Social Impact Assessors

XXIII
NISM CERTIFICATION EXAMINATION WORK BOOK

National Institute of Securities Markets
A Capacity Building Initiative of SEBI

This workbook has been developed to assist candidates in preparing for the National Institute of Securities Markets (NISM) Series XXIII: Social Impact Assessors Certification Examination.

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Foreword

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The NISM certification programs aim at enhancing the quality and standards of professionals employed in various segments of the financial sector. NISM develops and conducts certification examinations and Continuing Professional Education (CPE) programs that aim at ensuring that professionals meet the defined minimum common knowledge benchmark for various critical securities market functions.

NISM certification examinations and educational programs service different securities market intermediaries focusing on varied product lines and functional areas. NISM certifications have established knowledge benchmarks for various market products and functions such as equities, mutual funds, derivatives, compliance, operations, advisory and research. NISM certification examinations and training programs provide a structured learning plan and career path to students and job aspirants, wishing to make a professional career in the securities markets.

NISM supports candidates by providing lucid and focused workbooks that assist them in understanding the subject and preparing for NISM Examinations. The book covers important topics to aware candidates about myriad aspects of Social Stock Exchange and Social Impact Assessment. It covers wide range of topics related to social sector organisations, enterprises and interventions, social impact assessment social impact assessment techniques, social impact assessment standards, social impact assessment reporting, etc. It will be immensely useful to all those who want to have a better understanding of Social Impact Assessment.

Shri Sashi Krishnan
Director, NISM

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The Centre for Capacity Building (CCB-3) at NISM is engaged in developing and administering Certification Examinations and CPE Programs for professionals employed in various segments of the Indian securities markets. These Certifications and CPE Programs are being developed and administered by NISM as mandated under Securities and Exchange Board of India (Certification of Associated Persons in the Securities Markets) Regulations, 2007.

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Certification creates quality market professionals and catalyzes greater investor participation in the markets. Certification also provides structured career paths to students and job aspirants in the securities markets.

About the NISM-Series-XXIII: Social Impact Assessors Certification Examination (SACE)

In order to create a common minimum knowledge benchmark for the persons to become Social Impact Assessors erstwhile known as Social Auditors, the examination aims to create a pool of Social Impact Assessors who would assess the impact of social interventions of various social enterprises who raise funds through the Social Stock Exchange platform.

Examination Objectives
On successful completion of the examination the candidate should:
- Know the basics of Social Impact Assessment, Code of conduct of Social Impact Assessors.
- Understand the general concepts related to social stock exchange, Social Impact Assessment.

- Know the Social Impact Reporting disclosures and regulations.

Assessment Structure

The examination consists of 85 multiple choice questions and 3 case-based questions (each case having 5 sub-questions) adding up to 100 marks. The assessment structure is as follows:

Multiple Choice Questions [85 questions of 1 mark each]	85*1 = 85
Case-based Questions [3 cases (each case with 5 questions of 1 mark each)]	3*5*1 = 15

How to register and take the examination

To find out more and register for the examination please visit *www.nism.ac.in*

For any feedback and/or queries, please write back at *certification@nism.ac.in*

Important

- The sample caselets and multiple-choice questions illustrated in the book are for reference purposes only. The level of difficulty may vary in the actual examination.

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CHAPTER 1: INTRODUCTION TO SOCIAL SECTOR ECOSYSTEM

> **Learning Objectives**
>
> After studying the chapter, you should know about:
> - Various aspects and taxonomies of social sector in India
> - Introduction to financial markets in India

Section – I Social Sector in India

1.1 Overview of Social Sector in India

India has a rich tradition of voluntary work, known as "shramdaan," which has played a vital role in shaping the country's civil society ethos since Independence. The culture of voluntary action emerged during the pre-Independence era with social reformers campaigning for an equitable social order.[2]

The decades of 1970 and 1980 witnessed a surge in professional Non-Governmental Organisations (NGOs) or Non-Profit Organisations (NPOs), supported by government agencies and international donors. With the liberalization in the 1990s, NGOs became crucial advocates for vulnerable populations. Government funding, both central and state, played a pivotal role in supporting voluntary efforts. Additionally, the Companies Act of 2013 mandated Corporate Social Responsibility (CSR) contributions, further boosting the non-profit sector.

The Non-Profit Sector in India has undergone significant transformations to address the changing needs of society. Established through early legislations like the Societies Registration Act (1860) and the Trusts Act (1882), the sector has persisted, with additional regulations such as the Bombay Public Trusts Act (1950) and the Income Tax Act (1976).

Other relevant legislations are the Companies Act, 2013 (Section 8 Companies) which regulates non-profit organizations registered as companies with charitable objectives and the Foreign Contribution (Regulation) Act, 2010 (FCRA) which governs foreign donations to NGOs to ensure transparency.

The NGO's/Non-profit sector operates in diverse fields, including remote areas, policy advocacy, juvenile justice, right to information, and cultural preservation, contributing significantly to social welfare in India. The non-profit sector's contributions are evident in achievements such as polio eradication, disaster relief, and policy reforms like the Right to Information and Right to Education. NGOs have become instrumental in shaping democratic processes, attracting young talent, and fostering tech-enabled activities for the larger public interest.

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[2] Excerpted from India's Million Missions Report

The Non-profit sector is also called the social sector or the third sector comprising myriad development organizations, voluntary organizations, NGOs, non-state, non-market organizations working on issues of development, Section 8 Companies, social enterprises and collectives. The term 'social sector' refers to all those sets of activities which contribute to human capital formation and human development such as education, health, medical care, water supply, sanitation, and housing etc.[3]

The approaches of social sector aim at;

- addressing the gap in sectors like education, health, sanitation, housing, energy, environment and so on, focusing on the disadvantaged and vulnerable sections of the population.
- conducting research-based advocacy and feeding into better informed programs across the sectoral spectrum of the social sector.
- forming think tank organizations with a rights-based approach to address social issues.

The social sector plays a crucial role in the development landscape of India and act as catalysts for positive change. By bridging the gaps in government services, reaching marginalized communities and implementing grassroots projects, this sector contributes significantly to India's social and economic progress. As India strives for inclusive growth, the collaboration between NGOs and other stakeholders remains instrumental in tackling complex development issues and fostering a more equitable and sustainable society.

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[3]Panchmukhi, 2000; https://niti.gov.in/planningcommission.gov.in/docs/reports/sereport/ser/stgpnt/stgpnt_ch1.pdf

Box 1: Current Status of NPOs - A cross-sectional study[4]

A cross-sectional study by CSO Coalition@75 of non-profit organisations working in different geographies and across diverse sets of activities through a primary survey in 2023 indicate that 70% NPOs focus on social services, 59% NPOs focus on education, and 56% on employment and community development. NPOs primarily contribute to Sustainable Development Goals (SDGs) related to education, health, gender equality, and poverty reduction. The survey revealed key insights into NPOs geographical presence, activities, organizational attributes, funding sources, accountability systems, and recent trends. The study, based on 851 NPOs, indicated that Maharashtra, Tamil Nadu, Karnataka, Uttar Pradesh, and Delhi were primary regions of operation, with 50% working in Maharashtra. A significant 54% operate in aspirational districts with low Human Development Index.

The survey also highlights the organizational attributes, with 87% of NPOs registered after 1990. Small organizations, constituting 62%, dominate the sector in terms of annual expenditure. The report emphasizes the role of NPOs in creating local livelihoods and developing skills, showcasing their impact on socio-economic status improvement over five years.

Collaborations are common, with 75% working with government schools and 69% with Panchayats. The report also identifies recent trends, with 58% reporting increased budgets in the last five years. However, the COVID-19 pandemic affected 65% of small and midsize NPOs, leading to some losses.

Despite these challenges, the study highlights the increased efficacy of NPOs over the last 15 years, suggesting positive growth in impact, collaboration, and clarity in interactions with regulators. The findings provide valuable insights for policymakers, funders, and NPOs to inform strategies, resource allocation, and capacity-building initiatives.

Furthermore, the social sector has been identified as an important partner towards addressing the Sustainable Development Goals (SDGs) 2030 Agenda.

1.2 Sustainable Development Goals (SDGs)

Member states of the United Nations adopted the 2030 Agenda for Sustainable Development in the year 2015[5]. It is pegged as the blueprint for peace and prosperity for the people and the planet, now and into the future. The said Agenda has identified 17 Goals for the developed as well as developing countries. It urges all the nations to respond to this on an urgent basis and "recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and

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[4]https://www.guidestarindia.org
[5]Source: https://www.un.org/sustainabledevelopment/news/communications-material/

forests."[6]. The Sustainable Development Goals Report 2021 describes 17 Sustainable Development Goals as listed below.[7]

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

1.3 Concept of Social Enterprises (SE)

Social Enterprises have gained importance in late 1990s in India, where their contribution towards social change has been recognised by different sectors. Social Enterprises have been developing innovative models to address complex social problems. This term was formally introduced in India in 1981 with the establishment of 'Ashoka' - the global association of world's leading social entrepreneurs.[8]

Social Entrepreneurship (used as short hand for social and environmental entrepreneurship) is a field of practice that deals with application of entrepreneurial energy primarily for:

(a) addressing social and environmental issues at community and/or higher levels and
(b) causing social and environmental change through non-violent, non-coercive methods and generating significant impacts in the target areas and beyond.

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[6]Sustainable Development Goals; https://sdgs.un.org/goals
[7]Status of the SDG goals can be read: The Sustainable Development Goals Report 2021 https://unstats.un.org/sdgs/report/2021/The-Sustainable-Development-Goals-Report-2021.pdf
[8] https://www.ashoka.org/en-in

Social enterprises use entrepreneurship, innovation and market approaches to create social value and change. They can be a non-profit or a profit-making organisation and usually share the following characteristics:[9]

1. **Social Purpose** – created to generate social impact and change by addressing a social issue;
2. **Enterprise Approach** – uses business principles, entrepreneurship, innovation, market approaches, strategic-orientation, discipline and determination of a for-profit business;
3. **Social Ownership** – with a focus on public good and stewardship, although not necessarily reflected in the legal structure.

The core philosophy of social enterprise lies in the belief that profitability and social impact are not mutually exclusive, but rather mutually reinforcing, offering a unique and compelling way to address global challenges. The pioneering social enterprises in India include SELCO Solar, Basix, Barefoot College, Arvind Eye Hospital, Pratham, etc.

Key features of a Non-Profit Social Enterprise include:
● Working for a social or environment cause
● It has a revenue generating model where profits are earned through sale of products or services.
● Revenue generated is invested back into the enterprise
● They operate like companies and have enterprise orientations.

The fundamental difference between Non-Profits and Social Enterprises is the source of funding. Non-profits rely on funding through donations and grants. Social enterprises are businesses, and they generate their own profit for their financial sustainability. Though social enterprises generate revenue, all profits are ploughed back into the business. So, while they do create a profit, they operate like a non-profit by directing all funds towards the social, economic, or environmental cause.

Social Enterprises both 'For-Profit' and 'Non-Profit' can access not just grants and donations but also have access to social venture capital funds. Funding agencies and venture capital firms started focusing on social enterprises after recognising their role in the social sector. Grass root Innovations Augmentation Network, Acumen Fund, Intellecap, Villgro and other funding organisations started their investments in social enterprises. Today, multilateral agencies like companies, impact investors, incubators and accelerators, academic institutions, research agencies are contributing to social enterprises through funding and advisory support, research studies and capacity building workshops etc.

With a legal mandate on CSR spending of 2% from a company's net profit, many non profit social enterprises are getting funding support.

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[9]www.4lenses.org

According to SEBI ICDR Regulations, a Social Enterprise means either a Not for Profit Organisation or a For Profit Social Enterprise that meets the eligibility criteria specified in the SEBI ICDR Regulations[10].

The Eligibility Conditions for being identified as a Social Enterprise as per SEBI ICDR Regulations:

A. To be identified as a social enterprise, a Not for Profit Organisation (NPO) or a For Profit Enterprise (FPEs), shall establish primacy of social intent.
B. In order to establish the primacy of its social intent, such Social Enterprise shall meet the following eligibility criteria[11]: -
    a. The social enterprise shall indulge in at least one of the following activities:
        1) eradicating hunger, poverty, malnutrition and inequality;
        2) promoting health care including mental healthcare, sanitation and making available safe drinking water;
        3) promoting education, employability and livelihoods;
        4) promoting gender equality, empowerment of women and LGBTQIA+ communities;
        5) ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation;
        6) protection of national heritage, art and culture;
        7) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;
        8) supporting incubators of Social Enterprises;
        9) supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building;
        10) promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector;
        11) slum area development, affordable housing and other interventions to build sustainable and resilient cities;
        12) disaster management, including relief, rehabilitation and reconstruction activities;
        13) promotion of financial inclusion;
        14) facilitating access to land and property assets for disadvantaged communities;
        15) bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection;
        16) promoting welfare of migrants and displaced persons;
        17) the activity provided under Schedule VII of the Companies Act, 2013
        18) any other area as identified SEBI or Government of India from time to time

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[10]https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-november-21-2022-_65522.html
[11] The detailed criteria have been described in chapters 3 and 4.

b. The social enterprise shall target underserved or less privileged population segments or regions recording lower performance in the development priorities of Central or State Governments or such other target segments as may be specified by SEBI from time to time.

c. The For Profit 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.

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

1.3.1 Legal structure of Non-Profit Social Enterprises

There are different forms of social sector organizations in India like Trust, Society and Section 8 companies. There is no single regulatory body for these organisations as they are governed under different legislations as per their registration as described in Table 1.1 below. This implies that their accounting and reporting requirements also vary.

Table 1.1: Difference Between Trust, Society and Section 8 Company[12]

Forms / Particulars	Trust	Society	Section 8 Company
Meaning	It is considered to be the oldest form of charitable organisations. It is, in essence, an arrangement between parties whereby one party holds ownership over property on behalf of another person.	It is formed when a collection of people come together for a common charitable purpose. It is not limited to charitable purposes but may extend to multiple other fields.	It is a company established with the purpose has in its objects the promotion of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object and

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[12]Source: https://cleartax.in/s/society-trust-section-8-company-comparison

			whereby they apply any profits into furthering the objective.
Governing Legislation	A trust is established under and governed by the Indian Trust Act, 1882 for private trusts. General law is applied for public trusts except in a few states such as Gujarat and Maharashtra, which have their own state laws.	Societies Registration Act, 1860 or the relevant laws of the concerned state	Companies Act, 2013
Registered as	NGO/NPO	NGO/NPO	They enjoy all the privileges of a limited company without the need for them to add Pvt. Ltd. to the name.
Document of constitution	Trust Deed	MOA (Memorandum of Association) and rules and regulations	MOA and AOA (Articles of Association)
Registration Authority	The official having jurisdiction in the state for Trust registration.	Registrar or Deputy Registrar of the particular state in which it is to be registered.	Registrar of Companies (RoC) or Regional Director
Minimum members required	2 trustees minimum	7 members minimum (5 for Jammu and Kashmir)	2 directors and 2 shareholders. It should be noted that the directors may also be the shareholders.
Annual compliance	Audited financial statements required to be submitted	The society must file the list of names, occupations and address of the managing committee members of the society to the Registrar annually.	The company must file the annual returns and accounts with the ROC.

With these legal structures, NGOs can get tax benefits as well as get access to foreign donations by registering under the Foreign Contribution (Regulation) Act. With evolution of the concept of social entrepreneurship, for profit enterprises as well as hybrid models combining revenue generating models addressing a social cause have emerged.

1.3.2 Legal structure of For-Profit Social Enterprises (FPSE)

For-profit social enterprises are organizations that sell goods or services that advance a social, economic, or environmental cause. They could manufacture products that are beneficial to society, be service providers or producer companies. They have well defined business models, consumer base and revenue streams. They can be registered under the Companies Act, 2013 as a Sole Proprietorship, Limited Liability Partnership, Partnership, Private Limited or Public Limited company.

1.4 Taxonomy related to Social Enterprises

1.4.1   Primacy of Social Intent/Impact

Social intent and impact are the primary goals of the SE which is demonstrated through its focus on social objectives for the underserved or less privileged populations or regions. The social objective is centered on creating products and services relevant to the target beneficiary to accelerate human welfare. The activities, interventions and programs adopted by the enterprise are in line to address the target beneficiaries in the target geography. An organisation has a social intent when it serves social good, has a social mission, creates social value through social change, building social capital and has a social bottom line. Funds are raised and plans are made to make a difference to society. Making profits and redistributing it amongst its board/ staff / other stakeholders is not the intention of such an enterprise. Additional resources if generated are re invested in the enterprise towards its stated objectives.

In simplistic terms, "Social impact can be defined as the effect on people and communities that happens as a result of an action or inaction, an activity, project, programme or policy".[13]

A social enterprise will have a positive change on the primary and secondary stakeholders and society at large which is called its social impact. For example, it can be seen through the delta change in education levels and rising rates of graduation in an underserved community, reduction in child malnutrition, increased biodiversity through a wasteland conservation program, etc.

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[13]https://www.goodfinance.org.uk/

1.4.2 Social Objective

A Social Objective of an organization will denote that it is created / incorporated to serve a social good and has a social mission. Such an organization might be any of the legal entities viz. a society, a trust or a section 8 company. Such an organization creates social value through social change, building social capital and has a social bottom line. Thus, an enterprise having a financial bottom line as its objective (generating profits as its mandate) cannot pose a social objective.

The social objective is centered around creating products and services relevant to the target beneficiary to accelerate human welfare. The target beneficiaries are those populations who are vulnerable and have special needs or problems. The social objectives will guide the formulation of activities, interventions and programs in line to address the target beneficiaries in the target geography.

Annexure 1 provides an illustrative list of areas and sub-areas for taxonomic classification of social objectives.

1.5 Social Intervention

Social interventions are programs designed to deliver social benefits and develop human capital of specific target groups. Social interventions can be any of the following; social welfare, safety net, and social protection. Social interventions can cover programmes in the areas such as poverty alleviation, access to public healthcare, maternal/ neonatal child-care, access to financial services, access insurance and pension, job creation, technical and vocational skills development, refugee protection, and so on. Purpose of social interventions can be reducing symptoms, resolving problems, enhancing adaptive capabilities, and improving the overall psychosocial well-being of the beneficiaries.

1.5.1 Concepts and Terms in Social Sector Interventions

i. **Poverty**
   Poverty is a multidimensional concept focusing on aspects more than lack of income. The United Nations (UN) elaborates definitions of poverty as, "Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means a lack of basic capacity to participate effectively in society. It means not having enough to feed and clothe a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit..." According to the noted Noble Laureate and Indian Economist Amartya Sen, "Poverty is not just absence of income. Poverty is presence of Helplessness, Powerlessness and Voicelessness."

ii. **Social Development**

Social development is a process of achieving desired social change. Some of the common social development initiatives are in the areas of housing, health and nutrition, education and training, livelihood opportunities, social security, social equality, social stability, social welfare and the promotion of cultural heritage, traditional arts, and indigenous knowledge systems. In the words of Amartya Sen, "Development has occurred when there has been an improvement in the basic needs, when economic progress has contributed to a greater sense of self-esteem for the country and individuals within it, and material advancement has expended people's entitlements, capabilities and freedom."

iii. **Social Capital**

The Organisation for Economic Co-operation and Development (OECD) defines Social Capital as "networks together with shared norms, values and understandings that facilitate cooperation within or among groups". Complementing this definition, the World Bank has defined this concept as, "social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions." There are numerous definitions of social capital where the common factor has been the emphasis on social relations formed for productive benefits.

iv. **Stakeholders**

Stakeholders are defined as "any group or individual who can affect or is affected by the achievement of the organization's objectives."[14] The common groups which are considered as stakeholders are the direct beneficiaries of a social intervention, customers, employees, board members, local communities, government, regulatory bodies, media and so on.

v. **Sustainability**

Sustainability is a multidisciplinary concept encompassing social, environmental and economic aspects. In 1987, the United Nations Brundtland Commission defined sustainability as "meeting the needs of the present without compromising the ability of future generations to meet their own needs." Environmental Sustainability occurs when humanity's rate of consumption does not exceed nature's rate of replenishment and when humanity's rate of generating pollution and emitting greenhouse gases does not exceed nature's rate of restoration. Social Sustainability is the ability of a society to uphold universal human rights and meet

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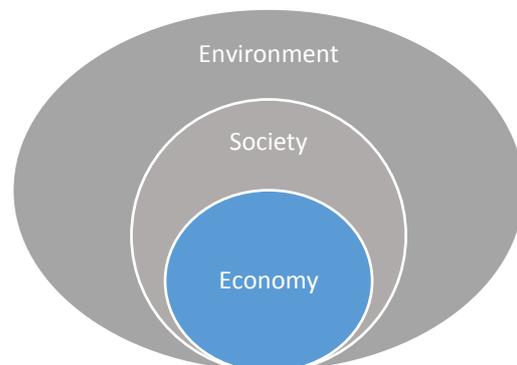
[14] Freeman, 1984.

people's basic needs, such as healthcare, education, and transportation. Healthy communities ensure personal, labour, and cultural rights are respected and all people are protected from discrimination. Economic Sustainability is the ability of human communities around the world to maintain their independence and have access to the resources required to meet their needs, meaning that secure sources of livelihood are available to everyone.

The three dimensions of sustainability can be visualized in different ways. The nested model (right) shows how each dimension is dependent on the next. The economy is dependent on society, and both are dependent on the environment.[15]

vi.   **Impact**

Impact is the change that an organization's actions or programs create in people's lives and communities. It is the broader, long-term change that a project or intervention may have on individuals (beneficiaries) and on society more generally. It includes positive, negative, intended and unintended long-term effects commonly capturing changes in social behaviours, life style changes, social norms etc. For example, development of self confidence and self-esteem amongst women, improved productivity of patients after improved health conditions.

vii.   **Outcomes**

Outcomes are the difference that a project or intervention can make on its beneficiaries as a consequence of its activities. These short-term changes, benefits, learning or other effects are qualitative in nature and are an anticipated effect of the intervention. To take forward the previous example, an outcome of the women empowerment project could be an increase in the savings in banks of the women, or greater confidence to access credit from financial institutions.

viii.   **Output**

Outputs are the specific consequence of a project or intervention that can readily be measured, usually by numbers. These are often expressed quantitatively; for example, number of women who attended vocational training, number of vocational training sessions conducted, number of patients who received financial aid for critical treatment etc.

ix.   **Activities**

The initiatives that an organisation or project undertakes to achieve the desired goal; for instance, providing vocational training to women to achieve financial empowerment of women, providing financial aid to poor patients to improve their health and productivity and so on.

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[15] https://www.mcgill.ca/sustainability/files/sustainability/what-is-sustainability.pdf

x.   Inputs

Inputs are the resources that go into the project or programme to carry out the activities which include human, financial and material resources such as money, raw material, training material, technology and so on.

1.5.2 Methodologies for Social Interventions

Social sector interventions are based on various factors such as beliefs, values and theoretical preferences of social sector organisations; transparency and trust amongst social/community workers and beneficiaries; and beliefs, culture and values of service users and so on. The five top methods used by social workers are illustrated in Figure 1.1 below:

Figure 1.1: **Social Intervention Methods**[16]

i.   <u>Care Management</u> – It is linked mainly with community care or specific beneficiary community care initiatives like health care interventions, interventions for disability community.

ii.   <u>Strength Based & Solution Based Approaches</u> – This method looks at collaborative practice, understanding strengths of the beneficiaries or resources available in that region and focuses on specific social problems that need to be resolved. These interventions include projects like watershed management projects, entrepreneurship development programmes etc.

iii.   <u>Narrative Social Work</u> – This approach helps beneficiaries to discuss their problems and view it as external to themselves. It helps them to see its positive and negative effects. It can guide beneficiaries into discerning the causality of the problem and

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[16]Source: Sutton, J, (2021), 13 Social Work Methods & Interventions for Helping Others

find solutions themselves. This method is used in the areas of personality development projects, mental health initiatives etc.

iv. <u>Group work</u> – In this methodology an individual's social development is influenced by the way of group effort. Members of the group look forward to achieving the same objective with collective endeavour. It helps individuals to enhance their social functioning. Some of the common initiatives with this methodology are formation of self-help groups, health and sanitation awareness programmes, educational programmes and so on.

v. <u>Task Centered Social Work</u> –The task centered method emphasizes problem solving and evidence based practical approach.[17] This method starts with defining the problem, establishing goals and achieving the same. It gives measurable results and effectiveness of the initiatives can be evaluated. This methodology can be used across all the areas of social development initiatives if the problem is clearly identified by the social organization.

1.5.3 Inherent risks and errors faced during social interventions

a. Social systems are complex and shaped by interaction amongst diverse and continuously changing stakeholders. Society keeps changing rapidly leading to changes in human behaviour, availability of resources, changes in economy, changes in government policies & interventions and so on. Social sector organisations find it difficult to keep up with the change and introduce innovative approaches.

b. Social sector organisations work in a wide range of areas like environmental sustainability, education, health, poverty, equality, child development, mental health, elderly, disability care and cultural rights etc. These different sectors include a wide spectrum of stakeholders. Some of the risks faced by social sector organisations are:

i. <u>Strategic Risk</u> – Many a times social interventions are funder driven and lack proper vision and strategies to make it long term and sustainable.

ii. <u>Financial Risk</u> – If social intervention is funder driven, organisations cannot continue with the intervention in the absence of funding. Many times, small scale social organizations do not have expertise and resources for proper budgeting and financial management which affects the funding of the organisation.

iii. <u>Operational Risk</u> – Social organisations with limited resources and their remuneration offered cannot employ highly qualified staff which can result in inefficient management of the operations. At times organisations face issues like

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[17]Edmondson (2020),

changes in policies, disasters, lack of acceptance by beneficiaries which hinders in the operations of the organisation.

iv. <u>Technology Related Risk</u> – With increasing use of digital tools, it is crucial for even social organisation to adapt to digital practices. Social organisations with limited financial resources find it difficult to invest in digital tools. In many organisations staff is not trained to use these digital tools and do not upgrade them with changing scenarios. Organizations working in remote areas, do not have infrastructure facilities like continuous electricity supply, internet and mobile networks cannot adopt digital practices.

v. <u>Regulatory Risk</u> – Changes in CSR policy, provisions of schedule VII of Companies Act, FCRA regulations may affect the existing funding, interventions of social enterprises.

vi. <u>Environmental Risk</u> – Lot of environmental interventions like solar projects, watershed management projects, activities to enhance agriculture productivity and so on depend on environmental and climatic conditions. Issues like climate change and global warming are affecting the outcomes and impact of these projects.

1.6 International standards applicable for social development

In recent years, Corporate Social Responsibility (CSR) has gained importance on the international stage as an emerging form in business. Companies report their efforts towards sustainability through various international standards such as OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights, UN Global Compact, The Universal Declaration of Human Rights and Global Reporting Initiative etc. These international standards are voluntary guidelines and are subject to regulatory compliance.

1.7 Challenges of comparability faced by social sector organisations

Social sector organisations in India vary in terms of registration and regulation. With changes in registration their objective, sources of funding, utilization of funds, and activities vary. Hence it is difficult to compare the outcomes and impact created by social sector organisation. Outcome and impact of social initiatives also depend on the service users. Social interventions often look at changes in behaviour, attitude, habits, and value which cannot be measured with quantitative indicators. There can be certain benchmarks which the organisation can set but most of the times these benchmarks are customized to specific social intervention. These cannot be applied across different social interventions to compare the outcomes. For instance, outcomes like improved self-esteem or enhanced social status are linked to the specific culture, social system and attitudes of those beneficiaries. The changes or improvements are captured in terms of situation prior to implementation of

social intervention and post social intervention. It cannot be compared with other groups of beneficiaries coming from completely different social systems and cultures.

1.8 Social Sector Landscape in India

1.8.1 NPO Ecosystem in India

The Non-Profit Organization (NPO) or Non-Governmental Organization (NGO) sector plays a crucial role in addressing various social, economic, environmental and cultural challenges. Here are some key points about the NPO ecosystem in India:

A. Diversity and Scope:

1. The NPO sector in India is diverse, covering a wide range of issues such as education, healthcare, poverty alleviation, human rights, environmental conservation, and more.

2. Organizations vary in size, from small community-based groups to large national and international NGOs. 62% NPOs raise less than Rs1 Cr & 57% less than 20 years old.

3. NGOs often collaborate with government agencies, international organizations, and corporate entities to address complex social issues.

4. Social entrepreneurship is gaining traction, with organizations focusing on sustainable and scalable solutions. Many Non-profit social enterprises have been instrumental in innovative approaches to address complex issues.

5. Volunteerism plays a significant role in the NPO sector, with individuals contributing their time and skills to various social causes.

B. Legal Framework/Regulation:

1. **State Governments**

   - Public Charitable Trusts are governed by state-specific Trust Acts and overseen by state Charity Commissioners.

   - Societies are registered under the Societies Registration Act, 1860, regulated by State Registrars of Societies and focus on social, cultural, or charitable interests

   - Cooperative societies prioritize economic cooperation and mutual benefit and are regulated by the State Registrar of Co-operative Societies.

2. **Ministry of Corporate Affairs (MCA)**

   Regulates Section 8 Companies under the Companies Act, 2013. These organizations work for charitable or non-profit purposes.

3. **Ministry of Home Affairs (MHA)**

Regulates NPOs receiving foreign contributions under the Foreign Contribution (Regulation) Act, 2010 (FCRA). NPOs must register under FCRA to accept foreign donations.

4. **Income Tax Department**

Grants tax exemptions to NPOs under Section 12A, 80G of the Income Tax Act, 1961. It also monitors compliance for tax benefits.

5. **NITI Aayog (DARPAN Portal)**

Maintains a national database of NPOs. NPOs seeking government funding must register on the DARPAN portal.

C. **Challenges:**

1. NGOs in India face challenges such as funding constraints, regulatory compliance issues, and the need for capacity building.

2. There have been debates and discussions around transparency, accountability, and the effectiveness of some NGOs.

3. NPOs often work in challenging environments, addressing issues such as poverty, healthcare, education, gender inequality, and environmental degradation.

D. **Government Initiatives:**

1. The Indian government has initiated various schemes and programs to support the work of NGOs, particularly in areas like education, healthcare, rural development, and poverty reduction.

2. Many NPOs collaborate with the government at different levels to implement various development programs and projects.

3. Public-Private Partnerships (PPPs) are also common, with the government partnering with NGOs to address social challenges. 88% of NPOs work to strengthen government programmes across themes. 50% of NPOs work locally, improve socio-economic life of workers and engage local businesses.

E. **Technology and Innovation:**

1. Many NPOs in India have embraced technology for fundraising, communication, and project management.

2. Social media and online platforms are used to raise awareness and mobilize support for various causes.

3. Many NPOs in India are leveraging technology for social impact, using tools like mobile apps and online platforms to address issues such as healthcare delivery, education, and financial inclusion.

F. Capacity Building:

Capacity-building initiatives are essential for strengthening the effectiveness of NPOs. Training programs and workshops are conducted to enhance the skills of individuals working in the sector.

G. Impact Assessment:

1. There is an increasing emphasis on impact assessment and evaluation within the NPO sector to measure the effectiveness of programs and projects.

2. NGOs need to be trained to develop Monitoring & Evaluation tools that help them to track and report on the social impact created by them.

1.8.2 Need of different types of development interventions

Annexure 2 is an illustrative list of different development interventions by various social organizations. It is important to note that though they are categorized as a specific type of intervention all would use a combination of intervention method.

1.8.3 Spectrum of stakeholders and their role in the development landscape

In order to implement social interventions various stakeholders are involved in the process. These stakeholders are either affecting the intervention through provision of resources, implementing the interventions, acquiring required registrations or licenses or they get affected by the social intervention. Some of the stakeholders of an intervention may be: Beneficiaries, Board Members, Employees, Volunteers, Local community, Funders, and Government.

These stakeholders can be further categorized as internal and external stakeholders or direct and indirect stakeholders.

● Internal and External Stakeholders - Internal stakeholders include individual/s and groups which are part of the organization such as employees, board members, contract / part time employees etc. However, the external stakeholders are not part of internal management of the organization but they can affect or get affected by the actions of the

organization such as funders, Government, consultants, volunteers, beneficiaries/ customers etc. They are also called Primary and Secondary Stakeholders.

- <u>Direct and Indirect Stakeholders</u> - Direct stakeholders are directly involved in the social interventions or get directly affected by social intervention whereas the indirect stakeholders are not directly involved in the social intervention but get affected by social intervention such as indirect beneficiaries, local community, local political leaders etc.

In order to bring social change, it is crucial that all stakeholders contribute to the social intervention. The achievement of the implementation is not only determined by the form of activities but also by the implementation of the organisation and cooperation by various concerned parties. These stakeholders have different interests in activities of the organisation. Table 1.2 below explains few stakeholders and their interests with an example of social intervention in a vocational training programme.

Table 1.2: Stakeholders & Their Interests

Social Intervention: Vocational Training Programme for Youth

Sr. No	Stakeholder	Interest in the Programme
1	Youth	Employment Opportunities, Developing interest in advanced skill development
2	Funder	Achievement of Goals
3	Government	Achievement of Developmental Goal
4	Teachers	Satisfaction, Upgradation of Skills
5	Companies	Trained Future Workforce
6	Parents of Youth	Feel secure that the children are engaged meaningfully and not "loitering" around

Social Impact Assessment of Corporate Social Responsibility in India explains the stakeholders in the CSR Ecosystem in India. (Table 1.3)[18]

Table 1.3: Stakeholders of CSR Ecosystem in India

Sr. No	Stakeholder	Role in CSR
1	Donor Companies/ Organisations	Expect return in terms of social impact from donations and investments made to achieve social objectives
2	Implementing Agencies	Use CSR funds effectively to create social impact

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[18]Report on Social Impact Assessment of Corporate Social Responsibility in India published by Niti Ayog in 2021.

3	Beneficiaries/ End Users	Impacted by social interventions and are expected to have positive intended social change
4	Regulatory and Monitoring Authority	Offer various instruments to ensure effective and efficient CSR practices like tax exemptions, award schemes, certifications, issue of CSR compliances as well as voluntary guidelines, Standard setting and information dissemination in guiding, training and implementing best practices and promoting partnerships
5	Local Administration	Developing partnerships with companies and implementing agencies to achieve common sustainable development agenda
6	CSR Professionals	Ensuring that companies remain socially responsible and maximizing effectiveness of CSR expenditures.

1.9 Social Sector Inequities

1.9.1 Sectoral Thrust

In the social sector, there are a lot of challenges across SDGs. Each organisation operates within its own area of expertise or a specific geography. These areas are the thrust areas – which can be demarcated by the themes viz. education, women empowerment and development, financial inclusion etc. Within these themes it can be hyper localized sectoral thrust e.g., learning amongst primary grade students in tribal pocket of "XYZ" taluka of "ABC" district.

The performance of India is lowest in the areas of No Poverty, Zero Hunger and Gender Equality as shown in Table 1.4[19]

Table 1.4: Development Priorities in India

Top Priority Development Needs (SDGs in which India's performance is the lowest)	Other Strong Development Needs (SDGs in which India's performance is relatively low)
1. No poverty 2. Zero hunger 5. Gender equality	3. Good health and well being 4. Quality education 8. Decent work and economic growth 10. Reduced inequalities 11. Sustainable cities and communities 12. Sustainable consumption and production 13. Climate action 16. Peace, justice and strong institutions

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[19]Source: SDG INDIA Index & Dashboard 2020-21

NITI Aayog has strategized 41 policy priorities to assess the progress of SDGs and impact of pandemic Covid 19 on developmental initiatives. (Table 1.5)

Table 1.5: Policy areas with High Development needs and Policy Momentum[20]

	Sr. No.	Shortlisted Policy Area with private investment momentum	Related SDGs
OVER-ARCHING POLICY AREAS	1	Growth	SDGs 1,8,17
	2	Balanced Regional Development: Aspirational Districts	SDGs 1,2,3,4,5,6,7,9,10
	3	Gender	SDGs 1,2,3,4,5
	4	Modernizing City Governance for Urban Transformation	SDGs 1,3,5,6,8,10,11,12
	5	Sustainable Environment	SDGs 1,2,6,7,11,12,13,14,15
	6	Optimizing Use of Land Resources	SDGs 1,2,15
	7	Employment and Labour Reforms	SDGs 5,8,10
SECTOR SPECIFIC POLICY AREAS	8	Nutrition	SDGs 1,2,3,5,10
	9	Smart Cities for Urban Transformation	SDGs 1,5,6,8,9,10,11,12
	10	Doubling Farmer's income	SDGs 1,2,8,9,10,12,13
	11	Digital Connectivity	SDGs 1,4,5,9
	12	Housing for All	SDGs 1,5,6,11
	13	School Education	SDGs 3,4,5,8,16
	14	Skill Development	SDGs 4,5,8,10
	15	Financial inclusion	SDGs 1,8,10,16
	16	Human Resource for Health	SDGs 3,5,8
	17	Water Resources	SDGs 6,11,12,14
	18	Public Health Management and Action	SDGs 2,3,6
	19	Comprehensive Primary Healthcare	SDGs 1,3
	20	Universal Health Coverage	SDGs 1,3
	21	Swachh Bharat Mission	SDGs 1,6,11

The Government of India allocated a significant amount of funds towards developmental initiatives giving more focus on health, education, infrastructure development and environmental initiatives. The Ministry of Corporate Affairs have reported CSR spending in various sectors which highlights that maximum CSR funds have been spent on Education (Rs. 10085.38 cr.) and Health Care (Rs. 6830.41cr.) among various others sectors in the FY 2022-

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23.[21]. The areas like Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities (GWOR), Slum Development need more funding support.

1.9.2 Geographical Thrust

India is rightly called a country of contrasts - these pertain to not only the diversity in culture and landscapes but more importantly the development indices of our states and regions. In India, some states indicate good performance through their development indicators across SDGs, while some are poor performers. The performance of states[22] based on the SDG index is formulated using composite score for each State/UT computed by aggregating their performance across the SDGs.

Of the Indian States, 112 districts have been identified as the aspirational districts by NITI Aayog, in 2018. The Aspirational Districts Programme (ADP) aims to boost development in the 112 underperforming districts across India by prioritizing health, education, agriculture, financial inclusion, and infrastructure through a data-driven, outcome-based approach. Districts are ranked monthly to encourage competition and improvement. The initiative fosters collaboration among governments, NGOs, and businesses, ensuring effective service delivery. The intra-regional and inter regional disparities are seen in the poverty index, agricultural and industrial development, infrastructure development index, infant mortality index etc. Social enterprises are focused to mitigate these development disparities through their programs, projects and activities.[23]

1.9.3 Technological Thrust

Technology is described as the application of scientific knowledge to realms of human life. India has witnessed a boom in technology being available on the supply side in the areas of agriculture, health, financial services, livelihood opportunities, education technology and production. STEM (Science, Technology, Engineering and Mathematics) sectors are growing both as a part of our economy as well as a differentiator within social sector funding. However, the gap / divide is seen favoring the male v/s females, urban v/s rural, rich v/s poor and the youth amongst the working population. This is creating imbalances and is rightly being called the new face of inequality.

The Indian Government has launched e governance, health ID, JAM (JanDhan, Aadhar and Mobile), e kranti, e shram portal and so on with the aim to have a deep, direct and positive impact on the health, livelihood prospects, access to financial products and market accessibility.

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[21] https://www.csr.gov.in/content/csr/global/master/home/ExploreCsrData/mis-reports/development-sector-wise.html
[22]Source: SDG INDIA Index & Dashboard 2020-21
[23]https://dmeo.gov.in/sites/default/files/2021-11/Report_on_Social_Impact_Assessment_of_Corporate.pdf)

For instance, within the agricultural sector, remote sensing, unmanned aerial surveys, e-choupals represent how technology can enhance agriculture and provide value added services. Digital Agriculture includes inclusion of artificial intelligence/ machine learning, block chain technology to benefit the farmers. While this technology is available, the challenge is the "reverse embrace" - adoption of technology by the beneficiary group that remains a challenge in India. This is exacerbated by the sectoral and geographical inequities.

The OECD defines the digital divide as the "gap between individuals, households, businesses, and geographic areas at different socio-economic levels about both their opportunities to access information and communication technologies (ICTs) and to their use of the Internet for a wide variety of activities."[24]

Section – II Indian Financial Markets

1.1 Indian Financial Markets

1.1.1 Introduction

The financial markets enable efficient transfer and allocation of resources for productive activities in the economy. Users of funds include governments, businesses and households who seek funds to run their activities. Governments, businesses and households also act as providers of surplus funds. Intermediaries such as banks, financial institutions, mutual funds and insurance companies, among others, channelize the available surplus funds from lenders to the users. Financial market consists of various types of markets (money market and securities market); investors (buyers of securities), issuers of securities (users of funds), intermediaries and regulatory bodies (SEBI, RBI etc.).

The NPOs and FPEs can list on a Social Stock Exchange and raise funds for their specific project interventions from the financial markets, in the manner specified by SEBI.

1.1.2 Types of Financial Markets in India

i. **Money Market**
Money market is an integral part of the financial system and includes instruments that provide short-term funds with maturity ranging from overnight to one year. The purpose of the money market is to enable institutions and companies to meet short-term funding needs by borrowing and lending from each other. Money market securities consist of repos/reverse repos, certificates of deposits, treasury bills, and commercial papers.

ii. **Securities Market**

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[24]Basu Chandola; Exploring India's Digital Divide https://www.orfonline.org/expert-speak/exploring-indias-digital-divide

The market in which securities are issued, purchased by investors and subsequently transferred among investors is called the securities market or capital market. The securities market has two interdependent and inseparable segments, viz., the primary market and the secondary market. The primary market, also called the new issue market, is where issuers raise capital by issuing securities to investors. The secondary market, also called the stock exchange, facilitates trade in already-issued securities, thereby enabling investors to exit from an investment or to accumulate more, if it meets their expectations.

1.1.3 Intermediaries in Financial Markets in India

i. **Market Infrastructure Institutions**
   Stock exchanges, depositories and clearing corporations are collectively referred to as Market Infrastructure Institutions (MIIs).

   The **stock exchanges** provide a trading platform where the buyers and sellers (investors) can meet to transact in securities. The stock exchanges in India - the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) have established their dedicated Social Stock Exchanges (SSE) wings viz., NSE SSE and SBE SSE respectively for fundraising by the social enterprises.

   A **clearing corporation** performs three main functions, namely: clearing and settlement of all transactions executed in the stock market...

   A **depository** is an entity facilitating holding securities in electronic form and enables transfer of securities by book entry. The main objective of depository is to provide maintenance of ownership or transfer records of securities in an electronic book entry form. There are two Depositories in India, Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL). The Depository provides its services to investors through its agents called depository participants (DPs).

ii. **Custodians**
   Custodians hold securities and manage bank accounts on behalf of the institutional investors. They manage the transactions pertaining to delivery of securities and funds after a trade is made through the broker, and also maintain the accounts of securities and funds. Custodians are usually large banks.

iii. **Stock Brokers /Authorized Persons**
   Stock Brokers are members of a Stock Exchange who acts as an agent for clients and buys and sells shares on their behalf in the market. All secondary market transactions on stock exchanges have to be conducted through registered brokers.

Authorized persons (AP) are agents of the brokers (previously referred to as sub-brokers) and are registered with the respective stock exchanges. APs help in reaching the services of brokers to a larger number of investors.

iv. Asset Management Companies and Portfolio Managers

Asset Management Companies and Portfolio Managers are investment specialists who offer their services in selecting and managing a portfolio of securities. Asset management companies are permitted to offer securities (called 'units') that represent participation in a pool of money, which is used to create the portfolio of a mutual fund. Portfolio managers do not offer any security and are not permitted to pool the money collected from investors. They act on behalf of the investor in creating and managing a portfolio. Both asset managers and portfolio managers charge the investor a fee for their services, and may engage other security market intermediaries such as brokers, registrars, and custodians in conducting their functions.

v. Investment Advisers

Investment Advisers work with investors to help them make a choice of securities that they can buy, based on an assessment of their needs, time horizon returns expectation and ability to bear risk. They may also be involved in creating financial plans for investors, where they define the goals for which investors need to save money and propose appropriate investment strategies to meet the defined goals.

vi. Credit Rating Agencies

Credit rating agencies look at the financial situation of the issuing entities and then rank their various instruments in terms of their ability to safely repay the debt and interest. They act as an information bridge between the investors who might not understand the financial details of the issues or might not have access to the required information. The credit ratings provided by these agencies is a simple way to have an idea about the financial position of an entity and how this would affect an investment into it.

vii. KYC Registration Agencies

KYC registration agencies (KRA) perform a significant task in the securities market. The need to ensure a proper verification of the investors who are putting their money into the various investments. is done through the KYC process. These KYC details are maintained by the KYC registration agency. Every time that an investor goes to transact they would not need to submit the same documents and this can be verified through the details maintained by the KYC registration agency. The records of the investors are maintained in a central database on behalf of the various intermediaries which can be fetched when required.

viii.   Registrar and Transfer Agents

Registrar and Transfer Agents are the custodians of the investor data, both for fund houses or corporates. RTAs are responsible to record and maintain data, both financial and non-financial, either in physical or in electronic form. RTAs also ensure smooth processing of investor service requests, both financial and non-financial such as mutual fund transaction requests, KYC updation, processing corporate actions on behalf of issuers etc.

ix.   Credit Bureaus

Credit bureaus or Credit Information Companies keep the record of the loan servicing behaviour of the borrowers and then assign them a credit score to reflect their overall position. A higher credit score means a better situation for the borrower i.e., they are more likely to get a loan as compared to someone with a low credit score. They form a crucial part of the entire system because they highlight the risk faced by lenders and help them to make the right lending decisions.

1.1.4 Type of investors

Investors are individuals or organisations with surplus funds that are used to purchase securities. The chief objective of investors is to convert their surplus and savings into financial assets that earn a return. As per SEBI ICDR Regulations, a Social Stock Exchange shall be accessible to institutional investors, non-institutional investors and retail investors.

i.   Retail Investors

Retail Individual Investor means an individual investor who applies or bids for specified securities for a value of not more than INR 2 lakhs.

ii.   Qualified Institutional Buyers (QIBs)

QIBs are organizations that invest large sum of money and employ specialised knowledge and investment skills. They comprise of domestic financial institutions (DFIs), banks, insurance companies, mutual funds, and Foreign Portfolio Investors (other than individuals, an FPI is an entity established or incorporated outside India that proposes to make investments in India) and any other entity specified by SEBI.

Any investor other than retail individual investor and qualified institutional investor is called **Non-Institutional investor**.

iii.   Accredited Investors

The concept of a class of investors who understand various financial products and the risks-returns associated with them and therefore, are able to take informed decisions regarding their investments, is recognized by many securities and financial market regulators around the globe. These investors are typically termed as Accredited Investors or Qualified Investors or Professional Investors.

iv. **Role of Issuers**

Issuers are organizations that raise money by issuing securities. They may have short-term and/or long-term need for capital and they issue securities based on their need, their ability to meet the obligations to the investors, and the cost they are willing to pay for the use of funds. Issuers of securities have to be authorised by appropriate regulatory authorities to raise money in the securities markets.

Issue of securities in the primary market is made by different stakeholders such as central, state and local Governments, Public Sector Units, Private Sector Companies, Banks, Financial Institutions and Non-Banking Finance Companies and Mutual Funds.

v. **Financial Market Regulators**

- **Ministry of Finance**

  The Ministry of Finance through its Department of Financial Services regulates and overseas the activities of the banking system, insurance and pension sectors. The Department of Economic Affairs regulates the capital markets and its participants. The ministry initiates discussions on reforms and overseas the implementation of law.

- **Ministry of Corporate Affairs**

  Ministry of Corporate Affairs regulates the functioning of the corporate sector. The Companies Act is the primary regulation which defines the setting up of companies, their functioning and audit and control. The issuance of securities by companies is also subject to provisions of the Companies Act.

  Besides, it exercises supervision over the three professional bodies, namely, Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and the Institute of Cost Accountants of India (ICMAI) which are constituted under three separate Acts of the Parliament for proper and orderly growth of the professions concerned.[25]

  The Ministry also has the responsibility of carrying out the functions of the Central Government relating to administration of Partnership Act, 1932, the Companies (Donations to National Funds) Act, 1951 and Societies Registration Act, 1980.

- **Reserve Bank of India**

  The Preamble of the Reserve Bank of India describes the basic functions of the Reserve Bank as: "to regulate the issue of Bank notes and keeping of reserves with a view to securing monetary stability in India and generally to operate the currency and credit system of the country to its advantage; to have a modern monetary policy framework

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[25] The Institute of Social Auditors of India (ISAI) has been set up under the aegis of the ICAI followed by the ICMAI Social Auditors Organization (ICMAI SAO) under the Institute of Cost Accountants of India's flag and the ICSI Institute of Social Auditors (ICSI ISA) under the banner of ICSI.

to meet the challenge of an increasingly complex economy, to maintain price stability while keeping in mind the objective of growth."

- **Securities and Exchange Board of India**

  The Securities and Exchange Board of India (SEBI), a statutory body appointed by an Act of Parliament (SEBI Act, 1992), is the primary regulator of securities markets in India. The Preamble of the Securities and Exchange Board of India describes the basic functions of the Securities and Exchange Board of India as "...to protect the interests of investors in securities and to promote the development of, and to regulate the securities market and for matters connected therewith or incidental thereto". The Social Stock Exchanges in India fall under the regulatory ambit of SEBI.

- **Insurance Regulatory and Development Authority of India**

  Insurance Regulatory and Development Authority of India (IRDAI) is the licensing authority for insurance companies and defines the capital and net worth requirements for insurance companies. It ensures the adherence of insurance products to the rules laid down and defines the rules for the terms and conditions of insurance contracts such as sum assured, surrender value, settlement of claims, nomination and assignment, insurable interest and others. It regulates the distribution of insurance products by laying down the qualification and training requirements of intermediaries and the payment of commission to distributors.

- **Pension Fund Regulatory and Development Authority**

  Pension Fund Regulatory and Development Authority (PFRDA) is the authority entrusted to act as a regulator of the pension sector in India under the PFRDA Act, 2013. PFRDA regulates the National Pension System (NPS) and any other pension scheme specified under its ambit.

1.2 Type of Securities

1.2.1 Equity

Equity shares represent ownership in a company that entitles its holders share in profits and the right to vote on the company's affairs. Equity shareholders are residual owners of the firm's profit after other contractual claims on the firm are satisfied and have ultimate control over how the firm is operated. Investments in equity shares reward investors in two ways: dividend and capital appreciation.

1.2.2 Derivatives

Derivatives are financial instruments whose value depend upon or are derived from the value of other, more basic underlying variables. These are traded both in the over-the-counter (OTC) market and on exchanges.

The exchange-traded derivatives in India are futures and options. Futures contracts are agreements between a buyer and seller to buy or sell the underlying asset at a predetermined price and quantity on a predetermined date. Options are contracts that give the holder of the option the right (but not the obligation) to buy or sell the underlying asset at a predetermined price and in a specified quantity at or before a predetermined date.

1.2.3 Fixed Income Securities/Instruments

Debt instruments, also called fixed income instruments, are contracts containing a promise to pay a stream of cash flows during the term of the contract to the investors. The debt contract can be transferable, a feature specified in the contract that permits its sale to another investor, or non-transferable, which prohibits sale to another party. A debt contract also establishes the financial requirements and restrictions that the borrower must meet and the rights of the holder of the debt instruments if the borrower defaults. Debt securities are issued by companies, municipalities, states and sovereign governments to raise money to finance a variety of projects and activities.

1.2.4 Commodities

These are investments in real assets such as gold, silver, copper, agricultural produce etc. as opposed to financial assets like stocks and bonds. Commodity investment can be in the physical form but is generally in the form of financial products such as commodity mutual funds, exchange-traded funds (ETFs) and commodity derivatives. Commodity ETFs and mutual funds are suitable for retail investors.

1.2.5 Real Estate

Real estate is the largest asset class in the world. It offers significant diversification opportunities. Investors can invest into real estate with capital appreciation as an investment objective as well as to generate regular income by way of rents. It is usually a long-term investment. Real estate is classified into two sub-classes: commercial real estate or residential real estate. Real estate investments often involve large commitments. Real estate funds and Real Estate Investment Trusts (REIT) have emerged as good options to enable investors to take exposure to this asset class with smaller outflow commitments.

1.2.6 Mutual Funds

These are investment vehicles that pool together the funds collected from a large number of investors and invest these funds in debt, equity or other asset classes according to a specific mandate. Mutual funds are best suited for retail investors.

Annexure 1: List of areas and sub-areas for taxonomic classification of social objectives[26]

#	Area	Sub-area
1	Eradicating hunger, poverty, malnutrition and inequality; promoting health care (including mental health) and sanitation; and making available safe drinking water	End hunger and ensure access to all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round
		End all forms of malnutrition and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons
		Eradicating extreme poverty for all people everywhere, currently measured as people living on less than $1.25 a day
		Implement appropriate social protection systems and measures for all
		Build resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters
		Empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status
		Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies
		Reduction of Maternal Mortality Ratio
		End preventable deaths of new born and children under 5 years of age

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[26] Source: SEBI Technical Group Report

		End the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases
		Reduction in premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being
		Strengthen the prevention and treatment of substance abuse, including narcotic drug abuse and harmful use of alcohol
		Reduction in deaths and injuries from road traffic accidents
		Ensure universal access to sexual and reproductive health-care services, including for family planning, information and education, and the integration of reproductive health into national strategies and programmes
2	Promoting education, employability and livelihoods	Ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes
		Ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education
		Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
		Increase in number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship
		Ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

		Increasing workforce of qualified teachers
		Encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services
		Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation
		Provide access for small-scale artisanal fishers to marine resources and markets
		Reduce the proportion of youth not in employment, education, or training
		Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers
		Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
		Devise and implement policies to promote sustainable tourism that creates jobs and promotes local culture and products
3	Promoting gender equality, empowerment of women and LGBTQIA+ Communities	Ending all forms of discrimination against all women, girls and LGBTQIA+ communities everywhere
		Eliminate all forms of violence against all women, girls and LGBTQIA+ communities in the public and private spheres, including trafficking and sexual and other types of exploitation
		Eliminate all harmful practices, such as child, early and forced marriage and female genital mutilation
		Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social

		protection policies and the promotion of shared responsibility within the household and the family
		Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
		Ensure universal access to sexual and reproductive health and reproductive rights
4	Ensuring sustainability, addressing climate change (mitigation and adaptation), forest and wildlife conservation	Substantially reduce waste generation through prevention, reduction, recycling and reuse
		Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature
		Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
		Ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands
		Prevent and significantly reduce marine pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution
		Promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
		Combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world
		Ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to

		provide benefits that are essential for sustainable development Reduce the degradation of natural habitats, halt the loss of biodiversity and protect and prevent the extinction of threatened species
5	Protection of national heritage, art and culture	Supporting initiatives in the fields of performing arts and cultural heritage. By encouraging and promoting young talent in pursuing the traditional arts and crafts, the Foundation aims to create a pool of artistic resources for the future. Supporting restoration of buildings and sites of historical importance and works of art Setting up public libraries Promotion and development of traditional and handicrafts
6	Training to promote rural sports, nationally recognised sports, Paralympic sports, and Olympic sports	Contribution to activities promoting sports, trainings, academy institutionalization and other forms that promote rural sports, nationally recognised sports, Paralympic sports, and Olympic sport
7	Supporting incubators of social enterprises	Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and

		Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs)
8	Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building	Provisioning of support to platforms that help non-profits mitigate institutional risks, adapt existing programmes and pivot their focus towards developmental works. The support shall include (but not limited to) designing strategy, strengthen the institutional resilience of organisation, capacity building (through trainings, workshops, mentorship, advisory support), exploring fund-raising strategies, and related activities
9	Promoting rural livelihoods including enhancing income of small and marginal farmers and workers in the non-farm sector	Double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers Ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality Maintain the genetic diversity of seeds, cultivated plants and farmed and domesticated animals and their related wild species, including through soundly managed and diversified seed and plant banks at the national, regional and international levels, and promote access to and fair and equitable sharing of benefits arising from the utilization of genetic resources and associated traditional knowledge Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
10	Slum area development,	Ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

	affordable housing, and other interventions to build sustainable and resilient cities	Provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons Promote solid and liquid waste management, by involving communities Support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning Ensure universal access to affordable, reliable and modern energy services
11	Disaster management, including relief, rehabilitation and reconstruction activities	Relief activities including but not limited to medical aid, food supply and provisioning of clean drinking water during disasters Rehabilitation works including but not limited to programmes to assist resettlement and reintegration of refugees, internally displaced persons and ex-combatants Reconstruction activities including but not limited to infrastructure works (renovating as well as new construction), agricultural resource base, supply systems, capacity building of institutions/agencies, and related activities
12	Promotion of financial inclusion	Undertake reforms to give disadvantaged communities/sections (including but not limited to SCs, STs, OBCs, special needs, women, elderly, children, and at-risk adolescents)/regions equitable access to/ awareness and availability of affordable financial services.
13	Facilitating access to land and property assets for disadvantaged communities	Undertake reforms to ensure access and timely availability of financial services, and affordable and adequate credit facilities to disadvantaged communities/sections (including but not limited to SCs, STs, OBCs, special needs, women, elderly, children, and at-risk adolescents)
14	Bridging the digital divide in internet	Undertake reforms to reduce inequalities with regard to access to, use of, or impact of information and

		communication technologies (ICT) between individuals, households, businesses, or geographic areas, usually at different socioeconomic levels or other demographic categories
	and mobile phone access, addressing issues of misinformation and data protection	Undertake activities that advocate or promote promises of neutrality and equality in data protections and privacy (data protection as right rather than a paid/luxury good) for disadvantaged communities
15	Promoting welfare of migrants and displaced persons	Undertake welfare activities for local migrants by providing opportunities and in turn reduce the economic inequalities.

Annexure 2: Developmental Initiatives

	Type of Intervention	Example	Outputs/ Benefits	Key Stakeholders
A	**Service Delivery**			
1.	Health Camps: Vaccination Drives	Pulse Polio Campaign	Reduction in polio cases.	Rotary- Government Hospitals - NGOs- CBOs
	Specialized Surgeries	Smile Train India	Cleft Palate surgeries	Children with cleft palate
2	Schools/ educational projects For Underserved populations	Seasonal schools / centers for nomadic/ migrant children	SakharShala for sugarcane laborers, Learning Companions, Eklavya.	Sugar factories, farmers, parents, Government primary schools
3.	Skilling and Training Centers	Tata Strive, private ITI's in aspirational districts	Skilling, upskilling, livelihood enhancement and increased employability.	NGO, NSDC, youth, local self- governments.
B	**Ecosystem Advocacy**			
1.	Confederation of Organizations	Sa- Dhan is an SRO	Community Development Finance, policy advocacy	MFI, NGO, CBO's, RBI
2.	Environmental Group	Watavaran	Entitlement of dwellers to forest rights	Local Government, Forest Department, Local Community
C	**Research and Advocacy**			
1.	Maternal Child Health	SEARCH	Improved health status, reduction in Infant mortality rate etc.	NGO, Government, tribal welfare, local communities
2	Good Governance	National Centre for Advocacy Studies (NCAS)	People centered rights-based advocacy	NGO, Local governments, civil society, Academicians

3.	Environment	Centre for Environment Education	Environmental awareness and education for sustainable development	Environmentalists, civil society, local, state and national government
D	**Innovations in social, scientific, technological solutions**			
1	Business Incubators, startups in science and technology	Venture Center of NCL	Commercialization of technology	Ecosystem of investors, scientists, entrepreneurs, society at large
2	Continuing Education	Barefoot College	Lifelong education, skilling rural artisan, technology for development	Rural artisans, rural populations, government, CBOs etc.
3	Large Volume high quality Affordable Health Care: Eye surgeries	Arvind Eye care	Outreach, education, training, hospitals	Healthcare industry and government, patients, families etc.
E	**Think Tanks**			
1.	Poverty and Human Development	Poverty Action lab - J PAL	Global Research Centre	Government, social enterprises, multilateral agencies etc.
2	Sustainable Environment	Inter-Governmental Climate Change		Policy makers, UN, environmentalists, politicians
F	**Whistle Blower**			
1	Environment	Greenpeace India Society	Research, advocacy, "watchdog "	General public, government, Corporates, public enterprises
G	**Capacity Building**			
1	Legal Advice to Social Sector organizations	Centre for Advancement of Philanthropy	Legal Consulting, advisory, training for Social sector organisations	NGO, Foundations, Philanthropists, section 8 etc.

Chapter 1: Sample Questions

1. Social Enterprises have access to which of the following?
   a. social venture capital funds
   b. donations
   c. both a and b
   d. none of a and b

2. To be identified as a social enterprise, a Not for Profit Organisation or a For Profit Social Enterprise, shall establish primacy of_____.
   a. social intent
   b. social outcome
   c. social impact
   d. social activity

3. With reference to the accounting and reporting requirements of social sector organizations such as Trusts, Societies and Section 8 Companies which of the following statements hold true:
   I.   They are governed under the Companies Act
   II. They are governed under an Act as per their registration
   III. They are governed under the SEBI Act
   IV. There is no single regulatory body for these organisations

   a. Only I and III
   b. Only II and IV
   c. Only I and IV
   d. Only II and III

4. Stock exchanges, depositories and clearing corporations are collectively referred to as_____.
   a. Market Infrastructure Institutions (MIIs)
   b. Custodians
   c. KYC Registration Agencies
   d. Asset Management companies

CHAPTER 2: SOCIAL STOCK EXCHANGE: INTRODUCTION, FUNDING STRUCTURES AND INSTRUMENTS

> **Learning Objectives**
>
> After studying this chapter, you should know about:
> - Concept of Social Stock Exchange
> - Stakeholders of the Social Stock Exchange
> - Funding Structure for NPOs and FPEs

2.1 Concept of Social Stock Exchange

The concept of Social Stock Exchange ("SSE") came into existence in the year 2003 when the first Social Stock Exchange was introduced and launched in Brazil. Thereafter, many other countries viz. South Africa (in the year 2006), Portugal (in the year 2009), Canada (in the year 2013), Singapore (in the year 2013), United Kingdom (in the year 2013) and Jamaica (in the year 2019) also launched Social Stock Exchanges. However, three out of the seven Social Stock Exchanges that were set up still survive and function. They are based in Canada, Singapore and Jamaica.

The models of SSE in other jurisdictions are classified according to For Profit Enterprise (FPEs) and Non-Profit Organizations (NPOs) (Box 2.1).

> **Box: 2.1 Models of SSE based on FPEs and NPOs**
>
> There are two models of SSE— (1) Matchmaking platform and (2) Alternative investment instruments listed on an existing stock exchange. A matchmaking platform is a dedicated platform, set up separately from the existing exchanges, with the purpose of bringing together investors and investees. Many of the matchmaking platforms observed in other countries cater either only to FPEs or only to NPOs, but there is no comprehensive solution for both categories in any country. For example: Brazil's Socio-Environmental Impact Exchange (BVSA) and South Africa's SASIX cater to NPOs while UK's Social Stock Exchange and Canada's Social Venture Connexion cater to FPEs.
>
> For NPOs, matchmaking platforms only offer the benefit of discovery but do not innovate any new instruments or funding structures as such. Consequently, these platforms have only been able to attract a very limited set of investors, and do not show much activity. The situation is not that much different for the FPE platforms. The Canadian platform is only for discovery and not for trading while the UK platform allows very limited amounts of trading.
>
> Another model for an SSE is Singapore's Impact Investment Exchange which trades impact-related securities, such as the Women's Livelihood Bonds. These impact-related securities are not strictly pay-for-success structure, as they promise a financial return even if social impact is not created. Alternatively, investors may use the IIX Growth Fund to make equity investments in start-ups or small companies with a social impact. The limitation with the

Singaporean alternative investment instruments is that the funding instrument appears to serve only FPEs, and there is no systematic approach for funding NPOs.

By contrast, the Indian SSE will allow trading for equities issued by FPEs, and for NPOs, the SSE will open up avenues for direct listing, will streamline a whole range of funding mechanisms, and will provide a reporting standard and other incentives that will pull investors onto it.

In the Indian context, the Social Stock Exchange (SSE) shall be a separate segment under the prevailing and existing recognized stock exchanges. The SSE is a set of processes as much as it is a place. This means that the SSE is not only a place where securities or other funding structures are "listed" but also a set of procedures that act as a filter, selecting-in only those entities that are creating measurable positive social impact and reporting such impact. Thus, entities need to commit to a minimum reporting standard that brings out such aspects clearly, by requiring social enterprises to state an intent to create positive social impact, to describe the nature of the impact they wish to create, and to report the impact that they have created. The minimum reporting standard includes various sections such as general information, governance, funding, legal and statutory filings/reports etc.

2.1.1 Definition of Social Stock Exchange

"**Social Stock Exchange**" means a separate segment of a recognized stock exchange having nationwide trading terminals permitted to register especially Not for Profit Organizations (NPOs) and For Profit Social Enterprise (FPEs) to list their securities in accordance with the provisions of the SEBI regulations.

The Social Stock Exchange (SSE) is a platform which shall allow social enterprises, be it Not For Profit Organization or For Profit Social Enterprise to raise funds. Additionally, not for profit organization may choose to merely register with SSE and not raise funds. The Non-Profit Organisations (NPOs) include trust, society, NGOs or Section 8 Company registered/incorporated under the Companies Act, 2013 and For Profit Social Enterprise (FPEs) includes corporates. The social intent must be the first and primary objective of all social enterprises that plan to list their securities on SSE.

Additionally, a Social Stock Exchange can be defined as a regulated platform that connects the charitable foundations and social organizations with donors to make it easier to support, diversify and grow the social enterprises. SSE shall establish a system and mechanism to regulate the functioning of social enterprises. The most important role that SSE shall play is to act as a facilitator of social financing and create a common platform for social enterprises, donors and investors.

2.1.2 Rationale of Social Stock Exchange

The current mechanisms of Corporate Social Responsibility (CSR), philanthropic investing etc. are being used to fund the social sector in India. However, the resources are not uniformly accessed by social enterprises. The rationale of SSE has several different aspects. Most importantly it bridges the gap between the private sector and non-profit sector for utilisation of these resources. The SSE is meant to serve the FPEs and non-profit sector providers by channelling greater capital to them.

2.1.3 Objectives of Social Stock Exchange

"The SSEs shall aim at unlocking a large pool of social capital, and encourage blended finance structures, so that conventional capital can partner with social capital to meet the concerns and challenges of the society."

Objective of SSE is to act as a bridge between social and environment organisations and investors looking to support social impact on a platform that provides transparency.

Social sector organisations (both for-profit and non-profit) play a significant role in delivering essential services to vulnerable and marginalised communities. However, the effectiveness of the said sector is dependent on proper funding. Currently, Corporate Social Responsibility (CSR), impact investment, philanthropy, and regular giving are some of the key financing sources for India's social sector. Enabling these diverse channels to come together on a common platform and introducing uniform frameworks in reporting, measurement, and standards could be an important step in developing the sector. This is where the SSE comes in. The major objective of SSE is to obtain transparency and accountability between the funding channels and its utilization prospects.

2.1.4 Functions of Social Stock Exchange

The SSE lists funding channels which contribute towards the social sector, and provides a set of procedures and guidelines that act as a filter, letting in only those social organisations that are creating measurable/demonstrate social intent and reporting of such social intent. The standardisation of procedures in the sector could be a key basic function of SSE. The secondary function of SSE must be the set of frameworks of procedures, guidelines and code of conduct of the organizations that are aimed towards social intent.

2.2 Stakeholders of Social Stock Exchange

Different stakeholders of the social stock exchange include Trading Members, Non-Profit Organisations (NPOs), For-Profit Enterprises (FPEs), Market Infrastructure Institutions (MIIs), Social Impact Assessors, Information Repositories, Regulators and Investors.

2.2.1 Trading Members

Trading members are members of an authorised exchange. They can trade on their own account or on behalf of their clients. The exchanges assign a trading member ID to each trading member. Each trading member can have more than one user. The number of users allowed for each trading member is notified by the exchange from time to time. Each user of a trading member must be registered with the SSE and is assigned a unique user ID. The unique trading member ID functions as a reference for all orders/trades of different users. It is through these trading members that an individual will be able to buy securities of NPOs and FPEs listed on SSE. They provide platform for Application Supported by Blocked Amounts (ASBA) and Unified Payment Interface (UPI) based donations. Other than trading members, there are clearing members who carry out risk management activities and confirmation/inquiry of participant trades through the trading system. There is another class called trading cum clearing member who has the right to trade on its own account as well as on the account of its clients. He can clear and settle the trades for himself, and for others through the Clearing Corporation. A professional clearing member (PCM) is a clearing member who is not a trading member. Typically, banks and custodians become PCMs and clear and settle for their trading members and participants.

2.2.2 Non-Profit Organisation and For-Profit Enterprises

To register on the platform of Social Stock Exchange (SSE), an organisation can legally be incorporated under any law for the time being in force, as long as social impact and social intent is a part of its operations and strategy. They can broadly be categorised into For-Profit Enterprises (FPEs), which are corporates, but create social impact as part of their business; and Non-Profits Organisations (NPOs), which include Section 8 companies, trusts, and societies.

The universe of enterprises that create social impact is vast and consists of a variety of legal forms. These can broadly be categorized into for-profit enterprises or FPEs (which include companies registered under the Companies Act, 2013, sole proprietorships, partnership firms, HUFs and limited liability partnerships) and NPOs (which include Section 8 companies, Trusts registered under Indian Trust Act, 1882 and Societies registered under Societies Registration Act, 1860).

The models of SSE in other jurisdictions may be classified into a matchmaking platform and alternative investment instruments listed on an existing stock exchange (Box 2.1 for more details).

A. Non-Profit Organisation

According to a 2012 government estimate, India has at least 31 lakh non-profit organisations (NPOs), more than double the number of schools and 250 times the number of government

hospitals, amounting to about one NPO for every 400 Indians. Further, according to the National Center for Charitable Statistics (NCCS), there are more than 1.5 million non-profit organizations registered in the United States, including public charities, private foundations, and other non-profit organizations.

The variety of activities that NPOs are engaged in, making it difficult to capture their work within a common framework of assessment. For example, Give India, a platform that certifies and connects NPOs to funders, reports eight different causes served by the NPOs it works with: children, differently abled, education, elderly, livelihoods, health, women and the environment. Measuring social impact cannot be easily standardized across these very different arenas of activity.

Despite the tremendous growth of private sector and non-profit sector participation in the social sector, India still faces a significant challenge in meeting the 2030 deadline for the UN-mandated Sustainable Development Goals (SDGs). The 2019 Bain & Company report on philanthropy states that India alone accounts for more than 20% of the world performance gap in 10 of the 17 SDGs and more than 10% of the gap in remaining SDGs. This translates into a funding gap of about Rs. 4.2 lakh crore annually for meeting only 5 of the 17 SDGs by 2030. The enormous funding and performance gaps are only symptoms, however, these gaps are ultimately rooted in deeper realities of the Indian social sector that require careful thought as well as action. Most importantly, the effectiveness of NPOs is contingent upon adequate funding. Funding itself is, however, contingent upon the demonstration of impact or outcomes.

NPOs take a variety of legal forms such as **societies, trusts and not-for-profit companies**. All NPOs must be registered under Section 12A of the Income Tax Act 1961 and file income tax returns as per the provisions of Income Tax Act, 1961. Upon assessment of these returns, an entity is granted an exemption of tax status for a particular year. An NPO can extend tax deduction to its donors upon approval under Section 80G of the Income Tax Act, 1961.

About 70 percent of funding for these organisations comes from four sources: individual donations, contributions made under the Foreign Contribution (Regulation) Act, 2010 (FCRA), CSR grants, and grants availed from government schemes. However, the beneficiaries of these forms of funding have typically been the large NPOs in different sectors. As of 2018, there were only 1.8 lakh institutions who had registered and claimed tax exemption status. Among them, only about 12% had obtained FCRA funding, and only 11% had obtained CSR funding. The number is even lower for grants from government schemes.[27] While there are eligibility requirements that govern access to these institutional sources of

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[27] National Accounts Division Central Statistics Office. 2012. Final Report on Non Profit Institutions in India A Profile and Satellite Accounts in the framework of System of National Accounts (including State-wise Comparison of Profiles). Published by the Ministry of Statistics and Programme Implementation.

funds, access to capital, even for entities who are eligible, remains a key concern for much of the sector.

Furthermore, donations to NPOs from institutional sources (that are not tax-deductible) are typically permitted to be spent only towards programs, as a safeguard against their misuse. Non-program costs such as rent, utilities, staff training, research, etc. have to be borne by NPOs from internal resources. This has produced the so-called "starvation cycle", constraining NPOs' ability to invest in essential organisational infrastructure and impeding their growth.

In general, raising funds from tax-exempt donations is an attractive option as this offers a source of funding without stringent restrictions on non-programmatic spends. However, being smaller in size and spread over multiple individual donors, these donations are difficult to source and sustain. Enabling structures with an intermediary to help aggregate donations from multiple individual donors could be an innovative solution that can provide an important source of funding. The SSE will enable the routing of grants and donations to NPOs in a variety of ways.

As per ICDR Regulations, 2018: "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 (2 of 1882);
ii. a charitable trust registered under the public trust statute of the relevant State;
iii. a Trust registered under the Registration Act, 1908 (16 of 1908) with the relevant Sub-Registrar in those States that have not enacted the law governing public trust;
iv. a charitable society registered under the Societies Registration Act, 1860 (21 of 1860);
v. a charitable society registered under the Societies Registration Act of the relevant State;
vi. a company registered under section 8 of the Companies Act, 2013 (18 of 2013) including a company registered under section 25 of the repealed Companies Act, 1956;
vii. any other entity as may be specified by SEBI.

B. For-Profit Enterprises (FPEs)

FPEs would list equity on the SSE subject to a set of listing requirements, including operating practices (financial reporting and governance) and social impact reporting. That is, FPEs would be subject to the minimum reporting standard.

According to ICDR Regulations, 2018: "For Profit Social Enterprise" means a company or a body corporate operating for profit, which is a social enterprise for the purpose of ICDR Regulations and does not include a company incorporated under Section 8 of the Companies Act 2013.

In addition to existing eligibility criteria and disclosure requirements, FPEs shall also have to be eligible as a social enterprise and shall have to make additional disclosures in terms of the social impact created.

However, FPEs may be identified clearly as **For Profit Social Enterprise (FPSE)** by the Stock Exchange, distinct from conventional commercial enterprises.

Box 2.2: Section 8 Companies

One of the forms of NPO is Section 8 Company. The Companies Act defines a Section 8 company as one whose objective is promotion of commerce, art, science, research, education, social welfare, religion, charity, protection of environment or any such other object. These companies also intend to apply their profits promoting its objectives and intend to prohibit the payment of any dividend to their members.

By law NPOs, face restrictions on their ability to issue debt, equity and mutual fund units. A notable exception is Section 8 Companies that can organize on a share basis but these shares are not residual claims on profits as Section 8 companies cannot pay dividends to shareholders. While, there are no regulatory hurdles in listing such shares or debt instruments of Section 8 companies these avenues have not been utilized by Section 8 companies apparently due to their inherent inability to provide financial returns on investment.

2.2.3 Social Impact Assessors

As per SEBI ICDR Regulations, 2018, "Social impact assessor" means an individual registered with a self-regulatory organization under the Institute of Chartered Accountants of India or such other agency, as may be specified by SEBI, who has qualified a certification program conducted by National Institute of Securities Market and holds a valid certificate.

Social Impact Assessors will perform independent verification of impact reporting. Social impact assessment shall be mandatory for entities on SSE.

Social Impact Assessment Organizations mean any entity which has:

i. employed Social Impact Assessors and has a track record of minimum 3 years for conducting social impact assessment. Or
ii. employed at least two full time Social Impact Assessors, each with a minimum experience of three years, in conducting social impact assessment, who shall sign the social impact assessment report.

These organisations shall employ social impact assessors who have qualified a certification examination conducted by NISM. Social impact assessors are required to be registered with an SRO or such other agency, as may be specified by SEBI.[28]

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[28] https://www.sebi.gov.in/sebi_data/meetingfiles/oct-2021/1633606607609_1.pdf and
https://www.sebi.gov.in/legal/regulations/nov-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-november-21-2022-65522.html

Typically, there is a code of conduct to assist and guide the social impact assessors in discharging their obligations and responsibilities. It sets out the minimum requirement for social impact assessors to follow in order to maintain and promote the trust of various stakeholders, including the general public, in their services. The code focuses on aspects such as integrity, objectivity, confidentiality, professional behaviour, professional competence and due care, documentation, due diligence, compliances etc.

2.2.4 Information Repositories

Information Repositories (IRs) are a very important category of participants in the SSE ecosystem. The IRs perform the functions of enumeration (listing of active NPOs and their activities), standardization (articulating a standard reporting format for NPOs and helping them to do information reporting), and verification (due diligence). The objective of information repository is to create and maintain a database of reliable, accurate and timely information, in electronic form, so that it can provide investors with transparent and comparable information. IRs typically function as an aggregator of information on NGOs, and provide a searchable database in a comparable form. IRs are needed because there is a dire lack of robust information on NPOs, unlike in the for-profit sector.

India is one of the few emerging economies that has an information repository from within the social sector. NGO DARPAN is an online platform by NITI Aayog, in collaboration with the Ministry of Home Affairs and the Ministry of Electronics and IT, providing a centralized database of NGOs in India. It has aggregated self-declared information on over 320,000 different NPOs. It enables NGOs to register for a unique ID, essential for government grants, ensuring transparency and accountability. The portal helps NGOs access government schemes, funding opportunities, and enhances collaboration between NGOs and the government. It also allows public and government bodies to verify NGO details for due diligence.[29]

India also has many private NGO repositories that collects, verifies, and maintains data on NGOs, including their financials, governance, impact, and activities. These repositories help donors, corporates, and stakeholders make informed decisions by ensuring transparency, credibility, and accountability in the non-profit sector. Some of them include GuideStar India, GiveIndia, Credibility Alliance among others.

IRs play an important role in building confidence in NPOs by providing credible and standardized information about them. They also act as a "feeder" to the SSE by helping players on the SSE access additional opportunities to fund high-quality NPOs.

2.2.5 Market Infrastructure Institutions

Market infrastructure institutions such as stock exchanges, clearing corporations and depositories also play an important role in the ecosystem of social stock exchange.

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[29] ngodarpan.gov.in

2.2.6 Regulator and SRO

SEBI is the regulator of Social Stock Exchanges. To establish the primacy of its social intent, of the projects/programs/activities of social enterprises, SEBI came up with a new class of assessors i.e., the social impact assessors. A social impact assessor shall be registered with a self-regulatory organization (SRO) or such other agency, as may be specified by SEBI. The SRO is named as "Institute of Social Auditors of India'', a not-profit making organization and registered as a Section 8 company under the Companies Act, 2013, under the aegis of ICAI.[30]

Other important bodies concerning the evolution of social impact assessment in India are Ministry of Rural Development (MoRD), Comptroller and Auditor General of India, Social Audit Unit and Ministry of Corporate Affairs.

Governing Council for SSE's

SEBI has also specified that every Social Stock Exchange shall constitute a Social Stock Exchange Governing Council (SGC) to have an oversight on its functioning. The SGC shall have a balanced representation drawn from various categories of stakeholders such as Philanthropic and social sectors including public/private sector donors, Non-profit organizations, Information Repositories, Social Impact Investors etc. The SGC is expected to provide oversight and guidance to facilitate the smooth functioning of the operations of the Social Stock Exchange, with regard to registration, fund raising and disclosures by Social Enterprises.

2.2.7 Investors

Investors can be divided into institutional investors and non-institutional investors. In the context of SSE, there are some investors (outcome funders) interested in creating social impact in the same sector as the implementation agencies and the second category is risk investors.

2.2.8 Primary Stakeholder: Communities/target groups

The social enterprises target underserved or less privileged population segments or regions recording lower performance in the development priorities of central or state governments. These communities/target groups are classified as per the social intent pursued by the social enterprises such as:
a) eradicating hunger, poverty, malnutrition and inequality
b) promoting health care including mental healthcare, sanitation and making available safe drinking water

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[30] https://www.icai.org/post/icai-announces-the-formation-of-sro-for-social-stock-exchange

https://www.sebi.gov.in/legal/circulars/may-2024/self-regulatory-organizations-for-social-impact-assessors-in-the-context-of-social-stock-exchange-sse-_83583.html

c) promoting education, employability and livelihood
d) promoting gender equality, empowerment of women and LGBTQIA+ communities
e) ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation
f) protection of national heritage, art and culture
g) training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
h) supporting incubators of social enterprises. etc.

2.3 Funding Structures

While both FPEs and NPOs are concerned with social impact, the type of funding avenues open to them are fundamentally different given the nature of their legal structures and expectations of their "fund providers". Specifically, FPEs can raise equity while all NPOs cannot.[31] As per section 292g of the ICDR Regulations, A Social Enterprise[32] may raise funds on a Social Stock Exchange (SSE) through different financial instruments.[33] The funding structures for Social Enterprises (NPOs and FPEs) are as follows:

2.3.1 Funding Structures for NPOs

The SSE will enable the routing of risk capital (or venture or commercial capital) to non-profits via specialised funding structures. Post registration, NPOs can directly list on SSE through issuance of Zero Coupon Zero Principal Instruments (ZCZP).[34] Section 8 companies can raise funds through issuance of equity. Certain other means available to NPOs may include social impact funds and development impact bonds (DIB). Each of these are discussed in the subsequent sub-sections. In the Indian context, there is a need to create an appropriate investment structure which could take a variety of forms, as seen in Figure 2.1

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[31] Equity is a residual claim for the owner, i.e., it is a claim on profits. This means that the owners of an FPE can reasonably expect some financial gain. NPOs do not generate profits and therefore cannot issue equity. A caveat here is that Section 8 companies are allowed to organize on a share basis, and therefore can issue equity. However, the shares do not represent a residual claim on the Section 8 company's profits, as the law prevents dividends from being paid out to shareholders.

[32] A "Social Enterprise" means either a Not for Profit Organization or a For Profit Social Enterprise that meets the eligibility criteria as per the SEBI ICDR Regulations.

[33] Vide SEBI (ICDR) Regulations, 2018 and SEBI (AIF) Regulations, 2012.

[34] Zero Coupon Zero Principal Instrument has been notified as securities under Securities Contracts (Regulations) Act, 1956 w.e.f. July 15, 2022.

Figure 2.1: Funding structure for NPOs
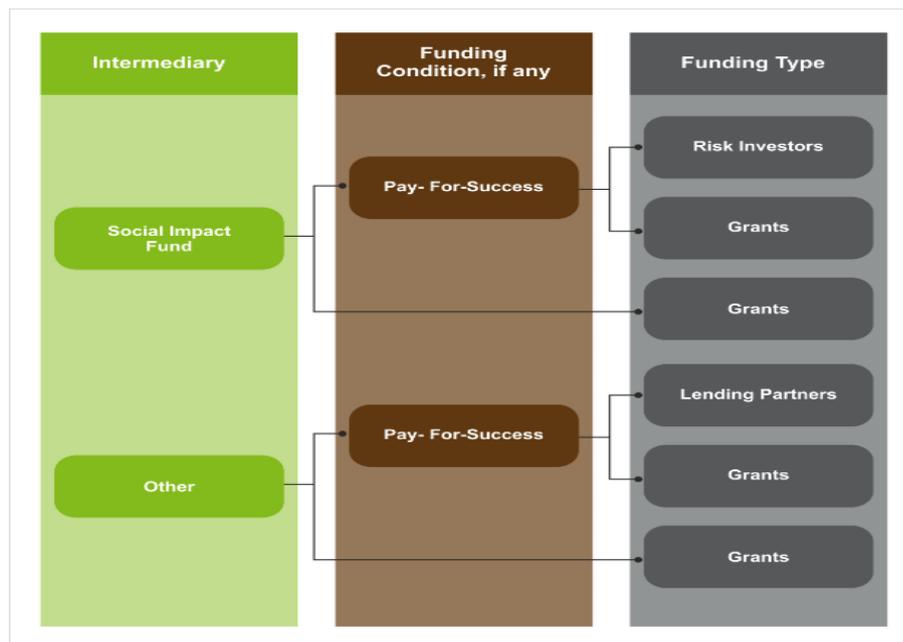
Source: SEBI Report of the working group on Social Stock Exchange

The above figure is not exhaustive, but it does illustrate one of the key advantages of routing funding through the SSE: the SSE provides a venue for standardizing and rationalizing funding structures.

The various types of funding structures for NPOs are discussed as follows:

2.3.1.1 Pay-for-success Structure

In these structures, conventional capital coming from institutional investors or banking institutions, are combined with social capital coming from philanthropic foundations or CSR spends or impact investors, to fund a specific NPO or a group of NPOs. Conventional capital bears some risk as it only earns a return if social impact is demonstrably created, that is, the pay-for-success part. As a result, the NPO beneficiaries are incentivized to perform and gain credibility, or else risk considerations would prevent them from being able to use such structures to finance themselves. The performance of NPOs is strictly along the social dimension, as the financial returns are provided by the social capital participants upon successful creation of impact. These kinds of structures are particularly well-suited for the Social Impact Fund classification, and are already in vogue in the form of social impact bonds or development impact bonds (SIBs/DIBs) around the world and in India. The pay-for-success structure can be further bifurcated into 3 types:

a. **Pay-for-success through Social/ Development Impact Bond**: A structured finance framework involving implementation agencies (or NPOs) working towards similar social

outcomes is aggregated by an intermediary. It is discussed in detail in the subsequent section.[35]

b. **Pay-for-success through Lending Partners**: Access to sustainable finance in the form of term loans is an attractive option for NPOs to implement innovative programmes that require commercial capital to scale (Figure 2.2). A structured finance solution can work for an NPO or a cluster of NPOs working towards a common social outcome across different regions of the country. This involves a contractual agreement between several stakeholders. The lending partners such as banks or non-bank financial companies (NBFC) provide the liquidity instead of risk investors.

In this structure, the intermediary identifies a well-tested intervention employed by an implementation agency (an NPO or a cluster of NPOs) to create social impact. The intermediary also identifies lending partners to provide a multi-year unsecured lending facility to the implementation agencies to scale its operations. Further, the intermediary on-boards one or more outcome funders who are willing to pay for a predetermined set of outcomes that the program aims to achieve.

An initial portion of these funds from the outcome funders can be held in escrow by the intermediary to help make interest payments to the lenders while the principal payments would be made only upon the achievement of outcomes. The credit risk in this structure is determined by the ability of the implementation agency to achieve the outcomes which in turn will facilitate releasing payments from the outcome funder. Therefore, these funding structures only work for well-tested programmes that are ready to be scaled up as only these could provide the lending partner enough confidence to originate these assets. In order to mitigate any misalignment of incentives, the intermediary can offer credit enhancements in the form of first-loss default guarantee i.e., the intermediary agrees to bear first losses on an investment in order to reduce the credit risk and thus motivate other lenders to participate.

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[35] Refer section 2.3.1.3

Figure 2.2: Pay-for-success through Lending Partners
Source: SEBI Report of the working group on Social Stock Exchange
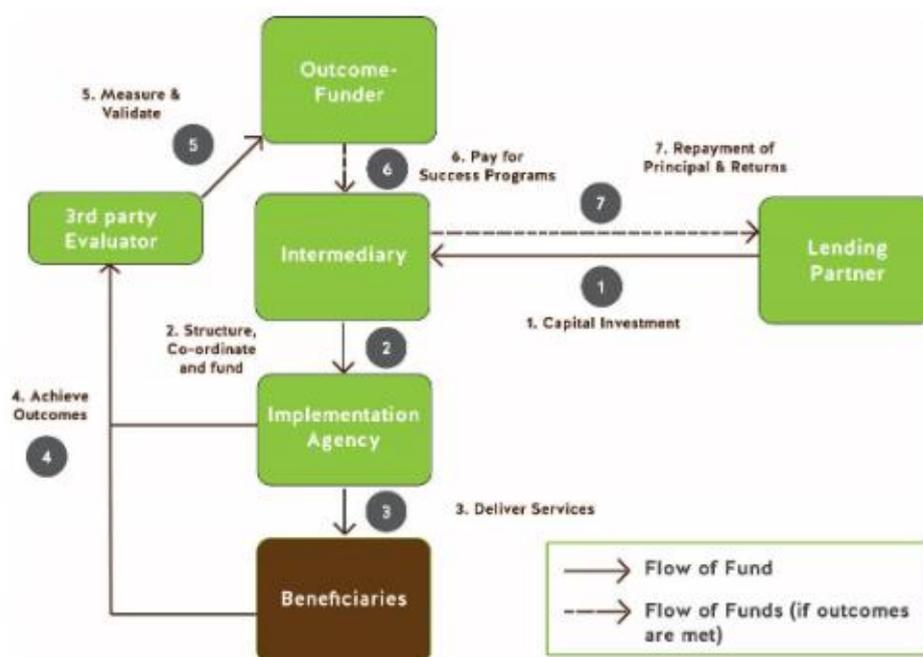
c. **Pay-for-success through Grants**: Using CSR grants for pay-for-success models is an innovative funding mechanism which ensures that CSR funds are deployed effectively as payment is made only when social impact is achieved (Figure 2.3). In this structure, the CSR arm of a corporation selects an area where it wishes to create positive social impact and selects an NPO for implementation. CSR capital is put in an escrow account earmarked for pay-for-success, for a pre-defined time period over which the impact is expected to be created (say, 3 years). The CSR funder also appoints and bears the cost of a third-party evaluator distinct from the corporation and the NPO. Based on the intervention, outcomes are jointly identified by the CSR funder, NPO and third-party evaluator, and targets are set up-front for the NPO to achieve. To achieve the outcomes, the NPO requires capital to carry out the intervention, and these come from the fourth entity in the structure, an interim funding partner, typically a domestic philanthropic organization, and distinct from the third-party evaluator.

Upon completion of the intervention, or at the stipulated milestones of the intervention, the third-party evaluator verifies the impact achieved by the NPO and submits its report to the CSR funder. If the CSR funder finds that the NPO has achieved the outcomes, then it pays out the CSR capital from the escrow account partly to the interim funding partner to cover the later's cost of implementing the program, and partly to the NPO in the form of an accelerator grant up to 10% of the program cost in case the NPO exceeds the pre-defined outcome targets. The grant to the NPO is designed to provide additional support for non-programmatic areas such as research, capacity building, etc. If the CSR funder finds that the NPO has not achieved the outcomes, then it either rolls over the CSR

capital in the escrow account (if the pre-defined time period is not yet over), or routes the CSR capital to items provided under Schedule VII of the Companies Act such as the PM's Relief Fund (if the pre-defined time period is over). If, during the time that the CSR capital is in escrow, it accumulates interest, then this interest remains in the account.

Figure 2.3: Pay-for-success through Grants
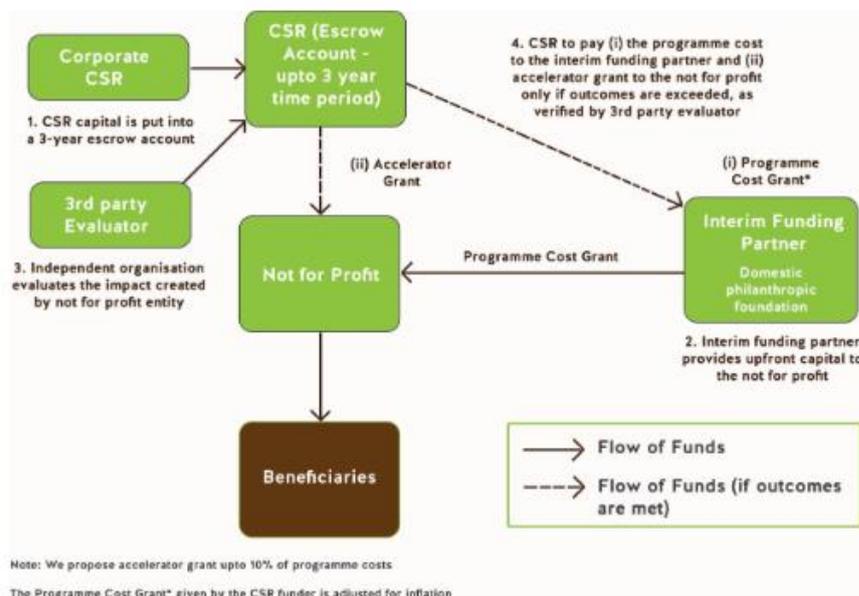
Source: SEBI Report of the working group on Social Stock Exchange

Pratham, one of India's largest NPOs, has tied up with Godrej Properties Ltd. to innovate a loan-guarantee scheme for micro-entrepreneurs, that is an interesting variation on the grants-in, grants-out structure.

2.3.1.2 Social/ Development Impact Bond Structure

DIB is a structured finance product that has evolved in the development sector to create incentives and align payments for social outcomes. The basic principle of a DIB structure is that a grant is made to an NPO after it delivers on pre-agreed social metrics at pre-agreed costs/ rates (Figure 2.4). The donor who makes the grant when the social metrics are achieved is termed as "Outcome Funder". Given that the outcome funder makes the payment on a post facto basis, the NPO needs to raise funds to finance its operations. Such a funder is termed as "Risk Funder''. A risk funder not only enables financing of operations on a pre-payment basis, but also undertakes the risk of non-delivery of social metrics by the NPO. To compensate for this risk, a Risk Funder typically earns a small return if the social metrics are delivered. The social outcome is measured by an independent third-party evaluator. An intermediary shall be responsible for bringing the actors viz., risk investors, outcome funder, NPOs, 3rd party evaluator together to enable this product.

DIBs are governed by tight legal contracts and have strong governance structures in place on reporting, impact measurement etc, but are currently able to access a limited set of

institutional donors and investors. DIBs can be listed for individual projects, or for a pool of projects in a particular area, and the listing can be for just risk funding (debt capital) or for outcomes funding (grant funding) or both.

DIBs on SSE can bring in new money sources to credible NPOs who are willing to follow disclosure norms. Further, with CSR acting as outcome funder, will reduce complexity of CSR donation for smaller companies. DIBs also present an opportunity to channelize risk investors need to fund credible social projects.

Globally DIBs are seeing increasing traction. As per Brookings report on "What is the size and scope of the impact bonds market?", it is observed that 194 impact bonds have been issued so far across 33 countries.[36] Most of these bonds have been issued in developed markets (177 in UK and US). The total capital deployed in impact bonds exceeds USD 420 million. There are success stories in India as well.

Figure 2.4: Financing through Social/ Development Impact Bond
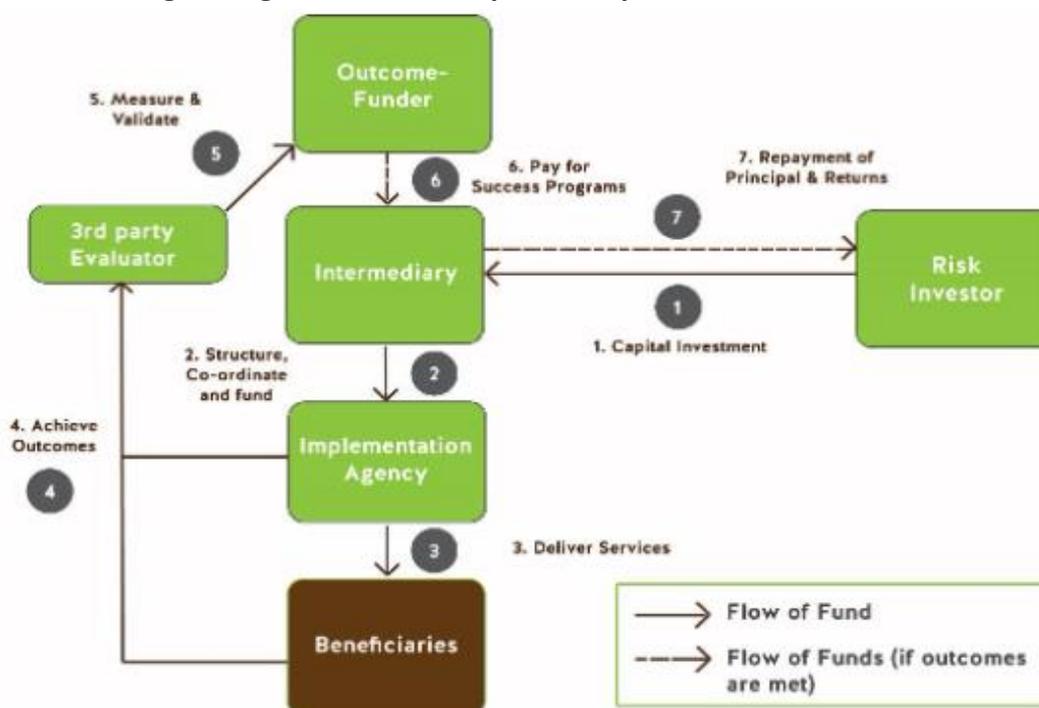
Source: SEBI Report of the working group on Social Stock Exchange

The key partners in a DIB structure are as follows: (Table 2.1)

Implementation Agencies: A collection of implementation agencies or NPOs working in the same sector accessing credit for an activity that creates social impact.

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[36] 'What is the size and scope of the Impact Bonds market?', Emily Gustafsson-Wright, Brookings 2020. https://www.brookings.edu/wp-content/uploads/2020/09/Impact_Bonds-Brief_1-FINAL-1.pdf

Outcome Funders: Investors interested in creating social impact in the same sector as the implementation agencies. They will pay out based on the social impact resulting from activities of the implementation agencies. Typically, an outcome funder can be CSR donors, Foundations, Retail Investors or Government who desire to fund development outcomes creating impact at grassroots without the risk of backing ineffective solutions. Hence, an outcome funder commits to repaying principal and returns if targets are met.

Risk Investor: These investors provide the upfront capital for desired outcomes and carry the risks of achieving outcomes. Risk investors introduce market discipline and commitment to disclosure norms for NPOs.

3rd Party Evaluator: These are external organizations having expertise in designing assessment, lay outcome parameters, measure and evaluating outcomes and impact against the targets set. They are employed for a fee to provide their services.

Intermediary (Project Manager/ AIF-Social Impact Fund in SSE): These entities are specialists in result based financing aimed at solving pressing issues. They are responsible for aligning all partners together.

Table 2.1: Key partners in a DIB structure

	Motivation	Role	Types of Entities
Service provider/ Implementation agency	To access pooled and continuous funding, to achieve uninterrupted coordinated action on the ground	To implement programs to generate social impact for the target beneficiaries	NPO and/or FPEs
Outcome funder	To fund useful projects to create impact at grassroots without the risk of backing ineffective solutions	To pay the investor their principal amount with interest for funding the project upfront	CSR donors, foundations, retail investors, Government
Risk funder / investor	To get back the investment with interest (approx. 4 -8%) if targets are met, or to lose a part of the amount if they are not met	To supply upfront capital for implementation and get paid by outcome funder	Entities with capital market expertise, discipline, who can bring the rigour of disclosure norms to social markets

Independent evaluator	To provide true unbiased measurement of social impact generated	To lay out the outcome parameters, measure and evaluate the impact against the targets set in contract	External organisations who have expertise in designing assessment and evaluating different outcomes
Intermediary or Program Manager	To solve social and environmental issues	To match interested partners, negotiate the terms of contract, and perform due diligence	Entities with result-based financing; can also be the Government

Pros and Cons of DIB Structure

DIBs are apt for programs whose implementation models already have a proof of concept, and where the outcomes of choice have well-defined and measurable qualitative metrics/ surrogates (as opposed to outcomes that are intangible).

DIBs will not work well for projects that have no proven pilots in place already, or require significant innovation to implement. Similarly, it will not be suited to projects that have a multiplicity of variables or where outcomes cannot be linked to the inputs/ interventions by the service provider or where the solution that needs implementing is not an intervention but a product or tool.

The DIB route becomes economical for relatively large projects that need large investments. Service providers must also have the requisite ability to scale up to reasonably achieve the outcomes laid out, and be able to absorb the additional monitoring and oversight that comes with the financial structuring involved in a DIB.

Examples of DIBs in India and other Jurisdictions

India is among the few nations that are in the forefront in terms of concerted activities towards the mainstreaming of DIBs.
- The Quality Education DIB with a total value of USD 10 million focuses on improving literacy and numeracy of two lakh children in Rajasthan, Gujrat, and Delhi, and has multiple service providers such as KEF, Gyanshala and SARD.

India is yet to see examples where the Government steps in as an outcome funder, in which case these bonds would be referred to as social impact bonds (SIB).[37]

The United Kingdom pioneered the social impact bond model and its Government had a central role to play in this.[38] Further, several outcome funds for multiple impact bonds have been launched in the U.K., including the Innovation Fund, which supported 10 SIBs for education and employment for disadvantaged young people.[39]

In the USA, impact bonds are better known as Pay For Success (PFS) projects. Here too, federal support has been observed to play an important role. For instance, the Social Impact Partnerships to Pay for Results Act (SIPPRA) was passed in 2018, and it aims to support outcome-based financing and provide funding from the Treasury for social impact partnerships, including PFS projects.

How DIBs can benefit from the SSE in India

The SSE platform can support social enterprises (both NPOs and FPEs), large donors like CSR contributors and high networth individual (HNI) philanthropic donors by providing a scaled-up avenue to galvanise funding to credible social impact creating opportunities. Therefore, it can help DIBs access a greater spread of CSRs, donors and risk investors to attract funding for social outcomes. While the service providers i.e., the social enterprises commit to reporting requirements on the SSE to signal credibility and performance, companies, particularly smaller companies trying to solve their CSR deployment strategy can rely on the SSE for less-complex ways to invest upto 100% of their funds.

A listing of DIBs on the SSE can enable showcasing of the programs enlisted under each DIB to a more diverse and larger set of funders, including by philanthropic contributors, as potential outcome funders. For example, a HNI donor may be pitched with a proposition that a donation of INR 50,000 is to be paid only if two low-income/ low-skilled youth are placed in jobs with incomes of over INR 15,000.

With significant reporting and transparency in the DIB structure, it can help donors get over their apprehensions of donating to fraudulent or ineffective service providers, and make the donation only if the outcomes are achieved. It can help build a lot more trust for the philanthropy market which is estimated at over INR 35,000 crore. Also, through the infrastructure created by the SSE, donors can be issued online receipts, etc, rather than having to follow up with individual NPOs. In addition, DIBs can also enable investors to be impact investors by acting as risk investors and placing their money with selected service

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[37] Such as Girl child education, Quality Education and Utkrisht

[38] 'A study into the challenges and benefits of the Social Impact Bond commissioning process in the UK-Final Report', Ecorys, 2019.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/957374/A_study_into_the_challenges_and_benefits_of_the_SIB_commissioning_process._Final_Report_V2.pdf

[39] UK Government outcomes funds for impact bonds, Government Outcomes Lab, Blavatnik School of Government, https://golab.bsg.ox.ac.uk/the-basics/ outcomes funds/outcomes-funds/

providers and earn a small return on their investment if the service providers deliver on results.

2.3.1.3 Financing Instruments for NPOs

A Not for Profit Organization may raise funds on a Social Stock Exchange (SSE) through:[40]

i. issuance of Zero Coupon Zero Principal (ZCZP) Instruments to eligible investors as per SEBI (ICDR) Regulations, 2018
ii. donations through Mutual Fund schemes as specified by SEBI
iii. any other means as specified by SEBI from time to time

● **Issuance of Zero Coupon Zero Principal (ZCZP) Instruments**

As per SEBI ICDR Regulation 292I, the Zero Coupon Zero Principal Instruments shall be issued only by a Not for Profit Organization registered on a Social Stock Exchange and shall have a specific tenure.

ZCZPs shall be issued without any coupon and no principal amount shall be payable on its maturity.

As per section 292J, the eligibility for issuance of ZCZP instruments consist of the following:

a) A Social Enterprise which is a Not for Profit Organization registered with a Social Stock Exchange may make an issue of Zero Coupon Zero Principal Instruments and list them on such Social Stock Exchange.
b) The ZCZPs shall be issued only for a specific project or activity that are listed under regulation 292E of the SEBI (ICDR) Regulations. These projects/ activities shall be completed within the duration specified in the fundraising document.

The ZCZP instrument differs from the conventional bonds. While a conventional bond provides a fixed interest/ repayment of the funds raised through the various contractual arrangements, ZCZPs do not offer such returns but promise a social return to the funder. Such a promise carries some probability of being defaulted upon non-delivery of the social impact that is promised to be created.

It is essential to recognize that the funder's sense of fulfilment or disappointment has to do with the creation of social impact instead of any financial return. If the funder is disappointed, the NPO is liable to lose the funder's trust and therefore its donations in the future. So, the essential quality of an asset or a security as a promise that can on occasion be defaulted upon, and the default event having consequences for the defaulter's ability to raise funds in the future, is retained in the case of ZCZPs.

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[40] Vide SEBI (ICDR) Regulations, 2018 and SEBI (AIF) Regulations, 2012.

ZCZPs shall be issued by an NPO for specific social development projects/activities. Such an NPO shall need to show expertise in the targeted areas through social performance of past projects which in turn allow investors to gain greater insight into the NPO's activities.

ZCZPs shall be listed on the SSE and shall carry a tenure equal to the duration of the project that is being funded. At maturity, they shall be written off the investee's books.

As per SEBI (ICDR) Regulations, NPOs shall issue ZCZP Instruments to:
a) public through a Public Issue[41]; or
b) Social Impact Funds registered under SEBI (AIF) Regulations through a Private Issue.

The procedure of the issuance of ZCZP instruments has been described in the SEBI ICDR Regulations in the following manner:

a. Procedure for public issuance of Zero Coupon Zero Principal Instruments by a Not for Profit Organization

The procedure and other conditions in respect of public issuance of Zero Coupon Zero Principal Instruments by a Not-for-Profit Organization are specified by the SEBI.

The contents of the fund raising document shall be as specified by SEBI.

b. Procedure for private issuance of Zero Coupon Zero Principal Instruments by a Not-for-Profit Organization
1. The Not for Profit Organization registered on a Social Stock Exchange, may also make private issuance of Zero Coupon Zero Principal Instruments to Social Impact Fund(s) registered under the applicable provisions of the Securities and Exchange Board of India (Alternative Investment Funds) Regulations 2012.
2. The provisions related to public issuance of Zero Coupon Zero Principal Instruments specified in the SEBI ICDR Regulations shall mutatis mutandis apply to private issuance of Zero Coupon Zero Principal Instruments to Social Impact Fund(s).

The ZCZP Instruments are listed on the Social Stock Exchange post their issuances.

The listing of Zero Coupon Zero Principal Instruments of a Not for Profit Organization on the Social Stock Exchange will terminate, if:

(a) The object for which the funds were raised has been achieved and a certificate to this effect is submitted to the Social Stock Exchange; or
(b) The tenure to achieve the object for which the funds were raised as provided in the fundraising document has expired.

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[41] The public issuance of a ZCZP instrument by a registered NPO shall comply with the rule 19 of the Securities Contracts (Regulation) Rules, 1957 as specified in the section 292O of SEBI ICDR Regulations.

- **Social Impact Funds**

Social Impact Fund means an Alternative Investment Fund which invests primarily in securities, units or partnership interest of social ventures or securities of social enterprises and which satisfies the social performance norms laid down by the fund.[42] Social Impact Fund or schemes of Social Impact Fund issue social units to its investors who have agreed to receive only social returns or benefits and no financial returns against their contribution.

The issuer (AIF) wishing to raise funds for NPOs shall need to show expertise of the NPOs involved in the targeted area through social performance of past projects undertaken by them in the same area as well as through differentiators. NPOs while reducing their issue expenses, compared to ZCZPs, will be able to raise funds through Social Impact Fund. It is noteworthy that while the units of Social Impact Fund can be listed, their trading potential in case of 100% grant-in/ grant-out shall be limited.

The following types of investments are permitted by SEBI through Social Impact Fund:

a) Existing Social Impact Fund may invest 25% of their investable funds in securities of NPOs registered or listed on a social stock exchange.[43]
b) Social Impact Fund or schemes of Social Impact Fund, launched exclusively for registered or listed NPOs, may invest 100% of its investable funds in securities of NPOs registered or listed on a social stock exchange

- **Equity or Debt**

A section 8 company may choose to raise funds on SSE by issuing equity or debt instruments. The existing provisions as applicable for other body corporates shall continue to apply for such issuances.

The Section 8 Company wishing to list equity shall need to show its track record through social performance of past projects/ activities undertaken by them as well as through differentiators that will allow investors to gain greater insight into the company's activities.

SEBI will continue to explore other instruments that shall be feasible for direct listing on SSE by NPOs.

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[42] Social Venture means a trust, society or company or venture capital undertaking or limited liability partnership formed with the purpose of promoting social welfare or solving social problems or providing social benefits.
[43] Investable Funds means corpus of the scheme of Alternative Investment Fund net of expenditure for administration and management of the fund estimated for the tenure of the fund.

2.3.2 Funding Structures for FPEs

The existing fund raising structures as available for corporates shall also be available for '*For Profit Enterprises*' (FPEs). The funding structures discussed for NPOs may be used for funding FPEs as well. FPEs may list their securities on the appropriate existing stock exchanges:

- debt securities may be listed on the main board,
- equity securities may be listed on the main board or Small and Medium Enterprise (SME) Platform or Innovators Growth Platform (IGP)

There is a critical difference between for profit enterprises (FPEs) and for profit conventional enterprises – the former will also be performing social impact reporting according to the minimum reporting standard. In other words, FPEs will have to demonstrate that they are in the business of "creating positive social impact". This will enable them to access a kind of capital that conventional for profit enterprises do not have access to. Listing criteria will apply for FPEs, just as they apply for 'for-profit conventional enterprises' who list on the main board of the stock exchanges.

2.3.2.1 Financing Instruments are as follows

A For Profit Enterprise may raise funds through[44]:

  i. 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;

  ii. issuance of debt securities;

  iii. any other means as specified by SEBI from time to time

SEBI has further clarified that securities issued by '*For Profit Enterprises*' shall be listed and traded under the applicable segment of the stock exchange with an identifier stating that the scrip is that of a '*For Profit Social Enterprise*'. Such '*For Profit Enterprises*' shall meet the eligibility criteria for the main board, SME Platform or Innovators Growth Platform (IGP), as applicable.

- **Equity and Debt**

The FPE wishing to list equity or debt needs to show its track record through social performance that will allow investors to gain greater insight into the FPE's activities. The extant regulations for listing of equity or debt shall also need to be followed. If FPEs raise capital through equity or debt, they shall comply with existing stringent norms under securities laws and in addition, shall also have to comply with additional disclosure norms in respect of social impact.

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[44]Securities issued by For Profit Enterprises shall be listed and traded under the applicable segment of the stock exchange with an identifier stating that the scrip is that of a For Profit Social Enterprise and such For Profit Enterprises shall meet the eligibility criteria for the main board, SME Platform or innovators growth platform, as applicable, in addition to the criteria provided in the SEBI ICDR Regulations.

In case of equity, the segment of listing shall also need to be considered, i.e., Startup/IGP, SME or main boards. FPEs shall list equity on the SSE subject to a set of listing requirements, including operating practices (financial reporting and governance) and social impact reporting. In addition to this, FPEs listing equity/ debt shall comply with the disclosure requirements as per the applicable segment such as main board, SME, IGP, etc.

- **Social Impact Fund/ Development Impact Bonds**

These shall typically be issued by an aggregator for a specific target area. The issuer wishing to list such instruments shall need to show the impact areas and other relevant metrics such as impact expected and the expertise of the aggregator and other stakeholders in managing such projects.

Social Impact Funds issued by AIFs can invest 75% of their investable funds in unlisted securities or partnership interest of social ventures or in units of social ventures or in securities of social enterprises. The remaining investable funds to be invested in securities of NPOs with prior consent of at least 75% of the investors by value of their investment. These funds may accept grants which need to be only utilised in the above manner.

Chapter 2: Sample Questions

1. Which among the following is NOT an objective of a Social Stock Exchange?
    I. unlocking a large pool of social capital
    II. listing funding channels
    III. encourage blended finance structures
    IV. providing a set of procedures and guidelines

    a. Only I and II
    b. Only II and III
    c. Only I and III
    d. Only II and IV

2. Which among the following constitute stakeholders of social stock exchange?
    I. Trading Members
    II. Non-Profit Organisation
    III. For-Profit Enterprises

    a. Only I and II
    b. Only II and III
    c. Only I and III
    d. I, II and III

3. The _____ is measured by an independent third-party evaluator.
    a. social impact
    b. social outcome
    c. social intent
    d. social activity

CHAPTER 3: REGISTRATION AND LISTING ON SOCIAL STOCK EXCHANGES

> **Learning Objectives**
> After studying this chapter, you should know about:
> * Registration process on Social Stock Exchanges
>   o Rights, Obligations and Disclosures Document
> * Key Listing Guidelines

3.1 Registration process on Social Stock Exchanges

In the regulatory ambit of SEBI, the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE) have established their Social Stock Exchanges wings viz., NSE SSE and BSE SSE respectively. As on February 2025, 115 Non-Governmental Organisations have on-boarded the NSE SSE and 51 NPOs have onboarded the BSE SSE.

SSEs direct social enterprises to follow the rules and regulations framed by SEBI.

3.1.1 Eligibility requirements[45]

A social enterprise shall be eligible for fund raising through the Social Stock Exchange mechanism after fulfilment of below mentioned prior conditions:

(a) Establish the primacy intent of social impact (as per the 17 Social Development Goals (SDG)) for being eligible to qualify for on-boarding the Social Stock Exchange (SSE) and access the SSE for fund-raising. The social enterprise could either engage in the products, services, or programs or work on research, policy analysis and development, awareness building, governance or capacity building.

(b) The activities as specified for the social enterprises must focus on underserved or underprivileged populations or geographic areas or regions that have recorded lower performance in the development priorities of national/state governments. These activities may include rendering services or delivering products to the members belonging to Scheduled Castes (SC), Scheduled Tribes (ST), Other Backwards Classes (OBC), people with special needs, the elderly, children, at-risk adolescents, migrants, and displaced persons may also fall under this category.

(c) Social Enterprise shall have at least 67% of its activities qualifying as eligible activities to the target population. This can be ascertained by one or more of the following:

   (i) <u>Revenue</u> – At least 67% of the immediately preceding 3-year average revenues should have come from providing the eligible activities to members of the target population;

(ii) <u>Expenditure</u> – At least 67% of the immediately preceding 3-year average of the SE's expenditure has been incurred for providing the eligible activities to members of the target population;

(iii) <u>Customer base/ beneficiaries</u> – 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 SE's customer base/ beneficiaries.

Provided that the corporate foundations, political or religious organizations or activities, professional or trade associations, infrastructure and housing finance Companies, except affordable housing, shall not be eligible to be identified as a Social Enterprise.

3.1.2 Initial Qualifying Criteria for Onboarding

The eligibility requirements for Social Enterprises to get registered on social stock exchange have been given in point 3.1.1. After fulfilling the qualifying criteria, distinction between FPEs and NPOs has to be ascertained. It is necessary for a Not for profit organization (NPO) to qualify the eligibility requirements as mentioned above for the purpose of registration on Social Stock Exchange, and thereafter, it may decide either to list or not for the purpose of raising funds through SSE. The minimum requirements for registration of a Not for Profit Organization on a Social Stock Exchange have been specified by SEBI through its circulars[46].

However, a For Profit Enterprise (FPE) shall not seek registration or listing with Social Stock Exchange, unless it is registered as a Company under the provisions of Companies Act, 2013 or erstwhile provisions of Companies Act, 1956 as the case may be and complies with the requirements in terms of SEBI Regulations for issuance and listing of equity or debt securities.

3.1.2.1 On boarding process for NPOs

The NPOs are required to meet certain mandatory criteria in order to register on Social Stock Exchange. The NPOs possess a variety of legal structures and are regulated by a variety of statutory bodies and legislative acts.

The NPO registration shall serve a three-fold purpose:

Firstly, it shall bring interested NPOs onto a common platform of legal requirements for the purposes of accessing the SSE.

Secondly, it shall inculcate a cultural shift in NPOs and enable transition towards a disclosure driven fund raising system.

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[46]https://www.sebi.gov.in/legal/circulars/dec-2023/framework-on-social-stock-exchange_80233.html
https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html

Thirdly, it shall provide a means for NPOs (and especially, smaller NPOs) to signal the primacy of social impact and the quality of their governance, transparency even if they wish to not list any security at the present moment.

This will enable the NPOs to leverage the reputation value of being registered while raising funds, whether or not they choose to list, and this reputation value will derive from the registered NPOs satisfying the mandatory criteria, which also include annual reporting requirements, as described below.

3.1.2.2 Mandatory Qualification Criteria

The mandatory criteria for NPO registration is given in Table 3.1. It is to be noted that in addition to the legal requirements, the mandatory qualifying criteria for registration shall include a set of minimum size as indicated by funds received/deployed. This shall ensure that the NPO wishing to register has an adequate track-record of operations.

The NPOs shall ensure compliance with all the qualification requirements, registration requirements, reporting requirements etc. as specified by SEBI from time to time.

Table 3.1: Mandatory Criteria for NPO Registration [read with Regulation 292F (1) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018].[47]

Broad Parameter	Indicator	Details
Legal Requirements		
Entity is registered as an NPO	Registration certificate valid at least for next 12 months at the time of seeking registration with SSE	Entities must be registered in India as one of the below: a) a charitable trust registered under the Indian Trusts Act, 1882; b) a charitable trust registered under the public trust statue of the relevant state; c) a Trust registered under the Indian Registration Act 1908 (16 0f 1908) with the relevant Sub-Registrar in those states that have not enacted the law governing public trust;

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[47] The Table above summarises the regulation as of March 2025. https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html
https://www.sebi.gov.in/legal/circulars/dec-2023/framework-on-social-stock-exchange_80233.html
Note: The regulations are constantly evolving and candidates are advised to keep track of regulatory developments by visiting SEBI website:
https://www.sebi.gov.in/sebiweb/home/HomeAction.do?doListing=yes&sid=1&ssid=7&smid=0

		d) a charitable society registered under the Societies Registration Act, 1860;
		e) a charitable society registered under the Societies Registration Act of the relevant State;
		f) a Company registered under Section 8 of the Companies Act, 2013 (18 of 2013) including a company registered under section 25 of the repealed Companies Act, 1956.
		g) any other entity as may be specified by the Board
Ownership and control	Governing document (MOA & AOA/ Trust Deed/ Bye-laws/ Constitution)	Disclose if NPO is owned and/or controlled by government or private.
Exemption under Income Tax Act	Registration certificate under Section 12A/12AA/12AB/10(23C)/10(46) under Income Tax Act 1961	Registration certificate under Section 12A/12AA/12B/10(23C)/10(46) to be valid for at least the next 12 months from the date of application[48]. Details regarding pending notices or scrutiny cases from all regulatory and statutory authority shall be disclosed at the time of making the application for the registration. Fines or penalties if imposed shall be disclosed as paid or appealed within 7 days. The Stock Exchanges shall have the right to refuse registration of those applicants, if the notices/ scrutiny cases are grave and debilitating enough to endanger the registration of the NPO under the Income-tax Act, 1961 or other relevant laws.
Registration with Income Tax as an NPO	IT PAN	Valid IT PAN
Age of the NPO	Registration certificate	Minimum 3 years

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[48] Refer section 3.2: Compilation of documents of the Social Stock Exchange Guidebook.

Tax deduction under Income Tax Act, 1961	Valid 80G registration under Income Tax Act, 1961 for entities registered under section 12A/ 12AA/ 12AB of the Income-tax Act, 1961	Entity to ensure disclosure whether tax deduction is available or not to investors.
Eligible to be Social Enterprise	Requirements with regulation 292E of ICDR Regulations	As may be specified by SSE
Minimum Fund Flows		
Annual Spending in the past financial year	Receipts or Payments from Audited accounts/ Fund Flow Statement	Must be at least Rs. 50 lakhs
Funding in the past financial year	Receipts from Audited accounts/ Fund Flow Statement	Must be at least Rs. 10 lakhs

3.2 Rights, Obligations and Disclosures Document

The SGC Shall lay down the Rights and Obligations of the NPO and FPEs who wish to list with the SSE and also the nuances of the Risk Disclosure Document (RDD). The RDD shall contain important information on risks involved with the trading on the stock exchanges. All social enterprises are required to read this document and understand the nature of the relationship into which they are entering and the extent of their exposure to risk.

Chapter IX-A of the SEBI LODR Regulations describes the disclosure requirements by a FPEs and an NPO.[49]

Disclosures by a For Profit Enterprise (FPEs)

A For Profit Enterprise whose designated securities are listed on the Stock Exchange(s) shall comply with the disclosure requirements contained in these regulations with respect to issuers whose specified securities are listed on the Main Board or the SME Exchange or the Innovators Growth Platform, as the case may be.

Disclosures by a Not for Profit Organization

1. A Not-for-Profit Organization registered on the Social Stock Exchange(s), including a Not-for-Profit Organization whose designated securities are listed on the Social Stock

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[49]https://www.sebi.gov.in/legal/regulations/dec-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-december-21-2023-_80422.html

Exchange(s), shall be required to make annual disclosures to the Social Stock Exchange(s) on –

(i) financial aspects, as may be specified by SEBI, by October 31st of each year or before the due date of filing of income tax return as prescribed under the provisions of the Income-tax Act, 1961, whichever is later, or within such other period as may be specified by SEBI; and

(ii) non-financial aspects, as may be specified by SEBI, within a period of 60 days from the end of the financial year or within such other period as may be specified by SEBI.

2. In addition to the disclosures referred in sub-regulation (1), the Social Stock Exchange(s) may specify matters that shall be disclosed by the Not for Profit Organization on an annual basis.

3.3 Key Listing Guidelines

3.3.1 Listing for FPEs and NPOs

Existing SEBI regulations set the requirements for eligibility and governs the listing of equity and debt securities issued by FPEs. These regulations include:

- SEBI (Issue of Capital and Disclosure Requirements) Regulations and
- SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The process flow for onboarding social enterprises by Social Stock Exchange is depicted in Figure 3.1.

Figure 3.1: Process Flow for onboarding social enterprises by Social Stock Exchange
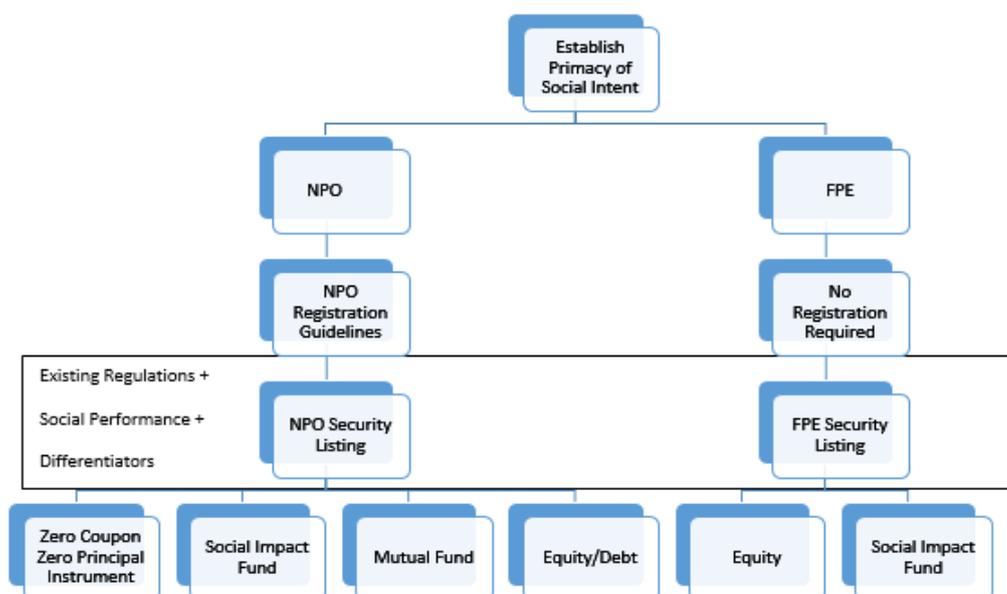
For Profit Enterprises (FPEs) shall list their securities on their appropriate existing boards of stock exchanges. For example, debt securities shall be listed on the main boards, while equity securities shall either be listed on the main board (NSE/BSE), or on the SME platform (NSE-EMERGE/BSE SME) or Innovators Growth Platform (IGP).

The offer documents of the social enterprises for various modes of fund raising shall require disclosure of aspects called "differentiators". In case of FPEs, the differentiators mentioned in Table 3.2 are additional requirements as mandated in SEBI Regulations in respect of raising funds through equity or debt. The differentiators cover aspects such as vision, target segment, strategy, governance, management, operations, finance, compliance, credibility, social impact and risks. FPEs will also be required to provide information in the offer document under various SEBI regulations.

As part of the pre-listing process, the NPO shall provide audited financial statements for the previous 3 years and social impact statements. Additionally, the offer documents for social enterprises shall provide the details under the following heads, called "differentiators" (Table 3.2).

Table 3.2: Differentiators for FPEs and NPOs[50]

Sr. No.	Differentiator	Details
1	Vision	Organisation's activities and programmes are in line with aims and objects stated in its constitution
2	Target Segment	Organisation has defined its target segment and reach to accomplish its planned activities. Clear identification and understanding of the target segment (those affected by the problem and how they are affected). The SE must disclose how its approach intends to improve inclusion for its customers / recipients
3	Strategy	Strategy formulation towards accomplishing vision, should take into account capabilities and learning from challenges.
4	Governance	Organisation has a governing body and details of its highest governing body, composition, dates of board meetings held (key items covered).
5	Management	Details of key managerial staff such as those in charge of Programmes, Fundraising, Finance, HR. Organisation discloses whether it provides letters to staff and volunteers defining roles and responsibilities, has a periodic performance appraisal process etc.

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[50] https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html

6	Operations	The organisation has a physical existence, is operational and shares its address for visits.
7	Finance	Disclosure of financial statements in accordance with guidelines for NPOs issued by ICAI
8	Compliance	Organisation makes available, annual accounts duly audited/assessed for the latest three financial years and there are no material qualifications or material irregularities reported by its auditor. Compliances w.r.t. Income Tax, notices received etc.
9	Credibility	Documents such as Registration, Trust Deed/ MoA and AoA, Address Proof, IT PAN, 12A/12AA Certificate, FCRA certificate and returns, remuneration to governing members.
10	Social Impact	Details of past social impact as per the existing practice of NPOs. The past social impact should highlight trends in key metrics/ parameters relevant to the NPO (as may be determined by the Exchanges) for which it seeks to raise funds on SSE, number of beneficiaries, cost per beneficiary and administrative overheads.[51]
11	Risks	Disclose (i) risks that the NPO sees to its work, and how it proposes to mitigate these (ii) unintended consequences that the NPO sees from its work, and how it proposes to mitigate these

The above categories will be used by potential funders/investors to differentiate between the various similar NPOs and securities being listed and to make informed investment decisions.

For program-specific or project-specific listings, the NPO shall have to provide a greater level of detail in the listing document about its track record and impact created in the program target segment. The NPO will also be required to publicly display on its website all the information submitted as part of pre-listing and post-listing requirements.

The Social Stock Exchange lists out various procedures and workflows (e.g., for registration, listing, delisting, accounting, disclosures and other fees etc.), laying out detailed roles and responsibilities for all stakeholders. Annexure 3 is the Application Form for the registration of a social enterprise at NSE SSE. Annexure 4 comprises of the Undertaking from the NPO and Annexure 5 is an illustration of the Undertaking from the Third Party for NPO registration on NSE SSE. (These forms are for the illustration purpose only). [52]

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[51] https://www.sebi.gov.in/legal/circulars/dec-2023/framework-on-social-stock-exchange_80233.html
[52] Candidates shall visit the websites of the respective Social Stock Exchanges for updates on the registration process and requirements.

3.3.2 Benefits of Registration and Listing on a Social Stock Exchange

As elucidated by the NSE SSE, following are the benefits of Registration and Listing on a Social Stock Exchange:

i.   **Improved market access** – SSE facilitates a common and a structured meeting ground between Social Enterprises and investors/donors with inbuilt regulation for providing sanctity and accountability of finances.

ii. **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 is much wider allowing investors and investees with similar missions and visions to connect seamlessly.

iii. **Performance based philanthropy** - Performance of the enterprises listed on an SSE is monitored thus it instils a culture of performance (Social return) driven philanthropy.

iv. **Minimal registration cost** – SSE saves cost for both issuer and investor/donor by charging minimal fees for registration and listing.

v.   **Additional avenue for Social Enterprises** - Central and State governments till date have the biggest onus of achieving sustainable development goals. SSE provides an alternate avenue for raising funds thereby encouraging new and existing social enterprises.

Annexure 3: Application form for registration of Social Enterprises on National Stock Exchange of India Limited

(On the letterhead of the NPO)

Application form for registration of Social Enterprises on National Stock Exchange of India Limited

Sr. No.	Particulars	Information
1.	Name of NPO	
2.	Address of the NPO	
3.	Type of entity	
4.	Act under which the entity is registered	
5.	Registration Number of the entity	
6.	Period of validity of registration certificate	
7.	Website of the entity (if any)	
8.	Permanent Account Number	
9.	NGO Darpan portal ID	
10.	Details of governing body of the NPO (names of the members of board of trustee/directors/committee, etc as the case may be along with their background, experience, designation, email ids, address, PAN and contact numbers)	
11.	Details of Permanent, Contractual, and Volunteer Employees (including Names and Designations)	
12.	If the NPO has subsidiary/group company, details of the same	
13.	If NPO is owned and/or controlled by government or private (Provide shareholding/ownership pattern of the NPOas an Annexure)	
14.	Authorised, issued and paid-up capital of the NPO	
15.	History and background of the NPO	
16.	Social Intent of the NPO (Specify the Sub-clause(s) of Regulation 292E (2)(a) of ICDR Regulations along with Clarifications)	
17.	Vision (Organisation's activities, interventions and programmes are in line with aims and objects stated inits constitution.)	
18.	Target Segment (Organisation has defined its target segment and reach to accomplish its planned activities. Clear identification and understanding of the target segment (those affected by the problem and how are they affected) The NPO must disclose how its approach intends to improve Inclusion for	

	its customers / recipients)	
19.	Brief of activities or projects undertaken by the entity in past 3 years	
20.	Details of material litigation in past 3 financial years along with current status of the same.	
21.	list of top 10 donors for last 3 FY along with their amounts and percentages. (Kindly provide year wise details)	
22.	Details of contact person/Compliance Officer -Email address -direct phone number	
23.	Details of Statutory Auditor -Email address -direct phone number -Firm Registration Number	
24.	Details of Fees Payment	
25.	Details of all the programs carried out by the entity under its thematic areas along with its reach for the last 3 financial years or provide details on the format below:	

S R. N o	Sec tor	Financial Year			Financial Year			Financial Year		
		Total Expend iture for the year	Expend iture in this sector	Percen tage against total expend iture	Total Expend iture for the year	Expend iture in this sector	Percen tage against total expend iture	Total Expend iture for the year	Expend iture in this sector	Percen tage against total expend iture

Annexure 4 Undertaking from the NPO

Annexure II

(On the letterhead of the NPO)

Date**:**

National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai– 400051

Dear Sir/Madam,

Sub: Registration of (Name of the NPO) on National Stock Exchange as Social Enterprise under regulation 292 F (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

The NPO hereby confirms that:

i.   It is eligible to be identified as a Social Enterprise under regulation 292 E of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

ii.   The NPO, any of its promoters, promoter group or directors or selling shareholders or trustees are not debarred from accessing the securities market by the SEBI

iii.   None of its promoters or directors or trustees is a promoter or director of any other company or Social Enterprise which has been debarred from accessing the securities market by the SEBI.

iv.   None of its promoters or directors or trustees is a wilful defaulter or a fraudulent borrower.

v.   None of its promoters or directors or trustees is a fugitive economic offender.

vi.   Neither the NPO nor any of its promoters or directors or trustees has been debarred from carrying out its activities or raising funds by the Ministry of Home Affairs or any other ministry of the Central Government or State Government or Charitable Commissioner or any other statutory body.

vii.   NPO has complied and shall be in compliance with any applicable laws and regulations in force including but not limited to Prevention of Money Laundering Act, 2002, Foreign Account Tax Compliance Act, FATF regulations etc. in relation to donors/donations received by them.

viii.   NPO is not dependent on any corporate for more than 50% of its funding.

ix.   NPO is registered on the NGO Darpan portal with unique ID _____.

x.   It is not in receipt of any notice or ongoing scrutiny by Income Tax and other regulatory authorities. *(If so, please provide details)*

xi.   It is in compliance with applicable provisions of Chapter X-A of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, SEBI Circular no. SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated September 19,2022 and other applicable laws, circulars, guidelines etc. including the Exchange Circulars / Guidelines.

xii.   It shall ensure compliance of disclosure requirements of regulations 91C and 91E of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 post registration.

Yours faithfully,

Authorised signatory

Annexure 5 Undertaking from the Third Party for NPO registration on NSE SSE

Annexure III

(On the letterhead of Social Auditor or Statutory Auditor)

Date**:**

National Stock Exchange of India Ltd,
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai– 400051

Dear Sir/Madam,

Sub: Registration of (Name of the NPO) on National Stock Exchange as Social Enterprise under regulation 292 F (1) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.

We hereby confirm that:

i.   The NPO is in compliance with requirements with Regulation 292E (2) (a) of SEBI (ICDR) Regulations, 2018 to be identified as Social Enterprise. (Please also specify the sub-clause/s of Regulation 292E (2) (a) of ICDR Regulations in which the NPO is indulged and an explanation supporting the same.)

ii.   The NPO is in compliance with requirements with Regulation 292E (2) (b) of SEBI (ICDR) Regulations, 2018 to be identified as Social Enterprise. (Please provide the detailed information about the population targeted by the Social Enterprise.)

iii.   The annual spending of the NPO in past financial year is Rs. _____ Lakhs. (Please provide the details in the following format.)

Expenditure For last Financial Year	Amt
Total expenditure	

iv.   The funding in NPO in past financial year is Rs. _____ Lakhs. (Please provide the details in the following format.)

Funding For last Financial Year	Amt
Total Funding	

v.   The NPO has not received any notice or does not have an ongoing scrutiny by Income Tax.

Chapter 3: Sample Questions

1. For fund raising through the Social Stock Exchange, a social enterprise needs to fulfil which of the following condition(s):
   i. Establish the primacy intent of social impact
   ii. Social enterprises must focus on underserved or underprivileged populations

   a. Only i
   b. Only ii
   c. Both i and ii
   d. None of these

2. Who has prescribed minimum requirements for registration of a Not for Profit Organization on a Social Stock Exchange?
   a. RBI
   b. SEBI
   c. ICAI
   d. NISM

3. Which of the following entities are covered as per the mandatory criteria for an NPO registration under SEBI ICDR Regulation?
   i. a charitable trust registered under the public trust statue of the relevant state
   ii. a charitable trust registered under the Societies Registration Act, 1860

   a. Only i
   b. Only ii
   c. Both i and ii
   d. None of these

4. The offer documents of the social enterprises for various modes of fund raising shall require disclosure of aspects called_____.
   a. Registration certificate
   b. Workflow document
   c. Risk Disclosure Document
   d. Differentiators

CHAPTER 4: UNDERSTANDING LOGIC MODEL IN SOCIAL PROGRAMS FOR SOCIAL IMPACT ASSESSMENT

> **Learning Objectives**
>
> After studying this chapter, you should know about:
>
> - Logical Framework Analysis for Social Enterprises
> - Key Components of LFA
> - Logical Framework Matrix

4.1 Logical Framework Analysis for Social Enterprises

Logical Framework Analysis (LFA) is a systematic and structured tool widely used for project planning, implementation, monitoring, and evaluation, particularly in social enterprises. The LFA approach ensures clarity, coherence, and accountability by breaking projects into clearly defined components. It serves as a backbone for organizing project objectives, activities, and outcomes, thus enabling better decision-making, communication, and resource allocation.

The methodology of LFA has become indispensable for social enterprises, government programs, and donor agencies as it ensures projects are not only well-designed but also result-oriented and impactful. By employing LFA, projects to be implemented by social enterprises, are aligned with strategic goals and deliver measurable results that lead to meaningful change.

4.2 Key Components of LFA

LFA comprises several interconnected components that together define a project's logical structure. These components ensure that the project is designed to address key problems, achieve measurable goals, and account for external factors.

4.2.1 Project Goals

The project goal represents the ultimate vision or the long-term impact the project seeks to achieve. It reflects the overarching improvements or changes anticipated in the broader context of the community, region, or issue being addressed. Goals are often general and aspirational but provide the direction that drives all project activities.

The goal sets the foundation of the project by illustrating the bigger picture and the larger-scale impact that the interventions aim to create. Although goals are broad and high-level, they serve as the guiding principle for all decisions and activities in the project. A project goal should answer questions like:

- What major issue or challenge does the project aim to address?

- What is the desired long-term improvement for the community or stakeholders?
- How will the project contribute to the overall well-being or development of the target population?

Goals remain consistent throughout the project lifecycle and may not always be fully achieved within a single project cycle but are essential for guiding progress.

4.2.2 Problem Analysis

The first step in the Logical Framework Analysis (LFA) process is **Problem Analysis**, which focuses on identifying the core issue the project aims to address. This involves a systematic examination of the key problems, their root causes, and the resulting effects. A commonly used tool for this process is the **Problem Tree**, which visually maps out the cause-and-effect relationships surrounding the central problem.

The Problem Tree helps to:

- Clearly define the central issue.
- Identify underlying causes that need to be addressed.
- Understand the broader effects or consequences of the problem on the target community or environment.

By breaking down the problem into its causes and effects, project planners gain a clear understanding of the problem's scope and complexity, which serves as the foundation for developing meaningful solutions.

4.2.3 Objective Analysis

Once the core problem and its causes are identified, the next step is **Objective Analysis**, where problems are reframed into positive, solution-oriented statements. This step involves constructing an **Objective Tree**, which mirrors the Problem Tree but replaces problems with desired outcomes.

The Objective Tree illustrates how addressing the root causes can lead to desired results and long-term improvements. Objectives are developed based on the **SMART** criteria:

- **Specific (S):** Clearly defined and focused.
- **Measurable (M):** Quantifiable to track progress.
- **Achievable (A):** Realistic within the project's scope and resources.
- **Relevant (R):** Aligned with the project's goals and priorities.
- **Time-bound (T):** Achievable within a set timeframe.

This process ensures that objectives are actionable, measurable, and directly linked to resolving the identified problems.

4.2.4 Alternatives Analysis

In **Alternatives Analysis**, various strategies or approaches to achieve the project's objectives are identified, evaluated, and compared. This step involves brainstorming potential solutions and assessing them based on key factors such as:

- **Feasibility:** Practicality of implementation given the available resources.
- **Cost-effectiveness:** Value for money and resource efficiency.
- **Time:** Duration required to achieve results.
- **Impact:** Potential to address the problem and achieve the desired outcomes effectively.

Through this evaluation, the most suitable and impactful strategy is selected for implementation, ensuring the project is well-designed and responsive to the identified challenges.

4.2.5 Outcomes

The project outcome defines the specific, immediate changes that the project aims to bring about. This is critical because it directly contributes to achieving the overall project goal. A well-defined outcome is clear, specific, and measurable.

The outcome acts as the project's anchor, ensuring that the short-term interventions directly contribute to the long-term vision. It provides a clear rationale for the project and focuses on tangible, achievable changes within the project's timeframe. The outcome typically answers:

- What specific change will the project achieve within the set timeframe?
- Who will benefit from the project, and in what way?
- How will the project outcomes address the identified core problem?

A strong project outcome should be realistic, achievable within the available resources, and measurable, serving as the foundation for outputs and activities.

4.2.6 Outputs

Outputs are the tangible and measurable products, services, or results generated by the project's activities. They are the direct deliverables that collectively achieve the project's purpose. Outputs are typically quantitative, time-bound, and verifiable, providing concrete evidence of progress toward achieving the project's objectives.

Outputs serve as the building blocks of the project and reflect what the project has directly achieved through its activities. They answer questions like:

- What specific results will be produced by the project activities?
- How many deliverables will be generated, and when will they be completed?
- Who will benefit from these outputs?

Outputs are essential for monitoring progress, as they allow project teams to track the immediate results of their interventions. However, outputs alone do not guarantee the achievement of the project purpose; they must be implemented effectively and contribute toward higher-level objectives.

4.2.7 Activities

Activities are the specific tasks and actions undertaken to produce the desired outputs. These activities outline the step-by-step implementation plan of the project. Activities are typically detailed, sequenced, and resource-dependent, requiring planning and coordination to ensure successful execution.

Activities are the operational core of the project and involve mobilising resources, personnel, and stakeholders to achieve outputs. They answer questions such as:

- What tasks need to be performed to produce the outputs?
- Who will carry out these tasks, and when?

Defining activities in a clear and detailed manner ensures efficient resource allocation, effective implementation, and accountability. Activities should be logically sequenced to ensure smooth execution and minimise delays or overlaps.

4.2.8 Inputs

Inputs are the resources required to execute a project or program activities. They answer the question:

- What resources (time, budget, and personnel) are needed for each activity?

4.2.9 Indicators

Indicators are measurable signs or benchmarks that track progress and determine whether the project is achieving its goals, purposes, and outputs. Indicators can be qualitative or quantitative and provide evidence for monitoring and evaluation.

Indicators are essential for assessing the project's performance and identifying areas for improvement. They answer questions such as:

- How will progress and success be measured at each level of the project (goal, purpose, and outputs)?
- What specific, observable changes will show that the project objectives are being achieved?
- What benchmarks or targets will be used to evaluate progress?

Indicators provide the data needed to monitor activities, track results, and evaluate project impact. Effective indicators should be Specific, Measurable, Achievable, Relevant, and Time-bound (SMART).

4.2.10 Means of Verification

Means of verification refer to the data sources, tools, or methods used to measure the indicators. They provide the evidence needed to assess progress and validate results. Without clear means of verification, it is challenging to demonstrate the project's success or impact.

Means of verification answer questions like:

- Where will the data come from to measure progress?
- How will the indicators be assessed and verified?
- What tools or methods (e.g., surveys, reports, or interviews) will be used to collect and analyse data?

The means of verification must be reliable, practical, and aligned with the project's resources. They ensure transparency and accountability by providing credible evidence to stakeholders, funders, and beneficiaries.

4.2.11 Assumptions

Assumptions are external factors or conditions that need to hold true for the project to succeed but are beyond the direct control of the project team. These include risks and enabling conditions that could influence the project's success.

Assumptions highlight potential challenges or uncertainties that could affect the project. They answer questions such as:

- What external factors could influence the project's success?
- What conditions must hold true for the project activities to achieve the desired outputs and outcomes?
- How will these risks be monitored or mitigated?

By identifying assumptions, project planners can anticipate challenges, plan for contingencies, and address risks proactively. This ensures that the project remains adaptable and resilient in the face of unforeseen changes.

4.3 The flow of Project/ Program design under Logic Model

Based on the project/program vision, the impact statement is formulated, outlining the long-term intended and unintended consequences of all inputs and activities. The mission statement, serving as the project's overall objective, is crafted to realise this impact statement. The fulfilment of this objective is expected to result in the overall outcome, with key performance indicators (KPIs) targeting measurable parameters such as reach, depth, and inclusion.

The Logic Model flow is explained as follows:

i. **Impact:** Impacts represent the enduring consequences, both intended and unintended, of all inputs and activities. These impacts may manifest over several years, either immediately after project completion or in the long term, depending on the project's gestation period. It is crucial not to mistake project outcomes for project impacts. A clear withdrawal protocol should be envisioned during the planning stage to sustain the project initiative, transforming project outcomes into impactful, lasting changes.

ii. **Outcome:** Outcomes surpass the achievement of targeted outputs and gauge the various intended and unintended consequences of the program or project. Outcomes can manifest at different levels across the project timeline, including intermediate outcomes at 1st level, 2nd level, and 3rd level. These intermediate outcomes collectively contribute to the overall project outcome. Designing distinct components, sub-components, related activities, and their key performance indicators (KPIs) is essential for addressing each intermediate outcome, ensuring traceability and accountability.

iii. **Output:** Outputs measure the activities or targets set to be accomplished in every project activity.

iv. **Activities:** Activities refer to the actions or logical sequences of actions intended to achieve the desired results.

v. **Input:** Inputs encompass the resources invested or deployed to achieve any intended result. These resources are categorised into financial and non-financial resources. Financial resources involve monetary aspects, while non-financial resources encompass human, community, organisational, intellectual, and other non-monetary resources.

vi. **Pre-project Implementation:** An integral part of inputs is pre-project implementation, to be considered in the t0 year of the listed project, as explained below:

The Logic Model necessitates a mandatory time gap between project listing and the commencement of implementation to allow Project Management/Social Enterprises to adequately prepare for the initiation of the listed project.

This designated period is referred to as the t0 year of the project. During this time, crucial activities related to project grounding take place, including the selection of actual beneficiaries on the ground, planning and deployment of manpower, capacity building initiatives, participatory planning with the beneficiary community, and coordination of project logistics and infrastructure arrangements.

The duration and associated cost implications of the t0 year must be meticulously documented, discussed, and integrated into the project design during the pre-listing and listing stages. Additionally, this period serves as an opportune time to refine and fine-tune the project design.

4.3.1 Learning loop in Logic Model

Following diagram* shows how feedback loop works under logic model

*Ref: 'Social Impact Measurement and Investment' by Bibhu Mishra, Transcience (2018) Vol. 9, Issue 1 (Amended 2024)

4.3.2 Addressing core issues in establishing Key Performance Indicators (KPIs) within the Logic Model

KPIs and indicators are essential for measuring social impact. KPIs are specifically designed to track the most critical aspects of performance that align with an organization's strategic social impact goals. Indicators, on the other hand, can measure a wide range of social

performance aspects and are often used to monitor day-to-day operations of social programs. Together, they provide a comprehensive view of an organization's social impact performance, from high-level strategic outcomes to detailed operational metrics.

It is crucial to consider that the evaluation of performance trends related to impact, overall outcome, intermediate outcome, and output relies on the analysis and trend of interactive data derived from KPI metrics established by the Social Enterprise in the project design.

This involves considering relevant social, environmental, and cultural parameters that specifically address the reach, depth, and inclusion attributes of the project. The attributes devised for reach, depth, and inclusion are contextual and program-specific within social, environmental, and cultural projects.

It is important to note that, among all the KPIs set in the project design, only a select few, deemed pertinent, will be utilised by outcome funders and risk investors for third-party assessment (external KPIs). The remaining KPIs must be formulated for internal monitoring and control of the project by the Project Management/Social Enterprises (Internal KPIs). Internal KPIs play a supportive role in feeding information to external KPIs.

The significance and application of internal and external KPIs should be thoroughly discussed, and the two types of KPIs need to be distinctly outlined by key project stakeholders in collaboration with the Project Management/Social Enterprises during the listing stage. All KPIs must be objectively verifiable, and the means of verification should be delineated at the project design stage.

It is crucial to assess both the positive and negative unintended impacts of the project during the pre-listing stage. Based on this evaluation, decisions can be made to either screen out potential issues or implement measures to design the project intervention in a way that mitigates or minimises unintended negative impacts as much as possible.

Additionally, environmental compliance for all projects is imperative. During the listing stage, an open discussion should take place among Social Enterprises, Funders, and the Exchange regarding any assumptions, limitations, or risks that may negatively affect the project's outcome and impact. These factors should be clearly stated at the listing stage and periodically revised through a consultative process. The provision for capturing these assumptions, limitations, and risks should be reflected in the model.

All Key Performance Indicators (KPIs) must be objectively verifiable. Equally important is the determination of measurable and non-measurable means of verification for KPIs by Funders in collaboration with Project Management/Social Enterprises during the preparation of the detailed project design.

4.3.3 Assigning Accurate Costs for Inputs Related to Project Sustainability under the Logic Model

In addition to clarifying the overall outcome and impact timeline and committing to what the social enterprise can deliver within the project timeline, it is imperative for social enterprises and stakeholders to have clarity on specific interventions and costs crucial for establishing a true cost that facilitates sustainability.

Incorporating provisions for the following activities and costs in the project design is pivotal for sustaining the project intervention and garnering support for future investments. These cost requirements include:

i.   **Listing Cost Impacting Project Funding** – Understanding the breakdown of costs for the registration and listing of projects in the SSE is essential. Clearly delineating which part of the listing cost is to be borne by social enterprises and which part by the funder/investor fosters transparency and streamlines registration and listing transactions.

ii. **Pre-project Implementation Fund** – This fund supports the activities mentioned in point vi of 6.2, laying a robust foundation for the project's effective implementation.

iii. **Monitoring & Evaluation (M&E) and Knowledge Management Fund** – Given the collaborative nature of the social space, the M&E fund should explicitly mandate cross-learning among project stakeholders. Alongside M&E costs, provisions for the cost of knowledge management should be included. This enables social enterprises to build capacity for cross-learning, collaborative development, and the creation of a comprehensive narrative on impact (social, environmental, cultural) from the ground within the Exchange.

iv. **Exit/Takeover Protocol Fund** – Following the withdrawal protocol, the project's post-mid-term phase towards the exit involves a meaningful planning exercise with stakeholders and the beneficiary community. This planning aims to utilise assets, capacities, partnerships, networks, and influence built during the project to sustain its impact. A concrete Exit/Takeover Plan is developed towards the end of the project, involving stakeholders, and formalising co-commitment instruments to institutionalise processes and systems. This plan aims to ensure sustained impact beyond the project's timeline.

4.4 Developing the Logical Framework Matrix

The Logical Framework Matrix is a core tool in LFA. It consists of key components: the impact which defines the long-term change; the outcomes representing the project's direct effect; and outputs, which are tangible deliverables. Activities are specific tasks undertaken to

produce outputs, supported by inputs such as funds, personnel, and materials. The matrix ensures alignment, coherence, and clarity in project design and execution.

Benefits of Using LFA

1. Clarity and Structure
2. Enhanced Planning
3. Effective Monitoring and Evaluation
4. Improved Resource Allocation
5. Increased Accountability
6. Informed Decision-Making

By providing a structured approach to problem analysis, objective setting, and evaluation, LFA enhances project success and fosters accountability and transparency. When applied effectively, LFA contributes to the systematic alignment of project goals, resources, and outcomes. It ensures that every intervention is purposeful, measurable, and adaptable to real-world challenges. LFA is a robust framework for delivering impactful and sustainable results by fostering transparency, accountability, and strategic clarity.

4.5 Logical Framework Matrix

Case Study: Economic Empowerment of Rural Women Through Financial Literacy

Project Title: Empowering Rural Women: A Financial Literacy Initiative

Project Overview

This project aims to improve the economic empowerment of rural women by increasing their financial literacy. The initiative focuses on delivering educational workshops, distributing financial materials, and fostering partnerships with local banks and NGOs. By enhancing financial knowledge and providing practical resources, the project seeks to empower women to make informed financial decisions, manage household resources, and ultimately improve their economic status.

Impact: Improved Economic Empowerment of Rural Women

The ultimate goal of the project is to improve the economic empowerment of rural women. Through targeted interventions in financial literacy, the project hopes to enable women to make sound financial decisions, which will positively impact their personal and family economic situations. To measure the success of the goal, the following indicators were used:

- **Indicators:** Pre- and post-intervention surveys, economic data analysis.
- **Means of Verification:** Conducting surveys before and after the intervention to assess the changes in economic knowledge and activities of the participants.

- **Assumptions:** Continued community support and political stability are essential for the sustained success of the initiative.

Impact Analysis: The success of this goal is verified by comparing economic data, such as household income and savings rates, before and after the program. An increase in economic stability and self-sufficiency among the women participants would demonstrate the achievement of this goal.

Outcome: Increase Financial Literacy Among Rural Women

The purpose of the initiative is to enhance the financial literacy of rural women, allowing them to manage finances, savings, and investments better. This is achieved through workshops and educational material distribution, targeting improvements in financial knowledge and skills.

- **Indicators:** Percentage increase in financial knowledge scores.
- **Means of Verification:** Surveys and interviews conducted with participants to assess changes in financial knowledge before and after the workshops.
- **Assumptions:** Adequate participation and effective teaching methods are crucial to achieving the intended increase in knowledge.

Impact Assessment: Knowledge scores are tracked using pre- and post-surveys to measure how much participants have learned during the workshops. The assumption is that improved literacy will lead to better financial behaviour, such as budgeting, saving, and investing.

Outputs: Key Deliverables

Several key outputs were planned to ensure the success of the project. These outputs directly contribute to the achievement of the project's purpose of increasing financial literacy among rural women.

1. **Financial Literacy Workshops Conducted**
   o **Indicators:** Number of workshops held.
   o **Means of Verification:** Workshop attendance sheets.
   o **Assumptions:** Engagement from local stakeholders and availability of funds for the workshops.
2. **Financial Educational Materials Distributed**
   o **Indicators:** Number of materials distributed.
   o **Means of Verification:** Distribution logs.
   o **Assumptions:** Trainers are available, and materials are printed on time.
3. **Partnerships with Local Banks and NGOs Established**
   o **Indicators:** Number of partnerships formed.
   o **Means of Verification:** Partnership agreements.

- o **Assumptions:** Collaboration with local organisations and banks is essential for the project's sustainability.

Activities: Key Actions to Achieve Outputs

To achieve the above outputs, the following activities were undertaken:

1. **Develop Training Materials**
   - o **Indicator:** Training materials ready by month 2.
   - o **Means of Verification:** Review of training materials.
   - o **Assumptions:** Timely development and printing of training materials.
2. **Conduct Workshops in Target Villages**
   - o **Indicator:** 50 workshops conducted within the first year.
   - o **Means of Verification:** Workshop reports, attendance sheets.
   - o **Assumptions:** Community willingness to participate in workshops.
3. **Distribute Educational Materials**
   - o **Indicator:** 5,000 educational materials distributed.
   - o **Means of Verification:** Distribution logs.
   - o **Assumptions:** Materials are distributed effectively through local channels.
4. **Establish Partnerships with Local Banks/NGOs**
   - o **Indicator:** Agreements signed with 3 local banks and 2 NGOs.
   - o **Means of Verification:** Signed agreements.
   - o **Assumptions:** Local banks and NGOs are willing to collaborate in financial education initiatives.

Inputs: Resources needed to carry out the activities

The resources include:
- Human Resources: Trainers, financial experts, and community facilitators.
- Financial Resources: Funding for training materials, workshops, and awareness programs.
- Educational Materials: Educational materials & videos on financial literacy.
- Infrastructure: Training centers and digital platforms.
- Technology: Internet access and financial apps.
- Community Support: Partnerships with NGOs, Banks and self-help groups.

These resources help implement activities like training sessions and awareness campaigns to enhance financial knowledge.

Monitoring and Evaluation

Throughout the project, continuous monitoring and evaluation were conducted to ensure that the activities were being implemented as planned and to assess progress toward achieving the project's outputs and outcomes.

- **Monitoring Tools:** Regular checks on attendance sheets, workshop reports, and distribution logs helped ensure the timely execution of planned activities.
- **Evaluation Methods:** Surveys and interviews were conducted to assess the impact of the workshops on participants' financial knowledge. Economic data was also collected to measure the impact on participants' economic well-being.

Logical Framework for the above case study:

Project Elements	Indicators	Means of Verification	Assumptions	
Impact	Improved economic empowerment of rural women	Pre- and post-intervention surveys, economic data analysis	Continued community support, political stability	
Outcomes	Increase financial literacy among rural women	Percentage increase in financial knowledge scores	Surveys, interviews	Adequate participation, effective teaching methods
Outputs	1. Financial literacy workshops conducted 2. Financial educational materials distributed 3. Partnerships with local banks and NGOs established	1. Number of workshops held 2. Number of materials distributed 3. Number of partnerships formed	Workshop attendance sheets, distribution logs, partnership agreements	Engagement from local stakeholders, availability of funds
Activities	1. Develop training materials 2. Conduct workshops in target villages 3. Distribute educational materials	1. Training material ready by month 2 2. 50 workshops conducted within the first year 3. Educational materials	Training material reviews, workshop reports, distribution logs, signed agreements	Trainers available, timely printing of materials, community willingness to participate

	4. Establish partnerships with local banks/NGOs	distributed to 5000 women 4. Agreements signed with 3 local banks and 2 NGOs		

Key Performance Indicators (KPIs) of the Project

1. Number of educational workshops conducted - tracks the total number of financial literacy workshops conducted.
2. Participant attendance rate - measures the percentage of the target audience (rural women) attending the workshops.
3. Increase in financial knowledge scores - assesses the improvement in participants' financial knowledge through pre- and post-workshop tests.
4. Number of financial materials distributed - counts the total number of educational materials (booklets, brochures, etc.) Distributed to participants.
5. Partnerships established with local banks and NGOs - tracks the number of formal partnerships established with local banks and NGOs for the initiative.
6. Access to financial services - measures the increase in the number of women accessing financial services (bank accounts, loans, savings, etc.) as a result of the project.
7. Improvement in household financial management - evaluates the improvement in household financial management practices among participants.
8. Satisfaction rate of participants - measures participant satisfaction with the workshops and materials provided.
9. Retention rate of financial literacy practices - tracks the percentage of participants who continue to use the financial literacy practices six months after the workshop.
10. Economic improvement metrics - monitors changes in economic indicators such as income levels, savings rates, and reduction in debt among participants.

These KPIs will help measure the success of the project in enhancing the financial literacy and economic empowerment of rural women, ensuring that the initiative achieves its intended impact.

Chapter 4: Sample Questions

1. What is the Logical Framework (Logframe) used for?
   a. Writing a project proposal
   b. Breaking a project into structured components
   c. Managing team communication
   d. Monitoring project risks only

2. In a Logframe, what are "Inputs"?
   a. Resources needed to implement activities
   b. Activities conducted during the project
   c. Results achieved by the project
   d. The long-term impact of the project

   4. What are "Activities" in a Logical Framework?
   a. Immediate outcomes of a project
   b. Tasks and actions implemented to achieve outputs
   c. Long-term development goals
   d. Challenges faced during the project

3. What are "Indicators" used for in a Logical Framework?
   a) Tracking budget usage
   b) Measuring the progress and success of project goals
   c) Listing project team members
   d) Defining the risks associated with a project

CHAPTER 5: SOCIAL IMPACT ASSESSMENT AND SOCIAL IMPACT ASSESSORS

> **Learning Objectives**
>
> After studying this chapter, you should know about:
> - Evolution of Social Impact Assessment
> - Principles of Impact Assessment
> - Code of Conduct for Social Impact Assessors
> - Certification requirements and Empanelment of Social Impact Assessors
> - The Social Impact Assessment Standards and their Framework
> - Social Impact Assessment Engagement, Scope, Stakeholders, Planning etc.

5.1 Evolution of Social Impact Assessment

The concept of the social responsibility of enterprises has progressed rapidly in the last few decades. An organization's performance in relation to the society in which it operates and its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively.

In India, the Gandhian philosophy of trusteeship captures the business responsibility towards society. The philosophy of giving back to the society has been an integral part of the culture, which has also been imbibed in traditional Indian businesses since time immemorial.

Responsible Business Conduct is a globally recognized concept founded on the idea that businesses can perform better when engaged in re-vitalizing the society from which they extract resources for production. The National Guidelines on Responsible Business Conduct, 2018 (NGRBC), encourage businesses to contribute towards broader development goals while seeking to be economically viable.

Development of sustainability reporting standards like Global Reporting Initiative (GRI) ISO 26000: Guidance on Social Responsibility, Principles of Responsible Investing (PRI), Sustainability Accounting Standards Board (SASB) have contributed significantly to our understanding of social responsibility.

India is a signatory of global initiatives like the Sustainable Development Goals (SDGs), adopted by the United Nations in 2015. These global initiatives address universal social development issues and call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

With sharp focus on the social impact of business, standards, frameworks and guidance on social impact assessment have become essential requirements. Monitoring, measuring and reporting the social performance of enterprises have emerged as a regulatory requirement. Based on the guidance in NGRBC, Business Responsibility & Sustainability Reporting is a compliance requirement for the top 1000 companies in India. The fact that NGRBC is

dovetailed with the United Nations Guiding Principles on Business & Human Rights (UNGP) makes the BRSR disclosures globally relevant.

In India, the concept of monitoring and evaluation of social development activity and performance assessment of flagship social development programs has been active for national social development initiatives like National Rural Health Mission, Sarva Shiksha Abhiyana, Pradhan Mantri Gram Sadak Yojana etc.

Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA) was launched in 2006. It is pegged as the most ambitious anti-poverty program, which guarantees 100 days of unskilled manual labour for adult members in rural households. The Gram Sabha is expected to monitor the NREGA and conduct social audits of all NREGA projects implemented in the Gram Panchayat.

With the introduction of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 - Social Impact Assessment came into the purview of compliance. In the said Rules, in rule 8, after sub-rule (2), following sub-rule is inserted, namely: -

"(3) Companies with an average CSR obligation of INR 10 crore or more in the three immediately preceding financial years must undertake impact assessments for CSR projects with outlays of INR 1 crore or more, provided those projects have been completed at least one year prior to the impact assessment."

5.1.1 Definition and Meaning of Social Impact Assessment

As per SEBI Issue of Capital and Disclosure Requirements (ICDR) Regulations, the term Social Audit has been replaced with the term Social Impact Assessment. However, Social Impact Assessment (SIA) and Social Audit share similar principles and focus on assessing the social impacts of developmental projects, by evaluating social outcomes, involving stakeholder engagement, and promoting transparency and accountability as quoted in the following more acceptable definitions.

Social impact assessment is a systematic evaluation of an organization's social, ethical, cultural and environmental performance. It goes beyond traditional financial reporting, providing stakeholders with a comprehensive view of how an organisation conducts its business in relation to the community and environment. In India, the concept of social impact assessment (social audit) has been integrated into corporate governance practices to promote transparency, accountability, and sustainability.

Social audit is a process that enables an organization to assess and demonstrate its social, economic, and environmental benefits and limitations. It measures the extent to which an organization lives up to the shared values and objectives it has committed. It assesses the

impact of an organization's non-financial objectives through systematically and regularly monitoring its performance and the views of its stakeholders.[53]

Social impact assessment is a process of research, planning and the management of social change or consequences (positive and negative, intended and unintended) arising from policies, plans, developments and projects.[54]

5.1.2 Difference between social impact assessment and financial audit

The distinguishing features between the social impact assessment (social audit), and financial audit are given below:

Features of Financial Audit are as follows:

- It involves audit of financial statements and transactions;
- covers nonfinancial matters limited only to those aspects that provide additional information to stakeholders of the business who are mainly interested in the entity's financial status;
- is conducted keeping in mind the objective of issuing an opinion on the state of financial affairs;
- deals mainly with the study of financial data.

Features of Social Impact Assessment are as follows:

- It looks at the impact caused on the society by the organization;
- takes an "outside in" approach of looking at organization, dealing more with how the non-financial stakeholders view the business rather than how the managers/owners of the organization plan it to be;
- deals with the study of social impact parameters, most of which can be gathered from outside the organisation which is being audited;
- involves the stakeholders of the enterprise and adopts a triple bottom line approach.

Table No 5.1: Difference between Financial and Social Impact Assessors

	Financial Auditors	**Social Impact Assessors**
Perspective	have financial perspective only	are multi perspective
Stakeholders	don't consider the larger ecosystem of stakeholders; concentrate on shareholders	Holistic approach towards Societal ecosystem: all stakeholders are important including the shareholders, funders, financers, etc.
Eligibility	Chartered Accountant	Chartered Accountant (CA); or Company Secretary (CS); or

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[53]Caledonia Centre for Social Development, United Kingdom (http://www.caledonia.org.uk/)

[54]https://www.iisd.org/learning/eia/wp-content/uploads/2016/05/SIA.pdf

		Cost and Management Accountants (CMA); or
		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
		any other persons with suitable accreditations with a minimum of 6 years of experience in the development sector.
Aspects	Financial	Economic, Social, Environmental, etc.
Comparative	Comparison with the firm to be audited/auditee	Within the organization + other external standards + other comparative organisations
Impact	Only financial performance is key metric	Social impact, social performance as well as financial audit are all key metrics
Methods	Standardized methods	Methods vary as per project and thrust areas of the organisation.
Indicators	Deals primarily with quantitative indicators	Both quantitative and qualitative indicators are important
Audit Conclusion	Reflection of financial matters of enterprise	Reflection of social impact of the enterprise

5.2 Principles of Impact Assessment[55]

Impact Assessment principles help to make the impact assessment an effective and reliable tool, by providing information on which an organization can act in order to improve its performance.

Adherence to these principles is a prerequisite for providing impact assessment conclusions that are relevant and sufficient, and for enabling impact assessors, working independently from one another, to reach similar conclusions in similar circumstances.

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[55] ISO19011 Guidelines for auditing management systems

The seven principles of Impact Assessment are outlined below.

a) **Integrity:** the foundation of professionalism
Impact Assessors and the individual(s) managing an audit programme should:
   — perform their work ethically, with honesty and responsibility
   — only undertake audit activities if competent to do so
   — perform their work in an impartial manner, i.e., remain fair and unbiased in all their dealings;
   — be sensitive to any influences that may be exerted on their judgement while carrying out an audit.

b) **Fair presentation:** the obligation to report truthfully and accurately
Impact Assessment findings, conclusions and reports should reflect truthfully and accurately the assessment activities. Significant obstacles encountered during the assessment and unresolved diverging opinions between the assessment team and the assesses should be reported. The communication should be truthful, accurate, objective, timely, clear and complete.

c) **Due professional care:** the application of diligence and judgement in impact assessment
Impact Assessors should exercise due care in accordance with the importance of the task they perform and the confidence placed in them by the assessment client and other interested parties. An important factor in carrying out their work with due professional care is having the ability to make reasoned judgements in all assessment situations.

d) **Confidentiality:** security of information
Impact Assessors should exercise discretion in the use and protection of information acquired in the course of their duties. Impact Assessment information should not be used inappropriately for personal gain by the impact assessor or the assessment client, or in a manner detrimental to the legitimate interests of the auditee. This concept includes the proper handling of sensitive or confidential information.

e) **Independence:** the basis for the impartiality of the audit and objectivity of the assessment conclusions.
Impact Assessors should be independent of the activity being audited wherever practicable, and should in all cases act in a manner that is free from bias and conflict of interest. For internal assessments, impact assessors should be independent from the function being audited if practicable. Impact Assessors should maintain objectivity throughout the audit process to ensure that the audit findings and conclusions are based only on the audit evidence.

For small organizations, it may not be possible for internal impact assessors to be fully independent of the activity being audited, but every effort should be made to remove bias and encourage objectivity.

f) **Evidence-based approach:** the rational method for reaching reliable and reproducible audit conclusions in a systematic audit process
Assessment evidence should be verifiable. It should in general be based on samples of the information available, since an assessment is conducted during a finite period of time and with finite resources. An appropriate use of sampling should be applied, since this is closely related to the confidence that can be placed in the audit conclusions.

g) **Risk-based approach:** an assessment approach that considers risks and opportunities
The risk-based approach should substantively influence the planning, conducting and reporting of assessments in order to ensure that assessments are focused on matters that are significant for the assessment client, and for achieving the assessment programme objective.

5.3 Social Impact Assessors

5.3.1 Definition of Social Impact Assessors

As per SEBI ICDR Regulations, "Social Impact Assessor means an individual registered with a self-regulatory organization under the Institute of Chartered Accountants of India or such other agency, as may be specified by SEBI, who has qualified a certification program conducted by National Institute of Securities Market and holds a valid certificate".

5.3.2 Code of Conduct for Social Impact Assessors

The Code of conduct for Social Impact Assessors (SIAs) is based on international and Indian practices. The objective of the code of conduct is to guide the SIAs in discharging their duties responsibly and diligently. The CoC is in addition to the regulatory requirements prescribed by the SSE or any other regulatory bodies having jurisdiction over them.

The important principles and values for social impact assessment are listed below:

Non-Judgmental attitude:

- The Social Impact Assessor should plan and perform a social impact assessment with a non-judgmental attitude to obtain sufficient appropriate evidence of the implementation of the social program in the field.
- Maintaining a non-judgmental attitude during a social impact assessment is crucial for ensuring objectivity, fairness, and accuracy in the assessment process.

Integrity:

- This is a core value implying that the SIA is right, truthful, fair dealing and honest. High ethical standards are expected out of an SIA.
- SIA should not knowingly be associated with reports, returns, communications or other information where he believes that the information contains a materially false or misleading statement.

Objectivity:

- Approach the assessment with an open mind and without preconceived notions.
- Base assessments on facts, evidence, and established criteria rather than personal opinions or biases.
- SIA will not compromise judgment because of bias, conflict of interest or under any person's or institutional influence.
- Loss of objectivity can be detrimental to the conclusions of the social Audit.

Empathy:

- Understand the context and challenges faced by the organization or community being assessed.
- Consider the perspectives and experiences of stakeholders involved.
- Pay attention to what stakeholders are saying, and try to understand their concerns and viewpoints.
- Avoid making assumptions or forming judgments before gathering sufficient information.

Cultural Sensitivity:

- Be aware of and respect cultural differences that may influence behavior and practices.
- Avoid imposing external values and standards without understanding the local context.

Transparency:

- Clearly communicate the purpose and objectives of the social impact assessment to all stakeholders.
- Share findings and recommendations in a transparent manner, providing opportunities for feedback and clarification.

Constructive Feedback:

- Focus on providing constructive feedback that highlights areas for improvement rather than criticizing or blaming.
- Offer practical suggestions for positive change.
- Emphasize the aim of improvement rather than punishment.

- Encourage organizations to learn from the audit findings and make positive changes.

Professionalism:

- Conduct the audit in a professional and ethical manner, adhering to industry standards and guidelines.
- Ensure confidentiality of sensitive information and respect the privacy of individuals involved.
- To behave lawfully taking care so as not to discredit the profession.
- Has a pragmatic disposition, having a broad perspective and able to understand complex operations?

By adopting these principles, Social Impact Assessor can contribute to a non-judgmental environment that fosters cooperation, learning, and positive change in organizations undergoing social audits.

5.3.3 Certification requirements for Social Impact Assessors

Financial auditors can qualify to be Social Impact Assessor after they have successfully completed a course at the National Institute of Securities Markets (NISM) and received a certificate of completion.

The Non-financial audit (Social Impact Assessment) can be conducted by the following:

1. Chartered Accountant (CA); or
2. Company Secretary (CS); or
3. Cost and Management Accountants (CMA); or
4. Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector; or
5. Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector; or
6. any other persons with suitable accreditations with a minimum of 6 years of experience in the development sector.

All Social Impact Assessors will have to be registered with an SRO under the Institute of Social Auditors of India (ISAI) or such other agency, as may be specified by SEBI.

5.3.4 Competencies and Skills required for Social Impact Assessor

Competencies, are the assessors' knowledge and behaviours that lead them to be successful in a job. The individual(s) managing the audit programme should have the necessary competence to manage the programme and its associated risks and opportunities and external and internal issues effectively and efficiently, including knowledge of:

a) Impact assessment principles, methods and processes for social impact assessment
b) Management system standards, other relevant standards and reference/guidance documents; e.g., Social Impact Assessment (Social Audit) Standards, ISO 26000: Guidance on Social Responsibility, NGRBC, BRSR to name a few
c) Information regarding the auditee and its context (e.g., external/internal issues, relevant interested parties and their needs and expectations, business activities, products, services and processes of the auditee)
d) Applicable statutory and regulatory requirements and other requirements relevant to the activities of the auditee- social enterprise or CSR program

As appropriate, knowledge of risk management, project and process management, and information and communications technology (ICT) may be considered.

The individual(s) managing the impact assessment programme should engage in appropriate continual development activities to maintain the necessary competence to manage the impact assessment programme.

Skills are the specific learned abilities that you need to perform a given job well.

1. **Essential Knowledge:** This refers to knowledge applicable to the domain, especially the Social Impact Assessment Standards thematic area. It includes but is not restricted to understanding national law, international conventions, standards applicable to the domain, social impact assessment standards, etc. Competency of a thorough knowledge of the SDGs and NITI Aayog SDG Index is necessary. Understanding national and regional laws is essential to contextualize the project/ activity at the micro/ macro level.

2. **Auditing knowledge and skills:** compliance issues of the domain, compliance issues in specific geographies.

3. **Stakeholder Consultation methods:** Stakeholder consultation is a cornerstone of Social Impact Assessment. Engaging with those directly affected by or involved in a project or initiative is essential for understanding its impact and ensuring a well-rounded assessment.
   Social impact assessment involves inclusion and feedback from various stakeholders- the impact assessor should be aware of the different consultation methods interviews using questionnaires, focus group discussions, SWOT analysis etc. The impact assessor should be able to deduce the relevance and suitability of the consultation methods adopted in the impact report.

4. **Questionnaires:** Questionnaires are structured surveys containing a series of questions that stakeholders can respond to in writing. They are often used when seeking input from many stakeholders, especially when geographical distances are

involved. Questionnaires are versatile and can be used to collect quantitative data from key stakeholders such as beneficiaries, employees, donors, or community members. They are suitable for large-scale assessments and offer the advantage of anonymity.

5. **Focus Group Discussion (FGD)**: Focus group discussions involve small groups of stakeholders who participate in structured discussions led by a facilitator. These discussions allow for in-depth exploration of specific topics and are useful for gathering qualitative insights. FGDs are particularly effective for capturing diverse perspectives, understanding complex issues, and exploring nuances in impact. They are commonly used for community engagement, programme evaluations, and needs assessments.

6. **Direct Interviews:** Interviews involve one-on-one conversations between an interviewer and a stakeholder. They can be structured (following a set of predetermined questions) or semi-structured (allowing flexibility for follow-up questions and probing for deeper insights). Interviews are ideal for gathering in depth and personalised information. They are often used to collect qualitative data from key informants, experts, or individuals with unique perspectives.

7. **Effective Communication:** The ability to communicate effectively with managers, staff, beneficiaries and government agencies/officials is crucial. An impact assessor must be a good listener; as active listening is critical to the social impact assessment process. The ability to communicate clearly with all stakeholders in the appropriate language or dialect will be an added advantage.

8. **Empathy:** Social Impact Assessors must genuinely empathise with the stakeholders to establish trust and create a safe space for sharing personal stories. Empathy allows the impact assessor to connect on a human level, which is essential for eliciting authentic narratives.

9. **Active listening:** Active listening involves not only hearing the words spoken but also understanding the emotions, tone, and context behind them. It allows interviewers to ask follow-up questions that dig deeper into the interviewee's experiences.

10. **Cultural sensitivity:** Impact assessors must be culturally sensitive and aware of potential cultural nuances that may affect the interview. Being respectful of cultural differences helps ensure that the interview is conducted in a respectful and appropriate manner.

11. **Observation skills:** Impact assessors should be observant and attentive to non-verbal cues, such as body language and facial expressions, which can provide valuable insights into the stakeholder's emotions and reactions.

12. **Research skills:** Prior research on the Stakeholder's background and the context of the story is essential. It helps interviewers ask informed questions and demonstrates respect for the interviewee's experiences.

13. **Interpersonal skills:** These will be enhanced by sensitivity to gender, racial, ethnic, cultural and socio-economic issues. The impact assessor should be able to deal with people from different backgrounds and take clues from nonverbal communication.

14. **Personal-professional attributes** include a high code of conduct governed by law with solid ethics and integrity—honesty, trustworthiness, and the ability to remain independent from personal interests.

15. **Ability to make decisions** based on verifiable and material sources and verifiable evidence.

16. **Problem-solving and analytical skills** are very important.

5.3.5 Empanelment of Social Impact Assessors (SIAs) with SROs

All SIAs shall be empanelled with a Self-Regulatory Organization (SRO). The empanelment process shall consider the following criteria:

- Experience of the individual/firm/institution in assuring non-financial information (with the individual/firm/institution's social sector experience carrying a higher positive weight in such consideration)
- Number of partners/employees meeting the criteria for being social impact assessor (in the case of firm/institution)
- Disciplinary cases/sanctions against the individual/firm/institution would carry a negative weight in such consideration
- With the advent of time, more parameters will be considered for empanelment -e.g., size, nature/complexity, and scale of operations of the funders/projects; the possession of specific social sector expertise (e.g., nutrition, education, health, water & sanitation, energy conservation, environment and climate change) etc.

5.3.6 Scope of Work for Social Impact Assessors

The Social Impact Assessor managing the impact assessment programme should:
i. communicate the relevant parts of the impact assessment programme, including the risks and opportunities involved, to relevant interested parties and inform them periodically of its progress, using established external and internal communication channels;
ii. define objectives, scope and criteria for each individual impact assessment;

iii. Select assessment methods - The assessment methods chosen for an assessment depend on the defined assessment objectives, scope and criteria, as well as duration and location.

Table 5.2: Impact Assessment Methods

Extent of involvement between the impact assessor and the auditee	Location of the impact assessor	
	On-site	Remote
Human interaction	Conducting interviews Completing checklists and questionnaires with auditee participation Conducting document review with auditee participation Sampling	Via interactive communication means: — Conducting interviews; — Observing work performed with remote guide; — Completing checklists and questionnaires; — Conducting document review with auditee participation.
No human interaction	Conducting document review (e.g., re-cords, data analysis) Observing work performed Conducting on-site-visit Completing checklists Sampling (e.g., products)	Conducting document review (e.g., records, data analysis) Observing work performed via surveillance means, considering social and statutory and regulatory requirements Analysing data
On-site assessment activities are performed at the location of the auditee. Remote assessment activities are performed at any place other than the location of the auditee, regardless of the distance. Interactive assessment activities involve interaction between the auditee's personnel and the impact assessment team. Non-interactive impact assessment activities involve no human interaction with individuals representing the auditee but do involve interaction with equipment, facilities and documentation.		

1. coordinate and schedule impact assessments and other activities relevant to the assessment programme;
2. ensure the impact assessments teams have the necessary competence

3. provide necessary individual and overall resources to the impact assessments teams
4. ensure the conduct of impact assessments in accordance with the impact assessments programme, managing all operational risks, opportunities and issues (i.e., unexpected events), as they arise during the deployment of the programme;
5. ensure relevant documented information regarding the impact assessment activities is properly managed and maintained
6. review the impact assessments programme in order to identify opportunities for its improvement
7. Assess the demonstration of the social intent of the organisation
8. Identify stakeholders and the targeted beneficiaries.
9. Align the objectives and goals with the NITI Aayog's SDG India Index, NGRBC guidance etc.
10. Assess the implementation and review mechanism, e.g., variances between intended and actual targets, staff capacity development, benchmarking, key impact indicators, internal or external audit.
11. Assess the methodology for data collections techniques, research methods, desk review of existing documents.
12. Review stakeholder's responses to evaluation questions in the impact report
13. Evaluate subject matter information: whether the evidenced changes are traceable to the intervention and how much could have happened irrespective of the intervention, what are the unintended negative impacts as a result of the intervention and are they reported.
14. Assess the Evaluation criteria viz. the Key Impact indicators based on the subject matter information, quantitative and qualitative evaluation criteria to be identified against which impact needs to be mapped.
15. Prepare impact assessment report in compliance with SSE

5.4 Social Impact Assessment (Audit) Standards

Social impact assessment standards refer to a set of guidelines and criteria that social enterprises need to follow to assess and report on their social and environmental performance. These standards aim to ensure transparency, accountability, and ethical practices in the NGO sector. Key elements include financial compliance with the standards, help NGOs demonstrate their commitment to responsible practices, enhance their credibility, and foster trust among stakeholders. Social impact assessments empower NGOs to systematically evaluate and improve their social responsibility, contributing to sustainable and positive social change.

The Social Impact Assessment (Audit) Framework developed by ICAI provides a Social Impact Assessor guidance for conducting an assessment. The framework does not cover any elements of a financial audit or review, which may be covered by relevant auditing/review standards.

5.5 List of Social Impact Assessment (Audit) Standards (SAS)

The SIAS has sixteen thematic areas which is listed below

SAS 100:   Eradicating hunger, poverty, malnutrition, and inequality.

SAS 200:   Promoting health care (including mental health) and sanitation; and making available safe drinking water

SAS 300:   Promoting education, employability, and livelihoods

SAS 400:   Promoting gender equality, empowerment of Women and LGBTQIA+ communities

SAS 500:   Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest, and wildlife conservation

SAS 600:   Protection of national heritage, art, and culture

SAS 700:   Training to promote rural sports, nationally recognised sports, Paralympic sports, and Olympic sports

SAS 800:   Supporting incubators of social enterprises

SAS 900:   Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building

SAS 1000:   Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector

SAS 1100:   Slum area development, affordable housing, and other interventions to build sustainable and resilient cities

SAS 1200:   Disaster management, including relief, rehabilitation, and reconstruction activities

SAS 1300:   Promotion of financial inclusion

SAS 1400:   Facilitating access to land and property assets for disadvantaged communities

SAS 1500:   Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection

SAS 1600:   Promoting welfare of migrants and displaced persons

These SAS should be applied while conducting an assessment. The relevant SAS thematic area should be chosen according to the activity (social project) which is being assessed.

The social project may be for a social enterprise (for -profit or not-for-profit (NPO) and may also have appropriate application to other related functions of social impact assessor.

Compliance with SAS

- Compliance with SAS is a mandatory requirement for social impact assessment conducted for social enterprises listed on social stock exchange.
- Social impact assessor should ensure that guidance available in SAS are followed while conducting the assessments. If for any reason a social impact assessor is not able to perform a social impact assessment in accordance with the SAS, his report should draw attention to the material departures therefrom.
- Social Impact Assessors are expected to follow SAS in the assessments commencing on

or after the effective date specified in the SAS.

5.6 Social Impact Assessment Standard (SAS) Framework

The SAS Framework provides guidance for the elements and objectives of an assessment. It provides a frame of reference for:
- Social impact assessors when performing social impact assessments
- Responsible party, engaging party and other stakeholders who are the intended users of social impact assessment report

SAS Framework does not itself establish standards or provide specific requirements for the performance of specific thematic area e.g., poverty, climate change, health etc.

Social Impact Assessment Standard (SASs)[56] contain guidance on performance of thematic areas for social impact assessment engagements. The appropriate Social Impact Assessment Standard thematic area may be referred for relevant social indicators.

5.6.1 Objective of the SAS Framework

The objectives of SAS Framework are:
a. To provide guidance for social impact assessment of projects/ programs/ project-based activities of a social enterprise registered/ listed on the Social Stock Exchange; and social impact assessment of projects/ programs/ project-based activities of any other organisations.
b. To provide related guidance on matters relating to preparation of Social Impact Assessment Report, in accordance with the social impact assessor's findings based on the social impact assessment procedures performed and evidence obtained.

5.6.2 Scope of SAS Framework

The scope of SAS Framework is as follows:
a. This framework applies to social impact assessment of project/program of social enterprises to be conducted by social impact assessors using the principles given in SASs.
b. This framework may also be applied to other engagement(s) conducted by a social impact assessor e.g., CSR Impact Assessment as required under the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 or any other similar assignment.
c. The social impact assessors and the reporting entity may agree to apply the principles of this framework to an engagement when there are no intended users other than the reporting entity. In such situations, the social impact assessor's report includes a statement restricting the use of the report to the reporting entity.
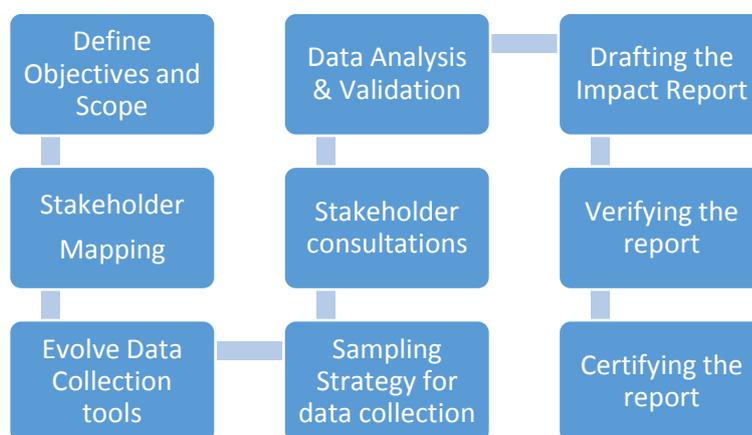
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[56] SIASs are the area specific thematic Social Impact Assessment Standards issued by the Institute of Chartered Accountants of India.

d. This framework does not cover any elements of a financial audit or review, which may be covered by relevant financial auditing/review standards.

e. Any other engagement(s) conducted by other assessors/auditors of an organization e.g., statutory audit, internal audit, tax audit will not be covered under the scope of this framework.

Chapter 6 covers in detail various models/tools/guidelines regarding the social impact assessment frameworks.

5.7 Social Impact Assessment Process

A typical social impact assessment process – from collecting information to reaching impact assessment conclusion is as following:

```
Define                Data Analysis          Drafting the
Objectives and        & Validation           Impact Report
Scope
   │                      │                      │
Stakeholder           Stakeholder            Verifying the
Mapping               consultations          report
   │                      │                      │
Evolve Data           Sampling               Certifying the
Collection            Strategy for           report
tools                 data collection
```

5.7.1 Stakeholders

Stakeholders are individuals or groups of people or organisations that affect or are affected by the activities of the organisation e.g., a social enterprise or a corporate business. Stakeholder engagement by a social impact assessor allows the stakeholders to provide information, resources and their perspective needed for the social impact assessment. The stakeholders may include all or any the following:

- Social Enterprise (FPE / NPO),
- Beneficiaries
- Risk Investors
- Impact Investors
- Outcome Funder
- Third Party Evaluator
- Intermediaries
- Regulators
- Society/ communities
- Vendors.
- Third party agencies

- Governments
- Funds providers
- Trustees
- Directors etc.
- Corporates

Stakeholders are those people or groups who are (intentionally or unintentionally) affected by or who can affect the activities of an organisation. Social Enterprises should account for its actions to all those people it affects. Key stakeholders should be given the opportunity to both influence the way the organisation behaves and understand competing priorities and demands. Analysing the organisation's relationships with its stakeholders will help to understand what we need to know about the social enterprise's performance and impact. The following questions will help identify stakeholders in a social enterprise.

- Who is involved in making decisions?
- Who is responsible for the activities?
- Who supports and funds the enterprise?
- Who cares about what the enterprise does?
- Whose life is improved by enterprises' services? And so on…

The diagram below is a framework that can be used to help the process of mapping stakeholders by grouping them into various categories. Some stakeholders will appear in more than one category reflecting different relations with them (for example, the local council could be funder, contractor, partner and customer).

Possible categories for stakeholder mapping
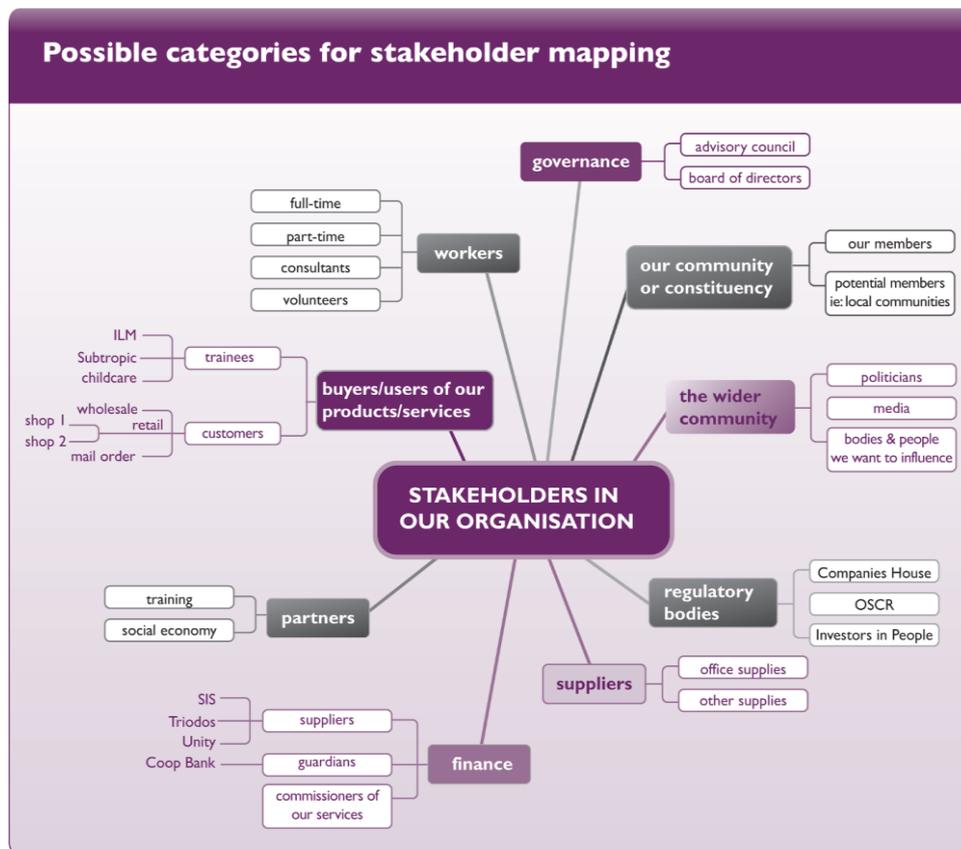
Source: Social Audit Manual of Social Audit Network

Stakeholder mapping is most useful to consider and analyse the *relationship* the organisation has with its stakeholders. It is less useful when stakeholder groupings are simply listed. Mapping the organisation's *relationship* with stakeholders, will help to check whether the stated objectives are complete, or whether it needs to be expanded. The level and nature of engagement with stakeholders depends on the type of the organization. The most practical way to engage stakeholders is to consult them about the relevance, appropriateness and priority of objectives and activities, about the appropriateness of its values and about the impact or difference the social project has made to them. Organisations may also have unintended impacts on its stakeholders. Engaging with them provides an opportunity to identify and understand these impacts and respond to issues raised. Using the impact mapping process is one way of relating these impacts and issues to the Organisational Objectives and overall purpose.

5.7.2 Social Impact Assessment Planning

The objective of planning for a social impact assessment is to build an understanding of the project, consider a variety of strategies and decide on the efficient and effective approach to conduct a social impact assessment.

The Social Impact Assessor should establish an overall engagement strategy that sets the scope, timing, and direction of the engagement, and that guides the development of the work plan.
In establishing the overall engagement strategy, the social impact assessor should:
(a) Identify the characteristics of the engagement that define its audit scope.
(b) Ascertain the reporting objectives of the engagement, timing of the social impact assessment, and nature of the communications required.
(c) Consider the factors that, in the social impact assessor's professional judgment, are significant in directing the engagement team's efforts.
(d) Consider the results of preliminary engagement activities and apply relevant knowledge gained in other engagements.
(e) Ascertain the nature, timing, and extent of resources necessary to perform the engagement.
(f) Include a description of procedures required to be compliant with the social impact assessment standards.
(g) Update the overall engagement strategy and the work plan as and if required during the engagement.

5.7.3   Understanding the Social Enterprises (SE) and the social issue addressed
The Social impact assessor should conduct a preliminary entity review to understand and the social and cultural environment it operates to establish the primacy of its social intent. This is required for the purpose of identifying and assessing the risks of material

misstatement(s).

Entity Overview

A sample of indicative points for entity overview could include the following:

- Legal identity of the SE and its intent/ objectives
- Projects and timelines for which Audit is to be carried out
- Key Managerial Personnel of the SE
- Geographical regions in which the SE operates
- Policies and procedures
- Governing board/ promoters/Trustees

Social Objective & Impact Overview

The Social Impact Assessor should conduct a preliminary review on the social objective and impact overview of the SE's activities.

A sample of indicative points for social objective and impact overview could include the following:

- Stated objectives of the Projects/ Program
- Project Monitoring Framework
- Program specific baseline, midline, and endline assessment reports (if any)
- Project progress and closure report (if applicable)
- Program specific fund utilization certificate
- Details of vendors and other third parties

5.7.4 Collecting and verifying information

During the assessment, information relevant to the impact assessment objectives, scope and criteria, including information relating to interfaces between functions, activities and processes should be collected by means of appropriate sampling and should be verified, as far as practicable.

5.7.5 Social Impact Assessor's Responses to Assessed Risk

While planning the assessment, the Social Impact Assessor should consider the risks/challenges in implementing the project/program, which may be different for different thematic areas.

5.8 Impact Assessment Evidence

The evidence can be formulated in the form of:

- **Documentary** - This consists of varieties of documents gathered/verified/checked at the time of auditing. It may include different types of reports, notes etc.
- **Oral** - This type of evidence includes oral discussions/interactions etc. with various stakeholders of an institution being audited. The auditors must note the inconsistencies, if any.
- **Physical** - Physical evidence is where the Audit inspects the asset and counts them whenever required. This evidence is collected wherever possible based on the nature of the Audit.
- **Analytical** - The use of analytical procedure is made to derive the required data or know the correctness of information obtained. The conclusions here are based on comparisons, calculations, and the relationships between the various pieces of information derived by the auditor.

Information and documents required by Social Impact Assessors

The assessor must have access to all documentary evidence collected by the organisation relevant to the project / activity. Access to primary sources of data on which the Social Impact Report is based are crucial evidence. Thus, the assessor must have access to:

1. **Secondary data:**

This data is readily available through a repository of information available with the organisation. The records that are maintained by the organisation as a part of their routine project activity are an example of secondary data. Data available in the public domain is also secondary data. If need be, Social Impact Assessors can obtain data from any public authority under RTI.

The impact assessor should demand access to relevant secondary data which is material to the project to be audited. Some examples of secondary data are: out of school children in a slum/zone, amount and value of loans given to women in a microfinance program etc.

Monthly, quarterly and six-monthly reports maintained by the organisation. Case study reports, intake sheets of beneficiaries should be produced to the impact assessor on demand.

Photo documentation, film clippings of events/ activities are also important evidence and should be made available to the impact assessor.

Stakeholders are an integral part of the social impact assessment process. The impact assessor can also look into the documentary evidence used / cited in the social impact report such as a list of farmers with signatures is one of the pieces of evidence to ascertain that they were indeed consulted for the social impact consultation. Any discrepancy noted herein can be further scrutinized.

2. Primary data:

This is obtained from first hand sources and needs to be included in the impact report. Key stakeholders from the organization and beneficiaries should be consulted. Interviews, questionnaires, focus group discussions, surveys are some examples of primary sources of data. Sources of primary data collected should be maintained in a form that can be retrieved by the impact assessor during audit trail.

The impact assessor needs to use appropriate techniques and sample size to ensure reliability, accuracy and validity of information collected to derive evidenced conclusions. Depending on the nature of the social project, a combination of probabilistic sampling methods (simple random/ systematic/ cluster / stratified) or non-probabilistic methods (quota, judgemental, snowball) can be used to collect evidence.

Evaluation of misstatements identified during the assessment and the evidence for the same.

Audited financial statements of the organisation and the audited utilisation certificates of the project.

Evidence Building

The social impact assessor should plan and perform a social impact assessment with a professional and non-judgemental attitude to obtain sufficient appropriate evidence of the implementation of the social program in the field.

a. Competence signifies the reliability of an assessment evidence
    If the social impact assessor is unable to obtain sufficient appropriate evidence, a scope limitation exists and the social impact assessor should express a qualified opinion/conclusion or disclaim an opinion/conclusion, or withdraw from the engagement, where withdrawal is possible under applicable law or regulation, as appropriate.

b. Relevance means pertinence of the information to provide an opinion.
    The social impact assessor should evaluate the sufficiency and appropriateness of the evidence obtained in the context of the engagement and, if necessary in the circumstances, attempt to obtain further evidence. The social impact assessor should consider all relevant evidence, regardless of whether it appears to corroborate or to contradict the measurement or evaluation of the project against the stated objectives and activities. If the NGO is unable to obtain necessary further evidence, the social impact assessor should consider the implications for the social impact assessor's opinion/conclusion.

c. Sufficiency describes whether the information obtained is enough to provide an opinion/judgment/conclusion.

The social impact assessor should form an opinion/a conclusion about whether the information about the project is free of material misstatement. In forming that opinion/conclusion, the social impact assessor should consider the conclusion regarding the sufficiency and appropriateness of evidence obtained and an evaluation of whether uncorrected misstatements are material, individually or in the aggregate.

5.9 Social Impact Assessment Engagement

Social impact assessment is an independent, objective and reliable examination of impact of a project / program / project-based activity of a social enterprise.

A social impact assessment-
- Assesses whether the project/program/project-based activity is operating in accordance with the stated strategic intent and planning.
- Assesses the stated performance in terms of impacts/ outcomes.
- Suggests ways to improve the impact measurement and/ or performance by way of a management letter.

Social impact assessment engagement is the process that involves collecting data, engaging with stakeholders, and analysing the organization's performance against its stated objectives and activities.

A social impact assessor accepts a social impact assessment engagement when relevant ethical requirements of independence and professional competence are met and the engagement meets the requirement of Integrity, Objectivity, Confidentiality, Professional behaviour and Professional competence and due care.

The social impact assessor should request written representations from management and, where appropriate, those charged with governance on material social impact assessment issues. Although written representations provide necessary audit evidence, they are not sufficient or appropriate by itself. Written representations do not affect the nature or extent of other audit evidence that the social impact assessor obtains about the fulfilment of management's responsibilities, or about specific assertions.

Communication with Board Members/Trustees

The objectives of the social impact assessor's communication with Board members/Trustees are:
(a) To communicate clearly with them the responsibilities of the social impact assessor in relation to the social audit, and an overview of the planned scope and timing of the social audit.

(b) To obtain from them information relevant to the social audit.

(c) To provide them with timely observations arising from the social impact assessment that are significant and relevant to project/program; and

(d) To promote effective two-way communication between the social impact assessor and them.

(e) Communicate appropriately the deficiencies in internal control for program implementation/ management, that the auditor has identified during the social audit. The deficiencies observed by the social impact assessor should be of sufficient importance to merit attention.

There are five elements of a social impact assessment engagement which are:

1. Three Party Relationship involving a social impact assessor, a responsible party, and intended users

2. Social Project/ Program/ Intervention scope

3. Social Project Monitoring Framework

4. Social Impact Assessment Evidence

5. Social Impact Assessment Report

These elements are discussed below.

5.9.1 Three Party Relationship

Social impact assessment engagements involve three separate parties: a social impact assessor, a responsible party and intended users. The responsible party and the intended users may be from different entities or the same entity.

a. Social impact assessor

Social impact assessor means an individual registered with Self-Regulatory Organisation (SRO) under the Institute of Chartered Accountants of India (ICAI) or such other agency, as may be specified by the Securities and Exchange Board of India (SEBI), who has qualified a certification program conducted by National Institution of Securities Market (NISM) and holds a valid certificate.

b. Responsible Party

The responsible party is the person (or persons) of the social enterprise who are involved in implementing the social project. The responsible party may or may not be the party who engages the social impact assessor (the engaging party could be the donor).

c. Intended Users

The intended users are the person, persons or class of persons for whom the social impact assessor prepares the social impact assessment report. The responsible party can be one of the intended users, but not the only one.

5.9.2 Social project/ program/ intervention scope

Social impact assessment engagement helps define the assessment scope of the social project /program/intervention relating to a thematic area(s) of the activities conducted by social project/ program/ intervention.

5.9.3 Social Project Monitoring Framework

Social projects apply the methodology of Theory of Change or the Logical Framework Approach when designing social projects. These methodologies map out how and why a desired change is expected to happen in a particular context.

The Social Project Monitoring Framework will detail out the **inputs, activities, outputs, outcomes, and impact.** This contributes to social impact assessor's understanding of the projects and its nuances, identify key evaluation parameters, thematic areas of intervention and the benefits rendered to the community.

The following parameters are considered to assess the impact, or the change (positive or negative) occurred due to the project;

- **Inclusiveness:** Ability of different stakeholders, particularly poorest and most marginalised - to access the benefits of activities, be part of institutions (healthcare / education committees'/Farmer groups) and have access to shared benefits through the intervention.

- **Relevance:** Relevance in Social Impact Assessment refers to the alignment of an initiative's objectives with the identified needs and priorities of the target population or community. It assesses whether the intervention addresses a genuine issue, is appropriately designed and meets the expectations of stakeholders. It asks the question: Does the project or programme make sense in the context it is intended to serve? It answers the following questions - Are the services /inputs /institutions facilitated in the project able to meet community priorities? How was the planning done? Was it participatory? How were the success indicators developed? Was the community involved in development of project indicators?

- **Effectiveness:** Effectiveness in the context of impact assessment refers to the degree to which an initiative or programme achieves its intended goals and produces the desired outcomes. It is a critical aspect of evaluating whether an intervention is making a positive difference in the lives of its beneficiaries or the broader community. Effectiveness asks the question: Is the initiative achieving what it set out to accomplish? Have the activities been able to effectively address community expectations? If there is a potential to replicate the solution in other states or districts?

- **Efficiency:** Efficiency refers to how well resources (such as time, money, and human capital) are utilised to achieve the intended impact of a project or programme. It focuses on optimising resource allocation and minimising waste while ensuring that the desired outcomes are achieved. It involves assessing the economy of resources used to produce a given level of outcomes or impacts. Efficiency examines how well resources, such as time, money, and human capital, are utilised to achieve the intended impact. It seeks to minimise resource waste and maximise the output-to-input ratio. If the project is completed within the finalised time duration how efficiently have the resources been deployed, monitored and utilised?

- **Convergence or Coherence:** Coherence refers to the degree to which a social initiative aligns with existing policies, strategies, and priorities within a given context. These indicators help assess whether an intervention fits into the broader landscape of social and development initiatives and whether it complements or conflicts with existing efforts. Ensuring coherence is essential for maximising the impact of an initiative and avoiding duplication or fragmentation of resources. It reports the Degree of convergence with government/other partnerships; relationship between individuals, community, institutions and other stakeholders.

- **Sustainability:** Sustainability assessment is crucial to ensure that the impacts generated by a social project continue to benefit the target population or community well into the future. Sustainability involves evaluating whether the changes brought about by the initiative can endure and whether the project has set the stage for continued progress. It goes beyond short-term achievements and considers whether the benefits can be sustained after the initial intervention or funding period has concluded. It answers the following questions -Do communities feel ownership over the assets created by the activities and/or will the Project initiated community interventions sustain even after the exit of the funding agency. Are the institutions strengthened adequately to effectively manage and sustain the activities after the completion of project? Has an exit strategy been drafted?

5.10 Social Impact Assessment Quality Control for Social Impact Assessor/ Audit firm

The Social impact assessor should establish a system of quality control and quality management designed to ensure compliance with professional standards, ethics, regulatory and legal requirements.

A Social Impact Assessment Organization should establish policies and procedures designed to promote an internal culture based on the recognition that quality is essential in performing engagements. The quality control policies and procedures should be documented and communicated to the firm's personnel to ensure that the firm and its

personnel (and engaged experts) comply with relevant ethical requirements

Social Impact Assessment Quality ensures that the social impact assessment reports issued by the social impact assessor are appropriate in the given circumstances. The Social Impact Assessment Organizations of quality control should include policies and procedures addressing the following:

a. Leadership responsibilities for quality within the firm
b. Ethical requirements
c. Acceptance and continuance of end user relationships and specific engagements including scope determination
d. Human resources including engagement of experts
e. Engagement performance including social impact assessment trail
f. Monitoring

5.11 Field level research agency and/or subject matter experts

It is important to note that the social impact assessor is primarily responsible for the social impact assessment report – even though he/she may delegate some aspects of the assessment work to field level research agency or uses work performed by other social impact assessors and experts who understand and have ample knowledge about the social issue addressed by the SE.

Therefore, the social impact assessor is encouraged to plan necessary procedures to monitor, track and review the work of the field level research agency and/or experts. The procedures must be adequate and relevant to the assessment purpose.

The social impact assessor should consider the significant findings/assessments of the assistants'/ field level research agency or other social impact assessors or experts.

The social impact assessor should evaluate whether the expert has the necessary competence, capabilities, and objectivity for the social impact assessor's purposes.

The social impact assessor should obtain sufficient understanding of the social issue to determine the nature, scope and objectives of that expert's work and thus evaluate the adequacy of that work for the social impact assessment.

The social impact assessor should have an agreement with the expert on the following matters:

a. The nature, scope and objectives of that expert's work
b. The respective roles and responsibilities of the social impact assessor and the expert
c. The communication type, format & frequency between the social impact assessor and the expert
d. Non-disclosure agreement with the expert

e. The relevance and reasonableness of the expert's findings or conclusions, and their consistency with another audit evidence;
   - relevance and reasonableness of the assumptions used by the expert in the given circumstance
   - relevance completeness, and accuracy of the source data used by the expert
f. The social impact assessor should not refer to the work of an expert in social impact assessment report unless required by law or regulation. If such reference is required by law or regulation, the social impact assessor should indicate in the social impact assessment report that the reference does not reduce the social impact assessor's responsibility for the social impact assessment.

5.11.1 Documentation

The social impact assessor should prepare on a timely basis, engagement documentation that provides a record for the social impact assessment report that is sufficient and appropriate, to understand:
   - The nature, timing and extent of the procedures performed to comply with this framework
   - The results of the procedures performed, and the evidence obtained; and
   - Significant issues observed during the engagement and the recommendations for improvements in the future.

The social impact assessor should assemble the engagement documentation in an engagement file (whether maintained in hard copy or soft copy). He/she should complete the administrative process of assembling the final engagement file on a timely basis, usually not more than 60 days after the date of the social impact assessment report.

After the assembly of the final engagement file has been completed, the social impact assessor should not delete or discard engagement documentation of any nature before the end of its retention period.

5.11.2 Materiality

The Social impact assessor should identify material issues when assessing impact of the social project. Materiality should consider the context of quantitative and qualitative factors and the effect of these factors on the evaluation of the subject matter.

5.11.3 Internal Controls

The social impact assessor should understand and verify internal controls available for the social project management, progress tracking and quality assurance and procedures. Internal control systems help track and assess impact measurements and performance.

5.11.4 Fieldwork Process - Sampling and Data collection

Social impact assessment engagement should consider the following while planning the field work for sampling & data collection required for the social audit.

Need Assessments Obtaining Program/Project Understanding

The social impact assessor should consider the baseline, mid-line and end-line assessment report (if available) of the social project being audited. The baseline measurement is needed to establish the starting point in any project/ program/ project-based activity. Later mid-line and end-line assessments give the auditor insight on the opportunities and challenges for the social audit. Establishing the baseline is critical to measure what changed due to the intervention[57].

Sample Size

Sampling is a process of selection of a part of the population or universe to engage interact, assess, and obtain feedback about the social project. The sample size will be determined by the data availability and accessibility of beneficiaries.

Determining Sample size

i.   Type of Universe: The first step in a sample design is defining the set of objects, aggregate of elements technically defined as population or Universe. Universe can be finite or infinite i.e., where the number of items or elements is certain, the universe is finite whereas, if the number of items or elements is not certain, the universe is not finite.

ii. Sampling Unit: Sampling unit can be defined as the minimum unit for observation, that acts as a building block of the data, for instance social unit i.e., family, school, religious place, or geographical unit i.e., state, district, block, village etc.

iii. Sample Size: This can be defined as number of items, objects or elements selected from universe or population to constitute a sample for conducting impact study. Sample size determination depends on many factors such as time, cost, facility. In general, larger samples are better, but they also require more resources.

iv. Sampling Methodology: The choice of the sampling method is influenced by the objectives of the evaluation/ research, availability of financial resources, time constraints, and the nature of the problem to be investigated. For calculating statistically significant sample sizes, one must define confidence interval and margin of error.

Data Collection

The social impact assessor should keep the following points in mind while planning for data collection for the social audit.

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[57] Intervention here refers to an intentional action to promote change undertaken through the program/ project/ project-based activity

i.   Assumptions & limitations of the data collection methodology
ii. Listing of data requirements and documents required for the social audit
iii. Key past performance trends for the project or similar projects
iv. Detailed work/implementation plan with monitoring & evaluation calendars
v.   Deviations in data trends, if any vis-à-vis. the baseline status with the reasons for deviation
vi. Data alignment with project outcomes including National Priorities/ State Priorities and mapping with the Niti Aayog's SDG India Index Indicators (as relevant).
vii. List of stakeholders identified, mapped, and prioritized, and engaged for data collection.
viii. Data required for measuring indicators may often be available in qualitative and quantitative form.

<u>Data collection sources are of 2 types:</u> Primary Source(s) and Secondary Source(s).

- The primary sources of data collection may include any one or more of individual interviews, questionnaires, focus group interviews, observation sometimes as per the indicators that have been identified by the auditor at the planning stage. The respondents or information providers would be the stakeholders of the social enterprise which affect or are affected by the project/ program/ project-based activity.

- The secondary sources of data collection may include any one or more of journal articles that comment on or analyse research textbooks dictionaries and encyclopedias books that interpret, analyse, dissertations, newspaper editorial/opinion pieces etc.

<u>Data Collection Methods</u>
The Social impact assessor should consider any one of the appropriate methods for collecting quantitative & qualitative data.

(i) Observation: The information is collected with direct observation using the observation checklist without interacting with the respondents. The information captured under this method is focused on what is currently happening; it is not impacted by either the past or future instances. This method is independent of respondent's willingness to respond.

(ii) Interview Method: Interview requires the interviewer asking questions from respondents either in a face-to-face contact to or via telephonic discussion using structured/ unstructured interviews.

   a. Structured interviews: This Interview method involves collecting information through personal interviews and is carried out in a structured way. This method involves series of pre-determined set of questions that interviewee responds in the defined order.

   b. Unstructured Interviews: In unstructured interviews there is flexibility in approach to questioning. This method does not follow a system of pre- determined set of questions and standardised techniques of recording data. The interviewer in

unstructured interview has the freedom to ask, and if required, supplementary questions can be added or certain questions can be omitted depending on the situation.

(iii) Focused Group Discussion (FGD)): In FGD, a selected group of people discuss or share their opinions, experiences about given issue material to the social project and the discussion should be moderated by the social impact assessor or his field team. FGD is an important tool to gather information from stakeholders and helps to validate the quantitative data collected from the beneficiaries related to the interventions.

Data collection can be through online surveys, virtual interviews, satellite imagery for monitoring forestry coverage etc.

Data Quality

The Social impact assessor should check data quality based on the following indicators:

- Validity: Whether data collected measures what it is intended to measure
- Reliability: Whether data measurements are based on standard methodologies
- Completeness: All data aspects are captured as per method
- Integrity: Data is protected from bias or manipulation
- Timelines: Data is up to date and prompt

Data Analysis & Interpreting Results

- Data cleaning is to be done to check if the data is duplicate, erroneous or incomplete and identify any outliers within the data sets. If data is incorrect, outcomes and results may not be reliable, even though they may look correct. Data cleaning process may vary from dataset to dataset.
- Data analysis is the process of collecting, modelling, and analysing data to extract insights that support decision-making. Data Analysis is important as it helps in making informed decisions, reduces cost and helps to target the stakeholders better.
- Data gathered by the social impact assessor needs to be analyzed to reach audit conclusions. Data analysis is a process of understanding, measuring and reporting on the social, environmental and economic value that is being created by the project/ program/ project-based activity.
- Data may be analyzed using appropriate methods of analysis to interpret the data meaningfully such as trend analysis, regression analysis (as relevant).
- The Social impact assessor should take care of multiple entries and should not report anything that cannot be verified. Duplicate entries should either be removed, or multiple counts should be grouped as one. For example, two beneficiaries of one family may be grouped as one in count of families.
- The results of data analysis need to be interpreted as per the Theory of Change explaining the process of intended social impact of the project/ program/ project-based activity.

- The TOC model used by the social impact assessor should outline the linkage from inputs to activities, to outputs, to outcomes, and ultimately to impact.
- The social impact assessor needs to study the outcomes and the real social impact on the target segments to identify gaps, if any. Social impact assessor should also compare the actual results with the expected outcome(s) and/ or benchmark data, baseline data, if any.
- In presenting the results of the analysis, the social impact assessor should tailor the qualitative discussion to sample representatives of each stakeholder group, since stakeholders will have different objectives, and the relationship of each stakeholder to the social enterprise will vary.

The stakeholder feedback capture information to help assess the impact, validate and establishes a check and avoids overclaiming. The review process should answer the following questions.

- What was the situation before and what would have happened in the absence of this project/ program/ project-based activity?
- How much the project/ program/ project-based activity contributed to the changes that are evidenced as compared to pre-project interventions?
- How much unintended impacts (positive and negative) happened due to the project/ program/ project-based activity?

The analysis of data and its interpretation needs to be discussed with the stakeholders so that the same may be validated. The social impact assessor should be able to compare the actual social impact with the intended impact of the project/ program/ project-based activity.

5.12 Challenges related to Social Impact Assessment

Social impact assessment happens in a dynamic, multidimensional and an interconnected framework. The following highlight the challenges related to social impact assessment:

- Capturing "softer data "can be challenging while capturing the social impact. Ex. confidence, self-esteem, sense of agency. The Social impact assessor should ascertain that the AIR has used appropriate methods to capture outcomes for such indicators. It can be addressed by using proxy indicators, paisa scale or narrative numeracy methods. Social impact assessor needs to be skilled and knowledgeable to trace the materiality of data to the impact indicator reported.

- Capturing social and economic impact is a tough task. Organizations will need refined documentation tools and data analysis methods to arrive at conclusions. Lack of appropriate indicators which are traceable might be a challenge. This can be mitigated by thinking through the data needs that need to be captured while at the project design

stage. Hiring the services of a qualified professional may assist. The Social impact assessor needs to be well versed with reporting frameworks / tools for the same.

● Traceability of certain stakeholder groups e.g., an intervention for adult learners/ nomads/ may be difficult. Primary evidence/ audit trail for such groups will be an impediment.

● Access to appropriate data in a user-friendly manner is necessary to draw conclusions. Organisations may hide/ withhold data that may be counter intuitive.

● Over claiming of impact needs to be addressed. Assigning roles to intervening variables, capturing quality of life indicators by stakeholders and using dead weights can avoid over claiming.

● Multi-dimensional projects implementation will have convergence of sectors. (Example) A District / State rural health intervention will have convergence of sanitation, nutrition, behaviour change communication, primary health services, etc. Social Impact Assessments of this complexity and scale will make the social impact assessment process lengthy and cumbersome. This may pose a challenge to the rigour of the assessments.

● Lack of Social Impact Assessors who are equipped to conduct assessments as per the Social Impact Assessment (Audit) Standards which are aligned to the SDGs. It may be a challenge to have accredited social impact assessor and experts in all thematic sectors.

5.13 Use of Technology in Social Impact Assessment

The social impact assessor should determine the usage and acceptability of technology for collecting data for a social audit. The social impact assessor should consider the extent of usage of IT tools to be deployed for –
• Stakeholder interaction- virtual meetings, phone surveys
• Information Database on project sites, donors, stakeholders – beneficiaries, volunteers, staff
• Data analysis, visualisation, presentation of infographics

5.14 Social Impact Assessment Report

The social impact assessment report should be in writing and should contain a clear expression of the social impact assessor's findings. Oral and other forms of expressing conclusions can be misunderstood without the support of a written report. For this reason, the social impact assessor should not report orally.

The social impact assessment report should address the social impact aspect covered by the project/ program/ project-based activity that the intended users will be interested in. Social

impact assessor should strive to provide audit reports which are not only stakeholder-friendly and timely but also comprehensive, convincing and balanced.

To be comprehensive, the report should put forward the perspective of social impact vis a vis meeting the intended social objective(s) such as eradication of poverty etc.

To be convincing, the report should be logically structured and present a clear relationship between the objective/scope, indicators and findings. The report should explain why and how problems observed in the findings hamper social impact to encourage the social enterprise or the stakeholder to initiate corrective action.

Being balanced means that the assessment report should present findings objectively and fairly in an impartial manner considering different perspectives and viewpoints of stakeholders. The reports should incorporate positive impacts and aspects related to gaps/ challenges and avoid any kind of biased language or information.

This Framework does not require a standardized format for reporting on all social impact assessment engagements. Instead, it identifies the basic elements the social impact assessment report should include. Social impact assessment reports may be tailored to the area specific circumstances. The social impact assessor may use headings, paragraph numbers, typographical devices, for example the bolding of text, and other mechanisms to enhance the clarity and readability of the report.

The impact assessment report should provide a complete, accurate, concise and clear record of the assessment, and should include or refer to the following:

1. A title that clearly indicates the report is an independent social impact assessment report.
2. Social impact assessment report is ordinarily addressed to the engaging party, but in some cases, there may be other intended users
3. assessment objectives;
4. assessment scope, particularly identification of the organization (the auditee) and the functions or processes assessed;
5. identification of the assessment client;
6. identification of assessment team and auditee's participants in the assessment;
7. dates and locations where the assessment activities were conducted;
8. impact assessment criteria;
9. impact assessment findings and related evidence;
10. impact assessment conclusions
11. a statement on the degree to which the impact assessment criteria have been fulfilled;
12. Any unresolved diverging opinions between the impact assessment team and the auditee;
13. The impact assessment report can also include or refer to the following, as appropriate:

a. the impact assessment plan including time schedule;

b. a summary of the impact assessment process, including any obstacles encountered that may decrease the reliability of the audit conclusions;

c. confirmation that the impact assessment objectives have been achieved within the impact assessment scope in accordance with the impact assessment plan;

d. any areas within the impact assessment scope not covered including any issues of availability of evidence, resources or confidentiality, with related justifications;

e. a summary covering the impact assessment conclusions and the main impact assessment findings that support them;

f. good practices identified;

g. agreed action plan follow-up, if any;

h. a statement of the confidential nature of the contents

14. Any implications for the impact assessment programme or subsequent assessments.

15. A statement that the engagement was performed in accordance with SAS Framework or as any other framework as applicable.

16. A statement that the social impact assessor complies with the independence and other ethical requirements of the Code of Conduct applicable to social impact assessor issued by the Self-Regulatory Organization (SRO) / SEBI.

A typical social impact assessment report contains certain essential elements which are given below. (These elements are only indicative)[58]

Social Impact Assessment Report

To

Appropriate Addressee

Section I

- Context
- About the project
  - Project name
  - Programme Area
  - Beneficiary group
- Alignment to Social impact assessment Standards
  - Alignment with Sustainable Development Goals

Section II

- Scope of the Social Audit
- Overall Approach & Methodology used, including Sampling, Data collection and Limitations, if any
- Vision, Mission, Objectives and Activities

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[58] Candidates are advised to refer to the specific impact reporting formats as specified by the exchanges (NSE SSE and BSE SSE) from time to time.

- • Social Impact Map (logic frame model)
- • KPIs for outcomes

Section III
- • Key Findings from the audit including gaps
- • Case studies and testimonials

Section IV
- • Annexures (if applicable)

Inherent Limitation: This report in no way should be construed as an opinion, attestation, certification or other form of assurance. The procedures performed as part of the social impact assessment do not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards.

This assessment has been undertaken by [name of firm/agency/individual], (Registration No. allotted by SRO)

5.15 Impact Assessment Conclusions

The impact assessment conclusion is the summary of the social impact assessment findings and any other appropriate information collected during the assessment.

Impact assessment conclusions should address issues such as the following:

a) the extent of conformity with the social impact assessment criteria

b) achievement of impact assessment objectives, coverage of assessment scope and fulfilment of assessment criteria;

    If specified by the assessment plan, assessment conclusions can lead to recommendations for improvement, or future assessment activities.

a) Report on the uncertainty inherent in the impact assessment process;

b) prepare recommendations for strengthening the social impact of the project

c) Discuss assessment follow-up, as applicable

Two social impact assessment opinions can be made by a social impact assessor in the following way:

1. Unqualified opinion or unmodified opinion also known as "Clean Report". This implies that there is no material mismanagement and there is sufficient and appropriate assessment evidence obtained in reference to evaluation criteria applied for the impact assignment.

2. Qualified Opinion or modified opinion is given when the impact assessor is unable to obtain sufficient appropriate assessment evidence or as a whole, the Impact report is not free from material mismanagement.

    Details of various other aspects related to Social Impact Assessment have been elaborated in the subsequent chapters.

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Chapter 5: Sample Questions

1. The Social Impact Assessment Framework in India has been developed by _____ to provide a social impact assessor guidance for conducting a social impact assessment.
   a. SEBI
   b. ICAI
   c. RBI
   d. UNDP

2. Three Party Relationship involving a social impact assessor, a responsible party, and intended users are elements of_____.
   a. Social Intervention
   b. Social Project Monitoring Framework
   c. Social Impact Assessment Engagement
   d. Audit Evidence

3. _____contributes to social impact assessor's understanding of the projects and its nuances, identify key evaluation parameters, thematic areas of intervention and the benefits rendered to the community.
   a. Social Intervention
   b. Social Project Monitoring Framework
   c. Social impact assessment Engagement
   d. Audit Evidence

4. The _____plans and performs a social impact assessment with an attitude of professional scepticism to obtain sufficient appropriate evidence of the implementation of the social program in the field.
   a. Social impact assessor
   b. Intended Users
   c. Responsible Party
   d. ICAI

CHAPTER 6: SOCIAL IMPACT ASSESSMENT FRAMEWORKS, TECHNIQUES AND STANDARDS

<table>
<tr><td colspan="2">Learning Objectives
After studying this chapter, you should know about:
• Social Impact Assessment frameworks
• Theory of Change
• Various Social Impact Assessment Tools and Guidelines</td></tr>
</table>

6.1 Introduction to Social Impact Assessment Frameworks

A guiding framework is essential for social enterprises to ensure that the process of capturing social impact is purposeful, strategic, and aligned with the organization's mission. It provides a roadmap for organizations to navigate the complexities of measuring and communicating their contributions to positive social change.

The Theory of Change (ToC) and the Logic Model are related frameworks often used in program planning, evaluation, and implementation, but they have distinct differences in terms of their structure, focus, and underlying philosophy. Here's a breakdown of the key differences:

	Theory of Change	Logic Model
Philosophical Approach	ToC is more narrative-driven and places a strong emphasis on the underlying theories, assumptions, and causal pathways that explain how a program is expected to achieve its goals. It seeks to capture the deeper understanding of the change process and the context in which it occurs.	The Logic Model is more visually oriented and focuses on the linear relationships between program inputs, activities, outputs, and outcomes. It is often seen as a simplified and linear representation of a program's components
Causality and Assumptions	ToC explicitly highlights the causal links between program activities, intermediate outcomes, and long-term outcomes. It involves identifying and testing the assumptions underlying these causal pathways.	While a Logic Model also depicts causal relationships, it may not delve as deeply into the underlying theories and assumptions. It tends to present a more straightforward cause-and-effect sequence.
Flexibility and Adaptation	ToC is often viewed as more flexible and adaptable. It encourages ongoing reflection, learning, and adjustment of	The Logic Model, with its linear structure, may be perceived as less flexible. It is often seen as a static representation of the program,

	strategies based on feedback and changing circumstances.	though in practice, it can be adapted.
Visual Representation	ToC can be represented visually, but it typically involves a narrative or a map that explains the program's theory in detail.	The Logic Model is a visual representation that uses a linear diagram to show the inputs, activities, outputs, and outcomes in a sequential manner.
Scope of Context	ToC considers the broader context in which a program operates and how external factors may influence the change process. It explores the underlying assumptions about the context and how it interacts with the program.	The Logic Model tends to focus more on the internal components of a program and may not explicitly address the external context in the same depth.

In practice, organizations may choose to use one framework over the other based on their preferences, the complexity of the program, and the audience they are communicating with. Some organizations also use a combination of both frameworks to capture the strengths of each approach.

6.1.1 Theory of Change

The Theory of Change (ToC) is a structured thinking process that allows project teams to turn their theories about what needs to change and why into a "causal pathway".

ToC is not a general theory of how change happens. It is specific to the project initiatives. It is a step-by-step, backwards mapping process through which all project activities determine all the preconditions necessary to reach an ultimate vision.

Theory of Change is a structured and systematic approach to link activities to their impact. Social Change is a composite array of cultural, demographic, economic, environment, political, religious, scientific and technological forces; which is not a simple process.

Theory of Change is an outcome-based method with participatory approach which applies critical thinking to design, implementation and evaluation of intervention.[59]

The process of ToC is explained in the following manner:

The Theory of Change process describes how interventions are understood to contribute to a series of results that lead to final intended impacts.

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[59] Serrat, O., 2017

The process initiates with situation analysis and identifying the problem that intervention seeks to address.

Next step is to gather the relevant information on input, output, outcome and impact from primary (feedback from different stakeholders) and secondary sources (research and documents published by the organisation and other published documents) (Figure 6.1).

Moreover, contextual factors that help or hinder social change and the assumptions on which it is built can also be incorporated in the representation of theory of change.

Figure 6.1: Process of Theory of Change[60]
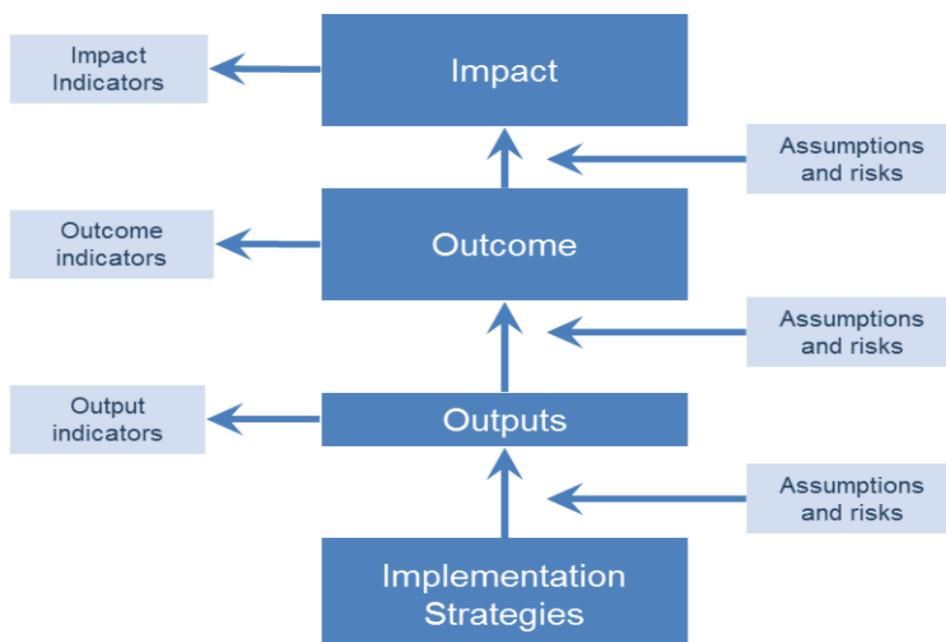
An Example of the Theory of Change:

Project: A non-profit organization works to address youth unemployment in rural communities where 60% of the population under 25 remains jobless despite high school education.

Problem Statement:
Youth lack technical skills and access to employment opportunities.

Long-Term Goal:
Enable 80% of rural youth (18–25 years) to secure stable, well-paying jobs in five years.

Assumptions	ToC	Risk
Young individuals are motivated to attend and complete the training programs.

The skills taught match the needs of local employers and the job market.

Local businesses are willing to provide internships and hire trained candidates.

 Donors continue to support the program over its lifespan.

Sufficient facilities and resources are available for effective training.

Families and communities encourage youth participation rather than push them into alternative, low-skilled work. | **Inputs:**

Financial support from donors.

Partnerships with local businesses and vocational trainers.

Activities:

Design job-oriented vocational training programs.

Conduct soft-skills workshops (e.g., interview preparation).

Facilitate internships with local employers.

Outputs:

1,000 youth trained annually.

50 partnerships with local employers formed.

Outcomes (Short-term):

80% of youth report improved skills post-training.

50% of trainees secure internships.

Intermediate Outcomes:

70% of participants transition from internships to permanent roles.

Employers report satisfaction with new hires. | Low youth engagement Training content might not align with rapidly evolving job market demands.

Local businesses may hesitate to hire due to biases or concerns about additional training needs.

Program funding could dwindle, risking project continuity.

Gender norms might restrict female participation or community approval.

Political instability, natural disasters, or economic downturns could disrupt operations. |

	Impact: Increased income levels among rural youth and reduced unemployment rates by 50% in target areas over five years.	

6.1.2 Importance of theory of change in social impact analysis

The Theory of Change can be used for strategic planning with identification of needs and opportunities, intended situations and the way to achieve that situation. It can also be used during implementation of social interventions to monitor indicators. Theory of Change can be an effective tool for impact evaluation to understand the changes due to social intervention. In an impact evaluation, the existing theory of change can also be reviewed and revised as needed to guide data collection, analysis and reporting. This tool can be used in impact reporting as well where a graphical presentation can be easily used to depict the process of change and end result.

A theory of change can support an impact evaluation in several ways.[61] It can identify:
• specific evaluation questions, especially in relation to those elements of the theory of change for which there is no substantive evidence yet
• relevant variables that should be included in data collection
• intermediate outcomes that can be used as markers of success in situations where the impacts of interest will not occur during the time frame of the evaluation
• aspects of implementation that should be examined potentially relevant contextual factors that should be addressed in data collection and in analysis, to look for patterns."

6.2 Other Guidelines and Tools for Impact Assessment

There are various guidelines and tools emerged at national and international level to cover impact indicators by different stakeholders who are actively involved in implementation of social intervention. Some of these guidelines and tools are explained in this section.

6.2.1   National Guidelines on Responsible Business Conduct

In 2011, the Ministry of Corporate Affairs issued National Voluntary Guidelines (NVGs) on the Social, Environmental and Economic Responsibilities of Business. These guidelines were further revised in 2015 to align with International Standards and Sustainable Development Goals (SDGs). These guidelines can be used by all types of business with different size, sectors, ownership, structures and ownership. These guidelines contain the principles and

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connected core elements to ensure operationalisation of each principle explained in Table 6.2 below.

Table: 6.2 Principles Under National Guidelines on Responsible Business Conduct (NGBRC)[62]

Sr. No.	Principles
1	Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable.
2	Businesses should provide goods and services in a manner that is sustainable and safe.
3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
4	Businesses should respect the interests of and be responsive to all its stakeholders.
5	Businesses should respect and promote human rights.
6	Businesses should respect and make efforts to protect and restore the environment.
7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
8	Businesses should promote inclusive growth and equitable development.
9	Businesses should engage with and provide value to their consumers in a responsible manner.

Formation of NGBRC was a step taken by the government to meet its international obligation under several treaty bodies. Companies are expected to recognise and prioritise these core elements and integrate them into their business strategies. Though these guidelines give a comprehensive framework, these guidelines have received criticism for its non-legal enforceability. Apart from adhering to NGBRC, companies are using different ways to capture social impact.

6.2.2 Framework introduced by Global Investing Community

A. IRIS+

IRIS+ is an impact accounting system which can be used by impact investors to measure, manage and optimize their impact. Global Impact Investing Network (GIIN) offers the IRIS+ system to support the practice of impact investing and promote transparency, credibility, and accountability in the use of impact data for decision making across the impact investment industry. IRIS+ provides generally accepted definitions of impact categories and impact themes and identifies common goals and core metrics sets by theme, thereby

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[62] For the detailed information on core elements of each principle, refer to: https://www.mca.gov.in/Ministry/pdf/NationalGuildeline_15032019.pdf

providing a shared language for describing, assessing, communicating, and ultimately comparing impact performance. Since most of the impact investors focus on SDGs for their social interventions, IRIS+ has developed core metrics sets and catalogue of metrics which are aligned to the SDGs. It measures impact through Impact Management Project (IMP) based on five dimensions as shown below in Table 6.3.

Table 6.3: **Dimensions of Impact Management Project**[63]

WHO	IMP Definition	Who experiences the effect and how undeserved are they in relation to the outcome?
	IMP Data Categories	Stakeholder type, geographical boundary, baseline level of outcome, stakeholder characteristics
HOW MUCH	IMP Definition	How much of the effect occurs in the time period?
	IMP Data Categories	Scale: number of people experiencing the outcome (social outcomes only) Depth: degree of change experienced by the stakeholder Duration: time period for which the stakeholder experiences the outcome
WHAT	IMP Definition	What outcomes the enterprise is contributing to and how important the outcomes are
	IMP Data Categories	Outcome level in period, outcome threshold, SDG, importance of outcome to stakeholders
CONTRIBUTION	IMP Definition	How does the affect compare to what would likely occur anyway?
	IMP Data Categories	Depth: An enterprise's contribution to the depth of an outcome by factoring in the estimated degree of change that would have otherwise happened. Duration: An enterprise's contribution to the duration of an outcome by factoring in the estimated duration that the outcome would have otherwise endured.
RISK	IMP Definition	Which risk factors are significant and how likely is it that the outcome is different from the
	IMP Data Categories	The type of impact risk, typically described using one of 10 risk factors, evidence risk, external risk, execution risk, stakeholder participation risk, drop-off risk, unexpected impact risk, efficiency risk, contribution risk, alignment risk, and endurance risk.

[63] Source: IRIS+ System: Standards, https://iris.thegiin.org/

To assess effects of investments, core metric sets describe key impact performance indicators which are explained in https://iris.thegiin.org/.

B. 'Global Impact Investment Rating System (GIIRS)

Global Impact Investing Rating System (GIIRS) is a comprehensive and transparent system for assessing the social and environmental impact of developed and emerging market companies and funds with ratings and analytics approach analogous to Morningstar investment rankings and Capital IQ financial analytics.[64] GIIRS assesses social and environmental impact and practices of companies and funds using rating methodology that has been now used by 6000 companies. It is an online assessment tool which offers both the company and fund impact ratings. It issues a composite score of social and environmental performance which can help company to earn incremental positive points. These ratings can be comparable across companies and fund sizes. Details of the rating system are available at GIIRS website.[65]

C. Global Reporting Initiative (GRI)

GRI is an international non profit organisation which was established in 1997 in partnership with United Nations' Environment Programme (UNEP). Sustainability reporting standards have been developed to enhance transparency and accountability of economic, environmental and social performance of organisations. It also offers a comprehensive sustainable reporting framework. These standards are available for all the types of organisations from different sectors, which allows them to report their impact in a credible way. This can help the organisations to develop their strategies and set goals and targets.[66] There three categories under GRI standards -

- GRI Universal Standards which are applicable for all the organisations describe critical concepts, process to use these standards, details of organisations' policies and activities and process to use sector and topic standards.
- GRI Sector Standards which are developed for 40 sectors like agriculture, oil and gas and so on explain sector's characteristics, sector specific impacts and disclosures.
- GRI Topic Standards contains disclosures related to specific topics like health & safety, tax, waste management etc.

6.2.3 Framework introduced by Multi-lateral Development Agency

UN Global Compact (UNGC)

UN Global Compact offers companies to align their strategies and operations with ten principles covering human rights, labour, environment and anti-corruption and guides companies in achieving SDGs. Over 9,500 companies and 3,000 non-business signatories from over 160 countries are associated with UNGC. UNGC derives its principles from the

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[64] Richardson, B., 2012

[65] https://giirs.org/about-giirs/how-giirs-works/162

[66] For more details of these standards visit: https://www.globalreporting.org/.

Universal Declaration of Human Rights, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the UN Convention against Corruption. Box 6.1 describes principles of UNGC.

Box 6.1: Principles of UNGC[67]

Human Rights

Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and

Principle 2: Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should be upholding the freedom of association and effective recognition of the right to collective bargaining;

Principle 4: Elimination of all forms of forced and compulsory labour;

Principle 5: Effective abolition of child labour; and

Principle 6: Elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

In India, Global Compact Network India (GCNI), was formed in 2003 and registered as a non-profit society to function as the Indian Local Network of the Global Compact, New York giving membership to over 500 leading business and non-business participants in India.

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[67] https://www.unglobalcompact.org/what-is-gc/mission/principles

Chapter 6: Sample Questions

1. _____seeks to capture the deeper understanding of the change process and the context in which it occurs.
   a. Theory of Change
   b. The Logic Model
   c. The Outsourcing Model

2. _____measure the activities or targets set to be accomplished in every project activity.
   a. **Outputs**
   b. Inputs
   c. Outcomes
   d. Impact

3. In a Theory of Change, what shows the final goal you want to achieve?
   a. Activities
   b. **Impact**
   c. Outputs
   d. Inputs

4. Which part of the Theory of Change explains what a project will do?
   a. Outcomes
   b. Assumptions
   c. **Activities**
   d. Impact

CHAPTER 7: SOCIAL IMPACT ASSESSMENT REPORTING

> **Learning Objectives**
>
> After studying this chapter, you should know about:
> - Social Impact Assessment approaches, steps, guidelines, tools and importance
> - Different Organisational Models of Social Impact Assessment
> - Aspects related to Social Impact Reporting

7.1 Social Impact Assessment[68]

Social Impact Assessment (SIA) is a process of research, planning and the management of social change or consequences (positive and negative, intended and unintended) arising from policies, plans, developments and projects.[69] It is a process of assessing direct/indirect, intended/unintended and positive/negative consequences of social interventions. It is a powerful tool for implementing organisations to take necessary steps to enhance potential positive impacts and contain potential adverse impacts. It helps decision makers to understand the benefits gained against the investment made in the project and also helps in reducing the costs.

Concept of SIA gained formal recognition with the US National Environmental Policy Act (NEPA) (1969), which included social elements in the environmental impact studies. SIA concept evolved over a period of time and gained global importance with a lot of international standards incorporating it as a crucial component.

7.1.1 Steps in conducting Social Impact Assessment

SIA is a process of analysing, monitoring and managing social change in a society as a result of organisation's social interventions. Following are the steps for conducting SIA:[70],[71]

a) Setting objectives (defining the scope of impact analysis, the level and the desired social change to be achieved);
b) Analysing stakeholders (identifying potential stakeholders which need to be involved to these processes);
c) Setting relevant parameters by which SE will plan its intervention, and how the activity achieves the outcomes and impacts;
d) identifying measurement tools;
e) measuring the targeted outcomes and impact;
f) Verifying and valuing Impact (verifying that the logical implications are strong enough and that the impact is valued by the key stakeholders);

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[68] Social Impact Assessment/ Social Impact Analysis/Social Impact Evaluation are used interchangeably.
[69] *(UNEP, 2007):* International Institute for Sustainable Development
[70] Hehenberger et al. (2015)
[71] Source: Urmanaviciene, A. (2020). Social Impact Assessment- Is It a Possible Challenge for Social Enterprise?

g) Monitoring and reporting (integrating this information info the management system and reporting data to relevant stakeholders).

7.1.2 Approaches to Social Impact Assessment[72]

It is a crucial aspect to verify whether an organisation's social mission has been achieved. The steps mentioned above are based on a common framework that can be used for SIA but there are different SIA methodologies and tools that have been designed by academics, impact investors and practitioners. These methodologies and tools are based on three approaches of SIA: Qualitative research, Quantitative research and Monetisation of social impact as illustrated in Table 7.1.

Table 7.1 Approaches to SIA[73]

Approach	Strengths	Weakness	Methods
Qualitative	Social impact nature is qualitative, thus qualitative research helps to reveal the broader and in-depth effect of social mission	High-quality qualitative research also requires a great deal of effort: the systematic formulation of research design and the testing hypothesis that is directly related to the logical model	Theory of change, structured interviews, focus groups, case studies
Quantitative	Possible to analyze large amounts of data and report those data in numerical form. Stakeholders usually are requesting qualification of results	Requires knowledge of statistical and mathematical methods	Surveys, statistical data analysis
Monetization	It helps to express social benefits in monetary terms and make them understandable to other stakeholders as investors, funders. Outcomes are monetized using valid assumptions.	Focusing on an organization's economic aspects can lead to a situation where there is a lack of information on the broader realization of the social mission. It's difficult to monetize such human and social capital effects at the	Social Return on Investment (SROI), (which is calculated based on the Impact map), Cost-Benefit analysis

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[72]Source: Urmanaviciene, A. (2020). Social Impact Assessment- Is It A Possible Challenge For Social Enterprise?

[73]Source: Compiled by the Author based on Epstein, Yuthas (2014), Zeyen, Beckmann (2018).

	Monetary value allows to compare very diverse SEs	individual and community levels	

All three approaches have their own strengths and drawbacks where qualitative research does in-depth study of social impact, quantitative approach helps in analysing large number of data and monetisation approach helps investors in understanding social impact in terms of monetary returns against the investment made. Though the qualitative approach requires detailed analysis of qualitative indicators which is a time-consuming method, quantitative and monetisation approaches are also criticised widely. Many social change indicators like indicators of behavioural change or psychological change are difficult to quantify or monetise. Secondly, the quantification approach only captures the number of beneficiaries impacted which is a very narrow approach to social impact. Hence quantification of social impact and assigning monetary value to social impact lacks information on achievement of social mission. Hence, it is crucial to understand the objective of the organisation to conduct SIA and accordingly select appropriate approach and tools. There is no standard format or single tool that captures all aspects of social impact, it clearly depends on objectives and interventions of the organisation.

7.1.3   Importance of conducting social impact assessment for different stakeholders

Social interventions result in change for various stakeholders. It is vital for the organisation to understand intended / unintended as well as positive/ negative impacts on these stakeholders. This would help the organisations to revise their interventions and implementing strategy; and to make efficient use of resources. Importance and benefits of SIA to its stakeholders is explained below:

(a) It helps the management of the organisation to understand whether projects are being conducted effectively; and require any modifications in project activities.
(b) It helps the management to understand whether the social intervention is resulting in any change amongst the target group and communities at large.
(c) It helps the organisation use the SIA report as evidence to advocate their inventions and secure future funding.
(d) It helps donors/ investors to ensure timely and effective achievement of predetermined targets.
(e) It helps the management as well as other stakeholders to regularly monitor and ensure that the implementing team is adhering to stipulated timelines and budgets.
(f) It enables organisations to collect data that track successes and failures and helps to build strong data management systems to understand trends and track long term impact.
(g) Concrete evidence of impact can motivate internal as well as external stakeholders to contribute in future as well.

7.2 Different organisational models for structuring evaluation

7.2.1 Outsourcing Model

Social Impact Assessment is a process of identifying and reporting wider effects of organisations activities on different stakeholders and environment. This process is time consuming as well as requires expertise in understanding the various terms in social impact like output, outcome and impact; and methodologies of SIA. Many times, organisations do not have that expertise and enough financial and human resources to develop internal SIA systems or carry out SIA with internal staff. SIA methodologies include perception of different stakeholders and internal stakeholders of the organisation i.e., employees, board members are also required to contribute to SIA which can result in conflict of interest. In order to get unbiased and effective report organisations prefer to outsource SIA process to external agencies.

For instance, the Development Monitoring and Evaluation Office (DMEO), NITI Ayog is responsible to monitor and evaluate the schemes implemented by Government of India. Most of the times DMEO carries out monitoring and impact evaluation internally, but on some occasions, it is outsourced to reputed external agencies. DMEO has set up a panel with expert agencies in six sectors – Agriculture & Allied Sectors, Economic Sector, Energy Sector, Infrastructure Sector, Social Sector and Social Welfare Sector and their sub sectors. External agencies for impact evaluation are selected from these sub sectors through a competitive bidding process.

However, outsourcing of SIA has a few drawbacks such as smaller organisations which are dependent on donations and grants lack resources to hire external agencies for conducting SIA. Social Impact depends on social change covering a lot of qualitative aspects. Organisation implementing social intervention has more clarity and connection with the community and pre and post social intervention situation. It is possible that an external agency is not able to capture all the impact indicators which are a crucial part of SIA.

7.2.2 Partnership Model

Apart from contractual relationships, research and policy teams can build mutually beneficial partnerships. These partnerships can ensure that interests of both the parties are combined like researchers who are interested in conducting research on a policy question and policy makers and program implementers who are seeking to ensure that a good-quality impact evaluation is set up in their project. Researchers have incentives to address new questions that will add to the global evidence base, and to push the envelope of the impact evaluation and contribute to its broader visibility. The research team may be able to

leverage some co-financing for the impact evaluation if the objectives of funders are closely aligned with the research focus of the evaluation.[74]

The partnership approach presents certain risks. At times, innovative research elements covered by the researcher are not fully aligned to the immediate policy objectives at the local level, although they can add value more globally. From the perspective of policy makers and program implementers scientific rigor may not be required to undertake rigorous impact evaluations, and they may have a higher tolerance than the research team with respect to potential risks to the impact evaluation. It is crucial that the objectives of the research team and policy teams are closely aligned. For instance, the research and policy teams need to design evaluation strategies together along with respective teams' roles and responsibilities. Laid down impact evaluation plan can describe operational rules along with potential risks. A mutual commitment to an impact evaluation as embodied in a clear evaluation plan is essential for the partnership to work smoothly, even if a contractual relationship is not put in place. However written agreement is always preferred to have clarity on roles and responsibilities of both the parties.

This model is being used by the World Bank in their projects where groups like DIME (Development Impact Evaluation), SIEF (Strategic Impact Evaluation Fund), and GIL (Gender Innovation Lab)—provide funding and technical support to impact evaluations. For instance, in Côte d'Ivoire, a joint initiative between the World Bank, the Abdul Latif Jameel Poverty Action Lab (J-PAL), and the government evaluated a Youth Employment and Skills Development Project. This research team presented partnership between various stakeholders like a World Bank team leader, international academics, and local experts, and a policy team including specialists from the project implementing unit, the affiliated Ministry, and World Bank staff. [75]

7.2.3 Fully Integrated Model

Integrated Social Impact Assessment is an integral part of a programme where impact assessment is carried out on a regular basis and not at the end. Under Integrated Social Impact Assessment procedural and organisational arrangements covering environmental, economic and social indicators are incorporated to capture data at similar points in time. This can help the organisation to reduce inconsistencies in data and ensure that interdependencies amongst the varied impact indicators are captured. This model is usually used by social venture capital firms and/or impact investors to track regular progress on their investments in social enterprises and ensure sustainability of those social enterprises. For instance, Acumen Fund has designed BACO Ratio (Best Available Charitable Option) for

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[74]Impact Evaluation in Practice, 2016
[75] (Impact Evaluation in Practice, 2016, pp 212)

decision making on social enterprise investment. This ratio is used to identify viability of the investment based on financial leverage, technological leverage and social impact.[76]

Another example is Robin Hood Foundation, a nonprofit from New York City which provides ongoing grants to nonprofit organizations working in areas: Jobs & Economic Security; Education; Early Childhood & Youth; and Survival. Robin Hood developed its Benefit-Cost Ratio methodology to capture the best estimate of the collective benefit to poor individuals that Robin Hood grants create per dollar cost to Robin Hood Foundation. This helps the foundation in translating the outcomes of diverse programs into a single, monetized value. When an organisation integrates impact assessment as an internal tool, it has its own advantages and disadvantages as described in Table 7.2.

Table 7.2 Advantages and Disadvantages of Integrated Social Impact Assessment

Advantages	Disadvantages
• Social Impact Indicators are developed based on objectives and interventions of the organisation • It provides benchmarks to track progress of interventions. • Comparable data is available for different time periods and different projects. • Impact assessment can be done at any time as per requirement of stakeholders. • Provides standard format for generating impact reports for all the projects.	• Requires financial and technical resources to develop an integrated system. • Requires expert human resource to develop, operate and generate impact reports. • It is difficult to incorporate new tools or indicators in future if the existing tool is not flexible.

7.2.4 DIY (Do-it-Yourself)

Social enterprises can develop their own social impact assessment tools which can be customised to the expectation of stakeholders of the organisation.

Social Enterprises can develop comprehensive Social Impact Assessment after considering various assessment tools developed by other organisations at national and international level.

This model is similar to integrated Social Impact Assessment in terms of its benefits and drawbacks.

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[76] (https://acumen.org/wp-content/uploads/2013/03/BACO-Concept-Paper-final.pdf)

7.3 Impact Reporting

Social impact from a beneficiary's perspective is inherently difficult to measure because it cannot be readily expressed in monetary terms. This does not, however, imply that all forms of social impact are equally difficult to measure or that efforts to standardize the measurement of social impact are bound to fail. For instance, delivering emergency relief and basic services in sanitation, water, and housing is easier to measure than impact on public policy or on good governance, freedom, and rights. Societal transformation—such as improving human rights or democratic conditions—involve multiple actors and causal mechanisms that are still poorly understood." In such cases, it is recommended that 'it can still be useful to try to measure what an organization is doing and whether its strategies are working to influence societal change.

7.3.1 Types of Impact reporting

Impact reporting is communicating the difference made by the organisation or the social change to the stakeholders. Impact reporting can be in the form of an independent impact report or part of an annual report or sustainability report. The format and contents of the impact report depends on the objective of conducting SIA, time and resources available for SIA and stakeholders for whom the report is documented. For instance, the SIA is conducted due to regulatory mandates, then the report will be prepared based on the guidelines laid down by the Government. If SIA is conducted for a single programme or project for internal requirements of the organisation, then the impact report can be an independent report or the findings can also be included in the annual report.

Reporting impact to stakeholders can help the organisation in following ways:
- Reviewing impact against vision and goals set by the organisation;
- Creating a learning organisation where people focus on results and adapt and improve services;
- Encouraging employees, volunteers, and board members through celebrating achievements;
- Building trust and credibility amongst various stakeholders and;
- Sharing lessons, challenges, and success stories with organisations working on the same social cause or have similar social interventions.

As discussed earlier, SIA can be carried out using different tools and methodologies. An organization tracking and monitoring SIA on a regular basis can show the impact over a long period of time with trends. An organisation using the Theory of Change method can express impact in terms of a map showing input, output, outcome and impact. Impact can also be documented in terms of compiling success stories or case studies. Generally used format for impact reporting is detailed qualitative report covering objectives, scope, data collection and analysis of the impact assessment.

Direct Impact on target Community

Direct impact would imply changes seen as a result of the intervention in the intended target group who are also the key stakeholders of a program/project/activity. Direct impacts are material/ critical to account the performance of the SE and link it to its social intent. Direct impacts are seen in the immediate time frame and cannot be excluded in the impact report. Each taxonomic classification (within the SASs) will guide the set of indicators to capture direct impact and these indicators should get included in the Impact scorecard. Evidence gathering of direct impact indicators will be a critical component of the social impact assessment plan.

The other important term herein, is the target community. Every NPO/SE will have an area of intervention where the program/ project / activity is implemented. The target community will be mentioned/ established by the NPO/ SE.

Systemic Impact

Of the many social changes NPO/SE address, some interventions extend beyond one specific target group and geography or across disciplines. In such an intervention, the resultant change and the intended impact will be not on one target group or beneficiaries, but at the systems level. It is a system wide or a systemic impact.

Systemic impact will take a medium or long term intervention to reach its logical conclusion, thus in an impact report, it will be necessary to see the past performance trends of the SE to see the progress on systemic impact.

An example of systemic impact is the passing of the Right to Information Act (RTI) which empowered citizens to demand transparency and accountability from government institutions. Aruna Roy and Mazdoor Kisan Shakti Sanghatan were instrumental in this.

Another example will be a training and capacity development intervention for teachers with the DIET (District Institution for Education and Training). The intended outcome is to impact changes in instruction methodology thereby impacting the learning levels of students.

Some other examples of systemic impact are Education department managers have 21st Century leadership skills, Teacher education focuses on 21st Century skills.

7.3.2 Components of Impact Reporting

Findings of SIA can be used for the organisation's internal purposes or for discussions with different stakeholders. Final report on SIA should include qualitative, quantitative and financial aspects to provide a comprehensive picture of social value created by the organisation to various stakeholders. The report should also be as short as possible while

meeting principles of transparency and materiality which stakeholders should be interested in reading and should get quick required information. Following are the components of SIA report[77]:

- An executive summary aimed at all the stakeholders.
- Information about the organisation, its vision and mission, key stakeholders and activities;
- Description of the scope of the SIA
- Details of stakeholder involvement, methods of data collection.
- In case of quantitative or monetary approaches, details of the calculations, and a discussion of any estimates and assumptions
- Impact map, theory of change map (refer to section 7.3)
- Any assumptions and limitations underlying the analysis;
- An audit trail for decision-making, including which stakeholders, outcomes or indicators were included and which were not, and a rationale for each of these decisions;
- Building Impact score card/evaluation criteria using Key metrics (Box 7.2), past trend analysis and Case studies or quotes from participants that illustrate particular findings;

The Annual Impact reports typically perform a dual role, viz. (i) prepare a trend analysis of the NPO/FPEs performance and (ii) provide a baseline and midline for successive years.

Past performance trends are applicable for ongoing programs /projects / activities and crucial to be covered in SIA reporting. The past performance trend helps the management to introspect/tweak its practices and project management skills so as to optimize its output and impact.

A positive trend will also imply that the target population is being positively impacted. Further, these trends are helpful in attracting potential investments.

Along with positive changes or effects, it is crucial to report even negative impacts of the social interventions in order to reduce the adverse effect in the future. It can include future recommendations or modifications based on the same. For example: if the performance trend dips, the FPEs / NPO will be accountable for the same. The causes of a dip in impact or inability to reach the targets may be internal (related to the NPO/ SE) or external (regulatory, natural or manmade calamity, change in the socio- political situations etc). Reasons/ causes for underachievement also need to be reported.

After NPOs and FPEs have listed their securities on SSE, they will have to produce an Annual Impact Report. The details are discussed in Chapter 9. For impact reporting, Social Impact Assessment Standards issued by the SRO has to be adhered with. These aspects have been discussed in Chapter 6.

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[77]http://www.socialvaluelab.org.uk/wp-content/uploads/2016/09/SROI-a-guide-to-social-return-on-investment.pdf

Box 7.2: Sample indicators of social performance in select sectors	
Livelihoods	

Indicators related to direct impact	Geographical coverage
	
	I. Outreach – along with social composition (SC, ST, OBC, etc.)
	II. SHGs and their associative tiers
	III. Savings and credit information
	IV. Change vector – number of women and men working as change vectors
	V. Capacity Building – SHGs, Farm intervention, NRM, Gender, WASH
	VI. Institution building – number of SHGs or federations taking action on issues of gender, caste, and class
	VII. Specific programs
	    a. WATSAN
	    b. Land Rights
	    c. Youth
	VIII. Gross annual household income
	IX. Finance leveraged and invested
	X. Community contribution
	XI. Donor requirement – examples
	    a. Livelihoods Fund project – number of trees, tree species, mortality, amount of carbon sequestration
	    b. HUF – Amount of land treated, number of water harvesting structures, amount of water conserved
	    c. ICICI funded "arresting distress migration" – number of people who got wage employment in MGNREGA, social composition, and average workdays generated

Health	

Indicators related to direct impact	Health sector organisations could have two kinds of programs:
	  A. Clinical Services
	  B. Community Services
	Indicators for Clinical Services
	  I. Number of patients treated – OPD, IPD, Operated (Major, Minor and Intermediate, as also elective vs emergency), Deliveries (Vaginal, Assisted,

	Cesarean), Emergencies attended to, ICU care (Denominator difficult to determine as patients may come from wide geographic areas – hence lives saved, or reduction of medical impoverishment are difficult to establish) II. Mortality (in hospital) III. Gender, Social group (Tribal, Dalit, OBC), Economic class, IV. Direct expenses – Out of Pocket average (OPD, IPD) Indicators related to Community Services Program I. Mother and Child Health (MCH) – Maternal deaths, Institutional deliveries, Safe deliveries %, Near miss, NB deaths, LBW and VLBW outcomes, Under 5 Deaths, Immunisation coverage upto 5 years – Avni app (earlier open CHS platform) II. Non-Communicable Diseases (NCD) – Numbers screened and diagnosed, New cases added and on treatment, Total number coming for FU visits or to PSG meetings regularly (Avni – Sr Health Workers) III. Malaria – Number of Fever cases, Slides made and Tested, Slide positivity rate, Seasonality
Indicators related to Sector-wide impact	Public Health System Strengthening (in partnership with State Govt and NHSRC) • Trainings • Mentoring and Supportive supervision • Technical support – • Accountability • QI initiatives
Education	
Indicators related to direct impact	Strengthened leadership capacities of xxxx education leaders in districts towards following outcomes: I. Number of Coaches trained and supported II. Number of Schools have functional library III. Schools with Building as Learning Aid IV. Schools with active Bal Sansad V. New Students enrolled in Govt. schools VI. Dropped students enrolled back VII. Volunteers involved in more than 3 campaigns VIII. Students enrolled for ALP Program (ALP – Advanced Learning Program)

	IX. Improved learning outcomes in xxx demonstration schools	
Indicators related to Sector-wide impact	I. Education department managers have 21st Century leadership skills II. School clusters as true 'units of change III. Teacher education focuses on 21st Century skills IV. Future ready Curriculum & Assessment	

7.4 Issues or Challenges in conducting SIA

- **Lack of Standard Use of Terminologies -** There is a variety of terminologies used across different approaches. It makes it challenging to compare results between organisations and programmes. For instance, outcome and impact are used by multiple organizations to describe outputs in their methodologies and calculations. Acumen Fund writes about its BACO Ratio as a ratio of cost per outcome or cost per social impact but it actually focuses on output. Similarly, contribution by the donor agency is explained in terms of attribution, share of outcome or organisation's contribution.

- **Lack of Standardisation of Reporting Framework:** Another challenge in impact reporting is multiple frameworks or guidelines for social and environmental reporting at internal level. With a plethora of international and national standards for social and environmental impact; organizations may find it difficult to use a standard format and may have to publish multiple reports depending on the frameworks it is adhering to. Investors or donors also have their own set of reporting guidelines and they accept reporting only in their own formats which increases the workload of the reporting team to prepare separate reports depending on individual requirements of the donors/ investors.

- **Lack of common measures within the sector** -Few organizations consider cost effectiveness, few consider benefit cost ratio and few organisations use qualitative approaches. This makes programmes from the same sectors incomparable.

- **Unavailability of accurate and reliable data** - Smaller organizations often do not maintain proper database on input, output, outcome and impact indicators. To get a true picture of social impact, it is necessary to get reliable and accurate data on various indicators. Especially when the data is collected from primary stakeholders there are chances of biased data due to conflict of interest of stakeholders.

- **Assumptions** - Projections on outcome and impact indicators are often based on assumptions. For instance, in education based programmes it is assumed that all the

children will develop interest in higher education or will take up jobs in the future which may not happen with all the beneficiaries.

- **Interdependencies** - Interdependencies refer to the outcomes of one or a series of interventions that are dependent on other interventions or other external factors. For instance, the outcome of improved educational levels through a peer tutoring program is also dependent on the family support given to the beneficiary.

- **Timeframes** - SIA can be conducted for any time frames. Some programmes show impact in 3-5 years like health initiatives or microfinance programmes whereas some programmes show impact after 15 -20 years like environment programmes or programmes related to behavioural or cultural changes. It depends on the organisation which timeframe they want to take into consideration. Hence the standard time frame cannot be used across different programmes.

Chapter 7: Sample Questions

1. Pertaining to the advantages of the Integrated Social Impact Assessment, which of the following are NOT true:
   a. It provides benchmarks to track progress of interventions.
   b. **Requires expert human resource to develop, operate and generate impact reports**.
   c. Impact Assessment can be done at any time as per requirement of stakeholders.
   d. Comparable data is available from time periods, different projects.

2. _____is an impact accounting system which can be used by impact investors to measure, manage and optimize their impact.
   a. GIIRS
   b. GRI
   c. UNGC
   d. IRIS+

3. Which of the following statement is false regarding social impact reporting?
   a. The format and contents of the impact report depends on the objective of conducting SIA
   b. Impact reporting communicates the social change to the stakeholders.
   c. Impact reporting is restricted to be in the form of an independent impact report.
   d. Impact reporting can be in the form of an annual report.

4. Which of the following are the challenges of Social Impact Assessment?
    I. Interdependencies
   II. Assumptions
   III. Timeframes
   IV. Standardisation of Reporting Framework

   a. Only I, II and III
   b. Only II, III and IV
   c. Only I, III and IV
   d. I, II, III and IV

CHAPTER 8: SOCIAL IMPACT ASSESSMENT (CASE STUDIES)

Learning Objectives
After studying this chapter, you should know about:
• Practical insight of Social Impact Assessment
• Aspects related to Social Impact Assessment Report

8.1 Case Study on Draft Social impact assessment Standard (SAS) 500: Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation

AB Responsible Services is Social Enterprise Not for Profit Organisation working in Maharashtra. With more than 15 years of experience in watershed management programs- AB Responsible Services was founded to address the issue of water conservation, soil conservation and increasing availability of water for irrigation. Their focus on these issues has demonstrated increasing agricultural productivity, enhancing livelihood and increasing green cover in their project areas.

Their main project sites are in the districts of Ratnagiri and Raigad which faces extreme water shortage inspite of receiving good rainfall. Being a hilly terrain, the water runoff to the sea is high. Building storage facilities is expensive due to the hilly terrain. AB Responsible Services wants to raise funds to initiate an Integrated Water Management Project (IWMP) to increase water storage capacity and thereby increase the productivity of a wide range of stakeholders.

IWMP aims to conserve fertile soil, reduce and harvest runoff rainwater, recharge ground water tables, create green belts, increase agricultural productivity, and thus contribute to community development.

Activities in this project included construction of check dams, farm ponds, desilting, borewell recharge and installing water pipelines for drinking water for households. The project has been implemented in 18 villages with a population of 25,000 people.

AB Responsible Services has invested a total of Rs. 45.3 lakhs in IWMP.

Section I - Introduction

Objective and Scope

1.10 Ratnagiri and Raigad districts in Maharashtra situated between Western Ghats and the Arabian Sea receives heavy rainfall during monsoons. Rainfall is a crucial factor affecting agriculture, domestic water supply, hydroelectric power generation plants and industries.

Water resources are highly sensitive to climate change and can pose serious threats to food and environmental security. Understanding the changes in rainfall patterns, inability to store water with slope of Western Ghats and inadequate water resources in the region AB

Responsible Services developed the Integrated Watershed Management Programme to address the issue of integrated water management in the project sites.

IWMP project was implemented with an objective of increasing agricultural productivity, enhancing livelihood and increasing green cover in the 18 villages of Ratnagiri & Raigad with a population over 25,000 local people.

Section II – Evaluation Social Impact

Data Collection

1.20 The stakeholders that have been approached for obtaining data include:

- ✓ Direct beneficiaries e.g., villagers, farmers, owners of local businesses etc.
- ✓ Implementing team of AB Responsible Services
- ✓ Representatives of local government - Panchayat Members, Relevant Taluka and District Level officials
- ✓ NGOs operating in these districts on environmental issues
  The data collection tools used were Key Informants Interview (KII), Focus Group Discussions and quantitative surveys. Questionnaires were designed and data collection conducted by AB Responsible Services.

5% sample was selected from direct beneficiaries (farmers, local business owners and community) from 18 villages of the programme.

Desk Review

1.30 A desk review of existing documents was conducted to gain further insight into the evaluation procedure and impact assessment. These documents cover company's policies, values, activities towards environment conservation:

- Reports generated under Environment protection laws
- Annual Reports
- Sustainable Development curriculum
- Feedback form by staff/trainees
- Photographs of activities carried out under IWMP
- Data on improved soil fertility
- Data on rainfall and availability of water
- Data on improved agricultural productivity
- Details of plans, programmes held and to be held future
- Water Conservation Management Policy

Inspection and Personal Interviews

1.40 Besides desk review, physical inspection was conducted of check dams, borewells, farm ponds and water pipelines to understand the effectiveness of the programme. Personal interviews were also conducted with selected stakeholders to understand the social and environmental impact of IWMP.

20 Focus group discussions, 10 KII and 500 quantitative surveys with stakeholders were conducted.

Evaluation Questions

1.50 Evaluation questions were also reviewed by the social impact assessor to assess the responses received from various stakeholders and to understand what has changed.

This helped the Social impact assessor in forming his views on the following aspects:

a. <u>IWMP Implementation:</u>
   o What watershed management activities were carried out in the village?
   o What water supply related challenges were faced by the village population?
   o Currently, what are the efforts being carried out by the local government for better water availability?
   o What permissions were taken by the Government departments to carry out IWMP activities?

b. <u>Impact on Agriculture:</u>
   o What is the increase in the area of land that has been irrigated through the watershed development project?
   o How many farmers have been impacted because of the watershed development activities?
   o Have people been able to enhance their standard of living through vegetable gardens and bolster their cultivation?
   o Has there been an improvement in biomass production?

c. <u>Impact on Health & Standard of Living:</u>
   o How many villagers got access to better drinking water supply?
   o Have the incidences of waterborne diseases reduced in the village?
   o How much is the increase in annual income of villagers with enhanced agricultural productivity and improved income from local businesses?

d. <u>Impact on Environment:</u>
   o Has the water quality in the area improved?
   o Has there been an improvement in biomass production?
   o Is there any impact on aqua life?

Key Metrics for Evaluation of Project / Program

1.60 The Social impact assessor reviewed the project/program documents to frame the evaluation criteria for assessing impact. Key metrics collated from base-line, mid-line (monthly / quarterly) and end-line assessments were anlaysed to effectively understand and evaluate impact.

Following aspects are covered with respect to direct beneficiaries:

(a) Demography

- Financial and Social Background of the beneficiaries -Age, Gender Occupation, Family Income, Sources of Income.

(b) Water Resources available for domestic, commercial and industrial use
- Quality of water supply
- Amount spent by villagers to get additional water supply

(c) Agriculture
- Current agriculture practices
- Land under irrigation pre and post implementation of IWMP
- Increase in farm production
- Increase in agriculture allied activities
- Increase in income from agriculture

(d) Commercial Activities
- Change in income

(e) Environmental factors
- Enhanced soil and water quality
- Improved biodiversity
- Improved ground water tables

Assessment of Evaluation Criteria (Illustrative Key Impact Indicators)

1.70 Following are the quantitative and qualitative indicators identified by the Social impact assessor to capture social and environmental impact of IWMP.

Sr No	Evaluation Criteria
(A)	**Quantitative Criteria**
1	Over 25,000 beneficiaries directly impacted by IWMP which include Farmers, Total Population in Villages, Local Businesses
2	Over a lakh indirect beneficiaries IWMP - Population from neighboring villages
3	177 hectares of land brought under irrigation
4	76% water availability increased
5	45% percent increase in annual income
6	27% decrease in medical expenses incurred by villagers
7	Average 4 watershed management activities carried out in every village
8	6,875 households got better drinking water supply
9	Average 12% increase in farm production
10	18% increase in amount of total water resources used

(B)	Qualitative Criteria
1	Improvement in living conditions with better sanitation facilities
2	Improved health conditions with reduction in water pollution and restoration of quality of soil
3	Improved standard of living with increased annual income
4	Per capita water availability
5	Improved awareness about watershed management practices
6	Availability of new employment opportunities for maintenance of watershed management activities
7	Increase in hydraulic energy generation
8	Increase in awareness on rainwater and stormwater harvesting
9	Changes in soil quality
10	Increase in horticulture practices
11	Changes in green cover over total surface area
12	Changes in migration pattern with better employment opportunities and living conditions

Section III – Assessment of Challenges, and Limitations

Challenges/ Areas for improvement

1.80 Following challenges were faced by stakeholders which were identified during primary data collection:

- Difficulty in understanding the importance and use of watershed management practices
- Inability to understand the immediate impact of climate change
- Lack of awareness about biodiversity in general
- Lack of awareness on maintenance of watershed management activities
- Underestimation of changes and impact of rainfall and storms

Limitations of the assessment

1.90 Following are the limitations of the assessment:

- Non availability of baseline data on all indicators especially qualitative indicators
- Overlapping of stakeholders as farmers are also part of local community
- Respondents' inability to answer few questions especially on quantitative indicators

8.2 Case Study on Draft Social impact assessment Standard (SAS) 200: Promoting health care including mental healthcare, sanitation and making available safe drinking water

ABC Foundation launched a project that focused on improving eye health care in rural India, addressing cataract-related blindness, a major public health concern. The project aimed to provide free eye screenings, cataract surgeries, and raise awareness about eye health in underserved communities.

To implement the project, ABC Foundation partnered with local governments, healthcare providers, and corporate donors. Mobile eye health camps were set up in rural areas, offering free screenings to identify cataracts and other eye conditions. Individuals diagnosed with cataracts were referred for free surgeries at partnering hospitals, where experienced ophthalmologists performed the procedures. Post-surgery follow-up care was also provided.

The Project had a significant impact, screening over 50,000 individuals and performing 5,000 cataract surgeries in its first year. Thousands of people, particularly the elderly, regained their vision, significantly improving their quality of life. Many beneficiaries reported increased independence and dignity, as they could resume daily tasks like reading and cooking. The project also raised awareness about the importance of regular eye check-ups, encouraging more people to seek timely medical care.

Despite challenges such as reaching remote areas and overcoming cultural resistance to medical treatments, ABC Foundation successfully deployed mobile units and worked with local leaders to build trust. The project's sustainability was enhanced through partnerships with government bodies and healthcare providers, creating a model that can be expanded.

In conclusion, ABC Foundation's project effectively addressed eye health issues in rural India, restoring sight to thousands and fostering long-term health awareness. The initiative's success demonstrates the power of collaboration between NGOs, Corporates (for CSR funding), and communities in tackling critical health challenges.

Section I - Introduction

In India, access to quality eye healthcare remains a challenge, particularly in rural and underserved regions. Despite limited resources and infrastructure, ABC Foundation's project in eye healthcare has led to remarkable outcomes. Thousands of individuals have received free cataract surgeries, restoring their vision and significantly improving their quality of life. Through community engagement and persistent efforts, the project has successfully raised awareness about eye health, especially cataracts, among marginalised populations. While systemic changes and more government support are essential for long-term sustainability, this case study demonstrates how targeted initiatives, combined with local involvement, can address critical healthcare issues in rural India.

Objective and Scope

The objective of this evaluation is to assess the social and health impact of ABC Foundation's project focused on eye healthcare and free cataract surgeries in rural India. The study aims to evaluate the program's effectiveness in providing access to healthcare, improving the quality of life of beneficiaries, and increasing awareness of eye health. It also examines the challenges faced in program implementation and identifies potential strategies to scale and sustain the project.

The scope of this evaluation includes quantitative and qualitative analysis through field data, desk reviews, and stakeholder consultations to measure improvements in eye health, the number of surgeries performed, and the overall impact on community well-being.

Section II - Evaluation Social Impact

Data Collection

Data was collected from various key stakeholders to understand the impact and challenges of the CSR project. The stakeholders involved were:

- **Direct Beneficiaries**: These are the individuals who received cataract surgeries and their families. Their feedback provides insights into the health outcomes, the overall effectiveness of the surgeries, and the project's impact on their lives.
- **Implementing Team**: This includes healthcare providers, NGO staff, and field teams responsible for organising and monitoring the eye health camps. Their input covers the operational challenges, resource allocation, and the effectiveness of the mobile health units.
- **Local Government Representatives**: These include Panchayat members and district officials who support the project by facilitating access to rural communities and assisting in resource allocation.
- **NGOs and Healthcare Partners**: Organisations involved in healthcare delivery and eye care, providing a broader perspective on challenges and best practices in addressing eye health needs in remote areas.

The data collection methods included Key Informant Interviews (KII), Focus Group Discussions (FGD), and quantitative surveys. These tools helped gather both qualitative insights and numerical data on the project's reach, effectiveness, and community perception.

A 5% sample was selected from the beneficiaries, including both individuals who received cataract surgeries and those who participated in screenings, across 20 villages within the project area. Data was collected through:

- Desk reviews of program reports and documentation.
- Field visits to health camps and partnering hospitals.
- Personal interviews and group discussions with stakeholders.

Desk Review

A desk review of existing documents provided insights into the impact of ABC Foundation's eye healthcare project. The documents reviewed included:

- **Reports on Eye Health and Cataract Prevalence**: Data on the prevalence of cataracts and vision impairment in rural India.
- **Annual Reports from Partner Healthcare Providers**: Detailed accounts of the surgeries conducted, beneficiary demographics, and health outcomes.
- **Program Evaluation Reports**: Previous assessments of the eye health project, including patient feedback and success stories.
- **Photographs and Case Studies**: Visual documentation of surgeries, eye camps, and the beneficiaries' journey before and after surgery.
- **Data on Cataract Surgeries and Follow-ups**: Records of surgeries performed, post-operative care, and patient recovery outcomes.
- **Policies and Community Engagement**: Documents outlining partnerships, CSR guidelines, and the role of local communities in supporting the project.

Inspection and Personal Interviews

Physical inspections and stakeholder interviews were conducted to evaluate the project's delivery and impact. Inspections included:

- **Visits to Eye Camps and Partner Hospitals**: Observations of the healthcare delivery process, infrastructure quality, and surgical procedures.
- **Interactions with Beneficiaries**: Gathering feedback from individuals who received cataract surgeries to understand the social and health impact.
  The following methods were employed to gather a comprehensive understanding:
- **20 Focus Group Discussions (FGDs)**: With beneficiaries, local community leaders, and healthcare workers.
- **10 Key Informant Interviews (KIIs)**: With doctors, NGO staff, and local government representatives.

  500 Quantitative Surveys: Conducted with patients, caregivers, and healthcare providers to assess satisfaction levels, surgery outcomes, and the community's response to the program.

Evaluation Questions

The evaluation focused on answering key questions:

1. How effective was the project in improving access to eye healthcare in rural India?
2. What are the health outcomes for individuals who received cataract surgeries?
3. How has the program impacted community awareness and health-seeking behaviour?
4. What role do local communities and healthcare providers play in the success of the project?
5. How sustainable is the initiative in terms of long-term health benefits for rural populations?

Key Metrics for Evaluation

The social impact assessor reviewed the project documents to frame the evaluation criteria. Key metrics were analysed based on baseline, mid-line, and end-line assessments:

(a) **Demography**

Financial and social background: Age, gender, occupation, family income, and literacy levels of beneficiaries.

(b) **Access to Eye Healthcare**

- Number of individuals screened and treated pre- and post-implementation.
- Reduction in cataract-related blindness

(c) **Health Outcomes**

- Improvement in vision and quality of life after surgery.
- Post-operative recovery and follow-up care

(d) **Healthcare Provider Development**

- Training hours completed by healthcare providers.
- Retention rates of medical professionals involved in the program.

(e) **Community Involvement**

- Local participation in organising health camps and raising awareness.
- Community contributions to infrastructure or volunteer work.

(f) **Social Impact**

- Increased awareness about eye health and cataracts.
- Empowerment of women as health advocates and caregivers.

Assessment of Evaluation Criteria (Illustrative Key Impact Indicators)

Quantitative Criteria
1. Over 10,000 individuals directly benefitted from cataract surgeries.
2. 30,000+ indirect beneficiaries, including family members and surrounding communities.
3. 70% increase in eye screenings in remote areas previously lacking healthcare access.
4. 85% improvement in vision outcomes post-surgery.
5. 60% of healthcare providers involved were women, promoting gender equality in healthcare.
6. 50% reduction in cataract-related blindness in targeted villages.
7. 90% increase in attendance rates at follow-up care appointments.
8. 40% improvement in local community awareness about eye health.
9. 30% reduction in disability-related absenteeism from work and school.
10. Over 200 villages supported by the eye healthcare initiative.
Qualitative Criteria
1. Improved access to healthcare services in rural and underserved areas.
2. Enhanced community awareness about the importance of eye health.
3. Positive changes in the behavioural attitudes towards healthcare and preventative measures.
4. Empowerment of local women as health advocates and community leaders.
5. Increased involvement of families and local leaders in supporting healthcare initiatives.
6. Strengthened community ownership and pride in local healthcare projects.

Section III – Assessment of Challenges and Limitations

Challenges / Areas for Improvement

The following challenges were identified during the evaluation:

- **Infrastructure Gaps**: Limited healthcare facilities and equipment in remote areas.
- **Awareness Barriers**: Lack of awareness in some communities about the benefits of cataract surgery and available services.

- **Cultural Barriers**: Reluctance to seek medical intervention due to cultural beliefs or misinformation.
- **Resource Constraints**: Limited funding for long-term sustainability, particularly for post-surgery care.
- **Logistical Challenges**: Difficulty in reaching remote villages for screenings and surgeries.

Limitations of the Assessment

The assessment faced the following limitations:

- **Non-availability of consistent baseline data** for some health outcomes and demographic information.
- **Variations in healthcare infrastructure** and community support across different villages made it challenging to create uniform assessments.
- **Difficulty in quantifying qualitative outcomes**, such as behavioural changes and shifts in community attitudes towards eye health.
- **Limited sample size** due to the vast geographical spread of the project areas.

8.3 Case Study on Draft Social impact assessment Standard (SAS) 400: Promoting gender equality, empowerment of women and LGBTQIA+ communities

NGO Sakhi implemented a Women Healthcare Program in rural India to address significant challenges in accessing healthcare services for women, particularly in maternal and reproductive health. The program aimed to improve access to essential healthcare, raise awareness about health issues, and empower women to make informed decisions about their well-being.

Key initiatives included mobile health clinics that provided on-site medical services, including prenatal care, vaccinations, and family planning counselling. These clinics reached remote villages, ensuring women who previously lacked access to healthcare could receive timely medical attention. The NGO also conducted awareness workshops on reproductive health, menstrual hygiene, and the importance of regular check-ups, which were attended by over 15,000 women. Additionally, local healthcare workers were trained on best practices in maternal care, enhancing the quality of services available.

The program distributed sanitary pads to address menstrual hygiene challenges, significantly reducing health complications. It also partnered with local hospitals to offer safe deliveries and post-natal care at reduced costs, improving maternal outcomes. Mental health support was integrated into the program, offering counselling and support groups for women experiencing stress or anxiety, particularly new mothers.

The program resulted in notable successes: a reduction in maternal mortality, improved health knowledge among women, and a decrease in menstrual health issues. Over 25,000

women benefited from mobile health clinics, and more than 2,000 received mental health support. Despite facing challenges such as cultural barriers and resource constraints, the program has made a lasting impact. Moving forward, Sakhi NGO plans to expand its reach by increasing mobile clinic services and launching a digital platform for health education, further improving women's healthcare access in underserved areas.

Section I – Introduction

In India, women's health is a significant concern, particularly in rural and underserved communities where access to quality healthcare is limited. Sakhi's Women Healthcare Program aimed to address these gaps by providing essential healthcare services and education to women in these areas. Despite challenges like limited infrastructure and cultural barriers, the program has made a tangible impact in improving women's health, particularly in maternal and reproductive care. The success of the program underscores the importance of community involvement, local partnerships, and the dedication of the NGO's staff in overcoming systemic healthcare challenges. This case study highlights the role of targeted interventions and local engagement in improving women's health in rural India.

Objective and Scope

The objective of this case study is to assess the social and health impacts of the Women Healthcare Program implemented by Sakhi NGO in rural India. The study aims to evaluate the effectiveness of the program in improving access to healthcare services, enhancing health knowledge, and empowering women in underserved communities. The scope includes analysing key indicators such as maternal health outcomes, awareness of reproductive health, community involvement, and mental health support, through a combination of field data, stakeholder consultations, and impact assessments.

Section II – Evaluation of Social Impact

Data Collection

Data was collected from several key stakeholders to understand the impact and challenges of the Women Healthcare Program. These stakeholders included:

- **Direct Beneficiaries:** Women who directly benefited from the healthcare services, such as sanitary napkins, prenatal care, vaccinations, and mental health support. Their feedback provided insights into health improvements, satisfaction with services, and barriers to accessing care.
- **Implementing Team:** NGO staff responsible for program execution, including healthcare providers and field staff. They provided insights into the operational aspects of the program, including resource constraints and delivery challenges.

- **Local Government Representatives:** Panchayat members and local healthcare officials who played a role in supporting the program through resource allocation and policy implementation.
- **Partner Organisations:** NGOs and healthcare entities that collaborated with Sakhi to improve healthcare delivery in remote areas.

Data collection methods included Key Informant Interviews (KII), Focus Group Discussions (FGD), and quantitative surveys. A 15% sample of beneficiaries, including women and community members, was selected across 20 villages within the program's reach. The data collection process included:

- **Desk reviews** of program documentation, reports, and health outcomes.
- **Field inspections** to observe the implementation of mobile health clinics and community health initiatives.
- **Personal interviews and group discussions** with beneficiaries, healthcare workers, and community leaders.

Desk Review

A desk review of existing program documents helped assess the impact of the Women Healthcare Program. Reviewed materials included:

- Reports on maternal health outcomes and healthcare access in rural areas.
- Annual program reports detailing health service delivery, coverage, and outcomes.
- Data on healthcare utilisation, including the number of women reached, types of services provided, and health improvements.
- Feedback from beneficiaries on service quality and effectiveness.

Inspection and Personal Interviews

To understand the on-ground realities, physical inspections of mobile health clinics and community outreach activities were conducted. Stakeholder interviews were held with healthcare workers, local leaders, and beneficiaries to evaluate the program's impact and gather qualitative feedback. Methods included:

- **20 Focus Group Discussions (FGDs)** with women, community members, and local healthcare providers.
- **8 Key Informant Interviews (KIIs)** with NGO staff, healthcare professionals, and local government officials.
- **750 Quantitative Surveys** conducted with women and community members to assess the reach and effectiveness of healthcare services.

Evaluation Questions

The evaluation aimed to answer key questions about the program's effectiveness:

1. How effective is the Women Healthcare Program in improving maternal health outcomes in underserved areas and in improving menstrual hygiene?
2. What improvements have been seen in women's knowledge of reproductive health and hygiene?
3. How has the program impacted access to healthcare services, including prenatal and postnatal care?
4. What role do healthcare workers play in empowering women and fostering community health?
5. How involved are local communities in supporting and sustaining the healthcare initiatives?
6. What social impacts have been observed, such as improved mental health, reduced maternal mortality, and greater health equity for women?

Key Metrics for Evaluation of Women's Health Program

To assess the impact of the Women's Health Program implemented by the NGO, a comprehensive evaluation was conducted based on key metrics derived from baseline, mid-line (monthly/quarterly), and end-line assessments. The evaluation focused on understanding the program's effects on the direct beneficiaries, specifically women in rural areas, with an emphasis on maternal and reproductive health.

(a) Demography

- **Financial and social background:** Age, marital status, occupation, family income, and literacy levels of the women and their families.
- **Health literacy:** Awareness of health practices, usage of sanitary napkins, reproductive health, and maternal care among women.

(b) Access to Healthcare

- **Number of women enrolled in the program pre- and post-implementation.**
- **Reduction in barriers to healthcare access** such as cost, distance, and cultural taboos.
- **Improvement in maternal health services,** such as access to prenatal and postnatal care.

(c) Health Outcomes

- **Improvement in maternal health:** Reduced maternal mortality rates, improved prenatal and postnatal care.
- **Improved menstrual hygiene** and practices among women and adolescent girls
- **Improvement in reproductive health awareness** and practices among women.
- **Increased vaccination and healthcare service utilisation** (e.g., family planning, immunisations).

(d) Community Involvement

- **Parental and community participation** in supporting women's health initiatives.
- **Community contributions** such as the establishment of health centres or mobile clinic support.

(e) Social Impact

- **Improved Health Outcomes for women:** Enhanced access to maternal and reproductive healthcare reduces maternal and infant mortality rates.
- **Economic Empowerment:** Healthier women can participate more actively in the workforce, improving household income and economic stability.
- **Education and Awareness:** Programs often include health education, empowering women with knowledge about nutrition, hygiene, and preventive care.
- **Enhanced Family Well-being:** Better women's health positively impacts children's health and family dynamics.
- **Improved Menstrual Hygiene:** Access to sanitary pads reduces infections and promotes better reproductive health among women and girls.
- **Increased School Attendance:** Girls are less likely to miss school during their periods, improving educational outcomes.
- **Reduced Stigma:** Awareness drives with sanitary pad distribution help break taboos around menstruation, fostering open conversations and acceptance.
- **Gender Equality:** Providing targeted healthcare fosters equity by addressing systemic barriers to women's well-being.
- **Social Inclusion:** Empowering marginalized women leads to greater participation in community development.
- **Reduction in gender disparities in healthcare access.**
- **Improved mental health** and coping mechanisms among women, especially new mothers.

Assessment of Evaluation Criteria (Illustrative Key Impact Indicators)

(A) Quantitative Criteria

1. Over **20,000 women** directly benefitted from the Women's Health Program.
2. **50,000+ indirect beneficiaries,** including family members and the wider community.
3. **75% increase in healthcare access** among women in remote areas.
4. **80% improvement in maternal health knowledge** among women participants.
5. **65% of program participants** received prenatal care, a marked increase from baseline.
6. **60% reduction in maternal mortality** in areas with high-risk populations.
7. **90% attendance** at health workshops and mobile clinic visits.
8. **30% improvement in postnatal care practices** in beneficiary households.
9. **40% decrease in child marriage rates** in participating communities.
10. **120 villages** supported by mobile health clinics and community outreach.
(B) Qualitative Criteria
1. Improved **access to maternal health services** in rural and underserved areas.
2. Enhanced **awareness about reproductive health** and family planning among women.
3. Positive **behavioural changes** in health practices, such as hygiene and nutrition.
4. **Empowerment of women** as healthcare advocates within their communities.
5. Increased **parental involvement** in healthcare decisions, particularly maternal and child health.
6. **Strengthened community pride and ownership** of health programs.
7. **Reduction in gender disparities** related to healthcare access and decision-making.
8. **Increased confidence and self-awareness** among women regarding their health and well-being.

Section III – Assessment of Challenges, and Limitations

Challenges / Areas for Improvement

The evaluation identified several key challenges faced during the implementation of the Women's Health Program:

- **Infrastructure Gaps:** Limited healthcare facilities and basic amenities in rural areas, which hindered access to consistent care.
- **Resource Constraints:** Insufficient funding for continuous outreach programs, training for health workers, and the provision of essential healthcare supplies.
- **Cultural Barriers:** Resistance from communities due to traditional beliefs and practices that obstructed the adoption of modern healthcare services.
- **Workforce Challenges:** Difficulty in retaining healthcare workers, particularly in remote areas, due to low wages and difficult working conditions.

- **Awareness Gaps:** Limited community understanding of long-term health benefits and the importance of maternal and reproductive care.

Limitations of the Assessment

Several limitations were encountered during the evaluation process:

- **Non-availability of consistent baseline data** for key health indicators, which made it challenging to measure the program's long-term impact accurately.
- **Overlap of roles among stakeholders,** where women health workers, community leaders, and beneficiaries were often involved in multiple capacities, complicating the assessment.
- **Challenges in quantifying qualitative aspects,** such as changes in behaviour and health perceptions, which were difficult to measure through surveys alone.
- **Variation in healthcare infrastructure** and community support across different regions, leading to inconsistencies in program delivery and outcomes.

8.4 Case Study on Draft Social Impact Assessment Standard (SAS) 1300: Promotion of Financial Inclusion

CP LLP a For Profit Enterprise launched a project called E-Diksha with the social intent to provide financial and digital literacy to poor and marginalized population in three States Madhya Pradesh, Jharkhand and Haryana.

Financial inclusion is an intrinsic part of economic and social development. There are various reasons for financial exclusion like social barriers, poverty and lack of education. Financial and digital literacy helps address social and infrastructural constraints for financial inclusion.

CP LLP has covered over 2.5 lakh population in these 3 States. Workshops were conducted giving information on various financial products services offered by formal financial institutions, Central and State Government schemes for financial inclusion, digital platforms for online financial services and operating digital tools. Its main objective is to increase awareness about financial products, educate decision-making ability regarding financial products, provide access to financial products through digital tools and to develop a sustainable financial system.

The organisation invested about 3.45 Cr. in E-Diksha Project.

Section I - Introduction

Objective and Scope

1.10 E-Diksha project is operational in the three States; Madhya Pradesh, Jharkhand and Haryana. This project got a boost post demonetisation and Covid19 in India as there was a

significant shift from traditional financial transactions to digital financial transactions. Formal education and mere availability of banking services do not completely educate people on financial literacy. Mostly people rely on someone else to take their financial decisions and carry out these transactions. E-Diksha project aims at educating rural as well as urban people about financial and banking services and tools. It also focuses on building trust about formal financial institutions amongst these people. This project delivered financial and digital literacy sessions to over 2.5 lakhs population. The company invested about 3.45 Cr. in this project. Following components of financial and digital literacy were covered under various sessions conducted:

- Opening and using bank account
- Using ATM cards
- Access to various financial product: loans, savings, insurance etc
- Netbanking and Mobile Banking
- Digital Payment Apps - BHIM/UPI/PayTM
- Basic aspects of financial management
- Central and State Government schemes for financial inclusion and digital literacy

Section II – Evaluation Social Impact

Data Collection

1.20 The stakeholders that have been approached for obtaining data include:
✓ Direct beneficiaries - Participants of E-Diksha project.
✓ Implementing team of CP Limited
✓ Resource persons for conducting sessions
✓ NGOs and financial institutions who have partnered with CP LLP for this project
✓ Financial products and services providers - Banks, NBFCs etc.

The data collection tools i.e., interview schedules and questionnaires were designed and conducted by a market research company.
Out of the total population 8% sample was selected from direct beneficiaries from all three States. Google forms were prepared to collect data from representatives of the rest of the stakeholders to understand their contribution to the programme and indicators of impact.

Desk Review

1.30 Secondary data was also collected to get better insight into the evaluation procedure and impact assessment. These documents cover organisation's policies, values, activities towards social and economic development:
- Annual Reports
- Baseline study report documented prior to E-Diksha Project
- Feedback from participants of E- Diksha Project

- Photographs of Financial and Digital Literacy sessions conducted
- Data on Government Schemes like Jan Dhan Yojana etc
- Data on financial inclusion published by RBI
- Data on National Digital Literacy Mission
- Details of plans, programmes held and to be held future under E-Diksha Project
- E-Diksha Project Progress Reports
- Partnership documents and communication between CP LLP and partnering NGOs and financial institutions

Inspection and Personal Interviews

1.40 Besides desk review, personal interviews were conducted with participants of the E-Diksha project to understand the social and financial impact. Primary data was also collected through questionnaires from other stakeholders. Representatives from the Consulting Agency also attended a few financial and digital literacy sessions to understand the effectiveness and operations of these sessions and level of understanding and active participation of people attending these sessions.

Evaluation Questions

1.50 Evaluation questions were also reviewed by the auditor to assess the responses received from various stakeholders and to understand what has changed.

a. Composition of Participants:
   o What is the educational background of participants?
   o How many participants were involved in financial transactions prior to E-Diksha Project?
   o Are participants availing any benefits of any schemes for financial inclusion?
   o Are participants digitally literate and what are the digital activities in which participants are actively involved?

b. Quality of E-Diksha Project:
   o What are the components of financial and digital literacy which are covered in the project?
   o What is the methodology used in training sessions?
   o Are the resource persons conducting sessions helpful and proactive in teaching with innovative methods?
   o What is course material shared with participants?
   o What are digital tools that are used during the session?
   o How does the company ensure that the participants have effective learning and participate in the formal financial system and use digital tools post sessions?

c. Impact of E-Diksha Project:

- How many participants are using various financial products after attending sessions?
- How many participants are using netbanking, mobile banking or online payment apps?
- How many participants have availed government schemes related to financial inclusion?
- Is there any shift from non-formal financial institutions to formal financial institutions?
- How did this project affect the business of formal financial institutions?
- How did this project affect the business of non-formal financial sources?
- Is there any shift from cash transactions to digital transactions?

d. Challenges & Feedback:
- What are the challenges faced by participants in using formal financial products and services?
- What are the challenges faced by the participants in using digital tools?
- What are the areas of financial and digital literacy that need to be introduced in the future sessions?

Key Metrics for Evaluation of Project / Program

1.60 The Social impact assessor reviewed the project/program documents to frame the evaluation criteria for assessing impact. Key metrics collated from base-line, mid-line (monthly / quarterly) and end-line assessments were anlaysed to effectively understand and evaluate impact. The following aspects are covered concerning direct beneficiaries:

(a) Composition
- Financial and Social Background of the beneficiaries -Age, Gender, Occupation, Education, Family Income, Sources of Income

(b) Outreach of project
- Total Number of sessions conducted
- Number of participants
- Age wise and education wise distribution of participants
- Number of participants who were already using formal financial and digital tools
- Number of participants shifted from non-formal to formal financial tools

(c) Impact
- Increased use of different types of financial products
- Increased use of digital tools/apps
- Increased confidence on formal financial system
- Improved participation in government schemes on financial literacy and digital literacy
- Increased awareness on financial management systems
- Increased confidence to use online platforms

(d) Impact on financial sector (Inclusion)

- Increase in number of bank accounts and other financial products
- Decrease in financial transactions with non-formal sources
- Shift from cash to digital transactions
- Shift to formal financial institutions

Assessment of Evaluation Criteria (Illustrative Key Impact Indicators)

1.70 Following are the quantitative and qualitative indicators identified by the Social impact assessor to capture social and economic impact of E-Diksha Project.

Sr No	Evaluation Criteria
(A)	**Quantitative Criteria**
1	2.5 lakhs people attended financial and digital literacy sessions
2	About 9,500 sessions were conducted in 3 States.
3	Number of bank accounts increased by 7%
4	ATM use increased by 10%
5	88% participants have started saving with bank rather than chit funds or non-formal sources
6	72% participants have borrowed loans from formal financial sources/ banks
7	63% participants are using mobile banking
8	32% participants are using netbanking
9	78% participants are using digital app like paytm, gpay etc
10	27% participants have enrolled for Government schemes related to financial inclusion
11	74% participants are confident to manage their own finances
12	59% participants are able to use mobile phones more effectively
13	48% participants are able manage their financial books effectively
(B)	**Qualitative Criteria**
1	Improvement in habits related to financial transactions
2	Increased savings and investments as result of changes in saving habits

3	Improved standard of living with increased annual income
4	Increased confidence in taking financial decisions
5	Increased interest in learning advanced financial and digital practices
6	Improved social status with more awareness
7	Increased confidence to use mobile phones, internet and other digital tools
8	Better ability to deal with financial crisis
9	Better communication and trust with banks and other financial institutions
10	Better understanding of financial terms and concepts

Section III – Assessment of Challenges, and Limitations

Challenges/ Areas for improvement

1.80 Following challenges were faced by stakeholders which were identified during primary data collection:

- Difficulty in understanding financial concepts and terms due to lack of education
- Inability to understand digital tools and fear of frauds or errors in digital transactions
- Lack of trust on formal financial institutions and better connect with non-formal financial sources like moneylenders
- Difficulty in using formal financial products due to more documentation and longer time
- Staff of formal financial institutions or banks not being supportive and empathetic

Limitations of the assessment

1.90 Following are the limitations of the assessment:

- Participants not able to communicate their learnings in effective way
- Accurate data on non-formal financial sources is limited
- Differentiating impact created by E-Diksha project and other Government and Non-Government efforts towards financial inclusion

8.5 Case study on Affordable Housing on Draft Social Impact Assessment Standard (SAS) 1100: Slum area development, affordable housing and other interventions to build sustainable and resilient cities

Swagruha is a not for profit organization based in Mumbai servicing marginalized communities for construction, repair and maintenance of affordable housing facilities. Swagruha was set up with a social intent of contributing to sustainable and resilient cities by addressing the housing needs of the vulnerable sections of the society living in slums. Swagruha also identified beneficiaries who can be enrolled under Pradhan Mantri Awas

Yojana for subsidy on housing to provide better housing facilities. This project impacted over 11,000 people in Maharashtra.

Safe housing is crucial for everyone as it is a basic measure to deal with challenges and uncertainties especially during disasters.

Swagruha initiated a project called Niwas. Under Niwas project they repaired the homes of 1,265 families living in the slums of Mumbai. The beneficiaries were from informal sectors like domestic helpers, waste pickers, vegetable vendors, and laborer's living in temporary structures in the slums.

Swagruha activities include repairing cracks, plastering, painting, door and roof repairs, and construction or repairs of toilets. It also includes providing safe drinking water supply through construction of overhead tanks or water filtration plants.

The company spent about 4.67 Cr on Niwas project from Jan 2019 to Dec 2022.

Section I - Introduction

Objective and Scope

1.10 Project Niwas was launched by Swagruha to provide safe homes to the marginalized group of people living in slums of Mumbai. Under Niwas project 1,265 families were provided with better housing facilities.

The company invested about 4.67 Cr in this project from Jan 2019 to Dec 2022

Section II – Evaluation of Social Impact

Data Collection

1.20 Primary data was collected from following stakeholders:

✓ Direct beneficiaries of Niwas Project

✓ Project team from Swagruha

✓ Local Contractors carrying out repair work

✓ Local Suppliers of housing material

✓ Concerned Department/ Office of Local Government

Primary data collection was carried out by Swagruha with designing of data collection tools i.e., interview schedules and questionnaires.

Out of the total population 15% sample was selected from direct beneficiaries and personal interviews were conducted to collect data on impact created. The Evaluation Team also interviewed randomly selected stakeholders from other categories to understand their role in the project and the impact of the project.

Desk Review

1.30 Various documents were scrutinized as a part of desk review to understand the context, implementation, progress and impact of the project. Following documents were analyzed:

• Annual Reports and Sustainability Reports

• Need assessment study for Niwas project

- Feedback from participants on Niwas Project
- Photographs of housing conditions pre and post Niwas project
- Data on Pradhan Mantri Awas Yojana
- Project documents maintained by Swagruha
- Details of plans, programmes held and to be held in future under Niwas Project
- Niwas Project Progress Reports
- Success stories or case studies documented
- Survey reports of the local NGO's working in the area
- Documents on National Slum Development Program (NSDP)
- Documents on Integrated Housing & Slum Development Programme

Inspection and Personal Interviews

1.40 Personal interviews were conducted of beneficiaries of Niwas project to understand their opinions on Niwas project, housing aid provided to them and impact of this project. Primary data was also collected through questionnaires from other stakeholders asking them about their role, challenges and recommendations. Swagruha Team personally visited these houses which were repaired under Niwas project to see the quality of work, social change and impact created on beneficiaries.

Evaluation Questions

1.50 Evaluation questions were also reviewed by the auditor to assess the responses received from various stakeholders and to understand what has changed.

This would help the Social impact assessor in forming his views on the following aspects:

a. Housing conditions of beneficiaries:
   o What is the occupation and family income of the beneficiary?
   o How was the housing condition of the beneficiary before the Niwas project?
   o What are the challenges faced by beneficiaries due to damaged housing conditions?
   o How much is total fund spent on Niwas project and what is beneficiary wise expenditure?
   o How much is the annual repair cost spent by the beneficiary before Niwas project?
   o How many people received support in repair of housing conditions?

b. Quality of Niwas Project:
   o What are the different housing repair works carried out?
   o What is the quality of material used in repair work?
   o How many people feel that their living conditions have been improved?
   o Are housing conditions post Niwas project sustainable?
   o Are the houses repaired or reconstructed as per the requirements of the beneficiaries?

c. Impact of Niwas Project:
   o How many beneficiaries received rebuilt houses?

- o How many beneficiaries received new toilets?
- o Is there a change in living area, per capita space?
- o Did beneficiaries contribute financially or in-kind in the project?
- o How many people feel more secure and safe?
- o How did Niwas project impact on women members of the beneficiary families?
- o Has this project created more employment opportunities for local people?
- o Are the capacities of beneficiaries to deal with disasters improved?
- o Has the quality of life of beneficiary families improved?

d. <u>Challenges & Feedback:</u>
- o What are the challenges faced by different stakeholders in implementation of Niwas project?
- o What are the areas of improvement in the housing facilities provided under Niwas project?
- o What other housing related aspects should be incorporated in this project in the future?

Key Metrics for Evaluation of Project / Program

1.60: The Social impact assessor reviewed the project/program documents to frame the evaluation criteria for assessing impact. Key metrics collated from base-line, mid-line (monthly / quarterly) and end-line assessments were anlaysed to effectively understand and evaluate impact. The following aspects are covered concerning direct beneficiaries:

(a) Demography [Reach]
- Financial and Social Background of the beneficiaries—Occupation, Family Income, Number of Family Members
- Selection criteria for providing houses
- Housing condition of beneficiaries before Niwas Project
- Housing facilities available for beneficiaries

(b) Outreach of project
- Number of families that received new houses
- Number of families that received repairs to their older houses
- Number of families that received toilets
- Number of families that received drinking water facility
- Number of contractors who got employment
- Types and sizes of houses provided

(c) Impact (Depth)
- Improved quality of life
- Availability of basic facilities (safe drinking water, adequate sanitation, energy for cooking, heating, lighting etc.)

- Increased feeling of being safe
- Improved ability to deal with disasters
- Decrease in crimes like theft, burglary
- Improved sanitation conditions
- Improved health condition with better shelter facility
- Decrease in expenses related to house repair

(d) Impact on housing sector (Inclusion)
- Increase in number of beneficiaries enrolled for Pradhan Mantri Awas Yojana
- Improved standard of living
- Awareness on cleanliness and sanitation
- Enhanced social status
- Clean and improved city conditions

Assessment of Evaluation Criteria (Illustrative Key Impact Indicators)

1.70 Following are the quantitative and qualitative indicators identified by the Social impact assessor to capture social and economic impact of Niwas Project.

Sr No	Evaluation Criteria
(A)	**Quantitative Criteria**
1	1,265 families received housing facilities through Niwas project
2	62% of families living in damaged houses are waste pickers
3	75% of beneficiaries now have improved toilet facilities
4	23% of beneficiaries received subsidy from Government for improving their housing conditions
5	Beneficiaries are able to save annually about average Rs. 10,000 which was earlier spent on repair work of housing facilities
6	35% decrease in crime rate in the area
7	32% of members of beneficiaries received employment opportunities in construction and repairs of houses
8	83% of beneficiaries now have safe drinking water supply
9	95% of families feel more safe
10	93% of families feel confident to deal with disasters
(B)	**Qualitative Criteria**

1	Improvement in standard of living of beneficiaries
2	Increased savings of beneficiaries
3	Improved social status
4	Increased health condition and productivity
5	Improved cleanliness and quality of neighbourhood
6	Swagruha developing better relationship and building trust with beneficiaries
7	Swagruha able to achieve their social objectives

Section III – Assessment of Challenges, and Limitations

Challenges/ Areas for improvement

1.80 Following challenges were faced by stakeholders which were identified during primary data collection:

- Beneficiaries having illegal housing structures
- Getting permissions from local government for rebuilding houses
- Lack of sufficient area
- Attitude of beneficiaries towards availing free housing facilities

Limitations of the assessment

1.90 Following are the limitations of the assessment:

- Beneficiaries not willing to share information related their financial status
- Beneficiaries not comfortable without community workers of Swagruha

Based on Case study 05 a sample Social Impact Assessment Report is prepared as under:

Social Impact Assessment Report[78]

To
Managing Director,
Swagruha Social Enterprise,
XYZ Street,

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[78] The template of social impact assessment report provided in Chapter 5 has been used to illustrate preparation of a social impact assessment report. Candidates are advised to read case studies on impact assessment to gain an in-depth understanding in writing various sections (elements) of a social impact assessment report. Here is only a brief representation of a social impact assessment report. It may be noted that a social impact assessment report may be expanded and tailored according to the area specific circumstances (social impact assessment standards). The social impact assessor can write this portion on his own.

Mumbai – 000000,
Maharashtra.

Section I

- **Context**[79]

  Swagruha, a social enterprise – NPO – vide registration No XXX was set up with the primary social intent of contributing to sustainable and resilient cities by addressing the housing needs of the vulnerable sections of the society living in slums.

  Swagruha initiated a project called Niwas to provide safe homes to the marginalized group of people living in slums in Mumbai. Under Niwas project, 1,265 families were provided with better housing facilities. The company spent about 4.67 Cr on Niwas project from Jan 2019 to Dec 2022.

  The project aligns with SAS 1100: Slum area development, affordable housing, and other interventions to build sustainable and resilient cities
  Aligned to SDG 11, Sustainable Cities and Communities.

  The Responsible Party --'Swagruha', agrees to the following responsibilities:
  - Ensuring that all key processes, systems, internal controls and supporting documentation affecting social impact assessment reporting objectives are audit ready.
  - Maintaining open communications and coordinating with one another.
  - Establishing common expectations in writing.
  - Providing additional system and financial information within agreed upon timeframes.
  - Providing access to subject matter experts or contractors supporting those organizations.
  - Abiding by the timeframes.
  - Working together to discover and correct audit impediments
  - Establishing a common, detailed understanding of the method for obtaining assurance

  We as a Social Impact Assessment Organization undertake the following responsibilities of:
  - establishing extent of the audit programme according to the relevant objectives and known constraints.
  - determining external and internal issues; risks and opportunities that can affect the audit programme, and implementing actions to address them, integrating these actions in all relevant auditing activities, as appropriate;

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[79] As per the template, Section 1 (Context) should cover following information --about the project, responsibilities of reporting entity and social impact assessor and confirmation of standards.

- ensuring the selection of audit teams and the overall competence for the auditing activities by assigning roles, responsibilities and authorities, and supporting leadership, as appropriate;
- establishing all relevant processes including processes for:
  — coordination and scheduling of all audits within the audit programme;
  — establishment of audit objectives, scope(s) and criteria of the audits, determining audit methods and selecting the audit team
- monitoring, reviewing and improving the audit programme;
- communicating the audit programme to the audit client and, as appropriate the relevant interested parties

The following report conforms to the guidance available in Social impact assessment Standards: SAS 1100: Slum area development, affordable housing and other interventions to build sustainable and resilient cities

The Social impact assessor vide registration number (SRO Registration Number: 117366W/W-18ZU8) confirms the application of the code of conduct issued by SRO)

Section II

- **Scope of the social audit**
  The Swagruha's Niwas project started in 2019. This social impact assessment scope covers the activities of Niwas project from 2019 to 2022 in the geographical boundaries of Dharavi Slum Phase 2. The project beneficiaries were 1,265 families living in the slums on Mumbai.
  Swagruha activities included repairing cracks, plastering, painting, door and roof repairs, and construction or repairs of toilets. It also includes providing safe drinking water supply through construction of overhead tanks or water filtration plants.

- **Approach & Methodology**
  Project Niwas selected beneficiaries based on two criteria - people working in the informal sector with very low-income levels and living in damaged or dilapidated housing conditions in Mumbai. For data collection the sample was selected randomly from a total 1,265 families. Total 190 families were interviewed for primary data collection.

  Primary beneficiary (recipients of housing facilities), Project Team of Swagruha, Contractors and Concerned Local Municipal Authorities were interviewed to understand the effectiveness and impact of the project.

Primary data was collected from selected stakeholders for which interview schedules were designed and personal interviews were carried out.[80] Various documents related to Niwas Project maintained by Swagruha were reviewed by the auditing team.[81]

The limitation about the approach is that though primary beneficiaries shared their opinions about Niwas project, they were not willing to share information related to their income, savings and other financial indicators. Since they had better connect with Swagruha community workers, they were not comfortable interacting directly with the social impact assessment team.

Vision: Empowering Communities, Enriching Lives

Mission: Building Homes, Transforming Lives

Objectives & Activities

1) To offer safe, secure, and decent housing facilities to vulnerable families living in slums in Mumbai.
- Repairing cracks, plastering, painting, and addressing structural issues in the existing housing structures.

2) To enhance the overall living conditions of beneficiaries by addressing issues such as structural repairs, sanitation, and access to safe drinking water.
- Constructing or repairing toilets and promoting proper sanitation practices within the community
3) To break the cycle of poverty by providing marginalized families with a stable and dignified living environment, fostering economic and social empowerment.
- Constructing overhead tanks or water filtration plants to ensure a sustainable and safe water supply for the beneficiaries.
4) To actively involve and engage the community in the decision-making process, ensuring that the project aligns with the needs and aspirations of the beneficiaries.
- Conducting awareness programs and community meetings to involve residents in the decision-making process and gather feedback.
- Organizing workshops for beneficiaries on various aspects, including financial literacy, health, and community development, to empower them beyond housing.

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[80] Hint: For detailed understanding candidates can refer to *section 1.50 of Impact Assesment Case-study.*

[81] Hint: For detailed understanding, candidates can refer to *Section 1.30 Desk Review of Impact Assessment.*

Inputs:	Activities:	Outputs	Outcomes:	Impact:
Financial Resources:	**Assessment and Planning:**	**Improved Housing Conditions:**	**Improved Quality of Life:**	**Transformed Lives and Communities:**
• Funding from donors, grants, and corporate partners. • In-kind contributions from local businesses and community members. • Budget for project implementation, including construction materials and labour costs. **Human Resources:** • Project management team. • Architects, engineers, and skilled labour. • Community workers and social mobilizers. • Trained interviewers	• Conduct a comprehensive assessment of housing conditions and community needs. • Collaborate with architects and engineers to plan housing improvements. • Develop an inclusive project plan considering social, economic, and environmental factors. **Community Engagement:** • Organise regular community meetings for input and feedback.	• No. of Repaired and upgraded housing structures. • No. of Enhanced living spaces with improved infrastructure. • No. of people with increased access to safe and dignified housing for beneficiaries. **Enhanced Sanitation and Hygiene:** • No. of constructed or repaired toilets and sanitation facilities. • % of Improved hygiene practices	• Increased overall well-being of beneficiary families. • Enhanced community cohesion and social inclusion. • Improved mental and physical health outcomes. **Economic Empowerment:** • Skill development programs leading to increased economic opportunities. • Break in the cycle of poverty for beneficiary families. • Stimulated local economy	• Sustainable and resilient urban communities. • Empowered families with improved living conditions. • Contributed to the broader goal of building sustainable and resilient cities.

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for data collection. **Partnerships and Collaborations:** • Collaborations with local authorities and municipal bodies. • Partnerships with NGOs, community-based organizations, and academic institutions. • Engagements with local businesses for support and resources. **Technical Expertise:** • Access to expertise in sustainable construction practices. • Knowledge of slum area development and affordable housing guidelines (SAS 1100).	• Establish community-led committees for ongoing collaboration. • Conduct awareness programs on project objectives and benefits. **Beneficiary Selection:** • Implement a transparent and fair process for selecting beneficiaries based on income and housing conditions. • Conduct interviews and surveys to identify eligible families. • Prioritize the most vulnerable families in the selection process.	within the community. • No. of houses with Implementation of waste management systems. **Water Supply Infrastructure:** • No. of Constructed overhead tanks or water filtration plants. • % of Improved and sustainable water supply for the community. • % of Increased access to safe drinking water. **Community Engagement and Collaboration:** • Established community-led committees for ongoing	through labour and resource utilization. **Sustainable Urban Development:** • Adherence to SAS 1100 standards for slum area development. • Contribution to SDG 11 through sustainable and resilient urban practices. • Long-term positive impact on the urban landscape.	

• Collaborations with water resource management experts.	**Construction and Renovation:** • Implement housing infrastructure enhancement activities according to the project plan. • Utilize local labour and resources to stimulate economic growth. • Monitor construction activities to ensure quality and adherence to standards. **Sanitation and Hygiene Programs:** • Construct or repair toilets and sanitation facilities. • Conduct hygiene awareness campaigns	collaboration. • Improved communication channels between the project team and beneficiaries. • Increased awareness and participation in project activities. **Stakeholder Satisfaction:** • Positive feedback from primary beneficiaries, contractors, and local authorities. • Increased stakeholder satisfaction ratings. • Recognition of the project's positive impact on the community.		

	within the community. • Implement waste management systems to improve overall sanitation. **Water Supply Enhancement:** • Assess current water supply infrastructure for weaknesses. • Collaborate with water resource management experts to design sustainable solutions. • Construct overhead tanks or water filtration plants for reliable water supply.			

Key Performance Indicators (KPIs)

1. **Number of Families Benefited:**
   KPI: Total number of families provided with better housing facilities.

Target: 1,265 families (as stated in the project objectives).

2. **Investment Efficiency:**

   KPI: Cost per family for providing housing facilities.

   Formula: Total project cost / Number of families benefited.

   Target: Optimize cost while ensuring quality housing.

3. **Project Timeliness:**

   KPI: Percentage of project completion within the planned timeframe.

   Formula: (Number of families benefited on time / Total number of families) * 100.

   Target: 100% completion within the specified period.

4. **Stakeholder Satisfaction:**

   KPI: Stakeholder satisfaction with the Niwas Project.

   Evaluation: Survey or feedback mechanism to assess satisfaction among beneficiaries, contractors, and local authorities.

   Target: High satisfaction ratings from stakeholders.

5. **Quality of Housing Improvement:**

   KPI: Percentage improvement in housing conditions.

   Formula: (Number of families with significantly improved housing conditions / Total number of families) * 100.

   Target: Achieve a substantial improvement in the living conditions of the beneficiaries.

6. **Water and Sanitation Improvement:**

   KPI: Percentage of families with improved water and sanitation facilities.

   Formula: (Number of families with improved facilities / Total number of families) * 100.

   Target: Enhance water supply and sanitation for the targeted families.

7. **Transparency and Communication:**

   KPI: Effectiveness of communication and transparency in project reporting.

   Evaluation: Assess the clarity and accessibility of project information to the public.

   Target: Ensure open communication and transparent reporting.

8. **Social Inclusion:**

   KPI: Measure the extent of social inclusion in the project.

Evaluation: Assess the impact of the project on integrating marginalized families into the community.

Target: Promote social inclusion and community cohesion.

Section III

- **Key Findings**
  - Out of the total beneficiary families 50% of the beneficiaries are waste pickers who live in dilapidated and kaccha houses, 20% beneficiaries are domestic helpers and remaining from other informal work places.
  - 90% of the houses required repair work mainly in the area of roof repair, construction of toilets and access to water supply.
  - About 875 families with damaged housing facilities could not be included in the project due to lack of proper documents and residing in illegal structures.
  - 30% of respondent families mentioned that the quality of material used for repair work is not good and durable.
  - It was also identified during social impact assessment that in some cases selection of contractors for carrying out repair work was biased and based on personal contacts. It was not carried out with the proper selection process.
  - It was observed that there is significant improvement in the cleanliness and hygiene levels in housing areas. Beneficiary families are satisfied with the services offered by Swagruha.

- **Gaps/Challenges**
  Following are the gaps identified in the design and implementation of the Niwas project.
  - Poor people living in illegal structures or lacking proper documentation were completely excluded from the project.
  - There have been cases where beneficiaries arranged fake documents to avail these services and the implementing team took time to identify these cases.
  - There is a limitation in terms of funds allocated to every beneficiary hence the houses which required major repair work or reconstruction of house had to be excluded.

- **Recommendations**
  Following are suggestions provided by Social Impact Assessment Organization:
  - There should be a proper selection process or tendering process for selecting contractors to carry out repair work.
  - Swagruha along with any financing firm/ bank develop a savings scheme where beneficiaries can save for future repairs and maintenance where the current funds are insufficient. This can ensure that the beneficiaries can partly fund their house related expenditure in the future.

- **Case studies/ Stakeholders speak**

  Savitri, domestic helper residing in slums in Mumbai stated, "I've lived here for more than 15 years with my family. Every year, leaks resulted from the wall's fissures and the roof's damage. With this repair work, we feel that we are living in a brand-new house. Now we have a clean water supply and toilets which was a basic need we were struggling for."

  Rajshree, a waste picker from Mumbai mentioned, "I have three daughters and considering the housing conditions, I was always worried for their safety. But now having a proper roof on my head and a secured house, I can leave them at home and go to work without any worry."

Section IV

- **Annexures (if any)**

  Inherent *Limitation: This report in no way should be construed as an opinion, attestation, certification or other forms of assurance. The procedures performed as part of the social impact assessment do not constitute an examination or a review in accordance with generally accepted auditing standards or attestation standards.*

The assessment has been undertaken by:

XYZ LLP
Chartered Accountants Firm /Social Impact Assessment Organization/ Independent social impact assessor
SRO Registration Number: 117366W/W-18ZU8
Vikas Dhawan
Partner
Membership Number: 60408
Mumbai- 000000
MM/DD/YYYY

Chapter 8: Sample Questions

Case 1

XYZ is a for profit organisation providing skill development training to youth in Bhopal. This was set up to provide opportunities for skilling to the unemployed and underprivileged youth of Madhya Pradesh and provide skilled manpower to the various industries. They are providing training in 20 different areas to create employment opportunities for the youth. A number of short-term courses are offered under the project like construction industry trades (plumbing, masonry, carpentry, welding, etc.) housekeeping & hospitality, food & beverages, sewing machine operator, electrician, BPO/Voice calling, general duty assistant, etc. They have also developed network of industries to provide placements to these participants of the programme. Till March 2022, they have trained 8,624 youth in Madhya Pradesh and the organisation has spent Rs. 1.20 cr for this project.

Based on the given case, answer the following questions:

1. Which amongst the following could be the drawback(s) of conducting social impact of this project through documenting case studies narrated by participants?
   A. Personal experiences of the participants can be captured.
   B. Covers only achievement of social mission at individual stakeholder level.
   C. Logical change in the social impact cannot be captured.
   D. Gaps in implementation of the project can be identified.

   a. Only A and B
   b. Only B and C
   c. Only A and C
   d. Only B and D

   Explanation: Point A is an advantage and not a drawback. Point D is also not relevant as case studies do cover gaps identified by the beneficiaries. Answer is B and C because the Point B does not cover change that happens over a period of time, it only covers their experiences and their social mission achievements at individual level and not at the project level. Further Point C, indicates that the documentation of case studies capture information only after implementation of the project and does not cover progress at every stage of the project, hence logical change over a period of time is not captured.

2. If XYZ integrates Social Impact Assessment as an integral part of its procedure, the organisation will face which of the following challenge?
   a. It will require setting benchmarks for tracking the progress of the project.
   b. It will have a more standardized format of reporting.
   c. It will not have flexibility to change indicators as per the situation.

Explanation: Once Social Impact Assessment is incorporated in the system of the organisation, it is difficult to change the indicators or methodology depending on the requests of funders or other stakeholders or based on the type of project or activity.

3. Which of the following statement represents challenge in conducting social impact assessment?
   a. **Unavailability of accurate data on status of employment post completion of training programme.**
   b. Lack of interest among youth to continue the programme.
   c. Participants unable to get suitable jobs.
   d. Quality of content covered in training programme is of poor quality.

Explanation: Once the trainees are out of the programme many times it is difficult to track them and get accurate data on their status of employment or income levels. It is due to their lack of willingness to participate or due to inability to contact them.

4. Which of the following is an incorrect indicator while assessing impact of training program of XYZ?

   a. Youth attends training program regularly.
   b. **Education background of family members.**
   c. Change in attitude towards employment opportunities Availability of employment opportunities in the market.

Explanation: Once the training is provided, impact of the training programme does not get affected by the education of other family members. It is affected by the willingness, skills, opportunities for trainees.

5. Which of the following is the constraint that restricts the impact of the project?
   a. Participants are unable to explain the benefits of the programme.
   b. **Demand for specific skill sets in the market and supply of trained members under this project do not match.**
   c. Lack of enough data on alumni members to trace their employability and income status
   d. Impact indicators are restricted to the employability of the participants.
   Explanation: Impact of the project will get affected by demand and supply in the employment market. Rest constraints are related to challenges in conducting SIA.

Case 2

Smiles project was launched by a non profit organisation in rural Karnataka which aims to spread awareness among children about correct oral habits, basic hygiene and diet, to reduce the prevalence of dental caries. Children between the age group of 6 to 14 years studying in primary schools are taught good oral hygiene habits, the right techniques of brushing with the use of a tooth model and a toothbrush. The significance of brushing at night through an interactive module where the importance of a good mouth cleaning regimen is strongly instilled in them. At the end of the program, each child is given a 'Dental Gift Box' consisting of a toothpaste and a basic toothbrush, along with attractive charts depicting valuable oral care information in order to encourage these children to brush twice a day and take care of their oral care hygiene. This project has impacted 67,238 children in the State.

1. Which of the SIA approach is difficult to use for this project considering the target population and type of activity?
   A. Quantitative
   B. Qualitative
   C. Behavioral
   D. Monetization

   Explanation: Monetary impact on oral care cannot be seen at such a young age. Change in oral care habits can be captured while using the other three approaches. Dental issues normally arise at a later age hence monetary approach in terms of expenses incurred for dental treatment cannot be covered.

2. Which of the following data collection methods would be difficult to use for primary beneficiary of the project?
   A. Personal Interviews
   B. Questionnaires
   C. Observations
   D. Unstructured Interviews

   Explanation: Primary beneficiaries are children. It is possible to have personal interviews or interaction in the form of unstructured interviews is possible with small children. It is also possible to observe changes in their oral care habits. However, it would be difficult to administer Questionnaires to them considering their age group as questionnaires are filled in by the respondents.

3. Which of the following aspects can be excluded by the Social impact assessor while deciding sample for data collection?
   A. Dental issues faced by the children before implementation of the Smile Project.

B. Health records maintained by the schools
C. Changes in the sale of dental products.
D. Expressiveness of children in answering data collection tools

Explanation: Changes in the sale of dental products could be an impact indicator if the sales data is taken into consideration. It is not an indicator to select sample for data collection. The other 3 indicators can be criteria for selection of sample and data collection tool.

4. Which of the following can be objective of conducting SIA for Smile?
   A. To prevent childhood tooth decay.
   B. To understand reduction in oral health issues amongst the children.
   C. To help prevent bad breath, tooth decay and gum disease.
   D. All of the Above.

Explanation: Answer is B as it can be an objective to assess impact. Other options are objectives for implementing the Smile project.

5. Conducting Social Impact Assessment of Smile project would help parents of children in following ways.
   A. To publicize the efforts of the Smile Team.
   B. To monitor change in oral care habits of children.
   C. To bring in required changes in the Smile Project Strategy.
   D. To motivate school representatives, children and other parents to implement similar projects.

   1. Only A and B
   2. Only B and C
   3. Only A and D
   4. Only B and D

Explanation: Answer is B & D as parents can observe the changes in the habits of children and can coordinate with other parents and school to implement similar projects. Option A & C is a benefit for Management of the organisation.

CHAPTER 9: DISCLOSURE NORMS, REPORTING REQUIREMENTS BY SOCIAL IMPACT ASSESSOR AND PENALTIES

> **Learning Objectives**
>
> After studying this chapter, you should know about:
> - Disclosure requirements as per ICDR Regulations
> - Disclosure requirements as per LODR Regulations
> - Penalties as per SEBI Act,1992

Introduction

Social Enterprises (both NPOs and FPEs) that are listed on the Social Stock Exchanges (SSEs) are required to disclose social impact reports, which shall cover several aspects such as strategic intent, planning, approach, impact scorecard etc. NPOs that are either registered or listed on SSE shall have to disclose on general, governance and financial aspects. In addition to social impact reporting requirements, FPE's that have listed their equity/debt instruments are required to comply with the disclosure requirements according to their applicable segment such as on main board, on Small and Medium Enterprises (SME) platform, on Innovators Growth Platform (IGP) etc. Each of these disclosure requirements are discussed in the subsequent sections.

9.1 Disclosures as per SEBI ICDR Regulations

9.1.1 Disclosure norms for NPOs on SSE

Minimum Initial Disclosure Requirement for NPOs raising funds through the issuance of Zero Coupon Zero Principal Instruments in terms of Regulation 292K of the ICDR Regulations:

1) The procedure and other conditions in respect of public issuance of Zero Coupon Zero Principal Instruments by a Not for Profit Organization shall be as specified by SEBI.

2) SSE shall ensure that the documents contain the following minimum disclosures:

   a. Vision
   Organisation's activities, interventions and programmes are in line with aims and objects stated in its constitution.

   b. Target Segment
   Organisation has defined its target segment and reach to accomplish its planned activities. Clear identification and understanding of the target segment (those affected by the problem and how are they affected) The NPO must disclose how its approach intends to improve Inclusion for its customers / recipients

c. Strategy

Strategy formulation towards accomplishing vision should take into account capabilities and learning from challenges.

d. Governance

Organisation has a governing body and details of its governing body, composition, dates of board meetings held (key items covered).

e. Management

Details of key managerial staff such as those in charge of Programmes, Fundraising, Marketing, Communication, Finance, HR. Organisation discloses whether it provides letters to staff and volunteers defining roles and responsibilities, has a periodic performance appraisal process etc.

f. Operations

The organisation has a physical existence, is operational and shares its address for visits.

g. Finance

Disclosure of financial statements for last three Financial Years in accordance with guidelines for NPOs issued by Institute of Chartered Accountants of India (ICAI).

h. Compliance

Organisation makes available, annual accounts duly audited for the latest three financial years and there are no material qualifications or material irregularities reported by its auditor. Compliances w.r.t. Income Tax, notices received etc.

i. Credibility

Documents such as Registration, Trust Deed/ MoA and AoA, Address Proof, IT PAN, 12A/12AA/12AB Certificate, FCRA certificate and returns, remuneration to governing members.

j. Social Impact

Details of past social impact as per the existing practice of NPOs. The past social impact should highlight trends in key metrics/ parameters relevant to the NPO (as may be determined by the Exchanges) for which it seeks to raise funds on SSE, number of beneficiaries, cost per beneficiary and administrative overheads."

k. Risks

Disclose (i) risks that the NPO sees to its work and how it proposes to mitigate these (ii) unintended consequences that the NPO sees from its work and how it proposes to mitigate these.

9.2 Disclosures norms under SEBI LODR Regulations

9.2.1 Disclosures by For Profit Enterprise

As per regulation 91(B) of the SEBI LODR Regulation, the For Profit Enterprise whose designated securities are listed on the Stock Exchange(s) shall comply with the disclosure requirements contained in these regulations with respect to issuers whose specified

securities are listed on the Main Board or the SME Exchange or the Innovators Growth Platform, as the case may be.

9.2.2 Disclosures by a Not for Profit Organization

As per regulation 91(C) of the SEBI LODR Regulations, NPOs are required to make following disclosures

6. A Not for Profit Organization registered on the Social Stock Exchange(s), including a Not for Profit Organization whose designated securities are listed on the Social Stock Exchange(s), shall be required to make following annual disclosures[82] to the Social Stock Exchange(s) on-

i. financial aspects, as may be specified by the Board, by October 31st of each year or before the due date of filing of income tax return as prescribed under the provisions of the Income-tax Act, 1961, whichever is later, or within such other period as may be specified by SEBI; and

ii. non-financial aspects, as may be specified by the Board, within a period of 60 days from the end of the financial year or within such other period as may be specified by SEBI.

7. In addition to the disclosures referred in (1), the Social Stock Exchange(s) may specify matters that shall be disclosed by the Not-for-Profit Organization on an annual basis, i.e., within 60 days from end financial year[83].

   a. Disclosures on General aspects:
   i. Name of the organization (legal and popular name)
   ii. Location of headquarters and location of operations
   iii. Vision / Mission / Purpose
   iv. Organizational goals, activities, products and services
   v. Scale of operations (Including Employee and Volunteer strength)

   b. Disclosures on Governance aspects:

   i. Ownership and legal form
   ii. Governance Structure (outlines board and management committee structures, mandates, membership, charters, policies and internal controls)
   iii. Details of governing body including names of the members of the body
   iv. Executives with key responsibilities
   v. Number of meetings by governing body and other committees formed by them along with attendance and the process of performance review
   vi. Organisation level potential risks and mitigation plan.

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[82] https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html
[83] https://www.sebi.gov.in/legal/circulars/sep-2025/framework-on-social-stock-exchange_96702.html

<div style="margin-left:2em">

vii.   Mechanisms for advice and concerns about ethics, along with conflict of interest and communicating other critical concerns

viii.   Remuneration Policies

ix.   Stakeholder grievance, process of grievance redressal and number of grievances received and resolved

x.   Organisation registration certificate and other licenses and certifications (12A, 80G, FCRA, GST, etc.)

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2. Further, the following disclosures would be made by the NPOs on an Annual Basis of the financial year by October 31st of each year or before the due date of filing the income tax return as prescribed under the provisions of the Income Tax Act, 1961, whichever is later:

a. Disclosures on General aspects:

i. Outreach of organization (Type and number of direct, indirect and institutional beneficiaries / stakeholders reached);

ii. Details of top donors or investors of organisation - List of Top 5 donors or investors (budget wise);

iii. Details of top 5 programs in disclosure period - List of Top 5 interventions/programs (budget wise).

b. Disclosures on Governance aspects:

i. Reporting of related party transactions;

ii. Compliance management process and statement of compliance from senior decision maker.

c. Disclosures on Financial aspects:

i. Financial Statement (Balance Sheet, Income statement and Cash Statement). Also program wise fund utilization for the year

     ii. Auditors report and auditor details

3. A guidance note in respect of the above aspects is provided at **Annexure I**.

4. SSE may specify additional parameters that may be required to be disclosed by NPO on annual basis.

1) The NPOs shall refer to the guidance notes as described by SEBI in the Framework on Social Stock Exchange.

2) Further, SSE may specify additional parameters that may be required to be disclosed by NPO on annual basis.

The Social Stock Exchanges have adopted following **disclosure formats as the Reporting Forms for Social Enterprises listed and registered on Social Stock Exchanges**.[84]
They are:

1. **Form 1A-** Covers disclosures of general and governance aspects that are not dependent on statutory financial audit.
2. **Form 1B-** Covers disclosures of general, governance and finance aspects that have a reference to audited financial statements and filings with Income Tax, FCRA, Charity Commissioner, Registrar of Societies, Registrar of Companies and other regulators as applicable.
3. **Form 1C-** For Annual Social Impact Reporting of significant non-listed projects.
4. **Form 2.1-** For Annual Social Impact Reporting for Listed projects.
5. **Form 3.1 –** Format of Annual Social Impact Assessment Report.

9.2.3 Intimations and disclosures by Social Enterprise of events or information to Social Stock Exchange(s)

The Regulation 91(D) of the SEBI LODR Regulations, describe intimations and disclosures by Social Enterprise of events or information to Social Stock Exchange(s) in the following manner:

1) A Social Enterprise whose designated securities are listed on the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall frame a policy for determination of materiality, duly approved by its board or management, as the case may be, which shall be disclosed on the Social Stock Exchange(s) or the Stock Exchange(s).

2) The board and management of the Social Enterprise shall authorize one or more of its Key Managerial Personnel for the purpose of determining materiality of an event or information and for the purpose of making disclosures to the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, under this regulation and the contact details of such personnel shall also be disclosed to the Social Stock Exchange(s) or the Stock Exchange(s).

3) A Social Enterprise whose designated securities are listed on the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall disclose to the Social Stock Exchange(s) or the Stock Exchange(s) where it is registered or has listed its specified securities, as the case may be, any event that may have a material impact on the planned achievement of outputs or outcomes.

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[84]Candidates are advised to read circular on Reporting Forms for Social Enterprises listed and registered on SSE available at - https://www.bsesocialstockexchange.com/DispNoticeCircular.aspx?page=20240731-48 or any other reporting format issued by the regulator from time to time.

4) The disclosure referred in sub-regulation (3) shall be made as soon as reasonably possible but not later than seven days or within such period as may be specified by SEBI, from the occurrence of the event and shall comprise details of the event including the potential impact of the event and the steps being taken by the Social Enterprise to address the same.

5) The Social Enterprise shall provide updates on a regular basis along with relevant explanations in respect of the disclosures required in sub-regulation (3) till the time the concerned event remains material.

6) The Social Enterprise shall provide specific and adequate reply to all queries raised by the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, with respect to any events or information:

   Provided that the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, shall disseminate the information and clarification as soon as reasonably practicable.

7) The Social Enterprise may *suo moto* confirm or deny any reported event or information to Social Stock Exchange(s) or the Stock Exchange(s), as the case may be.

8) The Social Enterprise shall disclose on its website all such events or information which have been disclosed to the Social Stock Exchange(s) or the Stock Exchange(s), as the case may be, under this regulation.

9.2.4 Disclosures by a Social Enterprise in respect of social impact
As per SEBI LODR Regulation 91E, a Social Enterprise, which is either registered with or has raised funds through a Social Stock Exchange or a Stock Exchange, as the case may be, shall be required to submit an annual impact report to the Social Stock Exchange or the Stock Exchange in the format specified by SEBI from time to time. For instance, SEBI vide its circular dated September 19, 2025 has specified the following:

1. All Social Enterprises which have raised funds using SSE will have to provide duly assessed Annual Impact Report (AIR) to SSE by October 31st of each year or before the due date of filing the income tax return as prescribed under the provisions of the Income Tax Act, 1961, whichever is later.
2. Furthermore, the Regulation 91E states that, the annual impact report shall be assessed by a Social Impact Assessment Organization employing Social Impact Assessor(s) for listed project(s) and shall be self-certified for non-listed project(s).

   Provided that the annual impact report shall cover atleast 67% of the program expenditure in the previous financial year.

2A. A Social Enterprise which is only registered on a Social Stock Exchange without raising funds shall submit a self-certified annual impact report:

Provided that a Not-for-Profit Organization that is registered on a Social Stock Exchange shall be permitted not to raise funds through it for a maximum period of two years from the date of registration or such duration as may be specified by SEBI;

Provided further that upon expiry of the period of two years from the date of registration, the Not-for-Profit Organization shall have at least one listed project failing which it shall cease to be registered.

3. The Social Stock Exchange(s) may specify parameters, in addition to those specified by SEBI, which shall be required to be disclosed by a Social Enterprise on an annual basis.

Disclosure of Annual Impact Report by all Social Enterprises, which have registered or raised funds using SSE in terms of Regulation 91E of the LODR Regulations include the following[85]:

1. A Social Enterprise, which is either registered with or has raised funds through a Social Stock Exchange or a Stock Exchange, as the case may be, shall be required to submit an annual impact report to the Social Stock Exchange or the Stock Exchange in the format and time specified by SEBI from time to time.

2. The annual impact report shall be assessed by a Social Impact Assessment Organization employing Social Impact Assessor(s) for listed project(s) and shall be self-certified for non-listed project(s): Provided that the annual impact report shall cover at least 67% of the program expenditure in the previous financial year.

3. The AIR shall capture the qualitative and quantitative aspects of the social impact generated by the entity and where applicable, the impact that is generated by the project or solution for which funds have been raised on SSE.

   In case an NPO is registered without listing any security, the AIR will be self -reported and must cover the NPO's significant activities, intervention, programs or projects during the year and the methodology for determination of significance must be explained.

   Additionally, if there is an activity, intervention, program or project covered under a listed security, it will qualify as a significant activity, intervention, program or project. The annual impact report shall cover 67% of the program expenditure in the previous financial year.

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[85]Candidates are advised to read: https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html and
https://www.sebi.gov.in/legal/circulars/sep-2025/framework-on-social-stock-exchange_96702.html
for the revised framework.

A Social Enterprise which is only registered on a Social Stock Exchange without raising funds shall submit a self-certified annual impact report:

Provided that a Not for Profit Organization that is registered on a Social Stock Exchange shall be permitted not to raise funds through it for a maximum period of two years from the date of registration or such duration as may be specified by SEBI:

Provided further that upon expiry of the period of two years from the date of registration, the Not for Profit Organization shall have at least one listed project failing which it shall cease to be registered.

4. For a Social Impact Fund where the underlying recipients of funds are SEs which have registered or raised funds using SSE, must disclose an overall AIR for the fund covering all investee/grantee organizations where the fund is deployed.

5. The AIR should, at a minimum, cover the aspects described below.

a. Strategic Intent and Planning
- What is the social or environmental challenge the organization and/or the instrument listed is addressing? Has this changed in the last year?
- How is the organization attending to the challenge or planning to attend to the challenge? Has this changed in the last year?
- Who is being impacted (target segment)? Has this changed in the last year?
- What will be the outcomes of the activities, intervention, programs or project? Disclosure should include positive and potential unintended negative outcomes.

b. Approach
- What is the baseline status / situation analysis / context description at the start of the activity/intervention/programs or project and at the end of the last reporting period?
- What has been the past performance trend? (if relevant)
- What is the solution implementation plan and the measures taken for sustainability of activity/intervention/programs or project outcomes? Has there been any material change in your implementation model in the last one year?
- Please brief out alignment of solutions to Sustainable Development Goals (SDGs)/national priorities/state priorities/ developmental priorities.
- How have you taken into consideration stakeholder feedback in this reporting period?
- In the last year, what have you seen as the biggest risks to the achievement of the desired impact? How are these being mitigated?

c. Impact Score Card
- What are the metrics monitored and what has been the trend?
- Briefly include narratives of impact on target segment(s) in the reporting period.
- Beneficiary/Stakeholder Validation through surveys and other feedback mechanisms

6. The Social Stock Exchange(s) may specify parameters, in addition to those specified by SEBI, which shall be required to be disclosed by a Social Enterprise on an annual basis and in its AIR.

7. The AIR shall be assessed by Social Impact Assessors and the SEs shall disclose the report of the Social Impact Assessors along with AIR.

9.2.5 Statement of Utilisation of funds in terms of Regulation 91F of the LODR Regulations:

1. A listed Not for Profit Organization shall submit to the Social Stock Exchange(s) the following statement in respect of utilisation of the funds raised, on a quarterly basis: -
   a) category-wise amount of monies raised;
   b) category-wise amount of monies utilised;
   c) balance amount remaining unutilised.

2. The unutilised amount shall be kept in a separate bank account and shall not be co-mingled with other funds.

3. The statements required under sub-regulation (1) as mentioned in point 1 above, shall be given till the time the issue proceeds have been fully utilised or the purpose for which they were raised, has been achieved.

The Listed NPO shall submit statement of utilisation of funds to SSE, as prescribed by SEBI from time to time[86].

9.3 Penalties as per the SEBI Act, 1992

SEBI Act empowers SEBI to impose penalties and initiate adjudication proceedings against intermediaries who default on the grounds such as failure to furnish information, return etc. or failure by any person to enter into an agreement with clients etc. failing to comply with any of these will lead to penalties and adjudication proceedings. The penalties are specified by SEBI from time to time.

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[86]https://www.sebi.gov.in/legal/circulars/sep-2022/framework-on-social-stock-exchange_63053.html

Chapter 9: Sample Questions

1. Which of the following are the components of disclosures on general aspects?
   I. Scale of operations
   II. Organizational goals, activities, products and services
   III. Organisation level potential risks and mitigation plan
   IV. Remuneration Policies

   a. Only II and III
   b. Only I and II
   c. Only III and IV
   d. Only I, II and III

2. Which of the following should be at least covered under Annual Impact Report?
   I. Strategic Intent and Planning
   II. Impact Score Card
   III. Approach indicating areas like baseline status, past performance trend etc.

   a. Only I and II
   b. Only II and III
   c. Only I and III
   d. I, II and III

3. The following question indicate which aspect of the Annual Impact Report?
   "How is the organization attending to the challenge or planning to attend to the challenge?"
   a. Strategic Intent and Planning
   b. Approach
   c. Impact Score Card
   d. All of the given options

CHAPTER 10: TAXATION

> **Learning Objectives**
>
> After studying this chapter, you should know about:
> - Securities Transaction Tax
> - Deductions under Section 80G
> - Exemption for Social Enterprise

10.1 Introduction

Social Stock Exchange (SSE) provides means for social enterprises (both for profit and non-profit organizations) to raise funds through a regulated mechanism. Fund raising through SSE also ensures accountability, transparency and periodic reporting of impact. Thus, in order to provide an impetus for such fund raising mechanisms and create a vibrant, deep and liquid market for social investments, it will be paramount to provide certain tax incentives to investors making investments for various social causes.

NPOs take a variety of legal forms such as societies, trusts and not-for-profit companies. All NPOs must be registered under Section 12AB of the Income Tax Act and file income tax returns. Upon assessment of these returns, an entity is granted tax-exempt status for a particular year. An NPO can extend tax deduction to its donors upon approval under Section 80G of the IT Act. Funding for these organisations majorly comes from four sources: (a) individual donations, (b) contributions made under the Foreign Contribution (Regulation) Act, 2010 (FCRA), (c) CSR grants, and (d) grants availed from government schemes.

Both NPOs and FPEs need to incentivize its investors to kickstart activities on the SSE. Various taxation aspects applicable for Social Sector are discussed in the following sections.

10.2 Deduction under section 80G of Income Tax Act

Section 80G[87] of the Income Tax Act allows taxpayers to claim deductions for various contributions made as donations. The deductions under the Act are available for contributions made to the specified relief funds and charitable institutions.

Under Section 80G, the amount donated is allowed to be claimed as a deduction at the time of filing the assessee's income tax return. Deduction under Section 80G can be claimed by individuals, partnership firms, HUF, company and other types of taxpayers, irrespective of the type of income earned. NPOs and institutions registered under Section 80G are provided with a registration number by the Income Tax Department and donors should ensure their

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[87]NSE SSE has introduced facility for bidding of ZCZP instrument on e-IPO platform for Self-certified Syndicate Banks (SCSB) and Syndicate Members with 3-in-1 accounts. Using this facility, the donors can contribute from Rs. 10000/- through their registered brokers and can avail 80G benefits to support social welfare projects.

receipt contains this number. This registration number needs to be valid on the date of a particular donation. If the donation is made while the Section 80G registration is not valid, then the donation would not be eligible for deduction.

Donations paid towards eligible trusts and charities are subject to certain conditions to qualify for tax deductions. Donations under Section 80G can be broadly classified into four categories:

- **Donations with 100% deduction (Available without any qualifying limit)**
  Donations made under this category can obtain a 100% tax deduction on the donated amount and are not subject to the requirement to achieve any qualification criterion. Donations to the National Defence Fund, Prime Minister's National Relief Fund, PM CARES Fund, National Foundation for Communal Harmony, National/State Blood Transfusion Council, etc. qualify for such deductions.

- **Donations with 50% Deduction (Available without any qualifying limit)**
  Donations made under this category can obtain a 50% tax deduction on the donated amount. Donations to the Prime Minister's Drought Relief Fund, Indira Gandhi Memorial Fund, etc. qualify for 50% tax deduction on the donated amount.

- **Donations with 100% deduction (Available up to 10% of adjusted gross total income)**
  Donations made to local authorities or government to promote family planning and donations to Indian Olympic Association qualify for deductions under this category. In such cases, only 10% of the donor's adjusted gross total income is eligible for deductions.[88]

- **Donations with 50% deduction (Available up to 10% of adjusted gross total income)**
  Donations made to any local authority or the government to be utilised for any charitable purpose (other than the purpose to promote family planning) qualify for deductions under this category. In such cases, only 10% of the donor's adjusted gross total income are eligible for deductions.

IT Act, 1961 further specifies that no deductions are allowed in respect of donation of any sum exceeding Rs. 2000, unless such sum is paid by any mode other than cash. Deduction under section 80G once claimed and allowed for any assessment year cannot be claimed again for deduction, for the same or any other assessment years, under any other provisions of the IT Act.

The taxpayers claiming deduction under Section 80G of the Income Tax Act, must follow the guidelines as prescribed by the Income Tax Department from time to time.

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[88] Adjusted Gross Total Income is the gross total income as reduced by the portion of income on which income tax is not payable and any amount eligible for deduction under provisions of Income Tax Act. Gross Total Income being the summation of income under various heads prior to providing any tax relief.

10.3 Exemptions for Social Enterprises

Social Enterprises which are not for profit are required to obtain registration under section 12AB to get benefit of exemptions under various sections of the income tax. All charitable institutions, which are currently registered under section 12AA, as well all new entities, are required to apply for a fresh registration under section 12AB.[89] However, the registration procedure, power and scope of verification/examination under the new section remain similar. The provisional registration is granted to the NPOs, valid for a maximum period of 3 years, and subsequent registration is for 5 years.

Post registration NPOs are required to comply with the following:
1. Maintain proper books of accounts and other documents as prescribed by law
2. File Income Tax return within prescribed time period and get books of accounts audited by Chartered Accountant
3. Strictly follow the guidelines subject to which registration has been granted
4. Furnishing of required details as per Rule 18AB of Income Tax Rule for each financial year
5. Issue certificate to the donor in Form 10 BE

The income of a not for profit social enterprise (NPO) is exempt from tax, subject to certain conditions.[90] The primary condition for getting income exempt under these sections is that the charitable organisation should be established in accordance with law and its object should fall within the definition of the term "Charitable Purpose" as per Section 2(15) of Income Tax Act.

Section 11 of Income Tax Act provides an exemption for income derived from property held by NPO. The NPO is required to apply 85% of its income earned during the year towards its objectives. In case the application of income is below 85%, it can be accumulated for the purpose of application within the maximum period of 5 years. If the application is below 85% of income, because income is not received or for any other reason, it can also accumulate for the application to be made in the year in which income is received or in the year immediately following the year in which income is received.

In case NPO exercises its option to accumulate income, it is required to file specific forms on or before the due date of filing a return of income. Further, such an accumulated amount is required to be invested in specified investments. NPO can claim expenditure only when sums are paid and not otherwise. Donations received with a specific direction that they shall form part of the corpus fund are exempt. However, such donations are required to be invested in specified investments.

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[89] CBDT has issued Income Tax (6th Amendment) Rules 2021 vide notification dated 26th March, 2021, and https://incometaxindia.gov.in/Pages/i-am/trust.aspx?k=Registration

[90] https://incometaxindia.gov.in/Pages/i-am/trust.aspx?k=Exemptions

Exemption provisions shall not apply in relation to any income of a NPO with respect to earning of the profits and gains from business, unless the business is incidental to the attainment of the objectives of the NPO or institution, and separate books of accounts are maintained by such NPO or institution in respect of such business.

In case the objective of the NPO is that of the advancement of any other object of a general public utility, if it involves the carrying on of any activity in the nature of trade, commerce or business, or any activity of rendering any service in relation to any trade, commerce or business, for a cess or fee or any other consideration, irrespective of the nature of use or application, or retention, of the income from such activity, unless—

* such activity is undertaken in the course of actual carrying out of such advancement of any other object of general public utility; and
* the aggregate receipts from such activity or activities during the previous year, do not exceed 20% of the total receipts, of the NPO or institution undertaking such activity or activities, of that previous year;

Capital gains arising on the transfer of the capital assets would be exempt provided such capital gains are invested in other capital assets. Anonymous donation (i.e., the identity of the donor is not available) received by the charitable NPO or institution (other than a charitable NPO or institution established wholly for religious purposes) shall be taxable at the flat rate of 30%.

NPO loses exemptions in the following cases:
* Income (wholly or partly) or property is applied for the benefit of specified persons i.e., author or founder of the NPO; substantial contributor to the NPO (Rs 50,000 or more at the end of financial year); trustee or manager of NPO; relative of a trustee
* NPO is converted into any form which is not eligible for grant of registration under the Income-tax Act including when registration is cancelled for non-compliance with the provisions
* NPO is merged with an entity which is not having similar objectives and is not registered under the Income-tax Act
* NPO, upon dissolution, failed to transfer all its assets to any other NPO or institution registered or approved under the Income-tax Act within 12 months from the end of the month in which the dissolution takes place.

Chapter 10: Sample Questions

1. _____ of Income Tax Act provides an exemption for income derived from property held by NPO.
   a. **Section 11**
   b. Section 12(15)
   c. Section 80G
   d. Section 80C

2. The maximum limit of donation paid in cash to qualify for deduction under Section 80G of Income Tax Act is _____.
   a. **Rs. 2000**
   b. Rs. 5000
   c. Rs. 10000
   d. Rs. 4000

3. In case of a/an_____, any capital gain arising on the transfer of the capital assets are exempted provided such capital gain are invested in other capital assets.
   a. FPE
   b. **NPO**
   c. Social Enterprise
   d. All of the given options

CHAPTER 11: KEY REGULATIONS

> **Learning Objectives**
>
> After studying this chapter, you should know about:
> ● Various regulations relevant for the knowledge of Social Impact Assessors

11.1 SEBI Act 1992

The SEBI Act of 1992 was enacted upon "to provide for the establishment of a Board to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market and for matters connected therewith or incidental thereto".

The SEBI Act establishes a comprehensive framework to regulate and oversee the securities market in India. It covers various aspects such as regulating stock exchanges, securities markets, and a wide range of intermediaries including stock brokers, investment advisers, mutual funds etc. SEBI is also responsible for overseeing depositories, custodians, foreign portfolio investors, and credit rating agencies. The Act prohibits fraudulent practices, insider trading, and unfair trade practices while promoting investor education and training for market intermediaries. SEBI also regulates substantial acquisitions of shares, company takeovers, and self-regulatory organizations, while conducting inspections, audits, and research. Additionally, it levies fees, gathers information from relevant agencies, and performs functions delegated under the Securities Contracts (Regulation) Act, 1956, ensuring fairness and transparency in the securities market.

SEBI Act also empowers SEBI to impose penalties and initiate adjudication proceedings against intermediaries who default on the following grounds such as failure to furnish information, return etc. or failure by any person to enter into agreement with clients etc.

11.2 SEBI Issue of Capital and Disclosure Requirements Regulations, 2018

SEBI Issue of Capital and Disclosure Requirements Regulations, 2018 (ICDR Regulations) describes the rules pertaining to the governance of how companies raise capital disclose information about it. It covers aspects related to the Initial Public Offers (IPOs), Rights Issue, Bonus Issues, Indian Depository receipts etc. It also describes in detail aspects related to the Social Stock exchanges, Social Enterprises, registration and fund raising by NPOs, issuance of ZCZPs etc. Chapter 9 of this workbook describes the disclosure and reporting requirements as prescribed in this regulation.

11.3 SEBI Listing Obligations and Disclosure Requirements Regulations, 2015

The SEBI Listing Obligations and Disclosure Requirements Regulations (LODR Regulations) establish a framework to ensure transparency, accountability, and good corporate governance in listed companies. They cover areas like board composition, the role of

independent directors, and timely disclosure of financial results and material events. The regulations also protect investors by enforcing fair treatment of shareholders and ensuring compliance with reporting obligations. Additionally, they include provisions for social enterprises, particularly through the Social Stock Exchange (SSE), to raise capital while adhering to transparency and governance standards.

11.4 Prevention of Money-Laundering Act, 2002

Money laundering involves disguising financial assets so that they can be used without detection of the illegal activity that produced them. Through money laundering, the launderer transforms the monetary proceeds derived from criminal activity into funds with an apparently legal source.

According to the Prevention of Money-Laundering Act, 2002 (PMLA), money laundering includes activities like concealment, possession, acquisition, use, projecting, or claiming proceeds of crime as untainted property.

The Prevention of Money-Laundering Act, 2002 (PMLA), is an act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and for related matters.

Section 12 of the PMLA stipulates reporting entities (banking company, financial institution, intermediary or a person carrying on a designated business or profession) to maintain records of all transactions including information relating to transactions in such a manner as to enable it to reconstruct individual transactions for a period of five years from the date of transaction between a client and the reporting entity. The reporting entity shall furnish transaction information to the Director, and keep records of client identities and account details confidential for at least five years. Every information maintained, furnished or verified, save as otherwise provided under any law for the time being in force, shall be kept confidential

Section 12AA of the PMLA outlines enhanced due diligence requirements for reporting entities, including verifying client identities, examining ownership and financial position, recording transaction purposes, and maintaining obtained information for five years. Reporting entities are also required to monitor transactions for suspicious activities and increase scrutiny where necessary.

11.5 SEBI Prevention of Fraudulent and Unfair Trade Practices Regulations, 2003

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 prohibit fraudulent, unfair and manipulative trade practices in securities. Fraud is defined as inclusive of any act, expression, omission or concealment committed to induce an-other person or his agent to deal in securities. There may or may not be wrongful

gain or avoidance of any loss. However, that is inconsequential in determining if fraud has been committed. Some of the instances cited are as follows:
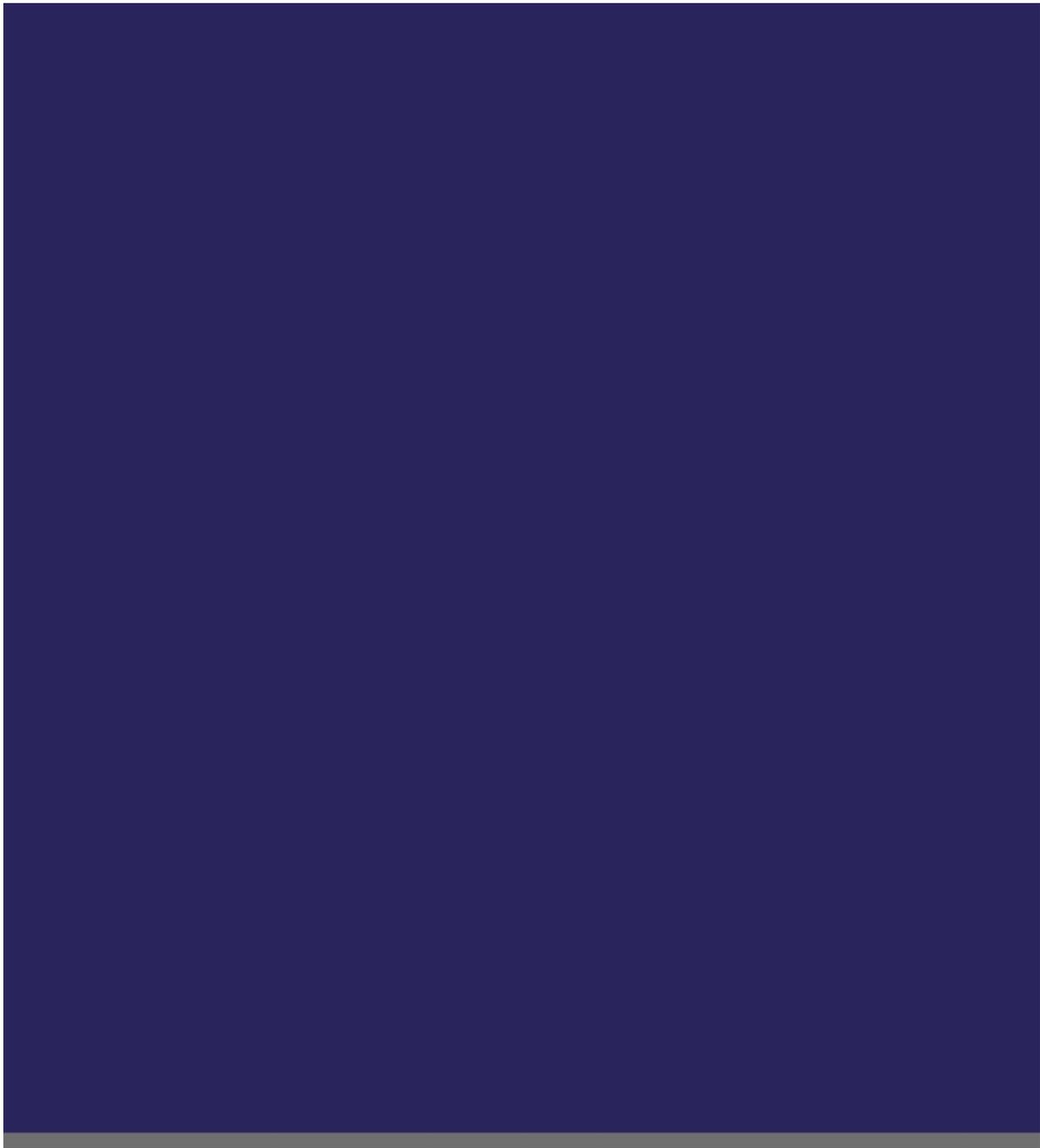
a) A wilful misrepresentation of the truth or concealment of material fact in order that another person may act, to his detriment.

b) A suggestion as to a fact which is not true, by one who does not believe it to be true.

c) An active concealment of a fact by a person having knowledge or belief of the fact.

d) A promise made without any intention of performing it.

e) A representation, whether true or false, made in a reckless and careless manner.

Chapter 11: Sample Questions

1. SEBI ICDR regulations cover aspects related to the:
    a. Initial Public Offers (IPOs)
    b. Rights Issue
    c. Indian Depository receipts
    d. All of the given option

2. _____stipulates that every reporting entity has to maintain a record of all transactions.
    a. SEBI (Stock Broker) Regulation, 1992
    b. Prevention of Money-Laundering Act, 2002
    c. SEBI Prevention of Fraudulent and Unfair Trade Practices Regulations, 2003
    d. SEBI (Prohibition of Insider Trading) Regulations, 2015

Additional Readings

1. FCRA 2010, Made Easy: https://fcra.jkchattopadhyay.com/

2. The Governance of NPOs in India: https://online.flipbuilder.com/forbesmarshall/irla/

3. Reporting Forms for Social Enterprises listed and registered on SSE:

https://www.bsesocialstockexchange.com/DispNoticeCircular.aspx?page=20240731-48

4. Social Stock Exchange Guidebook: https://www.nseindia.com/sse and

https://www.bsesocialstockexchange.com/ (Available at: Tab Get listed > SSE Guidebook)

5. Checklist for Registration: https://www.nseindia.com/static/list-registration