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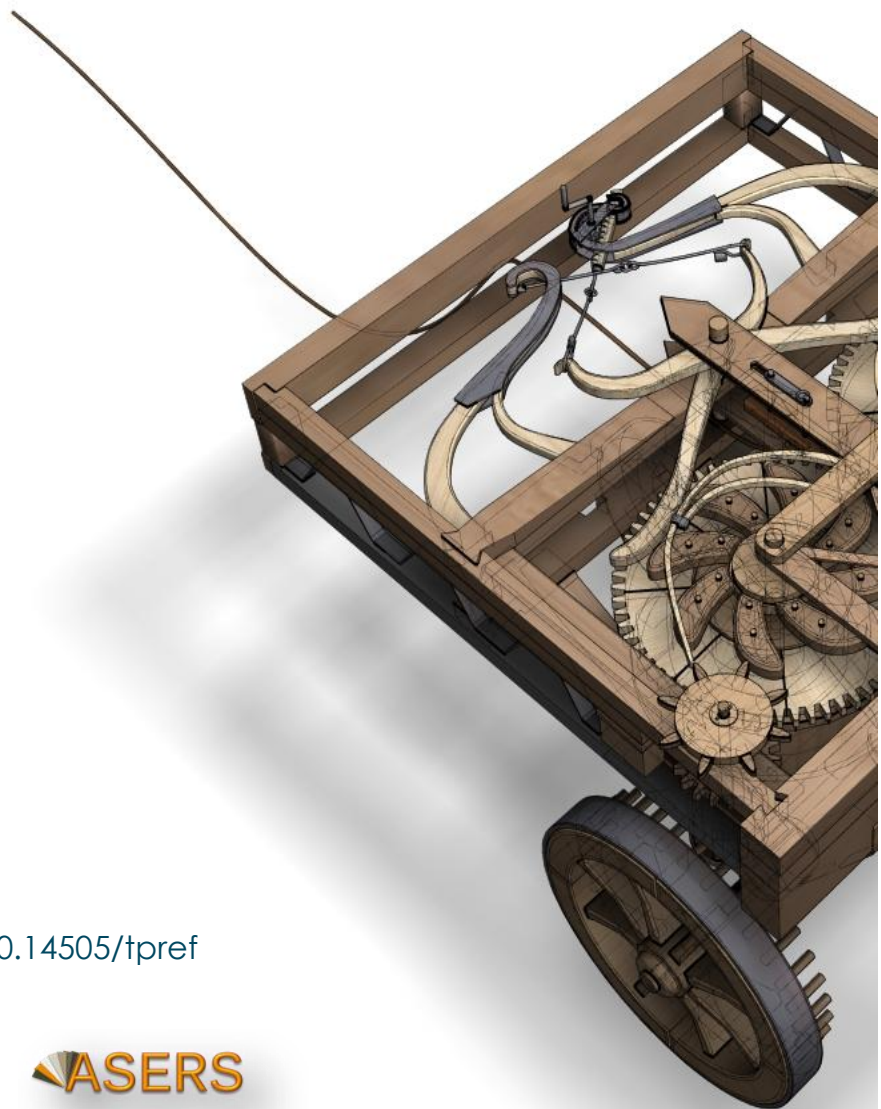
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Social Stock Exchange – An Innovative Mechanism for Philanthropy through Bourse

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Abstract:

Purpose: Two decades ago, Brazil established a formal social stock exchange, followed by several other countries. This unique concept links social enterprises with philanthropic investors, but their success rate is low. This paper analyzes the mechanisms of social stock exchanges in different countries and identifies factors affecting their success.

Design: The present study is exploratory in nature whereby an attempt has been made to understand the framework of social stock exchanges established across the globe.

Findings: The failure of social stock exchanges in Brazil, South Africa, Portugal, and the UK can be attributed to lack of investor awareness, higher economic cost for registered social enterprises and limited funding options in less diversified projects. However, the model of SSE is operational in other three countries apart from India.

Originality: The concept of the social stock exchange is in the infancy stage and limited work has been done in this domain. The present paper attempts to make a significant contribution to the literature by providing a detailed analysis of such exchanges.

Research limitations: The present paper is based on secondary data and inclusion of primary data can augment the findings.

Practical implications: SSEs can be miraculous in addressing financial constraints in social enterprises but the concept still could not get momentum. The present paper aims to address challenges that hinder the success of these exchanges.

Social implications: The findings of the study could improve the functioning of these exchanges, thereby supporting the financing of enterprises aimed at socio-economic upliftment in the deprived sections.

Keywords: bourse; investment; philanthropy; social enterprises; social stock exchange; India.

JEL Classification: G11; E27; L31; P51.

Introduction

In the contemporary scenario, the role of social enterprises (enterprises primarily concerned with accomplishing social goals) has widely been acknowledged. Though the ambit of social enterprises includes non-profit organisations as well as for-profit organisation, yet all such organizations have a common agenda of social welfare. These enterprises work for eliminating poverty, undernourishment, hunger, and inequality; improving healthcare amenities; education, and employability; empowering women; and cultivating social enterprise incubators. But unfortunately, most of the social enterprises struggle to get enough funds to finance their projects. Ambrose *et al.* (2021) observed that access to debt or equity is not only a barrier to scaling up for 57% of Indian social enterprises but also a challenge in achieving sustainability goals set by global institutions. These enterprises require supportive ecosystems that could assist them to get funds. Wendt (2020) emphasized upon the need to explore the possible ways through which financial markets can help to serve societal needs in a better way. It is good to note that policymakers have recognised the need to replenish the financial crunch of social impact-driven organizations and accordingly initiated many programmes to provide social finances. An important development in social finance is the emergence of social stock exchanges, which have the ability to spur innovation, open up new financial sources, and offer long-term solutions to some of the most pressing problems facing the globe.

The idea of a social stock exchange existed in 1980s also when social entrepreneurs tried to approach the wealthy individuals to mobilise their investment flows towards socially-oriented enterprises. But the credit to introduce a formal stock exchange in the form of social stock exchange goes to Brazil which was followed by other countries also. However, it is interesting to note that such exchanges are operational only in a few countries like Canada, UK, US, and Singapore at present. The idea of introducing this unique platform was stimulated by increasing awareness of the ineffectiveness of traditional business models in creating solutions for urgent social and environmental problems (Tietz *et al.* 2018; Ahmad, 2021). Taking proactive steps, Government of India also proposed the concept of Social Stock Exchange in the Union Budget 2019. It constituted a working committee to study and suggest ways, in which, it can be operated seamlessly. Consequently, the social stock exchanges were introduced as a special segment at Bombay stock exchange and National stock exchange in late 2022 and early 2023 respectively. Although the exchanges established across the globe are not exactly similar in their structure and operational models, they have a common purpose of facilitating faster flows of capital to those organizations and initiatives that address the most critical social and environmental issues we face. The social stock exchange is a novel form of financial innovation that ostensibly fills the gap between traditional capital markets and the social sector (Lawler & Thye, 1999; Cole *et al.* 2002).

The social stock exchanges are expected to be an effective mechanism for capital allocation between social enterprises/ non-profits and impact investors who want to invest to create some social impact. These exchanges serve as a platform to facilitate linkage between socially conscious organizations and the impact investors. Here the impact/ philanthropic investors imply those investors who are willing to make some socially responsible investments. These investors have a combined focus of financial and social returns and social stock exchanges provide them a dedicated platform where they can buy securities issued by listed social enterprises which are geared toward impacting communities along with providing the financial returns (Short *et al.* 2009; Ahmad, 2021; Tietz *et al.* 2018). The social stock exchange provides information about the authentic and reliable enterprises working for the social cause. It also acts as an online fundraising platform that enables investors to acquire shares in social enterprises which are listed in stock exchange.

Despite the urgent need for an organised sector to direct public funds to social enterprises through the establishment of social stock exchanges, the global experience is not encouraging, as only three of the seven exchanges - in Canada, Singapore, and Jamaica - are currently operating in their original configuration. The success of the recently established Indian social stock exchange is vital in this situation for two reasons: first, it will help to meet the financial needs of social enterprises promoting the SDGs, and second, it will serve as a model for other nations to follow. To learn from their mistakes and take preventative action to make Indian SSE the biggest and most influential SSE in the world, it is crucial to examine the reasons behind the failures of SSEs in western nations. The study seeks to analyse the framework for SSEs worldwide on a country-to-country basis in order to evaluate their strengths and shortcomings and determine the potential causes of their success or failure.

1. Review of Literature

As the idea of a social stock exchange is still relatively new, not much research has been done in this area. A few recent studies, however, have been carried out in this area that highlights the increasing significance and

potential of social stock exchanges in fostering social impact through creative financial solutions. For example, research by Chaturvedi *et al.* (2019) and Uargade & Purohit (2021) emphasized the significance of social stock exchanges in India. Similarly, Calandra and Favareto (2020) appreciated the role of social stock exchange trading platforms in raising capital for social/environmental projects. Parekh *et al.* (2021), Wendt (2021), Sarkar and Banerjee (2022) highlighted the growing popularity of social impact investing to drive financial returns alongside addressing social/environmental welfare. The significance of readiness of investors/donors for social stock exchange has also been discussed in the studies. Mahesh *et al.* (2024) analyzed the impact of increasing funding for social and environmental concerns on the sustainable development goals.

Some studies have examined the structure of Indian social stock exchanges. For example, Kumar (2023) analyzed the guidelines of Security Exchange Board of India pertaining to the operational and regulatory mechanism of social stock exchange in India. The strengths, flaws, possibilities, and risks of the Indian social stock exchange were examined by Vig (2023). Additionally, the study emphasized the need to promote social welfare. Sathwani *et al.* (2023) and Patel and Patel (2023) assess the Indian social stock exchange's framework and compare it to those of its international equivalents. Additionally, Mehra and Vij (2023), Challapalli and Pilla (2023), and George *et al.* (2021) looked at how social stock exchanges functioned throughout the world and contrasted India's social stock market model with that of other countries. Bhargava *et al.* (2024) examined the impact of closures of social stock exchange in United Kingdom in 2017. The study recommended the introduction of social stock exchange at wider level across the globe.

2. Research Methodology

The present study is exploratory in nature whereby an attempt has been made to understand the framework and functioning of social stock exchanges established across the globe such as Brazil, South Africa, Portugal, Canada, Singapore, United Kingdom, Jamaica and India. The study aims to provide inputs to deal with the challenges obstructing the success of these exchanges. For this purpose, secondary data has been used from published reports and documents along with the information available on concerned official websites of these countries. Further, the reports presented by working groups and technical committees on Indian social stock exchanges have also been taken into consideration.

3. Findings

As discussed in the methodology section, the present paper aims at analysing the mechanism of social stock exchange as followed in different countries. The world's first social stock exchange was established in Sao Paulo, Brazil in the year 2003. Thereafter many countries including South Africa (SASIX in the year 2006), Portugal (BVS in the year 2009), Canada (SVX in the year 2013), Singapore (in the year 2013), United Kingdom (SSE in the year 2013), and Jamaica (JSSE in the year 2019) also launched Social Stock Exchanges. After two decades of existence at the global level, it is still at an emerging stage fighting for its survival as only three social stock exchanges (belonging to Canada, Singapore and Jamaica) are working in their original form. To understand the strength and weakness of the system, all the countries that have established formal social stock exchange have been analyzed in this paper. The findings of the same can be discussed as follows:

3.1 Social Stock Exchange of Brazil

Brazil's Bolsa de Valores Socioambientais (BVSA), socio-environmental investment exchange was established in 2003 as the first formal stock exchange globally, emphasizing the social returns over financial returns on investment. The exchange assessed projects based factors like innovation, feasibility, sustainability, alignment, and thematic areas like education, health, and environment. Site visits, due diligence, and audits were part of the project monitoring system. Only non-profit organizations with strict eligibility criteria could participate in Brazilian social stock exchange. Investors were allowed to invest directly or through brokers at this platform and monitor the progress of project through published reports and updation form stock exchange platform.

The Brazilian social stock exchange raised over R\$ 19 million (~\$3.6 million USD) in donations from 2003 to 2018 through 188 projects. Most of these projects were focused on climate action, gender equality, and health. It also inspired similar initiatives in other countries like South Africa, Portugal, and Jamaica. But the social stock exchange stopped working in December 2018. The factors primarily responsible for the discontinuation of the Brazilian SSE include presence of limited participants (as only non-profit associations were allowed to register at SSE) and the limited investment options as one organisation was allowed to list only one project a year.

3.2 Social Stock Exchange of South Africa

In 2006, the Johannesburg Stock Exchange launched the first Social Investment Exchange in South Africa, known as SASIX. It aims to connect non-profits and social enterprises with investors to get funds for development initiatives having a measurable social impact. The exchange's methodical process involved a comprehensive due diligence procedure to evaluate proposals, risks, sustainability, and capacity to meet project objectives. The process used to take at least 12 weeks including a mandatory site visit for final approval.

SASIX was a platform used to raise funds by non-profit social enterprises with specific criteria including primary social purpose, transparency, sustainable business model and measurable social deliverables. Such businesses were allowed to raise funds from retail and institutional investors, offering them shares of listed social projects at a fixed price of R 50 per share. These sponsored projects were required to be introduced to the investors in sequential manner starting with awareness, understanding stewardship and then tracking of donations and investments. The South African SSE raised over USD 2.7 million in donations until 2009, primarily focused on healthcare, education, food, support for vulnerable people, animal/environmental protection, and enterprise development. The exchange was innovative in its leverage-market-based principles to support social impact but eventually closed its operations in 2009. Factors contributing to its discontinuation included the limited scope of financial products, with most projects focusing on debt investments via Cadiz, a joint venture for institutional investors (mainly for pension fund holders), and the limited diversification of projects, with most of the projects focusing on health-related initiatives. Additionally, the exchange had a limited range of investors.

3.3 Social Stock Exchange of Portugal

The Portuguese Social Stock Exchange (named as Bolsa de Valores Sociais-BVS) was among the initial social stock exchange in the world. Established in 2009, it aimed to connect social enterprises with non-profit organizations to mobilize funds for social impact projects in Portugal. Primarily, the social projects were assessed using SWOT analysis for their scalability, impact capacity, innovation and financial feasibility. Then, the selected social projects used to get listed for two years and monitored through audits and regular checks. Investors, including retail and institutional investors, were eligible to purchase social shares in listed projects without commission. The minimum purchase requirement was 10 shares, priced at one euro per share. The exchange raised 2 million euros from its listed projects until 2013, covering sectors like human rights, entrepreneurship, health, social inclusion, institutional strengthening, and education. However, the exchange failed to gain momentum and discontinued operations in 2015 due to Portugal's on-going economic crisis resulting into limited fundraising and failure in achieving its long-term financial target.

3.4 Social Stock Exchange of United Kingdom

The UK Social Stock Exchange (SSX) was established in 2013 to provide a platform for small and mid-cap companies that prioritize social or environmental missions to raise funds through public investment. As a certified B-corporation, the exchange is not regulated or registered under any stock exchange and has received support from organizations like Big Society Capital, Rockefeller Foundation, and the London Stock Exchange Group. To be listed, applicant company must undergo a selection process, including reviewing applications, assessing their social or environmental impact report, and evaluating their ability to achieve the same. The exchange selects only 50% of applicants and charges an annual membership fee of £10,000. Companies are required to provide annual impact reports to maintain their membership.

The SSX was open to global retail and institutional investors, trusts, foundations, and family offices. With reference to the participating social enterprises, it deals with for-profit companies with a market capitalization of under £10 million and must have earned at least two-thirds of their income through social or environmental activities. Further, the companies were required to meet at least one of the following conditions:

- The company should have publicly traded securities on a recognized stock exchange.
- The company must be interested to issue equity or debt securities through the recognized stock exchange.
- The company must aim to raise growth capital to enter publicly listed markets at a later stage.

The SSX did not provide trading services directly to investors as it was not a trading platform, and investments in impact-driven companies were processed through their listings on other exchanges. By the year 2015, the social stock exchange had raised 400 million euros.

This exchange faced challenges in market positioning due to a lack of evidence of successful impact and returns, leading to increased pressure to show progress. Stakeholders were unclear about their differences from existing investment markets, creating confusion and competition with other impact investment platforms. As a

result, the exchange stopped functioning in its original form and adopted a secondary listing platform structure, with operations and employees shifted to the Impact Investment Network in 2018.

3.5 Social Stock Exchange of Canada

Canada's first formal social stock exchange, Social Venture Connexion (SVX), was established in 2013. It is an independent non-profit organization that operates as a restricted dealer with the Ontario Securities Commission, an accredited financial broker, and a licensed crowd funding operator. The exchange aims to facilitate the linkage between impact-driven businesses and investors through crowd funding and brokerage services. It evaluates performance through Impact Reporting and Investment Standards metrics, criteria set by the social stock exchange itself.

The Canadian social stock exchange supports various non-profit, for-profit, and co-operative organizations, including community power co-operatives producing renewable energy and charitable organizations tackling mental health and addictions. The exchange offers a range of support, from educational offerings to advisory services, and capital through impact investing funds. The issuer organizations are required to demonstrate transparency, measurable social impact, and financial sustainability for trading. Investors can invest directly in projects listed on the exchange. The exchange has raised \$350 million capital from over 1200 investors in over 500 enterprises till now as per the information available on their official website (<https://svx.ca/>).

Unlike other exchanges around the world, the main strength of the exchange is its efficient management of operating costs, running operations from funds acquired through grants, advisory services, hosting events, exchange franchise fees, and admission fees charged to issuers. However, the major challenge is the lack of awareness regarding equity investment. The same is reported by Annual Canadian Impact Survey Report , 2021(available on <https://svx.ca/impact/>) which states that investors have a high interest in affordable housing, food, energy, and environment sectors, and least interest in equity investments.

3.6 Social Stock Exchange of Singapore

Singapore's Impact Investment Exchange (IIX) was established in 2013 with a seed grant of \$495,000 from the Rockefeller Foundation. The exchange operates under the Stock Exchange of Mauritius and is governed by the Financial Services Commission of Mauritius. It facilitates crowd funding and gender-lens investing for NGOs and social enterprises, including equity and debt mix. The IIX also functions as a digital impact assessment platform and a training centre for stakeholders. To list on IIX, projects must have a clear social/environment mission, robust business model, social impact framework, financial and environmental sustainability, and scalability with investment capital. The exchange does not charge listing fees for enterprises but covers operating expenses through technical assistance, impact assessment, and services fees. As per IIX Impact Report 2023 (published on official website of Singapore IIX: www.iixglobal.com), Singapore SSE has raised US \$454 million from 1300 investors impacting 160M lives directly and indirectly till now. The two main strengths of IIX are its ability to cover operating expenses and innovative financing initiatives supporting gender-lens impact investing for gender equality solutions.

3.7 Social Stock Exchange of Jamaica

The Jamaica Social Stock Exchange (JSSE) offers two main markets for social investments: JSIM (crowd funding with social returns) and JIIM (impact investment with both social and financial returns). The JSSE follows transparent and rigorous selection process for listing starting with an application review, interviews, site visits and then final listing with official ceremony. It also operates an annual submission process for social enterprises to raise funds. The JSSE operates as a social program driven by corporate social responsibility initiatives, with collaboration from local donors, Jamaican diaspora donors, and international development partners.

The Jamaica Social Stock Exchange has been actively involved in crowd funding since 2019, raising over JMD \$271 million and supporting COVID-19 relief efforts by raising JMD \$1,131,950 (information available of official website of JSSE: www.jsse.jamstockex.com). Crowd fund donors receive social returns, while investors of profitable social enterprises receive both social returns and financial dividends. The exchange has shown steady progress in listing new projects and contributing to the growth of social impact investments in Jamaica.

Table 1 represents the comparative analysis of all social stock exchanges established across the globe till date.

Table 1. Comparative Analysis of Global Social Stock Exchanges

Name of SSE	Bolsa de Valores Socioambientais (BVSA)	South African Social Investment Exchange (SASIX)	Bolsa de Valores Sociais (BVS)	Social Venture Connexion (SVX)	UK Social Stock Exchange (SSX)	Singapore's Impact Exchange (IIX)	Jamaica Social Stock Exchange (JSE)
Year of initiation	2003	2006	2009	2013	2013	2013	2019
Country of Origin	Brazil	South Africa	Portugal	Canada	United Kingdom	Singapore	Jamaica
Objective	To work as a transparent platform between impact-focused investors and social & environmental organisations	To encourage Corporate social development and foster accountability for social performance among beneficiary organisations	To facilitate collaborations between education entrepreneurs, social investors and civil society organisations to fund and scale effective initiatives.	To strengthen organisations to tackle with poverty and build environment sustainability and scale by providing Capital access, reducing fundraising cost and a social purpose.	To create an accessible marketplace that enables social businesses and impact investors can achieve impact through efficient capital raising and allocation.	To provide a platform where social purpose organisation can raise capital and investors can enjoy liquidity.	To attain Jamaica's SDGs and promote social giving by increasing transparency in fund utilisation
Structure and sponsors	<ul style="list-style-type: none"> - No trading platform of its own. - Working with Brazilian stock exchange 	<ul style="list-style-type: none"> - Working under Johannesburg Stock Exchange 	<ul style="list-style-type: none"> - modelled after the Brazilian Social Stock Exchange - 	<ul style="list-style-type: none"> - independent non-profit organisation - restricted dealer with the Ontario Securities Commission - accredited financial broker - licensed crowdfunding operator 	<ul style="list-style-type: none"> - certified B-corporation - standalone private company - not regulated or housed under any stock exchange 	<ul style="list-style-type: none"> - operated by the Stock Exchange of Mauritius (SEM) - regulated by the Financial Services Commission of Mauritius 	<ul style="list-style-type: none"> - its a social program created by JSE's own practice of Corporate Social Responsibility (CSR), - Sponsors: Jamaica Stock Exchange (JSE) and Inter-American Development Bank (IDB)
Target Area	Marginalized communities, disability, physical health, inclusion of immigrants, livelihood and skills, environment education, Prevention of violence against women, Art and Advocacy	Rehabilitation, mental health, disability and physical Health	Environment and conservation, education, inclusion of immigrants, livelihood and skill training, disability	Food, Affordable housing, energy and environment	Physical and mental health, citizenship and community, environmental conservation, housing and local facilities, art, sports, international developments, heritage and faith	Climate, water, energy, agriculture and women empowerment	Mental Health, People with disabilities, education
Participants	Non-Profit organizations only	Non-profit organisations and social businesses	Non-profit organisations and social environmental businesses	Both Non-profit organizations and for-profit enterprises	small and mid-cap companies (main objective is social impact)	Social enterprises, micro finance institutions, development finance institutions,	NPOs registered under charity law of Jamaica

Name of SSE	Bolsa de Valores Socioambientais (BVSA)	South African Social Investment Exchange (SASIX)	Bolsa de Valores Sociais (BVS)	Social Venture Connexion (SVX)	UK Social Stock Exchange (SSX)	Singapore's Impact Exchange (IIX)	Jamaica Social Stock Exchange (JSSE)
						and NGOs	
Services	Crowdfunding platform	Social investment broking and portfolio management	Supporting financial systems, guidance in making business and investment plans	Guidance in Investment readiness programmes and investment tracking services	Provide guidance and expert advice to investors and investees	Educate organisation about impact investing and help them in raising capital	Empowering investees
Returns	Social	Social and Financial	Social	Social, environmental and Financial	Social and Financial	Social, environmental and Financial	Social and Financial
Funds Raised	R\$19 million (2003-2018)	US \$ 2.7 Million (2006-2009)	2 million euros (2009-2013)	\$350 million	400 million euros (2013-2015)	US \$454million (2013-2023)	More than \$271 million (2019-2023)
Current Status	Closed (2018)	Closed (2009)	Closed (2015)	Active	not active in its original form	Active	Active

Source: Author's compilation

Table 1 depicts the commonalities and differences among the structure, functions, models, and objectives. It is evident that the concept of SSE was instituted across the world, but the majority were unable to sustain themselves (Brazil: 2003-2018; South Africa: 2006-2017; Portugal: 2009-2015 and UK: 2013-2017). The main reasons for the failure of SSEs in Brazil, South Africa, Portugal and the UK are lack of awareness about SSE on the part of investors and higher economic costs on the part of registered social enterprises (Mehra and Viz 2023). Further, only non-profit associations were allowed to register with SSE in many countries like Brazil, Portugal and South Africa. However, the model of social stock exchange is currently functional in three countries viz., Canada (2013), Singapore (2013) and Jamaica (2019) apart from India.

3.8. Social Stock Exchange of India

In India, the concept of social stock exchange was first introduced by Smt. Nirmala Sitharaman, Union Finance Minister during 2019-20. After getting the recommendation and broad framework from working group and technical committee on social stock exchange in 2021, the Securities Exchange Board of India gave its final approval for introduction of social stock exchange as a special segment on Bombay Stock Exchange on 27th December 2022 and subsequently to National Stock Exchange on 22nd February 2023.

The unique features of Indian social stock exchanges are as follows:

- **Eligible Enterprises.** In India, along with the not-for-profit organisations (NPOs), a for-profit organisation (FPOs) can also get listed on social stock exchanges provided their primary goal is social welfare. As on December, 2024 a total of 97 enterprises are registered on social stock exchange out of which 72 enterprises have been listed on National Stock Exchange and 25 enterprises have been listed on Bombay Stock Exchange.

- **Innovative Financial Instruments.** The social stock exchange in India aims to create a link between these social enterprises and investors aspired to generate social impact in conjunction with financial returns. The exchange introduces the following innovative instruments:

- **Zero Coupon Zero Principal bond (ZCZP).** Zero Coupon Zero Principal bond which is a financial instrument used by any non-profit organisation or social enterprise listed on the social stock exchange to raise funds. These bonds have zero coupon or interest with zero principal payment at maturity and are suited to those investors who do not want their invested funds back. These bonds are issued for the charity that promises a social return to the investor.
- **Development Impact Bonds (DIBs).** The Development Impact Bonds are used to finance development programs in those countries having less income. It involves three parties such as a private investor, a service provider and an outcome payer. The private investor is usually an investor or group of investors that provides funds for carrying out development projects that assure social outcomes. The service provider is normally a non-profit organisation that is accountable for completing the project and is responsible for its social outcomes. The outcome payer is the philanthropic organisation. The outcome

payer pays back the principal and interest amount to the investor if the service provider is able to achieve social outcomes.

- **Social Impact Bonds (SIBs).** The Social Impact Bonds are the financial instruments that provide funds to those projects that address societal needs such as access to education, better health care services, women's safety and empowerment, etc. and generate positive social outcomes.

The listed NPOs can raise funds through the issue of zero coupon zero principal instruments and also in the form of donations by way of mutual fund schemes whereas listed FPOs can raise funds through issuance of equity and debt securities. The minimum subscription required for such issuance is fixed at 75 percent of total fund raising.

- **Regulatory framework and disclosure requirements**

The Indian social stock exchanges are required to follow the regulatory provisions laid by Securities Exchange Board of India so as to ensure transparency and accountability. Listed social enterprises must give detailed information on their social impact projects that create positive change in society and environment, to the investors so that they can make investment decisions wisely.

- **Assistance in the achievement of Sustainable Development Goals:**

All the Social enterprises must reveal comprehensive information in the form of standardised report on social and environmental impact. The information should be aligned with the Sustainable Development Goals of the United Nations. It will be a highly supportive mechanism for achieving sustainable development goals also because there is a huge performance gap in this direction. Subramanian *et al.* (2023) noted that in contemporary scenario, it is very difficult to meet sustainable goals by 2030. India's philanthropy report, 2024 shows that the country is not able to spend 13% of its GDP (as estimated by NITI Aayog) to meet the 17 UN Sustainable Development Goals by 2030, including poverty eradication, quality education, healthcare, gender equality, and climate action. The number of high-net-worth individuals (HNIs) and affluent individuals in India is expected to grow to 1.7 million, with a cumulative net worth of INR 460 lakh crore over the next five years. These individuals have a high propensity to donate, accounting for over 0.7% of their net worth. Addressing barriers such as lack of awareness, transparency, and impact measurement by SSEs could unlock significant upside potential in donations from this segment. Through concentrated efforts, private philanthropic donations from wealthy these donors may reach 35% by FY 2028, up from 22% in FY 2023.

In nutshell, the ambitious targets of achieving SDGs cannot be achieved by government funding alone. It is imperative to comprehend the need to share this responsibility with high net-worth individuals and business leaders due to the changing business environment. Though corporate social responsibility efforts serve in this direction but simply on the basis of compliance-based responses, the job cannot be done. There is a need to push philanthropic investors to work in this direction who are reluctant to make such investment due to the non-availability of a transparent and reliable system. The idea of the social stock exchange is a response to enable systematic and transparent funding routes for the social sector in India.

- **Capacity building programs.** India has established a capacity development fund (CBF) with contributions from NABARD, SIDBI, NSE, and BSE, totaling Rs. 100 crores. The fund is used by SSEs with an aim to raise awareness of the social stock exchange (SSE), its processes and impact investing among social enterprises and investors through workshops.

Thus, social stock exchange in India serves as a marketplace where social enterprises and impact investors can connect in a framework that is regulated and transparent. The concept will bring change in India's impact investing ecosystem, by encouraging accountability, enabling measurement of final outcomes and ensuring enforcement of independent compliance. It is expected to allure not only the domestic investors but also the foreign investors who have desire to support healthcare, education, agriculture, or to ensure long-term environmental solutions. Thus, social stock exchange is expected to serve as a central hub for scaling impact initiatives.

Conclusion

Though SSEs, across the world, do not have a glorified history, Indian SSE has to set up a role model for the world. The success of social stock exchange is essential for social enterprises facing enormous difficulties in raising funds from the public as well as corporate under their corporate social responsibility (CSR) initiatives (Parekh *et al.* 2020). Similarly, it is imperative to secure the trust of investors worrying about the functioning of social enterprises and the proper utilization of funds (Ravi *et al.* 2019). Indian social stock exchange needs to evolve as the world's largest and most impactful social stock exchange by providing reliable and standardized information repositories to social enterprises, investors, donors, philanthropists and other stakeholders. There is

also a need to educate stakeholders on new financial instruments like zero coupon zero principal bonds, development impact bonds, and social impact bonds. The capacity building fund should be utilised for these purposes along with guiding non-profit organizations in listing and compliance requirements. Further, the availability of qualified social auditors to conduct independent audits of impact reporting of social enterprises is another challenge in front of social stock exchange which need immediate attention. It is also essential that social stock exchange creates mass understanding among the general public that investment in socially responsible companies and philanthropic organizations can also generate financial returns along with social returns. This can be done through religious preaching, government support programs, and different awareness initiatives.

The paper suggests that policymakers and regulators should consider innovative investment options, impact investing, strong and transparent regulatory mechanisms along with disclosure requirements to enhance the success of social stock exchanges.

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On behalf of all authors, the corresponding author states that there is no conflict of interest.

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Nishi Sharma: Conceptualization, Funding acquisition, Format analysis, Methodology, Writing –review and editing, Supervision.

Arshdeep: Conceptualization, Funding acquisition, Writing – original draft.

Kiran Jindal: Conceptualization, Funding acquisition, Writing – review and editing.

Meena Sharma (Research Associate for ICSSR Project at UIAMS, Panjab University, Chandigarh): Format analysis, Writing – original draft.

Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Declaration of Use of Generative AI and AI-Assisted Technologies

The authors declare that they have used generative AI and AI-assisted technologies in the writing process before submission, but only to improve the language and readability of their paper and with the appropriate disclosure.

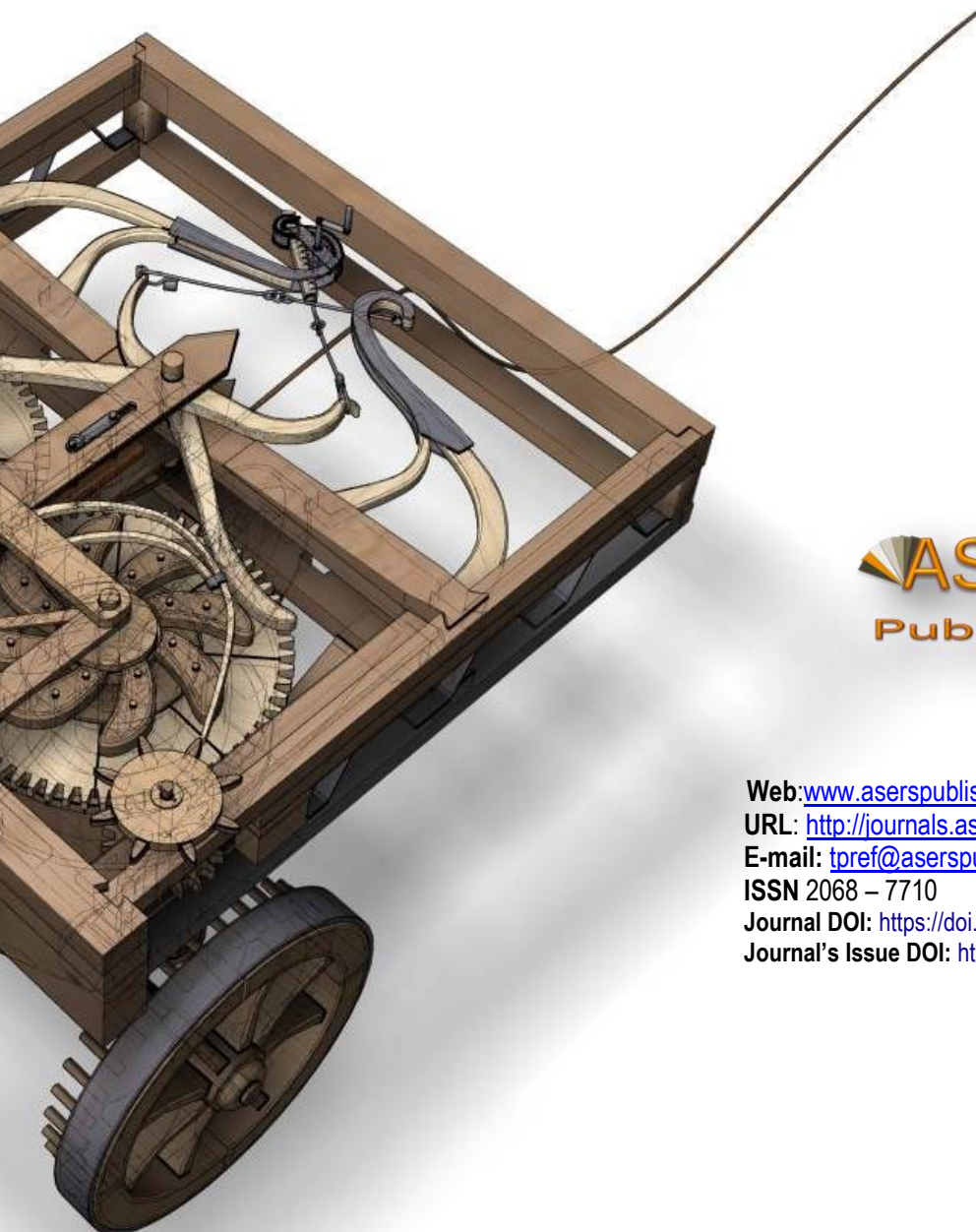
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