Social stock exchange (SSE)

- A working group constituted by the Securities and Exchange Board of India (SEBI) on social stock exchanges has recommended allowing non-profit organisations to directly list on such platforms while allowing certain tax incentives to encourage participation on the platform.
- The idea of a social stock exchange (SSE) for listing of social enterprise and voluntary organisations was mooted by Finance Minister Nirmala Sitharaman while presenting the Union Budget 2019-20.
- According to a release issued by the capital markets regulator, the group has recommended allowing non-profit organisations to directly list through issuance of bonds while recommending a range of funding avenues, including some of the existing mechanisms such as Social Venture Funds (SVFs) under Alternative Investment Funds (AIFs).
- There is a great opportunity to unlock funds from donors, philanthropic foundations and CSR spenders, in the form of zero coupon zero principal bonds. These bonds will be listed on the SSE.
- The group has also suggested a new minimum reporting standard for organisations that raise funds on social stock exchanges.
- The working group has also suggested that the social stock exchange can be housed within the existing national bourses like the BSE and the National Stock Exchange.