

**Social Stock Exchange**  
**Emerging Professional opportunities**

**Dr. S K Gupta**  
**M. Com, FCMA, FCS, Ph. D**  
**MD - ICAI Registered Valuers Organization**  
**CEO - ICAI Social Auditors Organization**  
**COO - ICAI International ADR Chamber**

## Perspectives on Vision for Amrit Kaal

- India with a GDP of 4.2 Trillions US Dollar is the 5<sup>4h</sup> Largest economy of the world
- India is placed at 110 rank in terms of Gross National Happiness Index
- Social Sector / Civil Society Organizations have a key role in achieving the target of Inclusive growth
- The social sector is incredibly important in today's world as it helps to build a more equitable and socially just society.
- It provides support to vulnerable communities, creates positive change in the form of new policies and programs, and works to create a better quality of life for all.

## Perspectives on CSO

- Civil Society Organizations contribute to all the 17 Sustainable development Goals and are fulfilling the Mahtama's vision of "Leave No One Behind" and their contribution is 2 % of the GDP
- Today they are working in all the aspirational districts and their last mile connectivity and delivery is commendable.
- "He who gives all his time to the service of the people, his whole life is an unbroken round of prayer" - Mahatma Gandhi, Harijan: November 10, 1946.
- The role of the Civil society organizations has transformed with the times to meet the evolving needs of society

## **Current state of India's social sector**

Although India's social economy is one of the most active in Asia, Indian CSOs continue to suffer from a low volume of deals and small viable pipelines for social enterprises, as well as consistent, long-term fundraising for non-profits.

Indian CSOs face obstacles in raising capital to deliver social solutions due to a variety of factors including monitoring and evaluation challenges, lack of standardized methodologies for evaluating organizations, nascent impact investing environment, restricted / reduced funds for organizational growth and so on.

# Social Enterprises – Inherent Challenges

---

## 1. Strategic Challenges

Funder driven – Lack proper vision and strategies to make long term and Sustainable.

## 2. Financial Challenges

Funder driven – Inadequate funding to hire resources and expertise.

## 3. Operational Challenges

Lack of Qualified Staff. Lack of acceptance by Beneficiaries.

## 4. Technology Challenges

Difficulties in investing in Digital tools and latest technology. Organisation working in remote areas faces basic infrastructure facilities.

## 5. Regulatory Risk

Changes in CSR Policy, Provisions of Schedule VII of Companies Act, FCRA Regulations

## 6. Environmental Challenges

Environmental related interventions depends on climate conditions like climate change , global warming etc.

## Evolution of Social Stock Exchange

---



“It is time to take our capital markets closer to the masses and meet various social welfare objectives related to **inclusive growth and financial inclusion**. I propose to initiate steps towards creating an electronic fundraising platform- a **Social Stock Exchange (SSE)** - under the regulatory ambit of the Securities and Exchange Board of India for listing social enterprises and voluntary organizations working for the realization of a social welfare objective, so that they can raise capital as equity, debt or as units like a mutual fund.”

Finance Minister of India, Ms. Nirmala Sitharaman,  
Budget Speech 2019

## Social Stock Exchange

- SEBI vide its notification dated 25<sup>th</sup> July, 2022 has made amendments in the SEBI (ICDR) Regulations, 2018, and SEBI (LODR) Regulations, 2015.
- These amendments have been made to provide Social Enterprises with additional avenues to raise funds through the Social Stock Exchange (SSE), which is a novel concept in India.
- It provides eligibility of organizations to raise funds through Social Stock Exchange, eligibility of entities to be classified as “Not for Profit Organization”, who can raise funds,
- Furthermore, to strengthen the governance framework in these entities, & provide better confidence to such investors, SEBI has introduced the concept of Annual Impact Assessment Report by a Social Impact Assessor.
- The purpose of this Social Impact Assessment is to ascertain the impact made by the Social Enterprise through its activities, intervention, programs or projects implemented during the reporting period.

A Social Stock Exchange (SSE) is a platform that helps social enterprises raise funds from the public through its mechanism.

The SSE functions as a separate segment within an existing stock exchange and serves as a medium for social enterprises to seek finance for their social initiatives, acquire visibility and provide increased transparency about fund mobilization and utilization.



The idea behind a Social Stock Exchange is powerful.

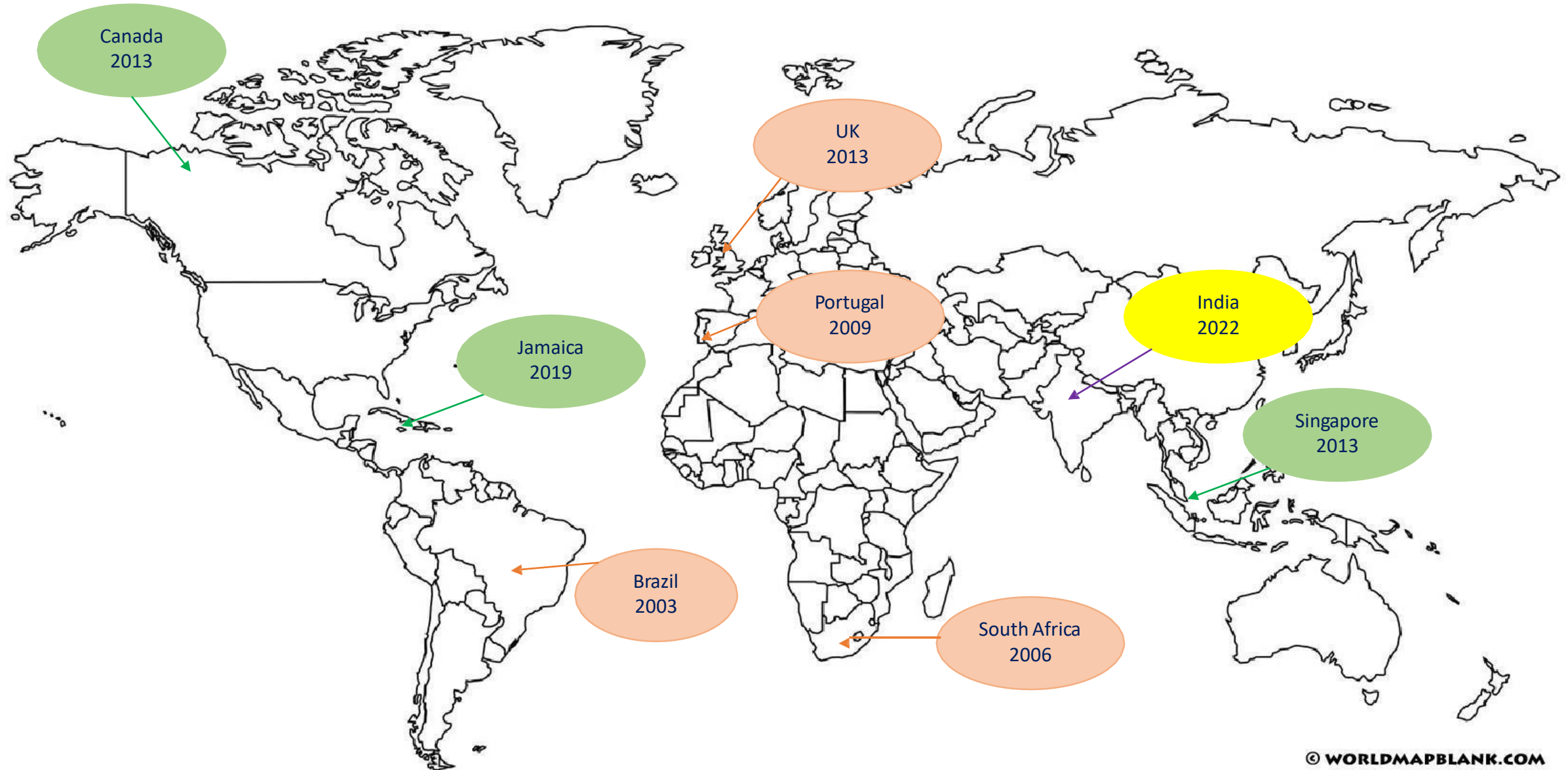
Use Financial markets to move capital towards social impact.

In India it could bridge the trust and credibility gap that currently exists between social sector and individuals and corporations

Social stock exchange could be a game changer

The social stock exchange will boost investability of social impact

# Social Stock Exchange - Globally



Jamaica, Singapore and Canada social stock exchanges are active

Other social stock exchanges closed as they did not generate enough income through their fee structure, due to lack of scale and demand for their services

# Social Enterprise – Taxonomy

## Primacy of Social Intent / Impact

Primary Goals  
of a Social  
enterprise

Social Intent  
and Impact

To demonstrate

Social  
Objective

For underserved or  
less privileged  
population or  
regions

### Social Intent

Serving Social Good

1. Has a Social Mission
2. Create Social Value through Social Change
3. Building Social Capital
4. Has a Social Bottom line

### Social Impact

Positive Change on

1. Primary Stakeholders
2. Secondary Stakeholders
3. Society at large

### Social Objective

SE to be **incorporated** with a Social objective to serve Social good and has a Social Mission.

#### **Social Objectives are centered around to**

Create product & Services relevant to target beneficiary\* to accelerate human welfare

#### **The social objectives will guide**

the formulation of activities, interventions and programs in line to address the target beneficiaries\* in the target geography.

## **SOCIAL STOCK EXCHANGE (SSE) – A NEW PARADIGM**

The Not-For Profit Social Enterprises which although being a part of the Indian Financial ecosystem since decades, were an oblivious part of the system till date. But, the introduction of Social Stock Exchange (SSE) by the Securities and Exchange Board of India has opened a plethora of new opportunities for such Social Enterprises.

## Objectives of the Social Stock Exchange



Regulated  
platform that  
brings  
together social  
enterprises  
and donors



Enabling mechanism  
to ensure robust  
standards of social  
impact and financial  
reporting



Facilitate  
funding and  
growth of  
social  
enterprises

# Social Stock Exchange

---

## Objective of Social Stock Exchange

- Unlock large pool of Social Capital
- Blended Financial Structure i.e. conventional capital partner with Social capital to meet concern & Challenges of society
- A transparent platform for investors looking to support Social and Environmental Organization to create Social impact.

**SEBI is the regulator of SSEs.**

## Social Stock Exchange

---

### Progress so far

- Social Stock Exchange (SSE) Set up in both National Stock Exchange (NSE) & BSE
- 200 NGOs registered as of 25<sup>th</sup> May 2025 with SSEs
- 14 NGOs have raised funds – Rs. 42 crore as of 25<sup>th</sup> May, 2025
- 3 Professional institutes ICMAI, ICAI, ICSI have established Section 8 companies to enrol the Social Impact Assessors.



## Benefits of Registration/Listing

- **Improved market access** – SSE will facilitate a common and a structured meeting ground between Social Enterprises and investors/donors with inbuilt regulation for providing sanctity and accountability of finances.
- **Synergy between investors and investee in social aims** - In view of flexibility of investments and capital that would be available on an SSE, the canvas of choice would be much wider allowing investors and investees with similar missions and visions to connect seamlessly
- **Performance based philanthropy** - Performance of the enterprises listed on an SSE would be monitored thus it will instill a culture of performance (Social return) driven philanthropy.
- **Minimal registration cost** – SSE saves cost for both issuer and investor/donor by charging minimal fees for registration and listing.
- **Additional avenue for Social Enterprises** - Central and State governments till date have the biggest onus of achieving sustainable development goals. SSE will

Democratize giving

## Social Enterprise

Means either a Not for Profit Organization or a For Profit Social Enterprise that meets the eligibility criteria

“Not for Profit Organization” means a Social Enterprise which is any 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

## **Social Impact Assessor**

- Means an individual CMA, CA, CS registered with a self-regulatory organization who has **passed the Social Auditors exam** conducted by National Institute of Securities Market and holds a valid certificate;
- A **Post Graduate** with minimum 3 years experience in Development sector
- A **Graduate** with minimum 6 years experience in Development sector

## **Distinguishing social audit from financial audit**

- The purpose of a financial audit is to examine and verify an entity's financial affairs by reviewing its financial records over a certain time period.
- A social audit is a way of assessing, understanding, reporting and ultimately improving an organization's social and ethical performance.
- A social audit helps to narrow gaps between vision/goal and reality, between efficiency and effectiveness.
- It is a technique to understand, measure, verify, report on and to improve the social performance of the organization

## Social Enterprise – Eligibility Criterion

### Eligibility Conditions as per Reg. 292E of SEBI ICDR Regulations – Chapter XA – introduced on 25.07.2022

A. SE whether FPE ( For the Profit Enterprise) or Not For the Profit Enterprise – **Establish Primacy of Social Intent.**

B. To establish social intent , at least one of the activities defined in regulations (eligible activities) to be carried out by such enterprise.

C. SE **to target underserved or less privileged** population segments or **regions recording lower performance** in the development priorities of central or state governments.

D. The Social Enterprise shall have **at least 67% of its activities**, qualifying as eligible activities to the target population, to be established through one or more of the following:

(i) at least 67% of the **immediately preceding 3-year average of revenues** comes from providing eligible activities to members of the target population;

(ii)at least 67% of the immediately preceding 3-year **average of expenditure** has been incurred for providing eligible activities to members of the target population;

(iii)members of the target population to whom the eligible activities have been provided constitute at least 67% of the immediately preceding 3-year average of the total customer base and/or total number of beneficiaries.

E. Corporate foundations, political or religious organizations , professional or trade associations, infrastructure and housing companies, except affordable housing, shall not be eligible to be identified as a Social Enterprise.

# Social Development Goals – United Nations 2030 Agenda

2030 Agenda adopted by UN Member Nations identified 17 SDG's.

## The List of Sustainable Development Goals:

1. No Poverty
2. Zero Hunger
3. Good Health and well being
4. Quality Education
5. Gender Equality
6. Clean Water and sanitation
7. Affordable and Clean Energy
8. Decent work and economic growth
9. Industry Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable cities and communities
12. Responsible Consumption and Production
13. Climate Action
14. Life below water
15. Life on land
16. Peace, justice, and strong institutions
17. Partnerships for the goals

Social Development Goal as per SEBI ICDR Regulations.  
Primacy of Social Intent is established with one of following activity:

Regulation 292 E of SEBI (ICDR) Regulation / Niti Ayog

- i. eradicating hunger, poverty, malnutrition and inequality;
- ii. promoting health care including mental healthcare, sanitation and making available safe drinking water;
- iii. promoting education, employability and livelihoods;
- iv. promoting gender equality, empowerment of women and LGBTQIA+ communities;
- v. ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation;
- vi. protection of national heritage, art and culture;
- vii. training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
- viii. supporting incubators of Social Enterprises;
- ix. supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building;
- x. promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector;
- xi. slum area development, affordable housing and other interventions to build sustainable and resilient cities;
- xii. disaster management, including relief, rehabilitation and reconstruction activities;
- xiii. promotion of financial inclusion;
- xiv. facilitating access to land and property assets for disadvantaged communities;
- xv. bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection;
- (xvi) promoting welfare of migrants and displaced persons;
- (xvii) any other area as identified by the Board or Government of India from time to time

---

## NPO

1. Valid Registration Certificate for 12 months of any of following legal form
  - a. A charitable trust registered under the public trust statue of the relevant state
  - b. A charitable trust registered under the Societies Registration Act, 1860
  - c. A charitable trust registered under the Indian Trusts Act, 1882
  - d. A company incorporated under section 8 of the Companies Act, 2013
  - e. any other entity as may be specified by SEBI
2. Registration Certificate under section 12A/12AA/12AB to be valid for at least the next 12 months. Should not have a notice or ongoing scrutiny by Income Tax.
3. Should have Valid IT PAN, need eligibility criterion of Regulation. 292E of SEBI (ICDR) Regulations and minimum 3-year-old.
4. Minimum Spending must be Rs. 50 lacs and fund raising be Rs. 10 Lacs in past financial year

---

## Social Impact Assessors

As per SEBI ICDR Regulations, 2018, “Social Auditor” means an individual with CMA, CA, CS qualification who has passed the Social Auditors exam conducted by National Institute of Securities Market (NISM).

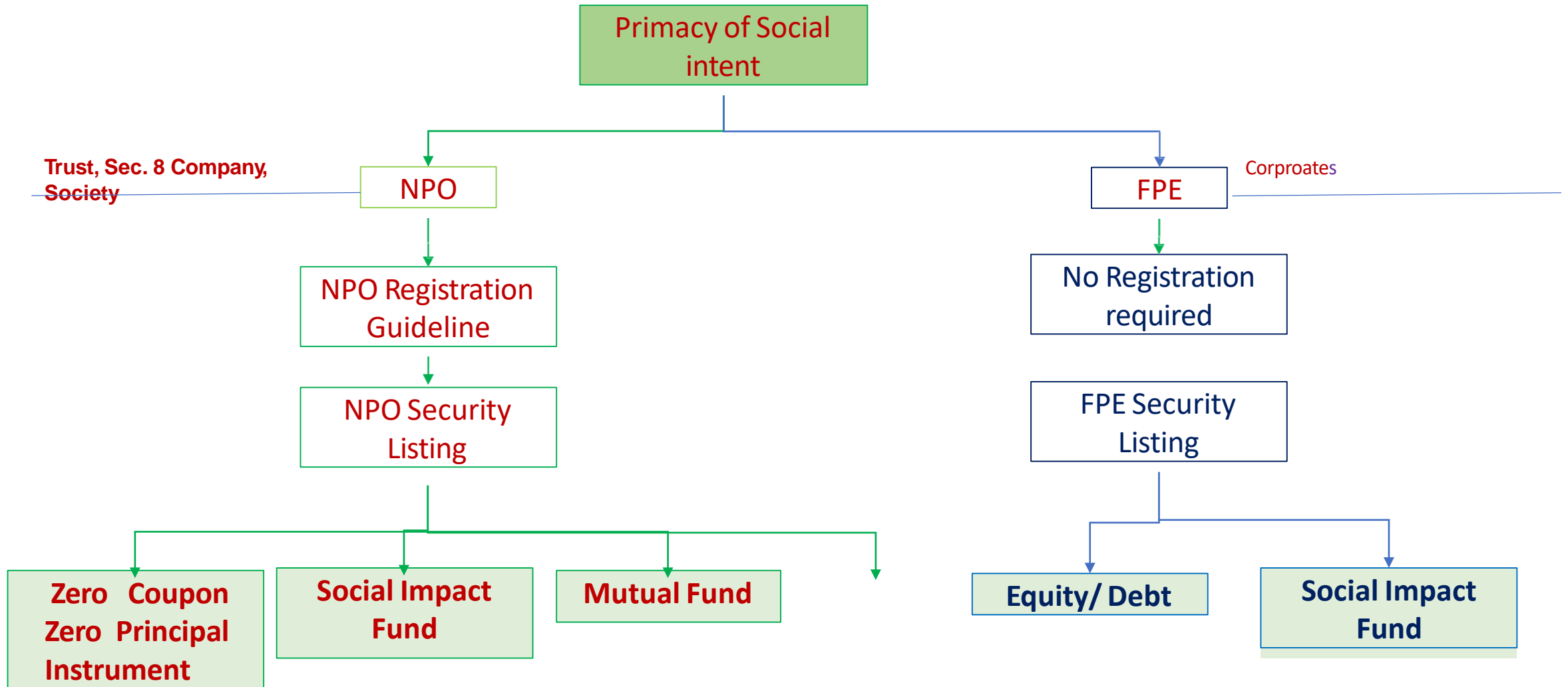
Social Impact Assessors = Registered with SRO + Valid Certificate by NISM

Impact Assessment is Mandatory for entities on Social Stock Exchange whether registered or listed. Social Impact Assessor to perform independent verification of impact Reporting.

Social Audit firm – track record of minimum 3 years of conducting Social impact assessment. - employed Social Impact Assessors



# Funding Structure



---

## Zero Coupon Zero Principal Instruments

- Zero Coupon Zero Principal Instruments shall be issued by a Not-for-Profit Organization registered on a Social Stock Exchange without any coupon and no principal amount shall be payable on its maturity.
1. The Not-for-Profit Organization may issue Zero Coupon Zero Principal Instruments only for a specific project or activity to be completed within a duration specified in the fund-raising document: Provided that the specific project or activity falls under the list of eligible activities specified under regulation 292E of ICDR regulations
  6. Other conditions relating to the issuance of ZCZP are as given below:
    - Minimum issue size: Rs. 50 Lac
    - Minimum application size: Rs. 1000
    - Minimum subscription: 75% of the funds proposed to be raised through issuance of ZCZP instruments

---

## Ineligibility for raising of funds

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

- (a) if the Social Enterprise, any of its promoters, promoter group or directors or trustees are debarred from accessing the securities market by the Board;
- (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 the Board;
- (c) if the Social Enterprise or any of its promoters or directors or trustees is a willful defaulter or a fraudulent borrower;
- (d) if any of its promoters or directors or trustees is a fugitive economic offender;

## Social Stock Exchange – The Way Forward

---

### Challenges:

- ❖ Lack of awareness
- ❖ Confidence building among local NGOs
- ❖ Lack of training and Skill with Small NGOs
- ❖ Compliance vs. Benefit
- ❖ Lack of Standardized framework of Accounting and reporting
- ❖ Qualitative aspects of Impact Assessment

### Recommendations for Mitigation:

- ❖ Effective marketing and outreach strategy
- ❖ Allow CSR fund in SSE
- ❖ Capacity Building for Social Enterprises
- ❖ Capacity Building of Social Impact Assessors

## **Process of Social Impact Assessment**

The major steps involved in Social Impact Assessment Process are:

- Framing structure of Social Impact Assessment Process
- Identification of Stakeholders and starting a Dialogue process
- Focusing on important activities & cross verification of said achievements
- Data collection and analysis
- Findings and Verification
- Draft report submitted to NPO for response to the observations
- Final Social Impact Assessment Report released

- The Cost of Social Impact Assessment would depend upon the activities of the NPO
- Social Impact Assessment report would be displayed on the website of SEBI
- In case of negative observations – credibility of the NPO would be affected
- Existing Donors investment not impacted by negative SA report / Donors may shy away in future

## **What are the requirements / qualifications to become a Social Impact Assessor?**

An Individual if he

- holds the required qualification and experience;
- have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination; and
- is registered with a Self-Regulatory Organisation (SRO)

A Firm/Institution that has partners/employees who meet with the criteria for being a social auditor and has a track record of minimum three years for conducting social impact assessment.

## Eligibility Qualification & Experience for Social Auditor

- Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector, or
- Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector, or
- Cost and management Accountant, Chartered Accountant, or Company Secretary holding valid Certificate of Practice.



## **About NISM Social Auditors Certification Examination**

As mandated by SEBI, NISM Social Auditors Certification Examination aims to create a pool of social Auditors who would assess the impact of social interventions of various social enterprises who raise funds through the Social Stock Exchange platform.

## **How to register for NISM-Series-XXIII: Social Auditors Certification Examination?**

Interested CMAs can register at <https://certifications.nism.ac.in/nismaol> After successful registration, they may select a test centre, date and time slot of their choice on the Test Administrator website and follow further instructions available on the Test Administrator.

## **Fee structure**

The fees for “NISM-Series-VIII: Social Auditors Certification Examination” is Rupees One Thousand Five Hundred only (Rs.1500/-) plus applicable GST.

## **Test details & Assessment structure**

The examination will have 85 multiple-choice and 3 case-based questions (each case having 5 questions) totalling to 100 marks. Exam should be completed in 2 hours. There will be negative marking of 25% of the marks assigned to a question. The passing score for the examination is 60%.

## **Study material for preparing for this examination**

You will receive a soft copy of the workbook/study material after enrolment for the examination. For non-receipt of a soft copy of the workbook/study material, you may contact NISM at: [certification@nism.ac.in](mailto:certification@nism.ac.in)

## **Professional Opportunities**

- Facilitating Registration of NGOs
- Facilitating Fund Raising by NGOs
- Planning of Social Projects
- Monitoring of Social Projects
- Evaluation of Social projects
- Budgeting of NGOs
- Social Accounting and Reporting

## **ICMAI Social Auditors Organization (ICMAI SAO)**

A Section 8 company promoted by the Institute of Cost Accountants of India

Recognized by SEBI in the context of Social Stock Exchange

- Member of the Social Stock Exchange Advisory Committee
- Has registered 168 members
- Has registered 6 Social Impact Assessment Firms
- Has organized 21 Preparatory courses for Social Auditors exam
- Have organized over 45 SSE awareness programs pan India
- Have organized Proficiency development programs for Social Auditors
- Have organized guest / interactive sessions with officials of SEBI / NSE/ BSE
- Have developed an e Library
- Releasing a monthly Journal – The Social Impact Assessor
- Associated with Vani India, Catalyst Now, SR Asia, Mahavan
- **Hand holding / guiding NGOs for Registration / Listing on SSE**



SSE FAQ



SSE CHKLIST



FORM

**Thank You**

**Dr. S K Gupta**

**CEO - ICMAI Social Auditors Organization**

For enquiries Contact : [ceo@saoicmai.in](mailto:ceo@saoicmai.in)

Mobile - 981016234