must demonstrate that the falsehood was deliberate and capable of causing significant harm or misleading a substantial portion of the public. Jurisdictions typically impose criminal penalties in cases where false advertising poses threats to health, safety, or financial stability (N. Madaoui, 2023). For instance, advertising unproven health benefits of products can be prosecuted under criminal law if they endanger consumer lives. Legal frameworks emphasize the necessity of a high burden of proof, requiring evidence beyond reasonable doubt. The rationale behind stringent criteria is to prevent misuse of criminal law for minor infractions while ensuring that serious deceitful acts are appropriately punished (Di Wu, 2019). These elements safeguard the balance between business freedoms and consumer protection.

4.2. Comparison with Civil Remedies

While civil remedies aim to compensate victims and restore fair competition, criminal sanctions in false advertising seek deterrence and retribution for egregious misconduct. Civil actions, typically initiated by affected consumers or competitors, result in remedies like damages, injunctions, and corrective advertising. In contrast, criminal actions are state-driven and can result in imprisonment and fines. Civil liability generally requires proof based on the balance of probabilities, a lower standard than the criminal law's requirement of proof beyond a reasonable doubt (Liu Weiyin, 2018). Moreover, civil proceedings focus on restitution, emphasizing the harm suffered by consumers, while criminal cases focus on punishing deceitful conduct that threatens broader societal interests (Gregory Klass, 2020). This dichotomy highlights that while civil remedies provide a route for individual redress, criminal liability functions as a critical mechanism for societal protection against corporate misconduct.

4.3. Notable Case Studies

- **Horlicks Ltd. v. Zydus Wellness Products:** Horlicks challenged a comparative advertisement by Zydus Wellness claiming Complian helped children grow faster than Horlicks. The Delhi High Court ruled in favor of Horlicks, restraining Zydus from airing misleading ads. The judgment emphasized that comparative advertising must be fair and not disparaging (Harshitha, 2022).
- **Indian Medical Association v. Union of India (Patanjali Coronil Case):** The Indian Medical Association filed a case against Patanjali Ayurved for false claims about Coronil curing COVID-19. The Supreme Court stressed the need for scientific validation of health claims and called for strict action against misleading health advertisements (Singh, Aggarwal, & Rishi, 2022).
- **PepsiCo India Holdings Pvt. Ltd. v. Hindustan Coca-Cola Beverages Pvt. Ltd.:** PepsiCo objected to Coca-Cola's comparative ad favoring Thums Up over Pepsi. The Delhi High Court distinguished between permissible puffery and misleading claims, ruling that objective claims in ads must not mislead or disparage competitors (Sachin Kumar, 2019).
- **Dabur India Ltd. v. Emami Ltd.:** Dabur sued Emami over an ad claiming Zandu Balm's superiority to Dabur's Pudina Hara. The Delhi High Court granted an injunction against Emami, highlighting the need to prevent deceptive advertising that damages brand reputation (Harshitha, 2022).

- **Procter & Gamble Home Products v. Hindustan Unilever Ltd.:** P&G challenged HUL's ad that promoted Surf Excel Matic as superior to Ariel Matic. The court ruled the ad as misleading and prohibited its broadcast, reinforcing legal standards against false superiority claims (Kameel, Kandeel, & Alkrisheh, 2022).

5. Role of Regulatory Authorities

Regulatory authorities in India play a pivotal role in monitoring and enforcing advertising standards to protect consumers from misleading advertisements. Institutions like the Advertising Standards Council of India (ASCI) and the Central Consumer Protection Authority (CCPA) are tasked with formulating advertising codes and addressing violations. ASCI, a self-regulatory body, manages complaints and ensures adherence to ethical advertising norms, while CCPA, established under the Consumer Protection Act, 2019, holds quasi-judicial authority to penalize deceptive advertisements and unfair trade practices (Meenakumary, 2021). Despite their efforts, the fast-evolving nature of media, especially digital platforms, poses significant challenges. Regulatory bodies increasingly advocate for the tightening of laws and the implementation of clear standards for various types of advertising, including online and influencer marketing. Recent policies like the Guidelines for Prevention of Misleading Advertisements and Endorsements, 2022, reflect this growing recognition for stricter frameworks. Their vigilance helps maintain market integrity and ensures that consumers are not misled by exaggerated or fraudulent claims.

5.1. Collaboration with Law Enforcement

Effective regulation of false advertising requires strong collaboration between regulatory bodies and law enforcement agencies. In India, CCPA collaborates with police and other statutory bodies to investigate serious cases of consumer fraud involving deceptive advertisements. For instance, misleading health-related advertisements are often referred to the Drugs Controller General of India for legal action. This multi-agency collaboration ensures that severe breaches are treated not merely as civil wrongs but also as criminal offenses when public health and safety are jeopardized (Kulshrestha & Mehrotra, 2024). Despite structural collaborations, operational challenges remain, including bureaucratic delays and overlapping jurisdictional issues. Increasingly, there are calls for stronger integration between consumer protection authorities and cybercrime cells, especially as digital advertisements proliferate on online platforms. Such partnerships are essential for swift investigation and prosecution, ensuring that deceptive advertisers are held accountable under both civil and criminal frameworks.

5.2. Challenges in Enforcement

Despite existing frameworks, enforcing advertising regulations in India faces considerable challenges. One of the primary issues is the rapid evolution of digital advertising, which often outpaces the regulatory frameworks designed primarily for traditional media. Additionally, regulatory bodies like ASCI and CCPA have limited jurisdiction over digital content and influencer marketing, areas that have become significant vectors for misleading advertisements (Khan & Kumar, 2021). Another challenge is the slow judicial process, which delays the resolution of cases and dilutes the deterrent effect of penalties. Enforcement is further hindered by the lack of a centralized oversight mechanism that can coordinate efforts among different regulatory and enforcement bodies (Kulshrestha & Mehrotra, 2024). Moreover, the penalties prescribed for violations are sometimes too lenient to deter large corporations. As advertising increasingly shifts online, regulators must adapt by updating laws, expanding their technical expertise, and fostering cross-border collaboration to tackle challenges posed by international advertisers. A multi-faceted approach integrating regulatory reforms, technological monitoring tools, and public awareness is essential to strengthen enforcement.

6. Judicial Response to False Advertising

The Indian judiciary plays an essential role in addressing false and misleading advertising, emphasizing adherence to fairness and transparency. Courts have been proactive in interpreting the Consumer Protection Act, 2019, not just against businesses but also endorsers and advertising agencies, expanding the accountability scope (Rinkeshkumar Mahida, 2024). Judiciary rulings insist on evidence-based advertising, especially in sectors like healthcare, education, and food where the potential for consumer harm is significant. These rulings frequently result in injunctions, monetary penalties, and compulsory ad corrections, reinforcing a stricter consumer protection framework (Vinit Kumar Malik, 2022). Courts are increasingly adapting to tackle challenges arising from digital marketing and influencer promotions, ensuring that false advertising does not undermine consumer rights in a rapidly evolving media environment.

6.1. Landmark Judgments

Indian courts have laid down strong precedents on false advertising. The *Horlicks Ltd. v. Zydus Wellness* case reinforced that comparative advertisements should not disparage competitors, maintaining boundaries between puffery and misleading claims (Rinkeshkumar Mahida, 2024). Similarly, the *Indian Medical Association v. Union of India* (Patanjali Coronil case) exemplified the necessity for scientific validation in health-related advertisements. Such judgments underscore the judiciary's role in treating deceptive advertisements as public wrongs rather than mere civil issues, ensuring advertising practices align with consumer rights and public trust (Vinit Kumar Malik, 2022).

6.2. Penalties and Sentencing Trends

Indian courts have increased the severity of penalties for false advertising offenses, reflecting a clear shift towards stringent enforcement. The Consumer Protection Act, 2019 empowers the Central Consumer Protection Authority (CCPA) to impose fines up to ₹50 lakh and prohibit repeat offenders from advertising for up to three years (Bandana Pandey et al., 2023). Moreover, endorsers and celebrities are increasingly being held liable for the false claims they promote. Courts have mandated corrective advertising and public disclosures, aiming not only to penalize but to rectify consumer misinformation. These measures underline the judiciary's evolving commitment to promoting transparency and ethical standards in advertising (Ashish Sharma, 2022).

7. Impact on Consumers and Society

False advertising significantly impacts both consumers and society by eroding trust and promoting unfair market practices. Consumers misled by deceptive advertisements may make poor purchasing decisions, leading to financial losses and potential health risks, especially when products like food, health supplements, or medicines are falsely advertised (Meenakumary, 2021). At a societal level, pervasive false advertising disrupts market integrity, reduces consumer confidence, and encourages a culture of dishonesty among businesses. This, in turn, affects competition, as companies engaging in ethical practices may lose market share to those who employ misleading tactics. The Consumer Protection Act, 2019, and agencies like ASCI attempt to mitigate these consequences by ensuring that advertisements adhere to fair practices. However, the rise of digital media and influencer marketing has complicated regulatory efforts (Harshitha, 2022). The lack of transparency and oversight in online platforms makes consumers more vulnerable to false claims, amplifying societal harm. Strengthening enforcement, increasing public awareness, and promoting self-regulation are crucial for mitigating the adverse effects of false advertising on both individuals and the broader economy.

7.1. Economic Consequences

False advertising leads to substantial economic consequences for consumers and the broader market. For consumers, deceptive advertising results in financial losses, as they spend money on products that do not deliver the promised value or functionality. In cases involving health-related or essential products, the economic impact may extend to medical expenses or lost productivity due to harm caused by the misleading product (Thangadurai & Manikandan, 2016). On a macroeconomic level, false advertising distorts competition, giving unfair advantage to companies engaging in deceptive practices while ethical businesses struggle to compete, thus leading to market inefficiencies. Furthermore, repeated exposure to false advertising undermines consumer confidence, reducing overall market participation and slowing economic growth. Regulatory interventions like the establishment of the Central Consumer Protection Authority (CCPA) aim to prevent such economic disruptions by curbing misleading advertisements and ensuring fair play in the market (Meenakumary, 2021). However, enforcement challenges, particularly with the proliferation of online advertising, continue to pose economic risks that need comprehensive and dynamic regulatory responses to protect consumer interests and foster a healthy economic environment.

7.2. Psychological and Social Effects

- **Erosion of Trust:** Repeated exposure to misleading advertisements gradually erodes consumer trust in brands and markets. Consumers who feel deceived become skeptical of future advertisements, weakening long-term brand loyalty and market credibility (Raj et al., 2022).
- **Increased Anxiety and Stress:** False claims, particularly in health and safety advertisements, contribute to heightened anxiety and stress. Consumers may worry about the consequences of their purchasing decisions, leading to reduced confidence and psychological discomfort (Kameel, Kandeel, & Alkrisheh, 2022).
- **Consumer Disillusionment:** Continuous exposure to deceptive marketing fosters cynicism. Consumers grow indifferent and distrustful of advertising messages, which diminishes engagement and hampers market communication (Sunita Prajapat, 2022).
- **Social Inequities:** Misleading advertisements disproportionately affect vulnerable groups who have limited access to accurate information, deepening existing social and economic inequalities (Purushottam, 2024).
- **Erosion of Informed Choice:** Deceptive advertising manipulates consumer choices by withholding critical facts, undermining autonomy and limiting the ability to make rational, well-informed decisions (Zhijie Zhao et al., 2022).
- **Decline in Social Trust:** False advertising contributes to declining trust not just in markets but also in broader societal institutions, promoting skepticism that can fragment social cohesion and interpersonal relationships (Pendyala John Adinarayana et al., 2023).

7.3. Emerging Issues and Challenges

The digital era has revolutionized advertising, but it has also amplified the challenges of false advertising. With the proliferation of social media and online platforms, deceptive advertisements now spread faster and reach larger audiences, complicating regulation and enforcement efforts (Matyash, 2024). Digital advertising lacks geographical boundaries, creating significant hurdles in maintaining transparency and consumer protection.

- **Cross-border advertising crimes** have escalated as digital media transcends national jurisdictions. Cross-border e-commerce advertisements often evade regulation due to jurisdictional complexities, making enforcement difficult and inconsistent (Raj & Deb, 2025). A lack of harmonized international advertising standards allows unscrupulous advertisers to exploit legal loopholes, undermining consumer trust on a global scale.
- **Artificial Intelligence (AI) and ad targeting** present another significant challenge. AI algorithms can personalize advertising to an unprecedented degree, raising concerns about consumer manipulation and privacy violations (Cai & Liu, 2024). These technologies blur the line between

ethical marketing and deception, making it harder for consumers to differentiate between genuine and manipulative content.

- **regulatory gaps and future risks** loom large. Current regulations, often rooted in traditional media frameworks, struggle to adapt to digital realities. New forms of advertising, such as influencer marketing and native ads, frequently evade regulatory scrutiny (Sartor, Maciejewski, & Ratcliff, 2020). The absence of cohesive international standards further exacerbates this issue. As digital advertising evolves, regulators must innovate, adopting adaptive policies and technologies to anticipate and mitigate emerging risks.

8. Conclusion

False advertising remains a pervasive threat to consumer welfare, market fairness, and public trust. The practice of disseminating misleading claims not only manipulates consumer decisions but also disrupts healthy market competition and erodes confidence in advertising as a medium. As the research highlights, the distinction between civil and criminal liabilities is critical, with criminal sanctions serving as a stronger deterrent for egregious, intentional misconduct. The evolution of consumer protection laws, particularly the introduction of comprehensive frameworks like the Consumer Protection Act, 2019, reflects the growing acknowledgment of these risks. However, the digital era, characterized by borderless advertising and rapid technological advancements like artificial intelligence, presents new challenges that existing regulations struggle to address. Cross-border crimes, deceptive influencer marketing, and algorithm-driven ad targeting require adaptive legal reforms and robust enforcement mechanisms. Strengthening regulatory oversight, enhancing international collaboration, and integrating technological tools into monitoring processes are essential to mitigating these emerging threats. Additionally, increasing public awareness about advertising ethics can empower consumers to make informed decisions and resist manipulation. The judiciary's proactive stance in penalizing false advertising and expanding accountability to endorsers and agencies reinforces a consumer-centric legal framework. A multi-pronged, forward-looking approach is vital for safeguarding consumer interests and maintaining the integrity of market systems.

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