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**POLITICAL AND ECONOMIC STABILITY
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DECODING THE LABYRINTH: WORLDONOMICS TIMES JULY EDITION UNVEILS THE NUANCES OF A SHIFTING GLOBAL LANDSCAPE

The global economy, a complex and ever-evolving labyrinth, presents both challenges and opportunities for nations and individuals alike. In this dynamic landscape, Worldonomics Times serves as your trusted guide, offering insightful analysis and expert perspectives through its July publication.

A Multifaceted Approach to Economic Understanding:

Worldonomics Times distinguishes itself by providing a holistic view of the economic sphere. From the sweeping trends of macroeconomics to the intricacies of specific sectors, readers gain valuable knowledge from articles penned by renowned economists and industry leaders. Whether you seek to understand how geopolitical tensions impact financial markets or explore the potential disruptions of Web3 technologies, Worldonomics Times equips you with the information you need to navigate this intricate system.

Spotlight on the Latest: Central Banks and Cryptocurrencies:

The July edition places a particular focus on the evolving relationship between central banks and cryptocurrencies. As digital assets continue to gain traction, central banks around the world are grappling with how to regulate and integrate them into the existing financial ecosystem. Worldonomics Times delves into this critical discussion, exploring potential policy approaches, the risks and opportunities associated with cryptocurrencies, and their impact on monetary policy.

Beyond the Headlines: A Spectrum of Economic Issues:

Of course, Worldonomics Times goes beyond this single topic. The publication continues to shed light on technological advancements and their profound impact on society. Articles explore the transformative potential of artificial intelligence, blockchain, and the metaverse, while also considering the ethical considerations surrounding these developments.

Championing Social Justice and Equality:

Worldonomics Times remains a platform for fostering meaningful dialogue on social issues. Articles delve into critical topics like gender equality, racial justice, LGBTQ+ rights, and the ongoing struggle to address socio-economic disparities. These pieces not only highlight the challenges faced by marginalized communities but also propose solutions for building a more just and inclusive world.

Sustainability: Charting a Course for a Greener Future:

The fight against climate change and the pursuit of sustainable development remain at the forefront of Worldonomics Times' focus. Articles showcase advancements in renewable energy technologies, innovative green practices, and the global push towards a low-carbon economy. The publication continues to explore the synergy between technology and sustainability, analyzing the rise of green hydrogen, sustainable infrastructure projects, and the role of circular economy principles.

Education: The Cornerstone of Progress:

Recognizing the critical role of education in a knowledge-based economy, Worldonomics Times continues to advocate for lifelong learning. Articles explore innovative pedagogical approaches, the effective integration of technology in education, the growing importance of vocational training, and the democratizing power of online learning platforms. The publication emphasizes the importance of empowering individuals through continuous skill development and knowledge acquisition.



Sandeep Kumar

EDITOR-IN-CHIEF

Worldonomics Times

SOCIAL STOCK EXCHANGE A PRIMER

The Perspective

The Millennium Development Goals (MDGs) and the Sustainable Development Goals (SDGs) have provided a set of common aspirational targets for governments to build a more sustainable, safe and prosperous world. The Perspective. 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.

The concept of development has undergone a sea change after the popularization of the Human Development Approach and publication of the first Human Development Report of the United Nations Development Program (UNDP) in 1990. Today, human beings are considered as both the means and ends of production. Thus, all the development activities are centered towards maximizing well-being of the mankind; and for which social sector development is considered very vital.

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.

Evolution of an SSE in India

A Social Stock Exchange (SSE) is a regulated platform to bring together social organizations to raise capital and impact investors to make financial returns while ensuring social and environmental sustainability at large. Globally, SSEs are already instituted in a handful of countries including Canada, Singapore, South Africa and the United Kingdom. In India, the vision of SSE was first floated by Union Finance Minister Nirmala Sitharaman in her budget speech in July 2019 to achieve various social welfare objectives related to inclusive growth and financial inclusion.



"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."

Thereafter, in September 2019, the Securities Exchange Board of India (SEBI) constituted a working group to propose a feasible architecture for setting up the SSE mechanism. On September 28, 2021, SEBI approved the creation of the SSE under its regulatory ambit, providing a renewed impetus to social entrepreneurs and impact investors in the country.

This pronouncement has resulted in creation of a separate segment on BSE catering only to Social Enterprises. The SSE, as the Social Stock Exchange is more fondly called, has now been setup as a new segment on the BSE and will enable Social Enterprises to tap into a much wider pool of investors and donors, and allow the investors and donors far greater transparency into the impact that their monies are creating.



What is Social Stock Exchange?

Social Stock Exchanges (SSEs) represent an innovative step within the regulatory framework of the Securities and Exchange Board of India (SEBI). These platforms aim to facilitate increased capital flow towards private and non-profit sector entities. Their primary goal is to empower social businesses and non-profit organizations to access capital from investors who prioritize both corporate profitability and social impact. Through collaboration and adherence to regulatory standards, SSEs have the potential to drive positive social change and contribute to India's sustainable development goals. Social Stock Exchange (SSE) is a segment of the existing Stock Exchange, that can help social enterprises raise funds from the public through the stock exchange mechanism.

SSE aims to provide an alternative fund-raising instrument. In simpler words, SSE is a medium between social enterprises and fund providers. Social Stock Exchange (SSE) is an electronic fund raising platform under the regulatory ambit of Securities and Exchange Board of India (SEBI) for listing For-Profit Social Enterprises (FPSEs) and Not-for-Profit organizations (NPOs) working for the social welfare to raise capital as equity, debt or as units like a Mutual Fund.

SEBI vide its notification dated 25th 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", eligibility of entities to be classified as "For Profit" Social Enterprises, means through which Social Enterprises can raise funds, and obligations of Social Enterprises.

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.

Features of SSE

- It is a separate segment on the National Stock Exchange (NSE), which is one of the leading stock exchanges in India.
- It provides a regulated platform for listing and trading of securities issued by social enterprises, such as equity shares, debt instruments, mutual funds, etc.
- It facilitates the disclosure of relevant information and the measurement of social impact by the social enterprises.



The advent of an SSE in India presents itself as a promising, ground breaking and an illustrious step to bolster the impact investing ecosystem in the country and improve access to larger pools of capital for the social sector. This development also comes at an opportune time when the demand for financial returns coupled with desired social or environmental impact, is growing manifold. Thus, an SSE in India is uniquely poised to pave the way towards building a fruitful partnership between conventional and social capital, and ensuring greater inclusive growth in the country.

What is a social enterprise?

Organizations looking to register on the SSE must prove 'social intent'. Any social enterprise (Non-Profit Organisation and For-profit enterprises) that establishes its primacy of social intent can get registered/ listed on social stock exchange. The two types of social enterprises, NPOs and FPEs can go for registration and / Listing as per following parameters.

	Not-for-Profit Organizations	For Profit Enterprises
Focus	Maximizing social impact	Maximizing social impact along with growing shareholder wealth
Listing on the exchange	Register on the exchange and then raise funds either through listing or other means. Fund raising is not mandatory after registration.	Raise funds through an IPO or follow-on public offers
Instruments/modes for raising funds	Equity, Zero Coupon Zero Principal, Development Impact Bonds, Social Impact Funds, Donations from Mutual Funds	Equity shares through main board, SME, or innovators growth platform, equity shares through AIFs or Social Impact Funds, debt
Social mandate	At least 67% of the past three years' average revenues/expenses/customer base should be meant towards providing eligible social activities	At least 67% of the past three years' average revenues/expenses/customer base should be meant towards providing eligible social activities
Minimum fund raise	₹50 lakh from ZCZP	Similar to commercial entities or AIFs, depending on the choice of fund-raising instruments
Who can invest?	All entities are allowed. In case of ZCPs, anyone with minimum ₹10,000 can invest. That is the minimum security denomination for ZCZPs.	Retail investors, HNIs, institutional investors - all entities allowed in the capital markets

To register on the SSE, NGOs must meet specific criteria that demonstrate their commitment and capability to deliver social impact.

Organizational Structure and Legal Requirements

1. Type of Organization: An eligible NGO can be:

- A Charitable Trust registered under respective state laws.
- A Charitable Society registered under the Societies Registration Act, 1860.
- A Section 8 Company under the Companies Act, 2013.

2. Mandatory Registrations:

- The NGO must hold valid certifications under Sections 12A/12AA/12AB of the Income Tax Act, which recognize the NGO's exempt status.
- It must also have a valid 80G certification, enabling donors to claim tax deductions.
- Registration on the NGO Darpan portal is crucial. This portal, managed by NITI Aayog, serves as a government-endorsed database of NGOs.

Financial Stability and Track Record

1. **Operational Tenure:** The NGO should have been operational for at least three years, demonstrating its sustained commitment and capability to deliver social impact.

2. Financial Requirements:

The NGO should have a track record of considerable financial expenditure towards social activities, with a minimum annual spending of INR 50 lakhs. Additionally, it should have maintained a minimum fund balance of INR 10 lakhs in the past year, indicating financial stability.

What types of organizations are excluded from listing on the SSE?

Excluded from listing are corporate foundations, political or religious organizations, professional or trade associations, infrastructure and housing companies (except for affordable housing). These exclusions ensure that the SSE remains focused on entities with clear social welfare objectives.

How to register or list on SSE?

- **Apply to NSE/ BSE with the required documents and fees.**
- **Obtain approval from NSE after due diligence and verification.**
- **Comply with the listing agreement and disclosure norms of NSE/ BSE**
- **Submit an annual impact assessment report to NSE /BSE**

Fund raising at SSE

A Social Enterprise may raise funds through following means:

a) **a Not for Profit Organization** may raise funds on a Social Stock Exchange through:

- issuance of Zero Coupon Zero Principal Instruments to institutional investors and/or non-institutional investors
- donations through Mutual Fund schemes as specified by the Board;
- any other means as specified by the Board from time to time.

b) **A For Profit Social Enterprise** may raise funds through:

- issuance of equity shares on the main board, SME platform or innovators growth platform or equity shares issued to an Alternative Investment Fund including a Social Impact Fund;
- issuance of debt securities;
- any other means as specified by the Board from time to time



Transparency and Accountability Framework

The SSE has established a robust framework for ensuring transparency and accountability of the social enterprises and their impact. The social enterprises are required to disclose information about their financial performance, governance structure, social intent, target population, eligible activities, etc. on a regular basis. Those Social Enterprises which raise funds through listing on SSE are mandated to get a Social Impact Assessment report from Social Impact Assessors every year.

Some potential scenarios where such an exchange can be leveraged to benefit NGOs include:

- Functioning as a search directory listing credible and vetted Social Purpose Organizations
- Enabling equity investments for Social Enterprises (institutional/ retail) across all stages of the capital value chain (SMEs to larger)
- Potential to create a common language around impact assessment and measurement and popularize this with donor ecosystem – both institutional and retail
- Potential to increase availability of funds for Indian non-profit organizations.

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.

Benefits of Registration/Listing

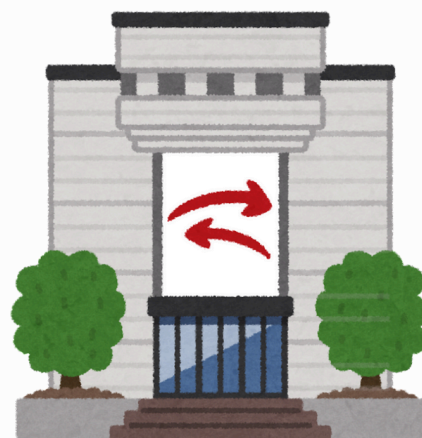
- **Improved market access :** SSE will facilitate a common and a structured meeting ground between Social Enterprises and investors/donors with inbuilt regulation for providing sanctity and accountability of finances.
- **Synergy between investors and investee in social aims :** In view of flexibility 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

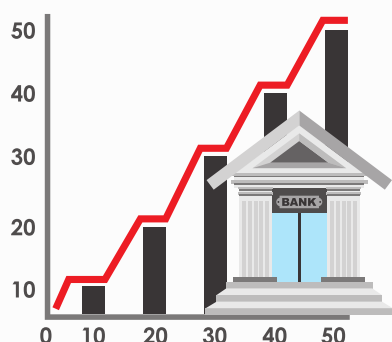


Performance based philanthropy

: 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 provide an alternate avenue for raising funds thereby encouraging new and existing social enterprises.





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.
- Auditors check the entire accounting process through which these numbers are placed on your financial statements.
- 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

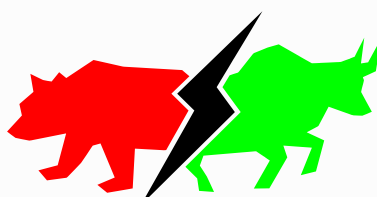
Social Stock Exchange - Challenges

The SSE is an opportunity to potentially transform India's philanthropy landscape, however in its pursuance, it does face a considerable share of challenges as well.

Lack of Awareness and Education:

Inadequate Awareness and education among potential investors become a central challenge when it comes to SSEs. While Indians are relatively well acquainted with the mainstream traditional methods of philanthropy, they are unaware about the concept of investing in impact-oriented enterprises through mechanisms like the SSE

Strict Regulatory Compliance: an SSE creates a need for a significant oversight in order to ensure transparency, credibility and adequate protection and security. A bit cumbersome process for listing on the SSE may be a disincentive which may dissuade smaller organizations from participating due to the cost and effort involved.



Limited Investor Appetite for Impact Investment: The Indian investor is still primarily motivated by direct individual monetary returns over indirect societal benefits.

Scalability and Viability of Social Enterprises: The social enterprises, especially in India are relatively small scale and face challenges in scaling up their operations and attracting increased funds through investment. For the SSEs to succeed, a scalable model which is capable of attracting the required capital to deliver tangible impact and cover the operational costs effectively is vital.

Conclusion

Social entrepreneurs have the potential to make a significant impact on the socio-economic development of the nation, but they struggle to find sustained funding. Social Stock Exchange can aid such for-profit social enterprises by bridging the funding gap and creating an investment ecosystem. Social Stock Exchange will not only help the growing investment market but also a more regulated capital market in India. It will also help impact investment to become more accessible which will increase the flow of money into sustainable development. Registration and fundraising on the SSE are significant steps for NGOs aiming to amplify their social impact. By meticulously preparing for and navigating through the SSE's processes, NGOs can unlock new funding avenues and scale their impact initiatives.

By providing a structured and regulated avenue for fundraising, the SSE is expected to stimulate growth in the social sector, leading to more efficient and scalable solutions for social problems. This could lead to enhanced socio-economic development and a more inclusive economic growth model in India. The success of the Social Stock Exchange hinges on the collective effort of all stakeholders—government, private sector, and civil society.

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