

(Please do not write anything except the question number in this space)

कृपया इस स्थान में प्रश्न संख्या के अतिरिक्त कुछ न लिखें।

UPSC

Answer Questions in NOT MORE THAN the Word Limit specified for each in the Parenthesis.
Content of the Question is more important than length.
(Specimen Answer Booklet - For Practice Purpose Only)

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Q. Do you think that the social media influencers on finance are brought under regulation? Analyse.

↳ The securities Exchange Board of India's (SEBI) plan to formulate guidelines to regulate social media influencers on Finance.

↳ All individuals and firms dispensing advice on mutual funds and firms dispensing advice on mutual funds or listed activities are required to register with SEBI either as Research Analysts or Registered Investment Advisers (RIAs)

↳ Social Media Influencers

↳ The influencers on social media who produce content on everything from stocks to bonds and derivating trading.

↳ They dole out financial advice without adhering to any ground rules

↳ They often re-purpose paid for plugs as free educational content and monetise their large follower base by taking hefty fees from financial firms

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↳ Some influencers lured unwary,
retail folk into unregulated products
such as cryptocurrencies, non-fungible
tokens and cryptodeposits.

↳ SEBI Regulation

↳ SEBI take a targeted approach,
products under its ambit such as stocks,
bonds etc., Require all social media influencers
advice to register with it.

↳ Same critical Qualification as RAs.

↳ Rules ^{also} apply to offline Recommendation

↳ Violation

↳ Influencers found to be in violation
of SEBI insider trading and PF UTP (Prohibition of Fraudulent and unfair trade
Practices).

↳ Way forwards

↳ Finance Ministry and RBI need to
coordinate their efforts to curb this menace.

↳ SEBI and other financial regulators
need to keep in this mind that social media
platforms content more attractive than official
investor awareness, while framing plans for
investor education.