

# Social Stock Exchange – A Pathway to Sustainable Development Goals

Given India's commitments to the UN Sustainable Development Goals (SDGs) and its own requirements, the government announced the setting up of Social Stock Exchange (SSE) in July 2019. SEBI has recently amended the SEBI ICDR and SEBI LODR whereby a basic framework with respect to the creation of SSE has come into being. This analytical paper is an attempt to bring out the salient features of the emerging framework and identifying the way forward with respect to the regulatory framework. This paper is expected to be a ready reckoner of the concept of SSE particularly in the wake of the recent regulatory amendments.



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## BACKGROUND

India is rightly regarded as the birthplace of human civilisation and the concept of social impact has always been an in-built component in the Indian value system, which lays emphasis on Charity first beginning at home and then extending to the world at large. However, somewhere down the line, due to polarisation first followed by colonialization which gained ground because of early polarisation in the Indian Society to be compounded further by extended polarisation led to India losing its way on its rich heritage. To this extent, India has paid a very heavy price for not being able to take care of its own health, wealth, and richness to lead the world by its command over spirituality, as later on confirmed and acknowledged by the world at large. As for instance, Danish historian Georg Brandes in his book, "The Major Trends in Religion", had stated, "the Germans started to absorb and to utilise the intellectual achievements and the culture of India. It is because this Germany — great, dark, and rich in dreams and thoughts — is in reality modern India. Nowhere else in the world history has metaphysics bereft of any empirical research achieved such a high level of development as in ancient India and in modern Germany." In modern India, Sanskrit does not find an important place. However, Sanskrit continues to be relevant in present-day Germany. The language has enjoyed a great revival in Germany, with fourteen universities teaching Sanskrit.<sup>1</sup>

India like the other 192 signatories to the UN mandated Sustainable Development Goals (SDGs) have accepted certain voluntary targets to be achieved by 2030. India's national development goals and its "Sab ka Saath, Sab ka Vikas" (meaning development with all, and for all) policy initiatives for inclusive development converge well with the SDGs, as it will play a leading role in determining the success of the SDGs, globally.<sup>2</sup> In the words of our Hon'ble Prime Minister, Shri Narendra Modi, "These goals reflect our evolving understanding of the social, economic and environmental linkages that define our lives."

<sup>1</sup> <https://theguardian.com/a-nation-born-out-of-sanskrit-and-still-in-love-with-it/> dated October 17, 2020

<sup>2</sup> Chartered Secretary, May 2022 – Joint Article by CS A Sekar with CMA Nayana Savala on "CSR to Sustainability – Opportunities for Company Secretaries"

\* The views expressed in this article are the personal views of the authors.

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A perusal of the 17 SDGs reveals that 11 SDGs out of the 17 SDGs have linkages with Social Impact, as depicted in the table below: -

SDG	Environment	Social	Governance	SDG	Environment	Social	Governance
1 No Poverty		*		10 Reduced Inequality		*	
2 Zero Hunger		*		11 Sustainable cities and Community	*		*
3 Good Health / Well Being		*		12 Responsible Consumption & Production	*	*	*
4 Quality Education		*		13 Climate Action	*		*
5 Gender Equality		*	*	14 Life Below Water	*		
6 Clean Water & Sanitation	*	*		15 Life on Land	*		
7 Affordable & Clean Energy	*			16 Peace and Justice Strong Institutions		*	*
8 Decent Work & Economic Growth		*	*	17 Partnership to achieve Goals			*
9 Industry, Innovation & Infrastructure	*	*	*	Total 1 to 17	8	11	8

Source: Compiled by the Authors

According to the reports of NITI Aayog, the organisation entrusted with overseeing the adoption and monitoring of SDGs in India, the country needs to ensure that at least 13 % of its GDP is channelised into social causes and is a minimum requirement to achieve its social commitments under the SDGs by 2030. However, as per NITI Aayog estimates, the current average is 7 %, which is woefully short of the needs. In terms of measured performance, India's ranking in the Global Index of Achievement of SDGs has slipped from 117 in 2019 to 121 in 2022. Given that there are only 8 years left for achieving the agreed SDGs by 2030, with increased pressures in State finances and mounting government debts, the need to explore, identify and promote other sources of raising funds with the objective of Sustainable Development has become more imperative than ever before. It is here that the concept of social stock exchange as is mooted has the significant potential to bridge the gap in achieving meaningful social impact.

## SOCIAL STOCK EXCHANGE - WHERE IT STANDS NOW?

### Global Experience

The Concept of Social Stock Exchange (SSE) was floated in the early part of this century mainly to provide a platform for channelising investments focussing on social objectives. Though the early beginnings of Social Stock Exchanges date back to 2003, its development is still at a very nascent stage. Seven Countries (Other than India which is in the process of setting up SSE) have attempted to create SSEs

The following table shows the Origin, Name and Year of setting up of the SSE: -

Serial No.	Country	Name of SSE	Year of Setting Up
1	Brazil	BOVESPA SSE	2003
2	South Africa	SASIX	2006

Serial No.	Country	Name of SSE	Year of Setting Up
3	Kenya	Kenya Social Investment Exchange	2011
4	United Kingdom	UK SSE	2013
5	Singapore	Impact Investment Exchange (IIX)	2013
6	Canada	Social Venture Connexion (SVX)	2013
7	Jamaica	Jamaica SSE	2018

Source: Compiled by the authors

However, out of the 7 SSEs, only three SSEs namely Singapore, Canada and Jamaica are currently operational. The UK SSE has been restructured in 2018 with its operations and employees being shifted to a newly launched organisation called "Impact Investment Network" which has further evolved into the "Impact Group".<sup>3</sup>

Canada's SVX holds itself up as a "trusted connector" whereby it provides social businesses with access to interested impact investors, service providers, high visibility, and a means to value their triple bottom line at affordable prices, while the Singapore's IIX is the only public SSE and it provides information about valued social businesses and impact investing funds. Interestingly, it also includes non-profits in its list of issuers, which can issue debt securities such as bonds.<sup>4</sup>

The revamped Jamaican SSE is a state-of-the-art virtual environment and a venue for the process where the "socially responsible investor(s)", people interested in contributing and improving the quality of life in Jamaica, are enabled to invest in wholesome projects that require public funding, and by extension promote the socio-cultural economy and

<sup>3</sup> <https://www.samhita.org/India-SSE-report-final>

<sup>4</sup> Chartered Secretary – August 2019, Joint Article by CS A Sekar and CS Meghna Shah on "Social Stock Exchange"

the protection of the physical environment.<sup>5</sup> It is noticed that Jamaica has adopted an approach that aims to help “Not-for-Profit” organisations access funding as also provide a platform wherein “For-Profit” social organisations can also access capital through issue of securities through creation of separate exchange platforms for “Not-for-Profit” and “For-Profit” organisations.

### How it began in India?

In the Indian context, the proposal for setting up an electronic fund-raising platform in the form of SSE under the regulatory framework of SEBI was announced in the Union Budget presented in July 2019, when the Hon'ble Finance Minister announced the setting up of the SSE as part of her budget speech, which initiated the series of steps for creating the framework for SSE. SEBI's Working Group (WG) after a study of the global experience and trends released its report on September 21, 2020, after which a Technical Group (TG) was constituted which went into granular details of the global experience and their relevance to the Indian context, as also sought further expert advice and sought greater clarity with respect to certain operational issues. The TG released their report on May 6, 2021 giving their detailed recommendations. The report of the TG was placed for public comments. SEBI, after considering the responses to the public comments and other important inputs, have prescribed the regulatory framework on July 25, 2022, which are discussed in the following paragraphs.

## OVERVIEW OF THE EMERGING REGULATORY FRAMEWORK FOR SSE

### Amendments to ICDR, LODR and AIF Regulations

SEBI prescribed the regulatory framework for Social Stock Exchanges (SSEs) on July 25, 2022, through:

- a) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022 by inserting a new Chapter X-A consisting of Regulations 292A to 292P. These regulations are referred to as “ICDR regulations”.
- b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2022 by inserting a new Chapter IX-A consisting of Regulations 91A to 91F. These regulations are referred to as “LODR regulations”.
- c) consequential amendments to the Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012 arising out of the amendments to the ICDR regulations. These regulations are referred to as “AIF regulations”.

### Amendments to ICDR Regulations – New Chapter X-A

The salient features of the new provisions are briefly analysed below: -

#### 1. Definitions:

Regulation 292A defines certain new terms, some of which are discussed below: -

In the Indian context, the proposal for setting up an electronic fund-raising platform in the form of SSE under the regulatory framework of SEBI was announced in the Union Budget presented in July 2019, when the Hon'ble Finance Minister announced the setting up of the SSE as part of her budget speech, which initiated the series of steps for creating the framework for SSE. SEBI's Working Group (WG) after a study of the global experience and trends released its report on September 21, 2020, after which a Technical Group (TG) was constituted which went into granular details of the global experience and their relevance to the Indian context, as also sought further expert advice and sought greater clarity with respect to certain operational issues.

- a) “Not for Profit Organisation” has been defined to mean a Social Enterprise which is any one of the following entities: -
  - i) a charitable trust registered under the Indian Trusts Act, 1882;
  - ii) a charitable trust registered under the public trust statute of the relevant state;
  - iii) a charitable society registered under the Societies Registration Act, 1860;
  - iv) a company incorporated under Section 8 of the Companies Act, 2013;
  - v) any other entity as may be specified by the Board (SEBI).

It may be noted that a company incorporated under Section 25 of the Companies Act, 1956 is not specifically covered in the above definition. Perhaps SEBI may have to come out with a clarification, as there does not appear to be an intention to exclude such companies.

- b) “Social Auditor” means an individual registered with a self-regulatory organisation (SRO) under the Institute of Chartered Accountants of India (ICAI) or such other agency, as may be specified by SEBI, who has qualified a certification program conducted by National Institute of Securities Market (NISM) and holds a valid certificate.

The above definition uses the term “such other agency as may be specified by SEBI” with reference to a SRO. It is learnt that the other professional institutes such as Institute of Company Secretaries of India (ICSI) or Institute of Cost Accountants of India (ICAI-Cost) are also in the process of creating the SRO under their respective institutions.

<sup>5</sup> <https://jsse.jamstockex.com/what-we-do>

Further, it is necessary for the Social Auditor to qualify a certification program, which will be conducted by NISM (an education initiative of SEBI) and obtain the requisite certificate to become a Social Auditor within the meaning of these regulations.

- c) **“Social Audit Firm”** has been defined to mean any entity which has employed Social Auditors and has a track record of minimum three years for conducting social impact assessment.

The above definition of “Social Audit Firm” refers to an entity which must employ Social Auditors. How much significance is to be attached to the word “employ” is not immediately clear. In other words, there cannot be an independent individual social auditor, since the requirement for a social audit firm is to employ a Social Auditor. Also, there is a requirement of a track record of minimum three years for conducting social impact assessment. The big question is how many “Social Audit Firms” will be in a position to meet these requirements in the coming three years?

- d) **“Social Enterprise”** means either “a Not for Profit Organisation” or “For Profit social Enterprise” that meets the eligibility criteria specified in this Chapter (X-A)
- e) **“Social Stock Exchange”** means a separate segment of a recognised stock exchange having nationwide trading terminals permitted to:
- register “Not for Profit Organisations” (NPO) and / or
  - list the securities issued by NPOs in accordance with the provisions of these regulations.

## 2. Types of Social Enterprises

The following types of Social Enterprises are covered by the regulatory framework: -

- NPOs seeking to merely get registered with SSEs;
- NPOs seeking to get registered with SSEs and raise funds through the SSE; and
- “For-Profit Social Enterprises” (FPOs) seeking to be identified as a Social Enterprise in accordance with the provisions of this Chapter X-A.

## 3. Eligible Investors in the SSE

It is provided that only Institutional Investors and Non-Institutional investors shall have access to the SSE.

In this connection, the following may be noted: -

- The term “Institutional Investor” has been defined in the ICDR regulations to mean:
  - Qualified Institutional Buyer or
  - Family Trust or Intermediaries registered with SEBI, with net worth of Rs. 500 Crores or more, as per the last audited financial statements, for the purposes of listing and / or trading in the Innovators Growth Platform in terms of Chapter X.
- The term “Non-Institutional Investor” means an investor other than a retail individual investor and Qualified Institutional Buyer.
- The term “Qualified Institutional Buyer” shall have the meaning assigned to the term in Regulation 2 (1) (ss) of the ICDR regulations.

# Social Stock Exchange



- Retail Individual Investors (individual investors who apply or bid for specified securities for a value of not more than Rs. 2 lakhs) are not eligible to have access to the SSE.
- SEBI may permit other classes of investors, as it deems fit, for the purpose of accessing SSE.

## 4. Governing Council for SSE in a Recognized Stock Exchange

It is envisaged that the SSE will be a separate section within a recognised Stock Exchange. The regulations provide that every SSE shall constitute a Social Stock Exchange Governing Council, whose main function shall be to have an oversight on the functioning of the SSE. It is further provided in the regulations that the composition and terms of reference for such governing council shall be specified by SEBI from time to time.

This is perhaps the most critical aspect of the regulatory framework of SSE. The emerging regulatory framework should be capable of preserving India's social fabric and not permit backdoor entry of pseudo-social entities and social projects that may come up with ulterior intent and / or backed up by laundered funds. The teeth of the SSE regulatory framework shall be the Governing Council and it is hoped that SEBI provides the framework for a strong governing council that is independent and not bow down to any external or political pressures.

## 5. Permitted Activities to Establish the Primacy of its Social Intent

The regulations require that a NPO as well as a FPO shall establish primacy of its social intent as a pre-condition for being identified as a Social Enterprise.

A social enterprise shall engage at least in one of the 17 listed activities to establish primacy of its social intent<sup>6</sup>

From a perusal of the list of identified activities, it can be seen that their scope is wider than the scope of activities included within the scope of Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013 read with the schedule VII.

There is also a residuary provision – Serial No. (xvii) above, which empowers “any other area as identified by SEBI or GoI from time to time”. However, it is to be noted that the power to notify “any other area” is restricted to SEBI and Central Government only.

<sup>6</sup> Regulation 292E (2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018



A social enterprise shall submit to the SSE where it is registered or the Stock Exchange where it has raised funds, an annual impact report to the SSE or the Stock Exchange, as the case may be in the format prescribed by SEBI. The said annual impact report shall be audited by a Social Audit firm employing a Social Auditor. The SSE may specify additional parameters beyond what is prescribed by SEBI that will have to be incorporated in the said annual impact report.

The regulations further provide that the Social Enterprise shall target undeserved or less privileged population segments or regions that record lower performance in the development priorities of Central or State Governments. This is prescribed keeping in mind the SDGs dealing with "Reduced Inequality" and "Inclusive Growth".

#### 6. Proportion of Permitted Activities Qualifying as Eligible Activities

The regulations provide for certain track record as regards eligible activities to be achieved in terms of 67% over the preceding three-year period with respect to average revenue or, average expenditure or members of the target population in terms of customer base or beneficiaries.

#### 7. Certain Entities not Entitled to be Registered with SSEs

The following entities or associations or enterprises shall not be entitled to register with SSEs: -

- Corporate or Religious foundations
- Political or Religious Organisations or activities
- Professional or Trade Associations
- Infrastructure or Housing Companies, with the exception of those offering affordable housing.

#### 8. Requirements Relating to Registration of NPOs

The regulations provide that a NPO seeking to raise funds through the SSE platform shall mandatorily seek registration with SSE. NPOs that do not seek to raise funds through the SSE platform may also seek registration with SSE.

The minimum requirements for registration of a NPO with the SSE shall be specified by SEBI from time to time. In addition to these stipulations by SEBI, the SSE may specify the eligibility requirements for registration of the NPOs with it over and above what is specified by SEBI.

#### 9. Fund Raising by NPOs

The regulations provide that a NPO may raise funds on a SSE:

- a) Through issuance of Zero Coupon Zero Principal (ZCZP) instruments to Institutional Investors and

Non-Institutional Investors in accordance with the applicable provisions of the Chapter;

- b) Through Donations via Mutual Fund Schemes as specified by SEBI;
- c) Through any other means as may be specified by SEBI from time to time.

ZCZP shall have a fixed tenure, no coupon rate and the principal amount shall not be payable on maturity.

#### 10. Fund Raising by FPOs

The regulations provide that a FPO may raise funds on a SSE:

- a) Through issuance of equity shares on the Main Board, SME Platform or the Innovators' Growth Platform or to an Alternate Investment Fund (AIF) including a Social Impact Fund;
- b) Through issuance of Debt Securities;
- c) Through any other means as may be specified by SEBI from time to time.

It is to be noted that ZCZP shall not be issued by a FPO.

Further, the regulations have explained that securities issued by FPOs shall be listed and traded under the relevant applicable segment of the stock exchange (Main Board, SME Platform or Innovators' Growth Platform) with the identifier that the scrip that are being traded are that of a FPO and such FPO shall meet the eligibility criteria of the relevant applicable segment in addition to the criteria provided in this Chapter.

#### 11. Ineligibility to Raise Funds through SSE Platform

A Social Enterprise shall not be eligible to register or raise funds through a SSE or Stock Exchange, as the case may be:

- (a) if the Social Enterprise, any of its promoters, promoter group or directors or selling shareholders or trustees are debarred from accessing the securities market by SEBI and the period of debarment is still continuing;
- (b) if any of the promoters or directors or trustees of the Social Enterprise is a promoter or director of any other company or Social Enterprise which has been debarred from accessing the securities market by SEBI and the period of debarment is still continuing;
- (c) if the Social Enterprise or any of its promoters or directors or trustees is a wilful defaulter or a fraudulent borrower;
- (d) if any of its promoters or directors or trustees is a fugitive economic offender;
- (e) if the Social Enterprise or any of its promoters or directors or trustees has been debarred from carrying out its activities or raising funds by the Ministry of Home Affairs or any other ministry of the Central Government or State Government or Charitable Commissioner or any other statutory body.

#### 12. Procedure for Issuing ZCZP by NPOs

The regulations provide as under: -

- (a) The NPO proposing to issue ZCZP shall file the draft fund raising document with the SSE accompanied by the prescribed fees and an application for in-principle listing of its ZCZP instruments on the SSE;

- (b) The draft fund raising document shall be hosted on the website of the NPO and shall be made available on the website of the SSE for a period of at least 21 days for public comments;
- (c) The SSE shall communicate its observations on the draft fund raising document to the NPO within 30 days of filing of draft fund raising document or receipt of clarification, if any, sought by the SSE from the NPO, whichever is later;
- (d) The NPO shall incorporate the observations of the SSE in the draft fund raising document and file the final fund raising document with the SSE prior to the opening of the issue.

As an alternative to public issue of ZCZP, a NPO may also privately issue ZCZP to Social Impact Fund(s) registered under the applicable provisions of the SEBI Alternate Investments Funds Regulations, 2012. In such cases, the provisions relating to public issuance of ZCZP shall *mutatis mutandis* apply to private issuance of ZCZP.

The other conditions relating to issue of ZCZP instruments are stipulated as under: -

- (a) ZCZP instruments shall be issued in dematerialised form only
- (b) The minimum issue size shall be Rs. 1 Crore
- (c) The minimum application size shall be Rs. 2 lakhs
- (d) The SSE shall maintain the details of the allotment pursuant to issue of ZCZP by a NPO
- (e) The SSE shall specify the additional norms with respect to the issue procedure which deals with Agreements with depositories, banks, RTA etc. as also ASBA related matters, duration of the issue, allocation methodology and other ancillary matters.

### 13. Contents of the Fund Raising Document

The regulations merely stipulate that the draft fund raising document and the final fund raising document shall contain all material disclosures which are true and adequate to enable the applicants to take an informed decision and adds that the draft as well as the final fund raising document shall contain such disclosures as may be specified by SEBI from time to time. The regulations further provide that the draft and the final fund raising document shall contain such additional disclosures that may be specified by the SSE over and above what is stipulated by SEBI.

### 14. Minimum Subscription

The regulations provide for the achievement of Minimum Subscription of 75% of the funds proposed to be raised by the issue of ZCZPs by NPOs and in case of non-achievement of at least 75% of the funds proposed to be raised, the funds collected shall be refunded.

In the event of collection of 75% or more of the funds proposed to be raised, the NPO shall provide the following details in the fund raising document: -

- (a) manner of raising balance capital in case of such under subscription to the extent of 75% or more but below 100%; and
- (b) possible impact on achieving the social objective(s) in case such under subscription is not arranged.

It is felt in some quarters that application of the concept of Minimum Subscription across the spectrum of all social projects is faulty, since there could be social projects where though the targeted social impact may not be achieved, even an underachieved social impact may be significant. Perhaps the way forward could be to have a flexible regulatory approach with respect to Minimum Subscription depending upon the nature, size and complexity of the concerned social project and the effect it would have on creating social impact. There should also be some thought on the fact that the NPO must have incurred some costs for raising the funds through the SSE platform and how these and other relevant issues should be addressed if the money has to be returned to the investors.

### 15. Deemed Compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957

The regulations provide that the securities issued by a registered FPO in accordance with the provisions of this Chapter shall be deemed to be in compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957.

### 16. Termination of Zero Coupon Zero Principal (ZCZP) Instruments from SSE

Under the following circumstances, the listing of the ZCZP instruments on the SSE shall terminate: -

- (a) The object for which the funds were raised has been achieved and a certificate to this effect is submitted to the Social Stock Exchange; or
- (b) The tenure to achieve the object for which the funds were raised as provided in the fundraising document has expired.

### Amendments to LODR Regulations – New Chapter IX-A

The new regulations inserted in the SEBI LODR contain provisions for the following disclosures: -

#### (1) Disclosures by FPO

A FPO whose securities are listed on the SSE shall ensure that they comply with the disclosure requirements applicable to the issuers whose specified securities are listed on the Main Board or SME platform or Innovators' Growth Platform as the case may be.

#### (2) Disclosures by NPO

A NPO which is registered on the SSE, whether they issue specified securities or not, shall make annual disclosures to the SSE on matters specified by SEBI, within 60 days of the end of the financial year or within such period as may be specified by it. In addition to the matters that would be specified by SEBI, the SSE may also specify matters on which disclosures would be required to be made by the NPOs on an annual basis.

A Social Enterprise (NPO as well as FPO) whose specified securities are listed on the SSE are required to frame a policy for determination of Materiality. Such policy for determination of Materiality shall be duly approved by its Board or Management, as the case may be, and such Materiality Policy shall be disclosed on the SSE(s), where the specified securities are listed.

The Board or the Management of the Social Enterprise shall authorise one or more of its Key Managerial Personnel (KMP) for the following purposes: -

- a) determining materiality of an event or information and
- b) making disclosures to the SSE(s)

The regulations also provide that the contact details of such KMPs shall be disclosed to the SSE(s).

The regulations prescribing disclosure contain detailed requirements covering the following: -

- a) disclosure of events which have a material impact on the planned achievement of the output or outcomes;
- b) time period within which the disclosure shall be made (7 days of the occurrence of the event or such longer time period as may be specified by the Board);
- c) potential impact of such events and the steps taken by the Social Enterprise to address the impact(s);
- d) provision of updates by the Social Enterprises along with relevant explanations till the time the event remains material;
- e) provision of adequate replies to all queries raised by the SSE(s) with respect to any events or information; and
- f) disclosures by the Social Enterprise on its website all such events or information which have been disclosed to the SSE(s).

### (3) Disclosures in Respect of Social Impact

A social enterprise shall submit to the SSE where it is registered or the Stock Exchange where it has raised funds, an annual impact report to the SSE or the Stock Exchange, as the case may be in the format prescribed by SEBI. The said annual impact report shall be audited by a Social Audit firm employing a Social Auditor. The SSE may specify additional parameters beyond what is prescribed by SEBI that will have to be incorporated in the said annual impact report.

### (4) Statement of Utilisation of Funds

A listed NPO shall submit to the SSE a statement on quarterly basis with respect to amounts raised, amounts utilised and the balance amount remaining unutilised.

The regulations further provide that: -

- i) the unutilised amount shall be kept in a separate account and shall not be mixed with other accounts and
- ii) the said quarterly statement shall be furnished to the SSEs till the proceeds have been fully utilised or the purpose for which they were raised has been achieved.

### Amendments to AIF Regulations

The amendments to the AIF regulations are by and large consequential and arising out of the amendments made to the ICDR regulations. The effect of these amendments are as under: -

- a) Enabling Category – I AIF to invest in Social Impact Funds;
- b) Enabling issue of “Social Units” by a Social Impact Fund;
- c) Lower Corpus for Social Impact Fund at Rs. 5 Crores, while for other funds it continues to be set at Rs. 25 Crores;

- d) Minimum investment by an individual investor in Social Impact Fund shall be Rs. 2 Crores;

And

- e) Some additional stipulations are applicable to Social Impact Fund.

## THE WAY FORWARD AND CONCLUDING THOUGHTS

There is no room for doubt that the stage has been set for substantial activities in the Social Enterprises, as only the basic framework for funding, deployment of funds, transparency and disclosure requirements have been prescribed. This is a totally new zone in which the regulators still have a lot of work to do, as what we have now is just a beginning. Even the professionals after gearing up substantially in their understanding and appreciation of social context need to recognise that it is imperative to work in multi-disciplinary teams to better address various stakeholder issues.

In the context of Social Impact, there is undoubtedly the need for evaluation standards and metrics along with performance appraisal systems and tools, whether for measurement of impact or for identification of eligibility. Further, there is also a need to equip the SSE to assess proportionality in social causes into which investments are made in addition to the need to guard against the attempts to use the SSE platform for impact washing.<sup>7</sup> There is no doubt about SEBI's proactive intent to create a framework for SSE since its announcement in 2019. This gives us a lot of confidence that we are on the right track to navigate the path in a planned manner to achieve meaningful social impact in terms of at least reaching reasonably close, if not achieving the ambitious SDGs that India has voluntarily committed.

The world at large consisting of under-developed, developing and developed nations is going through plenty of ups and downs in terms of socio-economic, cultural and political factors. It is also predicted that a global recession is just around the corner. When it is challenging and difficult for individual nations to survive in the wake of recession (Sri Lanka, being the latest example), it is beyond any cosmic thinking as to what can happen if the entire globe stares at recession at the same time. It is now high time that artificially destructive campaigns by aggressor nations, examples being Ukraine and Taiwan crisis, are avoided totally thereby releasing valuable and scarce resources for welfare of human kind. It is not clear as to who are going to be the winners of such mad wars, but one thing is clear – innocent people at large are the sure losers for no fault of theirs.

In this context, India's performance as a leader of global peace, will be closely watched and it is a wonderful opportunity for us to demonstrate excellence and create examples of success stories that other aspiring as well as developed nations may like to emulate. At this juncture, it is hoped that SSEs will act as a “saviour-ship” and help us to cross the various mundane bottlenecks so that the decks are cleared for the world at large to travel unitedly towards achieving the SDGs and thereby work to make this planet a better place to live in for generations to come.

<sup>7</sup> The Management Accountant – July 2022, Article by CMA (CS) Puzhankara Sivakumar, Dr. Ranjith Krishnan and CS Anju Panicker on “Inching closer to the Agenda – 2030: Impact Investment and Potential of Social Stock Exchange in India”