

# FROM SUDARSHAN TO R(AI)DAR: AI-DRIVEN CONTENT REMOVAL AND THE FUNDAMENTAL RIGHTS OF FINFLUENCERS

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## INTRODUCTION

In October 2025, the Securities and Exchange Board of India (SEBI) announced the “Regulatory AI-Driven Advertisement Reviewer” (R(AI)DAR) which is an artificial-intelligence (AI) system intended to detect and review misleading financial advertisements and finfluencer content across digital platforms.<sup>1</sup>

Over the past decade, digital investing in India has changed in terms of market participation and the sources of information which investors use to make decisions. Empirical research in other jurisdictions establishes that social-media content now competes with business news channels and broker research as a primary source of investment advice, particularly for younger, first-time investors which is now mirrored in India’s post-pandemic surge in retail trading.<sup>2</sup>

In this context “finfluencers” have emerged as a distinct category of content creators specialising in personal finance, equities, derivatives and crypto-assets. Many of whom are non-compliant with the SEBI regulations while running paid advisory services, subscription channels or brand partnerships with brokers and financial-product manufacturers. Though genuinely educational material exists, regulators and commentators have documented undisclosed conflicts of interest, exaggerated profit claims, pump-and-dump schemes and unregistered investment-advisory activity aimed at inexperienced investors.<sup>3</sup>

SEBI has responded to this on two fronts. First, it has made the legal framework around Investment Adviser (IA) and Research Analyst (RA) registration stricter and, since 2023, has barred regulated entities from associating with unregistered finfluencers while mandating

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<sup>1</sup> Khushboo Tiwari, *Sebi to deploy AI tool to track misleading ads, finfluencer content*, BUSINESS STANDARD (Oct. 7, 2025, 8:40 PM), [https://www.business-standard.com/markets/news/sebi-to-deploy-ai-tool-to-track-misleading-ads-finfluencer-content-125100701245\\_1.html](https://www.business-standard.com/markets/news/sebi-to-deploy-ai-tool-to-track-misleading-ads-finfluencer-content-125100701245_1.html).

<sup>2</sup> The Hindu Bureau, *90% of investors find fin-fluencers credible, shows SEBI study*, THE HINDU (Oct. 02, 2025, 09:10 PM), <https://www.thehindu.com/business/90-of-investors-find-fin-fluencers-credible-shows-sebi-study/article70118725.ece>.

<sup>3</sup> Malini Mukherjee, *SEBI’s Finfluencer Legal Framework: Gaps in Enforcement and Investor Education*, INDIA CORPLAW (Aug. 21, 2024), <https://indiakorplaw.in/2024/08/21/sebis-finfluencer-legal-framework-gaps-in-enforcement-and-investor-education/>.

compliance with comprehensive advertisement codes.<sup>4</sup> Second, it has integrated AI as a supervisory technology and deployed systems such as “Sudarshan”, which has enabled the flagging or removal of over one lakh allegedly misleading social-media posts by unregistered finfluencers to track multilingual audio, video and text content for potential violations. It also unveiled R(AI)DAR to scan investor-facing communications for misleading content at scale.<sup>5</sup>

These posts containing financial speech like investment opinions, commentary on regulatory policy and criticism of market practices, fall within the protections of Art. 19(1)(a)<sup>6</sup> as a form of commercial and public-interest expression. Concurrently, the Supreme Court (SC) has invalidated vague, overly-broad restrictions on online expression, as in the case of *Shreya Singhal v. Union of India*<sup>7</sup> by striking down of §66A of the IT Act,<sup>8</sup> and has required strict procedural safeguards for blocking and takedown regimes under §69A<sup>9</sup> and intermediary-liability provisions. The rise of AI-driven enforcement by SEBI therefore raises a central question i.e. can a system like R(AI)DAR, which automatically flags “misleading” financial content for removal, operate consistently with Art. 19(1)(a)<sup>10</sup> and the narrow grounds in Art. 19(2)?<sup>11</sup>

## II. SEBI’S FINFLUENCER ECOSYSTEM AND THE R(AI)DAR ARCHITECTURE

### *A. From IA/RA Regulations to Finfluencer-Specific Measures*

The regulations governing investment advice and research in India are the SEBI IA Regulations, 2013 and the SEBI RA Regulations, 2014. These prohibit any person from acting in either capacity without registration based on prescribed qualifications; regulate fees and impose codes of conduct to avoid conflicts of interest and ensure reliability of advice.<sup>12</sup> However, these regulations did not anticipate mass dissemination of ‘tips’ and strategies via social media.

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<sup>4</sup> SEBI, Consultation Paper on Association of SEBI Registered Intermediaries/Regulated Entities with Unregistered Entities (including Finfluencers) (Aug. 25, 2023); SEBI, Proposal on Association of Persons Regulated by the Board with Unregistered Entities (including Finfluencers) (July 2024).

<sup>5</sup> *Supra* note 1.

<sup>6</sup> INDIA CONST. art. 19(1)(a).

<sup>7</sup> *Shreya Singhal v. Union of India*, (2015) 5 SCC 1

<sup>8</sup> Information Technology Act, 2000, No. 21 of 2000, § 66A (struck down).

<sup>9</sup> Information Technology Act, 2000, No. 21 of 2000, § 69A.

<sup>10</sup> INDIA CONST. art. 19(1)(a).

<sup>11</sup> INDIA CONST. art. 19(2).

<sup>12</sup> *Supra* note 3.

When influencers began to offer trading courses, paid chat rooms and “educational” videos that included opinions, analyses and implicit recommendations, it proved that unregistered entities could reach vast numbers of followers outside the IA/RA framework. In the case of *P.R. Sundar*, the Applicant, a mathematics teacher without formal financial credentials, built a following of 620,000+ Twitter users and regularly offered trading advice with what one study describes as “charismatic certainty.” In May 2023, SEBI ruled that he had collected over Rs. 6 crores through unregistered advisory channels, imposing a penalty of Rs. 6.5 crore and a one-year bar on providing investment advice.<sup>13</sup> His was the first significant regulatory action against a finfluencer in India.

In August 2023, SEBI issued a consultation paper proposing to regulate the SEBI-registered intermediaries with unregistered finfluencers. It defined finfluencers broadly as persons who, through digital media, influence followers’ financial decisions. The paper suggested prohibiting SEBI-regulated entities and their agents from entering monetary or non-monetary arrangements with unregistered finfluencers. The paper required registered individuals to display registration numbers and grievance redressal details and insisted on compliance with advertisement codes.<sup>14</sup> On receiving Board approval in June 2024, amendments and circulars in late 2024 and early 2025 implemented these proposals.<sup>15</sup>

In January 2025, SEBI went further by restricting finfluencers from using real-time stock-price data in content marketed as “educational.”<sup>16</sup> This reduced the risk of time-sensitive, quasi-advisory material inducing impulsive trading based on incomplete information. These measures, coupled with coordination with the Advertising Standards Council of India (ASCI) on disclosure and qualification requirements for financial promotion, have substantially strengthened the regulation of online financial advice.

### ***B. AI-Enabled Surveillance: Sudarshan and R(AI)DAR***

SEBI has gradually increased its use of AI to monitor and regulate the securities market. It uses AI systems to track trading activity, review IPO documents, process applications from intermediaries, and monitor online content related to the stock market. One such system,

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<sup>13</sup> SEBI, Settlement Order in Respect of Mansun Consultancy Private Limited, Mr. P.R. Sundar and Ms. Mangayarkarasi Sundar, SO/AA/EFD2/2023-24/7081 (May 25, 2023).

<sup>14</sup> SEBI, Consultation Paper on Association of SEBI Registered Intermediaries/Regulated Entities with Unregistered Entities (including Finfluencers) (Aug. 25, 2023).

<sup>15</sup> SEBI, SEBI Board Meeting, PR No. 12/2024 (June 27, 2024).

<sup>16</sup> SEBI, Details/clarifications on provisions related to association of persons regulated by the Board, MIIs, and their agents with persons engaged in prohibited activities, SEBI/HO/MIRSD/ MIRSD-PoD-1/P/CIR/2025/11 (Issued on January 29, 2025).

Sudarshan, can analyse audio, video and text in multiple languages on online platforms to identify activities such as unregistered investment advice, pump-and-dump schemes and other forms of market manipulation.<sup>17</sup>

This AI-based monitoring has helped remove more than 1.2 lakh misleading social-media posts made by unregistered financial influencers. From October 2025, R(AI)DAR expanded this monitoring to include advertisements and finfluencer communications. It scans large amounts of content aimed at investors and looks for warning signs such as unverified claims about profits, missing risk disclosures, and potentially misleading narratives. Content that appears risky is then flagged for further action.

A 2025 study analysed 395 book-built IPOs in India from 2014 to 2024. Of these 395 IPOs, 99 were endorsed by finfluencers. The study found that IPOs endorsed by major finfluencers, those with over 200,000 followers, showed clear signs of price distortion. On average, these IPOs were priced nearly 50% lower than their first-day closing price, and investors who bought them earned about 30% gains on the first trading day. This suggests that online hype can create significant short-term overvaluation. The researchers also found that a finfluencer's engagement was strongly linked to these inflated gains such that the more viral a finfluencer's post was, the higher the short-term jump in the IPO's price.<sup>18</sup>

This effect did not come from the companies themselves intentionally underpricing their shares. Instead, it arose mainly from ordinary retail investors reacting enthusiastically to social media content. Institutional investors such as banks and mutual funds, by contrast, were largely unaffected by these promotions.

A December 2025 gazette notification<sup>19</sup> completed this legal structure by designating SEBI as a prescribed authority under rule 3(1)(b) of the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021,<sup>20</sup> formally empowering it to issue binding directions to platforms to take down content.

SEBI has said that these tools will help prevent harmful or misleading financial content from reaching retail investors. However, there is very little public information about what happens

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<sup>17</sup> Debaroti Adhikary, *Sebi deploys AI tool 'Sudarshan', removes 1.2 lakh misleading 'finfluencer' posts*: Tuhin Kanta Pandey, THE ECONOMIC TIMES (Mar. 02, 2026, 01:16 PM), <https://economictimes.indiatimes.com/markets/stocks/news/sebi-deploys-ai-tool-sudarshan-removes-1-2-lakh-misleading-finfluencer-posts-tuhin-kanta-pandey/articleshow/128939153.cms?from=mdr>.

<sup>18</sup> Kavitha Bharath Raja Guru, Krishna Prasad, Sandhya Parasnath Dubey & Simran Kharbanda, *Digital Sentiment and the Retail Crowd: How Finfluencers Shape IPO Valuations*, JRNL. OF BEHAVIOURAL FINANCE 1-23 (2025).

<sup>19</sup> SEBI, CG-DL-E-08122025-268347 (Notified on December 8, 2025).

<sup>20</sup> Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, r. 3(1)(b).

after the tools flag such content. It is not clear how much human review is involved, how mistakes or false alerts are handled, or how SEBI decides that a piece of content is actually misleading before asking platforms to act on it.

### ***C. SEBI's Responsible-AI Discourse***

In June 2025, SEBI issued a consultation paper proposing AI/ML governance principles for market infrastructure institutions, intermediaries, and mutual funds, covering human oversight, investor-facing transparency, model validation, bias mitigation, and data security. Industry observers broadly welcomed the principles-based approach as a pragmatic starting point, though reservations persist.<sup>21</sup> The paper does not however resolve liability when AI-generated outputs cause investor harm, nor does it impose prescriptive standards for high-stakes deployments.

For example, the rules do not clearly explain who would be responsible if AI causes harm, and some experts believe there should be stricter requirements for situations where AI is used in high-risk areas. The EU AI Act comparatively follows a risk-based system. It classifies certain AI tools used in financial services as “high risk” and requires strict checks before they are used, along with detailed documentation, transparency, human oversight and continuous monitoring.<sup>22</sup>

SEBI's discussion paper does not yet treat supervisory tools like R(AI)DAR as high risk, nor does it require assessments of their impact on fundamental rights, even though such tools can influence what financial content is visible online and whether certain speech is treated as illegal.

## **III. ARTICLE 19(1)(A) AND THE CONSTITUTIONAL STATUS OF FINANCIAL SPEECH**

### ***A. Financial Commentary as Protected Expression***

The proposition that investment advice is speech is routinely overlooked in securities markets. The SC in *Indian Express Newspapers (Bombay) Pvt. Ltd. v. Union of India*<sup>23</sup> recognised that commercial speech, meaning expression connected to trade and economic

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<sup>21</sup> SEBI, Consultation Paper on guidelines for responsible usage of AI/ML In Indian Securities Markets (June 20, 2025).

<sup>22</sup> Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 Laying Down Harmonised Rules on Artificial Intelligence (Artificial Intelligence Act), 2024 O.J. (L 1689) 1.

<sup>23</sup> *Indian Express Newspapers (Bombay) Pvt. Ltd. v. Union of India*, 1985 (1) SCC 641.

activity, falls within Art. 19(1)(a).<sup>24</sup> A finfluencer's IPO recommendation, a bearish stock analysis, or a prediction about listing-day returns is an expression about matters of public economic significance. It does not lose constitutional protection simply because it falls within the domain of financial markets.

Art. 19(2) specifies the only reasonable grounds on which speech may be restricted viz. sovereignty and integrity of India, security of the State, friendly relations with foreign States, public order, decency or morality, contempt of court, defamation, and incitement to an offence.<sup>25</sup> This list is exhaustive and "Misleading financial content" is not among these grounds. In certain instances, however, fraudulent financial content could amount to incitement to an offence under the SEBI Act, 1992, but this requires concrete evidence to prove fraudulent intent to induce a specific transaction.

Finfluencer content exists in a grey area. Some of it is clearly commercial such as paid endorsements of brokers or financial products where stricter disclosure and regulation are justified. However, a large volume consists of personal commentary, critiques, explanations of derivatives risks or satire of speculative trends. This type of content can help people better understand finance and can also encourage public discussion about financial regulation. If all such content is treated as harmful, or if its censorship is left to opaque AI systems, there is a risk that it could violate constitutionally granted Fundamental Rights.

### ***B. Art. 19(2), Vagueness and Shreya Singhal***

Protection of investors' interests can be linked to fraud and to maintaining public order in financial markets. This is the foundation for regulating misleading financial advertisements, unregistered advice and market manipulation.

In the case of *Shreya Singhal*,<sup>26</sup> the SC held that such restrictions must not be vague or overbroad and thus, struck down §66A of the IT Act<sup>27</sup> for using undefined expressions such as "grossly offensive" and "annoying." It established that vagueness has a chilling effect on legitimate speech by leaving citizens uncertain about what is prohibited. It upheld §69A<sup>28</sup> and the IT (Blocking) Rules, 2009<sup>29</sup> only after emphasising requirements of written reasons, a multi-member committee and opportunities for the originator to be heard. The Court also read

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<sup>24</sup> INDIA CONST. art. 19(1)(a).

<sup>25</sup> INDIA CONST. art. 19(2).

<sup>26</sup> *Shreya Singhal v. Union of India*, (2015) 5 SCC 1.

<sup>27</sup> Information Technology Act, 2000, §66A.

<sup>28</sup> Information Technology Act, 2000, §69A.

<sup>29</sup> Information Technology (Procedure and Safeguards for Blocking for Access of Information by Public) Rules, 2009.

down §79(3)(b)<sup>30</sup> and the IT Intermediary Guidelines, 2011<sup>31</sup> to mean that intermediaries must take down content only upon receiving actual knowledge through a court order or government or agency notification that the content is unlawful under Art. 19(2), in order to prevent pre-emptive censorship driven by liability concerns.

R(AI)DAR operates against a standard “misleading financial content” which is no more conclusive than the “grossly offensive” formulation the SC struck down in *Shreya Singhal*. Whether an IPO critique, a bearish price prediction, or satirical commentary on a company’s valuation falls within that label turns entirely on the model’s training data and threshold calibration, not on any settled legal criterion.

Absent clear statutory definitions, the vagueness doctrine resurfaces in algorithmic form. A model calibrated on historical enforcement records may correlate high-volatility narratives like options commentary, negative predictions, market-bubble satire etc. with regulatory risk, capturing legitimate expression alongside genuinely fraudulent claims. Platforms navigating safe-harbour uncertainty will then act on AI-generated removal lists without demanding reasoned orders grounded in Art. 19(2),<sup>32</sup> and the safeguards elaborated in *Shreya Singhal* may be bypassed in practice.

### ***C. Proportionality, Necessity and Emerging Prior Restraint***

Under the proportionality framework articulated in *K.S. Puttaswamy v. Union of India*,<sup>33</sup> restrictions on fundamental rights must satisfy four cumulative requirements, and R(AI)DAR’s current design fails at least two of them. The first two prongs present little difficulty: investor protection under §11(1) of the SEBI Act is an unambiguously legitimate regulatory objective, and scanning content for fraudulent patterns bears a rational connection to that objective.<sup>34</sup>

The necessity inquiry, however, cuts against SEBI. Human review of AI-flagged content prior to any takedown request, graduated enforcement escalating from disclosure mandates to removal directions, and interim restrictions pending individual inquiry are all viable alternatives. Each achieves equivalent investor-protection outcomes at materially lower cost to protected speech. The time-sensitivity of financial markets does not credibly foreclose

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<sup>30</sup> Information Technology Act, 2000, § 79(3)(b).

<sup>31</sup> Ministry of Elecs. & Info. Tech., Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021, r. 3(1)(b).

<sup>32</sup> INDIA CONST. art. 19(2).

<sup>33</sup> *K.S. Puttaswamy v. Union of India*, (2017) 10 SCC 1.

<sup>34</sup> The SEBI Act, 1992, §11(1).

these options for the bulk of the 120,000 posts currently being removed. On the final prong, eliminating over 120,000 posts without individual hearing or accessible appeal, targeting expression outside the exhaustive grounds of Art. 19(2), cannot be said to impose a rights cost proportional to the regulatory benefit secured.

*Anuradha Bhasin v. Union of India* reinforces the position.<sup>35</sup> Adjudicating communications restrictions in Jammu and Kashmir, the Court held that fundamental rights yield to neither operational ease nor institutional burden, and that any restriction on access to information must be grounded in reasoned, published orders subject to periodic review etc. are conditions that automated, bulk-removal systems structurally cannot satisfy.

#### IV. ALGORITHMIC ENFORCEMENT RISKS: OPACITY, BIAS AND ACCOUNTABILITY

##### A. *Black-Box Models and False Positives*

A detection model trained predominantly on enforcement records involving derivative-trading promotions will tend to treat any mention of weekly options or leveraged strategies as a regulatory risk signal including content that expressly warns against such instruments or critically evaluates their suitability for retail investors. Sentiment-based classifiers face an analogous problem: a post reproducing SEBI's own risk disclosures for educational purposes is indistinguishable to such a model from the promotional content it paraphrases.

The vocabulary overlap between misleading promotions and legitimate financial commentary sharpens this risk considerably. Terms like loss, crash, risk, and volatility include both satire and ironic commentary about market bubbles compound the problem further, as current natural language models remain unreliable interpreters of register and rhetorical intent.

These failure modes are aggravated by the near-total opacity of R(AI)DAR's architecture. No public documentation addresses its training data composition, classification thresholds, or empirically observed error rates, and neither content creators nor independent auditors can inspect the system's decision logic. Where a model treats high engagement as a proxy for regulatory harm, its errors are not randomly distributed and the most widely-read content bears the greatest exposure to false-positive removal, while low-engagement fraudulent promotions in smaller, less-monitored communities circulate undisturbed. The enforcement

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<sup>35</sup> *Anuradha Bhasin v. Union of India*, (2020) 3 SCC 637.

pattern that results is systematically inverted relative to the investor-protection objective it purports to serve. Low-engagement fraudulent promotions circulating in smaller, less-monitored online communities may escape detection entirely. The error is not random. It is systematically biased against visible voices and protective of obscure ones, which is the reverse of what sound investor-protection policy requires.

### ***B. Comparative Lessons from the EU AI Act and Platform Regulation***

As per the EU AI Act's risk-based approach AI systems used in financial services for evaluation of creditworthiness or high-frequency trading are treated as high risk systems.<sup>36</sup> They are subjected to stringent requirements on data quality, documentation, record-keeping, transparency, human oversight, etc. with AI systems that influence what financial information citizens can see arguably have an even more direct impact on rights, specifically freedom of expression and the right to receive information.

Yet SEBI's consultation paper does not classify supervisory tools like R(AI)DAR as high risk systems or explicitly require a fundamental-rights impact assessment for them, creating an asymmetry between internal AI governance standards and the constitutionality of AI content regulation. Parallely, governance under the EU Digital Services Act emphasises systemic risk assessments, transparency reporting, user redress and independent oversight. Applying similar principles to SEBI's AI tools would require clear allocation of responsibility when AI tools generate takedown recommendations and would discourage opaque back-channel arrangements that leave users without effective remedies.

### ***C. Accountability Gaps, Due Process and Equality***

Accountability entails who is responsible, to whom and for what, yet neither SEBI nor social-media platforms currently provide transparency on how content flagged by AIs subsequently taken down. Public statements highlight aggregate numbers of posts removed but do not reveal reversal rates, the treatment of borderline cases or whether users had opportunities to contest the removals. Platforms often bundle regulator-triggered removals with enforcement of their own community guidelines, leaving influencers uncertain about the grounds and the authority they are dealing with.

From a due-process perspective, the lack of notice, reasons and accessible appeal mechanisms conflict with the spirit of law as established through *Shreya Singhal* and *Anuradha Bhasin*. Another factor to consider is Art. 14's guarantee of equality before the

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<sup>36</sup> 2024 O.J. (L 1689).

law.<sup>37</sup> If AI-assisted enforcement disproportionately targets independent influencers on social-media platforms while similar views by large financial institutions or mainstream business media escape this scrutiny, concerns of unequal treatment arise.

## **V. REFORMING R(AI)DAR: TOWARDS RIGHTS-COMPATIBLE AI-DRIVEN REGULATION**

This paper does not oppose AI-assisted regulatory surveillance. The detection capacity that Sudarshan and R(AI)DAR provide, scanning multilingual content at volumes that no human regulatory team could match, is a genuine and necessary regulatory capability given the documented scale of influencer-driven distortion in Indian capital markets.<sup>22</sup> The constitutional problem lies not in detection but in the present design decision to couple automated detection directly with automated removal.

### ***A. Human-in-the-Loop Review and User Appeals***

The first reform is to formalise the role of human officials in reviewing the AI-flagged content before any takedown request is sent to platforms. Essentially SEBI must treat R(AI)DAR scores as priority flags rather than conclusive judgments. Trained SEBI staff should apply clear legal standards under Art. 19(2) to each case. This is in line with SEBI's own emphasis on explainability, documentation and human oversight in AI governance.

Orders or requests to platforms should expressly identify the statutory basis for removal, record concise written reasons and, wherever feasible, be communicated to affected users through the platform at the same time as enforcement. Simultaneous communication of removal orders to both the platform and the affected creator would ensure that creators can distinguish regulator-initiated takedowns from platform-driven content moderation and pursue judicial review against the appropriate authority. SEBI should further establish a dedicated, time-bound appellate mechanism empowering creators to challenge removals, monitor the progress of their appeals, and receive written decisions identifying the specific Art. 19(2) ground on which the removal was upheld or the basis on which the appeal succeeds.

### ***B. Graded Enforcement and a Verified-Finfluencer Regime***

A constitutional enforcement requires balance between violation severity and regulatory response. Minor infractions like disclosure lapses, insufficiently prominent risk warnings, or

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<sup>37</sup> INDIA CONST. art. 14.

promotional language short of outright falsehood etc. warrant corrective disclosures, formal warnings, or mandated disclaimers while unregistered advisory services and deliberate misrepresentation attract progressively stronger sanctions including suspension and removal directions.

Thus, SEBI should establish a verified-finfluencer framework under which IAs, RAs, and equivalently credentialed individuals receive platform-issued verification badges contingent on enhanced disclosure obligations. The scheme redirects AI-intensive surveillance toward unverified, high-risk actors, creates a structural incentive for voluntary registration, and renders content-moderation treatment more predictable for compliant creators.

### ***C. Classifying Supervisory AI as High Risk and Ensuring External Oversight***

Supervisory AI tools that directly condition the visibility of public speech, and R(AI)DAR and Sudarshan foremost among them warrant explicit classification as high-risk systems within SEBI's AI governance framework. That designation should trigger obligations analogous to those the EU AI Act imposes on high-risk financial AI: mandatory documentation of training data and decision logic, independent performance and fairness audits, input-output logging, and enforceable human-oversight protocols.

SEBI's position as both market regulator and active AI-moderation deployer creates an institutional conflict that internal governance alone cannot resolve. Fundamental-rights impact assessments evaluating each system's effects on expression, equality, privacy, and due process before deployment and at regular intervals thereafter which should be mandatory rather than discretionary. An external advisory body with competence across AI and constitutional law would provide the independent check that SEBI's own accountability structure cannot, while joint guidelines with the RBI and IRDAI would prevent the fragmentation of speech-protection standards across financially regulated sectors.

## **VI. CONCLUSION**

R(AI)DAR and Sudarshan mark the transition from reactive, post-hoc enforcement to continuous, algorithmic surveillance of investor-facing speech. The scale of finfluencer-driven market distortion, including the price inflation and first-day return anomalies associated with endorsed IPOs, provides the empirical evidence for that shift. Surveillance at the volume and multi-factor approach these tools operate in cannot be replicated by conventional regulatory staffing.

When AI systems are used to identify and restrict speech about financial decisions, they must follow the constitutional guarantees under Art. 14, 19 and 21. Doctrines of vagueness, proportionality and prior restraint, recognised in cases like *Indian Express*,<sup>38</sup> *Shreya Singhal*<sup>39</sup> and *Anuradha Bhasin*,<sup>40</sup> do not prevent regulators from acting against misleading financial content. However, they require such action to be limited, transparent and procedurally fair.

The constitutional deficiencies identified in this paper are not arguments against algorithmic market surveillance; they are arguments for designing it correctly. Redesigning R(AI)DAR's current architecture with human-in-the-loop review, Art. 19(2)-grounded removal orders, a graded enforcement ladder, a verified-finfluencer regime, and high-risk classification under SEBI's own AI governance framework would resolve that deficiency without sacrificing detection capacity.

An enforcement architecture that satisfies constitutional requirements will also prove more durable with tools perceived as legitimate monitors of fraud rather than opaque providers of permissible financial opinion are far more likely to command the institutional and public trust that effective securities regulation requires.

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<sup>38</sup> *Indian Express Newspapers (Bombay) Pvt. Ltd. v. Union of India*, 1985 (1) SCC 641.

<sup>39</sup> *Shreya Singhal v. Union of India*, (2015) 5 SCC 1.

<sup>40</sup> *Anuradha Bhasin v. Union of India*, (2020) 3 SCC 637.