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RESEARCH ARTICLE

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## SOCIAL STOCK EXCHANGE: A FINANCING PLATFORM FOR SOCIAL ENTERPRISES IN INDIA

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### ABSTRACT

India's economic imperative is to feed, educate, clothe, and empower more than a billion people in ways that grow and conserve its natural, social, and sustainable heritage. It cannot expect to accomplish this lofty goal on the strength of conventional corporate capital alone. The evidence of that is that there are around 3 million non-profit organizations. One of the significant hurdles these not-for-profit organizations (NPOs) face is the shortage of financial assistance to carry on their efforts and the lack of formal structure to raise funds. Conversely, some people would want to donate/invest/fund NPOs or For-Profit Organizations (FPEs) carrying on programs and projects that have a social impact. However, many stop short due to a lack of confidence in how the funds are utilized due to the absence of a formal structure. This is where the Social Stock Exchange (SSE) would give NPOs/FPEs (For-Profit Organizations) a social objective, access to donors, and confidence in the Donors on the effect of their donations/contributions. Social companies stress social good over profitability, unlike traditional stock exchange listings. They are non-profit-seeking organizations, and the stock market gives them alternative ways to raise money. These businesses can amass money by issuing non-dividend shares, enabling them to forgo annual shareholder payouts. This only applies to non-profit companies with social purposes that want to draw donors; it does not apply to for-profit companies.

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## INTRODUCTION

Indian corporations (including private and public companies), social enterprises, volunteer groups, and others collaborated during the pandemic. They gave resources to society's most vulnerable groups, such as migrants, healthcare services to individuals living in distant locations, and financial access to women, among other things. Grants from the government or other organizations, contributions, CSR spending, and monies earned from charity events held by large corporations are the key sources of their income. The resources they have available are not enough to meet their needs. Due to this, these organizations must have access to more funding. In essence, SSE is a place to list securities or other funding structures and a set of procedures that filter out all entities creating social impact and reporting that impact. The SSE will operate independently within the existing stock exchanges. SSE will benefit social entrepreneurs and retail investors who wish to participate in the social sector. Social enterprises are revenue-generating businesses, with their main objective being social welfare. Social entrepreneurs' social enterprises would be listed on the social stock exchange. Social entrepreneurship is identifying and resourcefully pursuing opportunities for the betterment of a country's citizens. There are entrepreneurs all over the globe, such as Alex Hudson, who is seeking sustainable fashion for

our future, and Manish Gupta, who is empowering communities through trade. Such entrepreneurs then develop their businesses and could further intend to be a part of the SSE. The United Nations initially proposed the initiative of a social stock exchange in New York in 2009. After this, SSE held 'Global Dialogues,' which allowed liberated funders to work together and realize their interrelating ambitions to create lasting change. These dialogues were first held in 2010 and then in 2012. In the 2012 meeting, organizations were recognized for joining the SSE. However, implementing it has taken longer than one could anticipate. Social stock exchanges operate in Brazil, the United Kingdom, Singapore, and South Africa and will soon be known to citizens of India and New Zealand. As of 2021, there are close to 14 SSEs globally. In India, a social stock exchange was first proposed in the Union Budget of 2019-20 to raise capital. A Union Budget is an annual financial statement comprising the government's budget and expenditure for that year. On September 28th, 2021, the Securities and Exchange Board of India (SEBI) officially sanctioned the establishment of SSEs in India. SSEs act as filters on the stock market for humanitarians to find the right business to buy shares from. It gives information about companies' different goals, aims, and motives. It could also be another way to help people make impact investments: to generate social and environmental impact and financial returns. In India, the SSEs are mainly listed on the Bombay Stock Exchange (BSE), currently the largest securities market, or on the National Stock Exchange (NSE), another of the

more significant exchanges in India. How long a listing should last depends on its sociological objectives and how long it would take to achieve them; it depends on the planning of the company and the funding it requires. SSEs can obtain funds through three main streams of capital: zero-coupon-zero-principal bonds, social venture funds, and mutual funds. Zero-coupon-zero-principal bonds mean an investor can buy coupons on this exchange just like others; however, they do not get interest on this annually, and they only get profits at the maturity stage. Social venture funds are given mainly by groups of social venture capitalists to profitable social ventures; hence, these investors gain profits while doing good for society. Mutual funds are strategies for joining other investors to buy stocks, shares, or bonds.

**Importance:** The broad term, social benefits or objectives, is not enough to describe the importance of social stock exchanges. In today's generation, the reputation of businesses and images of entrepreneurs are declining as every company is so focused on profits that they forget the simple means of conservation—the importance of working towards sustainability. Nonprofits in India are currently facing several challenges when it comes to raising funds for their job. Large nonprofits generally receive institutional funding, such as foreign donations or CSR grants. Besides that, non-tax-deductible donations must typically be used for programs rather than organizational development, and tax-deductible contributions tend to be small. The SSE will allow grants to be transferred to nonprofits in various ways and combine donations from multiple individual donors—a bond with zero coupon and zero principal. Nonprofits are legally prohibited from using traditional financing instruments such as equity and debt to obtain financing. Despite this, the SSE offers a way to raise funds by listing zero coupon and zero principal bonds. These bonds will have a tenancy equal to the duration of the funded project and will be written off the investee's books. They're particularly well-suited to investors who want to make a positive social impact and wouldn't want their funds refunded. Investors will want to fund only reliable and genuine nonprofits, which the SSE will ensure by requiring nonprofits to meet minimum reporting standards. Risk capital will be routed to nonprofits via specialized funding structures. The SSE would use the Social Venture Fund (SVF). SEBI permits this alternative investment fund to issue social venture securities to investors who agree to receive limited or muted returns. The following are some examples of funding structures that nonprofits can use to raise commercial capital:

- **Mutual funds:** Investors can purchase mutual fund units from a conventional asset management firm. The investment's principal would be returnable, but all the profits would go to identified nonprofits.
- **Pay-for-success:** A benevolent donor, CSR funder, impact investor, or the government would repay the investor the principal amount, plus interest, if specific pre-determined social outcomes are achieved.

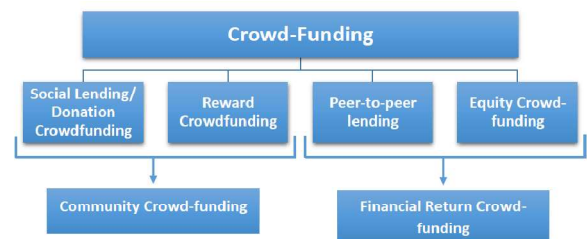
Because for-profit organizations can legally raise funds through equity, they would list equity on the SSE, subject to the minimum reporting requirements. SEBI's non-social business eligibility criteria, such as a minimum net worth or average operating profit, would also apply. "SEBI should work out a mechanism to assess the credibility of the impact self-declared by a social business." The fund-raising models discussed for nonprofits would also apply to social enterprises. For social businesses, SVFs already exist, but they do not require social impact reporting at the moment. The SSE is going to make this mandatory. While the minimum reporting standard can help determine whether an organization has a positive social effect, the association of social businesses with the SSE should not be solely based on self-reporting. It is suggested that SEBI develop and implement a mechanism to assess the credibility of a social business's self-declared impact and verify its preference for social returns over financial returns. This is critical in identifying and allowing only those social businesses to be associated with the SSE that are genuinely creating social impact.

**International Scenario:** The SSE concept has been around the world in many countries in various forms, each country carrying its unique

SSE features. For instance, the UK Social Stock Exchange does not facilitate raising funds but acts as a mere connecting platform for investors and social enterprises. Other SSEs act as a crowd-funding platform for impact investors to invest and donate to enterprises that match their investment objectives. Crowd-funding refers to soliciting funds from numerous investors through a social networking site or web-based platform for a specific project, social cause, or business venture.



The SEBI Consultation Paper on Crowd Funding in India, as well as the IOSCO Staff Paper on Crowd-funding: An Infant Industry Growing Fast specify four types of Crowd-funding as below:



**Figure 1. The Various Forms of Crowd-Funding Activities**

Social Stock Exchanges around the world mostly follow the Community Crowdfunding model. The IOSCO paper highlights the difference between community crowd-funding and financial return crowd-funding: Community crowd-funding does not provide any financial return in the form of a yield or a return on investment. The Impact Exchange (Singapore) is based on a crowdfunding model that enables mature social enterprises to raise capital by issuing securities to a broader group of investors on a public platform that will facilitate trading in listed securities on a regulated stock exchange. It exposes a global base of impact investors looking for transparent, liquid investment opportunities. Social Venture Connexion (Canada) allows Private Offers from accredited investors as well as the raising of funds from the general public. As mentioned earlier, Kickstarter, Indiegogo, etc. (USA) allow social lending and reward crowd-funding for social enterprises.



**Figure 2. Key Features of Some SSE Models, Adapted from KPMG, 2020**

India has a vast supremacy in setting up its exchange: It can learn from SSEs in various other countries, including the U.K., U.S., Canada, Brazil, Singapore, and South Africa. While these countries'

SSEs are alike India's emerging platforms in their fundamental motives and objectives, each model is distinctive and suited to the requirements of the country's development sector. The graphic above provides a snapshot of the critical features of some of these models. Though many SSE models introduced in other countries have successfully collected capital for social enterprises, some have not succeeded. For instance, Impact Us was established in the United States with financial aid from the Kellogg Foundation, the Ford Foundation, the MacArthur Foundation, and the Open Road Alliance, and it was presumed to be a paradigm shifter in the global impact investment industry. The reality that it closed just a year after initiating raised questions about this model, resounded by similar closures of platforms like Enable Impact and Mission Markets. So, what went wrong with these attempts – and how can India's SSE avoid their fate? SSE platforms require investors and social enterprises for the arrangement to work. However, a newly launched SSE platform may not generate enough value to entice enterprises to sign up when no (or few) investors are involved – and vice-versa. This highlights the need to establish significant confidence among the stakeholders on both sides, to convince them of the eventual benefits, and to embark them onto the SSE platforms.

Performance-based philanthropy:

- As the performance of the enterprises listed on an SSE would be closely monitored, it will result in better project implementation.

#### Eligibility Criteria for Listing on SSE

- Non-Profit Organisations (NPOs) – Trusts, Society, etc.
- Section 8 Company under the Companies Act 2013
- For-profit organizations (FPOs) with social intent and impact as the primary goal

The enterprise should focus on creating a social impact. It should align with the 17 Social Development Goals (SDGs) and could involve products, services, research, or even governance. Social enterprises should primarily aim to serve underserved or underprivileged populations. The areas or regions they serve should ideally be lagging in developmental indicators.

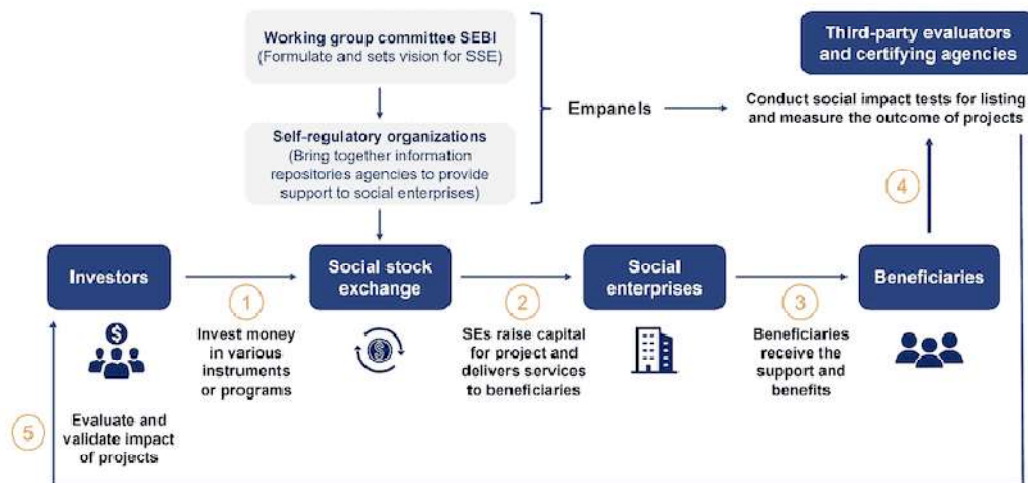


Figure 3. How SSE will work

#### The need for social stock Exchanges in India:

To meet the investment demand in the human development sector:

- India needs huge investments in the coming years to fulfill the human development goals identified by global bodies like the UN.
- This can't be done through government expenditure alone.
- Private enterprises working in the social sector must also step up their activities.

To solve the fund crunch faced by social enterprises:

- Social enterprises are very active in India. Though, they face challenges in raising funds.
- One of the biggest hurdles they face is the lack of trust from common investors
- As per a survey of Brookings India, 57 percent of social enterprises identify access to debt and equity as a hurdle to growth and sustainability.

Transparency and accountability:

- An SSE would be installed for background checks on investors because of rigorous due diligence and performance metrics.

The synergy between investor and investee in social aims:

- The canvas of choice would be much broader, allowing investors and investees with similar visions and missions to connect seamlessly.

Mandatory Pre-requisites for NPOs are:

- 1) An NPO must be registered and hold valid certifications under Sections 12A/12AA/12AB of the Income Tax Act 1961.
- 2) Valid 80G registration is crucial, signaling that donations to the NPO can avail of tax deductions.
- 3) The NPO should have operated for at least three years.

In the preceding financial year, the NPO should have spent a minimum of Fifty lakhs rupees annually and received funding of at least Rs. 10 lakhs.

## REVIEW OF LITERATURE

“A study on social stock exchange in India” -Sanjana S International Journal of Advanced Research in Commerce, Management & Social Science (IJARCMS) ISSN : 2581-7930, GIF: 0.9063, CIF : 2.965 , Volume 02, No. 04, October - December, 2019, pp 41-47 In this study researcher has concluded that A whole new ecosystem and open market accessible to entrepreneurs, social enterprises, and voluntary establishment that caters to free movement of funds, adhering to sustainability in the management and its activities, attracting the ethical investors in the Indian Market. Government must draft rules and regulation or public consultations by removing hurdles for the existing stakeholders understanding their necessities and incline the market for social and environmental welfare of the nation. Educational Programs must be induced to create awareness amongst the social workers on the

benefits available in the market regarding the Social Stock market. The Indian regulator body Securities and exchange board of India must have a framework that covers all social enterprises guiding under newly established standard bureaucratic rules and producers and eliminating the conventional regulation.

**Ideas of social stock exchanges for India -Varsha Aithala The India Forum (A magazine on contemporary issue)** Social enterprises have the potential to impact India's society and economy significantly, but they struggle to find sustained funding. Social stock exchanges can help to bridge the funding gap and generate an investment ecosystem for such enterprises. Public and private sources of capital must come together and develop ingenious mechanism to ensure that capital flow to the social sector is unrestrained and capital is utilized effectively to create a lasting impact for the community. Institutional support through SSEs secure that more investors are encouraged to amalgamate social aspects (including privacy, data protection, employee welfare), environmental aspects (such as resource conservation, environmentally sustainable working practices) and governance aspects (like conflicts of interest resolution mechanism, board diversity, independent oversight of management) into the evaluation of enterprises, moving beyond financial statements. To this end, all efforts must be directed to ensure an enabling regulatory environment for the planned SSEs with a minimal compliance burden imposed on the enterprises, investors, and social entrepreneurs. There has to be clear listing criteria for social enterprises accessing this platform, and the listing guidelines should provide investors with adequate incentives to increase their investment. Social impact assessment and financial reporting standards should be kept robust to maintain credibility. SEBI should work along with Indian stock exchanges to spearhead the movement to raise awareness among the NPO community about the benefits of listing on the SSE, including the opportunity for innovative structuring of investment flows, through which these enterprises can tap into several fund-raising sources. This can infuse spirit into the social sector to bring in the expertise to bring change and sustain long-lasting reform.

**Social Stock Exchange in India – A Platform for Social Enterprise Dr V.R. Narasimhan is Dean of the National Institute of Securities Market -Ms Aboli Pitre is a qualified company secretary (A53767) and LLM from the National Institute of Securities Market:** Most Social Stock Exchanges have both- Non-Profit (NPO) and For-Profit Enterprises (FPE) eligible to raise funds from the SSE platform. SSE can act as an agent of change in India's social sector. It has the potential to bring a cultural shift to modernize the functioning of India's social sector. It can unlock new sources of funding for social organizations, promote NPOs, make new avenues of impact investment available to investors, and develop an ecosystem favourable for the development of the social sector, provided they are evaluated only on social impact considerations and not commercial perspectives.

**A Study on the Scope of Implementation of Social Stock Exchange in India Turkish Online Journal of Qualitative Inquiry (TOJQI) Volume 12, Issue 8, July 2021: 323-339 -Charles Ambrose A, Rahul George, Soumya L.J, Princy Nisha D, Dr.K.Alex, Dr.S.Mariadoss, A.Sarlin Venotha:** Social Stock Exchanges as we now know, are a bridge between social enterprises needing funds and investors who are willing to invest. The social and economic forum has gained popularity, particularly in the last decade. Still, the question now arises of the need for an SSE when an investor could look up in a regular stock exchange and find companies listed undertaking a good amount of CSR activities and achieving better social and financial benefits. The main difference is that companies doing CSR are just doing social service as a small portion of their business, but organizations established to serve society mainly would focus entirely on it and bring out an urge to solve problems more effectively. Knowing that the Social Stock Exchange would follow the same model as a Stock Exchange, we can expect the presence of speculators and arbitrageurs, whose profit motives differ from those of social enterprises, who focus on earning and using profit for

societal benefit. The objectives of Impact investors would align with those of social organizations, which is why they could make the most out of the implementation of SSEs rather than other investors. Once SSEs are implemented in India, the opportunity for future researchers would arise as they can compare the functioning of Indian SSEs with the ones functioning abroad.

**Social Stock Exchanges – Innovative Financing For International Development By Bandini Chhichhia:** Currently, the main challenges lie in building a critical mass of social businesses that are 'market ready' to make SSEs viable and developing a common terminology and consistent valuation parameters for all players in the field. In this regard, greater harmonization of entrepreneurial know-how from both sides of the globe would assist in building this critical mass. One approach is fragmenting the operations of existing charitable foundations so that they are part grant-driven and part social business. Finally, having harnessed this unbridled market power, an ongoing challenge lies in taming this beast and ensuring it delivers what it promised. This is where proactive governance<sup>88</sup> by state and international actors comes into play to ensure adequate checks and balances are built into regulatory frameworks as SSEs gain momentum. However, what is undeniable is that the invisible hand can have a compassionate touch, and the market can be employed to lift the bottom billion from poverty with the hope of a better future in a changing global order.

**Determinants of Attractiveness in Social Stock Exchange Journal of Management and Sustainability; Vol. 3, No. 4; 2013 ISSN 1925-4725 E-ISSN 1925-4733 Published by Canadian Center of Science and Education:** Future research is needed to reach this statement because of limitations of our database. One of these limitations refers to the number of projects at SSEs, which, despite being a proper number for this paper, is not enough for using other regression techniques that allow us to identify non-linear relations (ex., regression multinomial logistic, regression binary logistic, probit and others). Another limitation is related to the kind of data available for comparison in the three used databases, which precluded measurement of some factors or project characteristics that would be valuable metrics for social projects. For example, the link between reputable organizations having a vast contact network and history of success, history and organizational seniority, and entrepreneur proactivity and stakeholder participation are important for the project attractiveness. Consequently, they should be better understood. Certo and Miller (2008) and Mair and Marti (2006) reported difficulty measuring social value. Finally, this study has presented a diversity of projects that demonstrate the intense creativity of social entrepreneurs, particularly in social cohesion and regional development, revealing that social entrepreneurship and its key players can make a solid contribution to improve the welfare of populations. This work contributes to the study of social innovation (Phills et al., 2008) when we chose the SSEs as the objects of study. They incorporated the logic model from private initiatives, and the social results obtained from these projects could be embedded in society as proposed by Phills et al. (2008).

**BOVESPA and the Social Stock Exchange: Mobilizing the Financial Market for Development Author: Danielle Zandee, Case Western Reserve University Commissioned by the Global Compact Office October 2004:** Is the idea of an SSE replicable in other countries? The conveners of the Brazilian SSE think it is. They encourage others to follow their lead and are eager to share their growing expertise. This case story intends to inform interested stock exchanges so that they can assess the viability of an SSE in their unique local circumstances. In this regard, the Global Compact plans to play a catalyzing role. There seems to be potential for a similar program in widely different societal contexts. Countries with well-established stock exchanges provide a convenient and trustworthy channel for people who want to make a socially responsible investment. In societies like Brazil, along with a developing capital market, an SSE may help explain a stock exchange's operations. In all instances, an SSE can democratize access to philanthropic resources and give more credibility to the work of NGOs. Last but not least, the

SSE gives a cheerful, human face to pivotal financial-economic institutions and helps to build public confidence in the good intentions of these powerful global actors.

**Proposed Mechanism for Fund-Raising in SSE:** Social stock exchanges aim to effectively deploy available fundraising instruments and structures under specified guidelines. These instruments depend on the nature of social enterprises seeking funding. The instruments are different for NPOs and for-profit enterprises. Instruments for non-profit social enterprises are as follows:

**Zero coupon zero principal bonds:** Allowing NPOs to list directly on the SSE through the issuance of bonds in the form of zero coupon or zero principal bonds is a feasible option to unlock funds from donors, philanthropic foundations, and CSR spenders. These bonds would carry tenure equal to the duration of the project being funded, and at tenure, they would be written off the investor's books.

**Social Venture Funds (SVF):** An SVF is a category 1 Alternative Investment Fund (AIF) that SEBI has already allowed to issue securities or units of social ventures to investors.

**Mutual funds:** An asset management company could offer closed-end mutual fund units to investors. The units could be redeemable in principal terms, but the fund, which acts as the intermediary, could channel all of the returns towards suitably chosen NPOs.

**Pay-for-success models:** Pay-for-success models through lending partners or grants are highlighted as effective mechanisms for ensuring a more efficient and accountable capital deployment.

#### **For for-profit social enterprises (FPEs)**

**1. Equity listing:** FPEs would list equity on the SSE subject to listing requirements, including operating practices (financial reporting and governance) and social impact reporting.

**2. Social Venture Funds (SVFs):** AIFs and SVFs already exist for FPEs but do not require social impact reporting.

#### **Benefits of Social Stock Exchange**

##### **For social enterprises:**

- The SSE platform will acknowledge the problems of investment fundraising for social enterprises.
- There is an excellent opportunity to unlock funds from donors, philanthropic foundations, and CSR spenders through zero-coupon zero-principal **bonds**.
- Helps small social enterprises to gain trust among impact investors.

##### **For investors:**

- SSE will bring greater transparency for social enterprises, assisting investors in better evaluating the social enterprises in which they would like to invest.
- People investing in zero coupon zero principal bonds may also be awarded a tax benefit.

##### **For the social sector:**

- SSE is a significant step towards encouraging an ecosystem to support social finance growth because it opens avenues for direct listing and streamlining funding mechanisms for NPOs and innovating new funding instruments and structures.

##### **For government:**

- The government gets some relief on its welfare spending, as private sector enterprises could pool in capital for investing in the social sector.

#### **For Indian society as a whole:**

- Improve our performances in human development indicators.
- Helps to improve India's image on the global front.

The Social Stock Exchange will be a new segment of existing stock exchanges. Non-profit and for-profit social enterprises with an explicit social intent and impact will be allowed to list on the Social Stock Exchange. These entities will be allowed to raise funds from investors through equity, Zero Coupon Zero Principal bonds, Mutual funds, social impact funds, and development impact bonds. Entities that want to raise funds via the social stock exchange will have to register with the same, SEBI said. SEBI also said that it will in due course of time amend its regulations towards initial and continuous disclosures for social enterprises that will cover aspects of social and financial impact and governance.

#### **LIMITATIONS**

There may be many challenges and critical observations along with its limitations discussed in this section.

- The proposed structure of SSE allows FPEs and NPOs social enterprises to be listed on SSE. When FPEs are juxtaposed with NPOs, it will be difficult for NPO to attract funding as they cannot quantify the social impact. However, they cannot effectively compete with others on the main board due to the low financial returns that they would offer. Therefore, the ideal solution is to have independent SSE platforms for NPOs and FPEs.
- Religious Organizations are prohibited from accessing SSE. However, many religious organizations undertake non-religious activities. By preventing religious organizations entirely, it would prevent them from accessing SSE for their non-religious activities. It is suggested that religious activities, not religious organizations, be prevented.
- The third critique would be related to small traders, such as artists, weavers, and craftsmen, who practice trade associations for better visibility and collective development. They need support from donors. If the definition of a trade association envelope is prohibited, it will be challenging to take advantage of SSE. Hence, the purpose of trade associations should be standardized and covered under the eligibility for listing on SSE.
- There is a criterion of minimum annual spending and minimum amount for listing on SSE. On the contrary, the objective of SSE is to ease raising funds for social causes. The criteria of minimum annual spent and amount raised contradict this objective. Hence, the NPO, which is performing very but needs funds, becomes ineligible due to these conditions. Therefore, the minimum amount raised and spent requirement shall be eliminated.
- Different listing requirements for FPEs and NPOs make it difficult for investors to compare FPE with NPO working on similar causes and lead to dissonance in disclosures.
- Listing of FPEs on SSE by the same set of regulations as applicable for listing on conventional stock exchange is not ideal.
- So far as a Social audit is concerned, two different individuals or institutions should perform financial and non-financial audits where the skills, mindset, expertise, and experience required to perform a financial audit differ from a non-financial audit. Members of ICAI can execute the financial audit; however, they should not mechanically be made unable to perform non-financial audits unless they have experience working in the social sector.

## **CONCLUSION AND SUGGESTIONS**

It would be fair to conclude that the proposed SSE in India has adopted an inclusive and all-encompassing strategy that considers the

requirements and limitations of social organizations and donors/investors in India. The modalities could be further defined with the help of the Technical Group's more specific proposals. The governance, management, and sustainability of the SSE and developing strategies for donor and investor demand generation are two areas that merit additional attention based on findings from global experience. At the same time, ongoing consultation with civil society should be encouraged, and non-profit perspectives should be institutionalized within the SSE itself. As the COVID-19 effects on the world economy show, public and private sources of capital must come together and develop ingenious mechanisms to ensure that capital flow to the social sector is uninterrupted and money is utilized effectively to generate a lasting impact for the community. Institutional support through SSEs assures that more investors are encouraged to integrate environmental aspects (like resource conservation and environmentally sustainable working practices), social aspects (including privacy, data protection, and employee welfare), and governance aspects (such as board diversity, conflicts of interest resolution mechanism, independent oversight of the management) into the evaluation of enterprises, moving beyond the financial statements. Building on the learning from both successful and unsuccessful global SSEs – while also acknowledging the Indian context – here are some critical considerations for setting up an effective SSE in India.

- The platform should clearly define a qualifying social enterprise and standard metrics for measuring the impact of a social project.
- Innovation, learning, and regulation should be key drivers of the SSE's development. Still, the regulator should avoid an "all at once" approach and continuously refine the SSE's operations as it progresses.
- The SSE should generate a structured strategy for onboarding, screening, and scaling funding from impactful social enterprises.
- The platform should shift investors' attention from seeking short-term financial returns to providing patient capital over a more extended period.
- The SSE should build social enterprises' ability to attract more capital by mobilizing funds from investors.

To help civil society and policymakers in other countries understand and perhaps implement effective social stock exchanges, this research aims to capture some of the typical traits and features of SSE models in many countries. Studying the emergence and collapse of social stock exchanges worldwide can help developers of India's proposed SSE consider many more factors and highlight the possible benefits and potential problems of these relatively new systems. The SSE has the potential to transform civil society, but several variables may constrain this transition and may potentially have unforeseen effects on the industry. Aside from potentially duplicating the functions of a traditional stock exchange, segmenting or escalating inequalities within and between sectors, and failing to foster a strong culture of philanthropy, an SSE also runs the risk of failing to unlock new capital, promote equity, introduce new instruments for donors to fund operations, streamline regulations, and create an ecosystem of enabling frameworks for civil society.

Stakeholders must establish a representative and participatory system that fully embraces the concerns and expertise of civil society and social organizations while utilizing effective financial and institutional capability to generate sustained social impact. An SSE should enable the markets to serve humanity rather than the community serving the markets. The role of an SSE could be defined as a change agent. SSEs have the potential to be effective change agents because of their unique role as venues for bringing together various stakeholders and mediating interactions between sectors to prioritize growth. Unlike traditional stock exchanges, social stock exchanges have a deeper purpose that should be represented in their governance, design, and operations, as nations must be aware. In that sense, it could be claimed that the term "stock exchange" itself is misleading.

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