

Social Lens Primer on the Social Stock Exchange

SSE 101 for NPOs

The Social Stock Exchange (SSE) provides a mechanism for available funds to be routed to organisations with a social objective so they may access additional capital. The SSE upholds financial transparency and lends credibility to the organisations listed on the exchange. It primarily assists in pairing contributors with organisations that prioritise social benefit.

NPOs and for-profit social enterprises can register on the exchange. NPOs may decide to register with the exchange even if they have no intentions of raising money through it.

A NPO means a charitable trust registered under the Indian Trusts Act, 1882 or under the public trust statute of the relevant state or a charitable society under the Societies Registration Act, 1860 or a company incorporated under Section 8 of the Companies Act, 2013.

A NPO must demonstrate primacy of its social intent and meet specific eligibility requirements in order to register on the exchange.

To establish primacy of social intent an NPO shall:

- be indulged in at least one of the sixteen defined activities (eradicating poverty, hunger, empowering women, promoting healthcare, etc)
- target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments
- have at least 67% of its immediately preceding 3-year average of revenues, expenditure or total number of beneficiaries dedicated toward one of sixteen specified activities (eradicating poverty, hunger, empowering women, promoting healthcare, etc)

Eligibility Criteria for NPOs:

- have a valid registration as a charitable trust/charitable society/Section 8 company at the time of registration on the SSE
- have a valid registration certificate under the Income Tax Act u/s 12A, 12AA or 12AB for the next 12 months at the time of registration on the SSE and a valid 80G registration under the Income Tax Act
- be registered with the Income Tax Department as an NPO with a valid PAN
- be at least 3 years old
- have an annual spending in the last financial year to be at least Rs. 50 lakhs
- have funding in the last financial year of at least Rs. 10 lakhs

A Social Enterprise shall not be eligible to register or raise funds through the SSE if its promoter/director/trustee is debarred, is a willful defaulter, is a fraudulent borrower or a fugitive economic offender

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