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SOCIAL STOCK EXCHANGE: NAVIGATING ROLES, REGULATIONS, AND URGENT REFORMS

- Satakshi Gupta* and Priya Nahar**

ABSTRACT

In this article, we explore the Social Stock Exchange as an evolving approach to redefining the traditional financial paradigms and how it was established to promote safer investment opportunities. We look at how the Social Stock Exchange has transformed the traditional stock exchange and controls for ease of convenience, which has increased the flow of money towards the management of sustainability and welfare advancement of the environment. We also look at the regulatory frameworks that govern the Social Stock Exchange and how they impact market participants. This article also explores the elements and regulations relating to the Social Stock Exchange and its key impact on its working. Then we look at its structural setup up which impacts its performance. It also discusses how the Securities and Exchange Board of India has made certain regulations regarding the Social Stock Exchange and its impact on it. Then we look at the logical assessment of the social stock exchange in bringing it functional in India. This article also brings forth how the Social Stock Exchange are a powerful mechanism for channelling investment towards socially responsible, sustainable enterprises, and how they can help drive a more sustainable, equitable future.

This article explores a comparative study on the Social Stock Exchange in different countries in terms of its functionality and how Social stock exchange. Then further we look at certain defects and feasibility errors present in the social stock exchange in India. At last, we look at the reforms which are required to make in the social stock exchange set-up in order to make it more functional and effective. Thus, this research paper delved deep into the various facets of SSE, exploring its origins, objectives, challenges, and probable reforms. The SSE, as an innovative financial platform, bridges the gap between social enterprises and impact investors, fostering a symbiotic relationship that can drive positive change in society.

I. INTRODUCTION

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Financial institutions known as social stock exchanges (hereinafter referred to as SSE) have evolved in several nations as a means of assisting social entrepreneurs with their growth. By creating a market that is regulated for dealings in securities, SSE pledges to advance social welfare. Focusing on India, the government's July 5th projected Union Budget for the fiscal year 2019–2020 placed a significant emphasis on social businesses and nonprofit organizations, opening the door for the Social Stock Exchange to revolutionize the Indian market.¹

The SSE's goal is to encourage investors to think about starting an Indian SSE, which could not only provide a forum for the exchange of thoughts but also help in the expansion of the Social Enterprise sector as a whole by providing access to external growth capital. The SSE was established to address rising interest in social enterprises and non-profit organizations, funding challenges, aligning with policy objectives, promoting transparency and accountability, encouraging ethical and impactful investments, and aligning with global trends in impact investing and socially responsible finance. However, it is submitted that there are various inadequacies and loopholes under the Social Stock Exchange framework in India. The difficulties include strict oversight, financial examination that is necessary given the growth in participation, transaction costs, the design and provision of a variety of financial instruments, tax advantages, and the definition of all instruments and companies, among other things. Thus, there is a need to bring in reforms under the Social Stock Exchange framework of India to meet its desired goals.

II. SOCIAL STOCK EXCHANGE: A BRIEF ANALYSIS

The word "Social" first appeared between 91 and 88 BC and derives from the Latin "Socii", which means Allies. It incorporates several concepts, such as social equity, social wealth, social psychology, and social realism.² Financial institutions known as social stock exchanges have evolved in several nations as a means of assisting social entrepreneurs with their growth. The instrument is used to control social enterprise issuers, its regulatory status, and the tools used to control investors are all part of its evolutionary history, which began in 2013. By creating a market that is regulated for dealings in securities, SSE pledges to advance social welfare.³

¹ Vidya Sreedhar, *NSE gets Sebi nod to set up Social Stock Exchange*, *The Economic Times*, Dec. 23, 2022.

² Sanjana S., *A Study on Social Stock Exchange in India*, 2 *IJARCMSS*, (2019).

³ Sachin Chaturvedi, *Social Stock Exchange for Social Enterprises and Social Incubators: An Exploratory Study for India, Research and Information System for Developing*

Focusing on India, the government's July 5th projected Union Budget for the fiscal year 2019–2020 placed a significant emphasis on social enterprises and nonprofit organizations, opening the door for the Social Stock Exchange to revolutionize the Indian market.⁴ This suggests that there has been a trend toward sustainable management as funding for environmental and social welfare has increased. The Securities and Exchange Board of India oversees this stock market, which caters to the listing of social institutions and nonprofit organizations to increase their capital, loans, or in the way of units similar to mutual funds. By putting the equity market nearer and encouraging foreign investment, progress is being geared toward the areas of good health, education, transportation, and sustainability. The Social Stock Exchange in India has transformed the traditional stock exchange into "an electronic fundraising platform" and controls for ease of convenience, which has increased the flow of money towards the management of sustainability and welfare advancement of the environment.⁵ The Social Stock Exchange's (SSE) regulatory structure was established by SEBI by revisions to certain SEBI regulations issued on July 25, 2022, as well as through notifications dated September 19, 2022, and October 13, 2022.⁶

III. ELEMENTS AND REGULATIONS RELATING TO THE SOCIAL STOCK EXCHANGE

The following elements and regulations of the Social Stock Exchange need to be understood to better understand the concept of the Social Stock Exchange in India:

Meaning of Social Enterprise

The meaning of Social enterprises is necessary under the Social Stock Exchange, as this concept is beneficial for social enterprises. A social enterprise functions as a business that generates profits, but differs in that its principal objective is to further a social cause. While the pursuit of money is neither overlooked nor dismissed, its primary goal is social service. The social enterprise seeks social goals while maintaining a focus on profit since it ensures the

Countries (2019), https://www.ris.org.in/sites/default/files/Publication/DP%20243%20Social%20Sector%20Exchange_1.pdf

⁴ Sanjana S., *A Study on Social Stock Exchange in India*, 2 IJARCMS, (2019).

⁵ C.S. Divyesh Patel & Naresh K. Patel, *India's Social Stock Exchange (ISSE) – A 360° Analysis - Today's commitment for tomorrow's action*, 2022 *Journal of Sustainable Finance & Investment* 1, XXXX, <https://doi.org/10.1080/20430795.2022.2061404>.

⁶ Dr Pragati Mehra, *Social Stock Exchange: New Paradigm For Social Enterprises*, ICSI (2023), <https://www.icsi.edu/media/webmodules/CSJ/May/22ResearchCornerDrPragatiMehraDrMadhuVij.pdf>.

survival of the business. The driving premise of the industry is that even social firms may be highly profitable. In actuality, the majority of social enterprises run and seem like conventional companies. The main point is the fact that the money these organizations make is invested in their social projects rather than being paid out to investors. Social companies can better develop and carry out long-term initiatives and hire the necessary personnel and expertise if they have a steady stream of profits. Social businesses vary from charities in that they are for-profit, making them sustainable.⁷ Although charities are entirely reliant on contributions, they do have a social objective. The scholarly and professional literature yields several definitions of social enterprise. A social enterprise is defined as "A business with primarily social objectives whose surpluses are primarily reinvested for that purpose in the business or the community, rather than being driven by the need to maximize profit for shareholders and owners" by the Department of Trade and Industry (2002). Social businesses are known as "social enterprises" in South Africa.⁸ The International Labour Organization (ILO) created the working definition of a "Social enterprise" as follows: "The fundamental goal of a social enterprise is to address social issues through a financially viable business model, in which surpluses (if any) are reinvested primarily for that purpose."

3.1. Structure

A Social Stock Exchange (SSE) is a system that connects impact investors, particularly institutional investors, with social enterprises so that the latter can purchase securities from listed companies whose missions fit with the objectives of the investors. It functions similarly to a standard stock exchange by enabling the listing, trading, and agreement of shares, bonds, and other financial tools; however, listed companies must show social and environmental impact reporting in addition to their conventional financial reporting, rather than simply providing information on their profit and loss.⁹ SSE serves as a conduit between investors willing to make investments in social entrepreneurs and those seeking funding. Following inspections, audits of finances, and social inspections, social entrepreneurs can trade their shares on the SSE platform. The primary goals of the SSE Portal are to encourage new

⁷ C.S. Divyesh Patel & Naresh K. Patel, *India's Social Stock Exchange (ISSE) – A 360° Analysis - Today's commitment for tomorrow's action*, 2022 *Journal of Sustainable Finance & Investment* 1, XXXX, <https://doi.org/10.1080/20430795.2022.2061404>.

⁸ *ibid*

⁹ Sachin Chaturvedi, *Social Stock Exchange for Social Enterprises and Social Incubators: An Exploratory Study for India, Research and Information System for Developing Countries* (2019), https://www.ris.org.in/sites/default/files/Publication/DP%20243%20Social%20Sector%20Exchange_1.pdf.

approaches to community and business involvement in social change and to identify social entrepreneurs that can attract finance.¹⁰ The Indian SSE was established as of April 2023 in both the National Stock Exchange (NSE) and the BSE (formerly the Bombay Stock Exchange).¹¹

3.2. Eligibility Criteria for SSE under Regulations for Social Stock Exchange in India

The SEBI ICDR Regulations' broad definition of "social enterprise" allows both for-profit social enterprises (FPE) and not-for-profit organizations (NPO) to apply for registration and raise money on SSEs as long as they meet several strict requirements, including proving their social intentions come first.¹² The SEBI ICDR Amendments set out certain qualifying requirements for an organization to be classified as a Social Enterprise.¹³ SEBI has acknowledged a list of operations (Eligible Activities) that NPOs and FPEs are permitted to participate in to set up the precedence of social aim. The operations of Social Enterprise should be directed at population segments that are underserved, underprivileged, or regions that perform poorly in terms of achieving the development goals of the federal or state governments (Target Segments). In addition, social enterprises must demonstrate that: (a) at least 67% of their clientele over the previous three years belonged to the target segments; or (b) 67% of their income or expenditures over the previous three years came from or were incurred on eligible operations.¹⁴

¹⁰ Tanya Zaveri, *Social stock exchange – An Indian perspective*, 8 IJARIIT, (2022).

¹¹ Dr Pragati Mehra, *Social Stock Exchange: New Paradigm For Social Enterprises*, ICSI (2023), <https://www.icsi.edu/media/webmodules/CSJ/May/22ResearchCornerDrPragatiMehraDrMadhuVij.pdf>.

¹² C.S. Divyesh Patel & Naresh K. Patel, *India's Social Stock Exchange (ISSE) – A 360° Analysis - Today's commitment for tomorrow's action*, 2022 *Journal of Sustainable Finance & Investment* 1, XXXX, <https://doi.org/10.1080/20430795.2022.2061404>.

¹³ Dr Pragati Mehra, *Social Stock Exchange: New Paradigm For Social Enterprises*, ICSI (2023), <https://www.icsi.edu/media/webmodules/CSJ/May/22ResearchCornerDrPragatiMehraDrMadhuVij.pdf>.

¹⁴ Dr Pragati Mehra, *Social Stock Exchange: New Paradigm For Social Enterprises*, ICSI (2023), <https://www.icsi.edu/media/webmodules/CSJ/May/22ResearchCornerDrPragatiMehraDrMadhuVij.pdf>.

IV. THE RATIONALE BEHIND BRINGING IN SOCIAL STOCK EXCHANGE IN INDIA

India confronts a \$564 billion cash gap in attaining the sustainable development goals (SDGs) by 2030, according to a new Brookings Institute analysis titled "The Promise of Impact Investing in India".¹⁵ Considering the financial shortages in both the social and economic sectors of the Indian economy, it is apparent that India will fall far short of achieving the Sustainable Development Goals (SDGs) by 2030 as mandated by the United Nations. This worrying observation calls for an immediate aggressive reaction.¹⁶ The Union Budget 2019 took action by proposing the establishment of India's first Social Stock Exchange.¹⁷ The establishment of an SSE was a solution presented by the Union Minister of Finance and Corporate Affairs, Ms Nirmala Sitharaman, at the unveiling of the Union Budget 2019-2020 in the legislature, to address the shortage of financing options for social groups. In Press Information Bureau, G. O. (2019, July 5), she discovered the idea of an SSE and mentioned it with the following quote: "It is time to bring our capital markets closer to the masses and accomplish numerous social welfare objectives relating to inclusive growth and financial inclusion." "I propose that the Securities and Exchange Board of India take steps to establish an electronic fund-raising platform—a social stock exchange—for listing social enterprises and voluntary organizations working to achieve a social welfare goal so that they can raise capital as equity, debt, or units similar to a mutual fund,"¹⁸ the Hon. Finance Minister stated in her Budget Speech for FY 2019-2020.

As a result, the SSE's goal is to encourage investors to think about starting an Indian SSE, which could not only provide a forum for the exchange of thoughts but also help in the expansion of the Social Enterprise sector as a whole by providing access to external growth capital.¹⁹ The SSE was established to address rising interest in social enterprises and nonprofit organizations, funding challenges, and alignment with global trends in impact investing and socially responsible finance.²⁰ The SSE aims to bridge the gap between the financial sector and

¹⁵ C.S. Divyesh Patel & Naresh K. Patel, *India's Social Stock Exchange (ISSE) – A 360° Analysis - Today's commitment for tomorrow's action*, 2022 *Journal of Sustainable Finance & Investment* 1, XXXX, <https://doi.org/10.1080/20430795.2022.2061404>.

¹⁶ Dr Pragati Mehra, *Social Stock Exchange: New Paradigm For Social Enterprises*, ICSI (2023), <https://www.icsi.edu/media/webmodules/CSJ/May/22ResearchCornerDrPragatiMehraDrMadhuVij.pdf>.

¹⁷ Sanjana S., *A Study on Social Stock Exchange in India*, 2 *IJARCMSS*, (2019).

¹⁸ Tanya Zaveri, *Social stock exchange – An Indian perspective*, 8 *IJARIT*, (2022).

¹⁹ 'A Study on Social Stock Exchange in India' (2019) 2(4) *IJARCMSS*.

²⁰ Sachin Chaturvedi, *Social Stock Exchange for Social Enterprises and Social Incubators: An Exploratory Study for India, Research and Information System for Developing*

the social development sector, facilitating the flow of capital to organizations with a dual mission of financial sustainability and social impact. The SSE will provide a standardized approach to funding, utilization, impact measurement, disclosures, and reporting, boosting investor confidence and promoting responsible capital for the greater good.²¹

V. COMPARATIVE STUDY OF SOCIAL STOCK EXCHANGE IN INDIA WITH OTHER COUNTRIES

5.1. UK

The Social Stock Exchange launched in the UK in June 2013. The exchange currently does not allow for the sale or purchase of shares; rather, it works as an index of businesses that have completed a "social impact test" and as a research resource for potential social impact investors.²² The good news is that it is never too late to list with an SSE and gain much-needed publicity for social companies. In the UK, the Social Stock Exchange (SSE) imposes specific criteria on companies wishing to register on its platform. To access it, companies must pass a rigorous "social impact test" that evaluates their commitment to creating positive social and environmental change in addition to their financial performance. Surname. This rigorous assessment ensures that companies listed on the SSE are truly committed to making a meaningful difference in the world. Transparency and accountability are fundamental principles championed by ESS. Once listed, a company must maintain a high level of transparency and provide regular reporting on its social and environmental impact. This commitment to openness ensures that investors and the public receive clear information about the company's operations, promoting trust and making informed decisions. Although ESS does not directly facilitate the buying and selling of stocks, it is a valuable resource for investors interested in socially responsible investing. The platform allows them to research and identify potential investment opportunities in companies that prioritize social impact. In the UK, there

Countries (2019), https://www.ris.org.in/sites/default/files/Publication/DP%20243%20Social%20Sector%20Exchange_1.pdf.

²¹ Sachin Chaturvedi, *Social Stock Exchange for Social Enterprises and Social Incubators: An Exploratory Study for India, Research and Information System for Developing Countries* (2019), https://www.ris.org.in/sites/default/files/Publication/DP%20243%20Social%20Sector%20Exchange_1.pdf.

²² Dr Pragati Mehra, *Social Stock Exchange: New Paradigm For Social Enterprises*, ICSI (2023), <https://www.icsi.edu/media/webmodules/CSJ/May/22ResearchCornerDrPragatiMehraDrMadhuVij.pdf>.

is growing interest in social impact investing and sustainable finance, which is likely to grow further from 2021. Discussions about setting up an exchange of Formal social or similar platforms to facilitate social impact investing may have made progress. The UK Government is actively supporting the development of impact investing, potentially introducing additional initiatives, regulatory changes and incentives to encourage businesses to prioritize social goals and the environment.

5.2. Canada

The Social Venture Connection launched in Canada in September 2013. It promotes itself as a "trusted connector" that connects social entrepreneurs with service providers, impact investors, high visibility, and a way to evaluate their triple bottom line at competitive rates. In Canada, Social Enterprise Connection (SVC) provides an essential link for social entrepreneurs. It fulfils a vital role in connecting these entrepreneurs with a variety of stakeholders, including service providers and impact investors. This connection function plays an important role in supporting and expanding the social enterprise ecosystem.

SVC also provides social entrepreneurs with a valuable tool to assess their “triple bottom line,” which includes assessing their social, environmental and financial performance. This comprehensive assessment enables businesses to measure and improve their overall impact, driving continuous improvement.

Additionally, being part of the SVC network gives social enterprises clear visibility, which is decisive for their growth and investment attraction. By gaining visibility through this network, social entrepreneurs open the door to new opportunities and increase recognition, thereby advancing the cause of positive social and environmental change. Canada is seeing a rising tide of impact investing, with institutions and investors increasingly aligning their investments with social and environmental values. This trend may have led to discussions about creating a platform akin to a social exchange. Additionally, social venture capital organizations in Canada may have formed partnerships and alliances with financial institutions, streamlining the process for social entrepreneurs to access capital and resources. needed to increase their social impact. It's important to note that specific developments may have occurred since my last update in 2021, so for the most up-to-date information on social stock exchanges and impact investing initiatives in these countries, you should check out recent news, government websites, and industry reports.

5.3. Singapore

Singapore's Impact Exchange, the sole public SSE, debuted in June 2013. It seeks to operate similarly to the UK SSE by disseminating details about reputable social enterprises and impact investment funds. It's important to note that the list of issuers includes charitable organizations, which are permitted to issue debt instruments like bonds. Singapore Impact Exchange plays a vital role in promoting social entrepreneurship and impact investing in the region. Its goal is to connect investors with social enterprises and influence investment funds. In addition to charities, other types of issuers on the Impact Exchange include social enterprises and companies with strong social or environmental missions. These issuers can list debt instruments such as bonds, allowing them to raise capital for their social initiatives. The exchange serves as a platform for impact investors, including both individual and institutional investors, to discover and invest in organizations aligned with their values and impact goals in their society.

5.4. South Africa

SASIX, the second SSE worldwide, originated in South Africa. It began operations in June 2006 to supply critical capital to emerging social enterprises. It operates similarly to a traditional social stock exchange and gives morally responsible investors a platform to purchase shares in social enterprises based on two categories: sector and province. SASIX, the South African Social Investment Exchange, is known for providing much-needed capital to emerging social enterprises in South Africa. This is the second ESS to be established globally. SASIX offers a more traditional stock market experience, allowing investors to buy shares in social enterprises. Investors can choose to invest based on two main categories: industry (social impact category) and province (geographic location).

VI. DEFECTS AND INADEQUACIES UNDER THE SOCIAL STOCK EXCHANGE OF INDIA

6.1. Defects Under Regulatory Framework

There are several gaps under the Regulatory framework, which is provided for the Social Stock Exchange in India. It is not made clear in the modifications to the SEBI ICDR Regulations or the SEBI LODR Regulations whether the 67% eligibility threshold is a one-time requirement or a recurring one. Further, it is submitted that targeting "underserved" or "less privileged social

segments" or "regions recording lower performance in the development priorities of central and state governments" is expected of us. However, neither the SEBI ICDR Regulations modifications nor material in the public domain make any reference to the specifics of the defined target groups. For Social enterprises hoping to take advantage of the law, the open-ended interpretation of target sections under the regulations may create more ambiguity.

6.2. Finance and Investment Related Problems

It is submitted that NPOs will have a harder time obtaining funding than FPEs since they can't gauge their social effect. They would be unable to successfully compete with other businesses on the main board due to the extremely low financial returns they would offer. Therefore, having separate SSE venues for NPOs and FPEs is the optimal answer. Thus, one of the most difficult things social entrepreneurs must do is raise the necessary funding. The Indian government and regulators have lofty plans for SSE, but it can be difficult for exchanges to allocate funds to socially conscious initiatives. Making SSE an effective platform is a significant issue given the failure of large worldwide platforms to capture investors' interest. Some variables prevent social enterprises from participating in the Social Stock Exchange, including regulatory constraints (that can be loosened through rewards like tax breaks for investments), a lack of affordable financing (which can be addressed through mechanisms to pool such funds), a lack of technology (which can be solved through local solutions and technology transfer), and a lack of technology.

6.3. Other Problems

Many other difficulties are there in the provisions related to the Social Stock Exchange in India. The difficulties include strict oversight, financial examination that is necessary given the growth in participation, transaction costs, the design and provision of a variety of financial instruments, tax advantages, and the definition of all instruments and companies, among other things. It is not desirable to list FPEs on SSE under the same set of rules that apply to listings on traditional stock exchanges. In addition, the new scientific group must go over the FCRA provisions again to clarify the function of foreign donors and the scope of their involvement in the SSE in light of the most recent modifications to the Foreign Contribution (Regulation) Act in September 2020. Social stock market (ESS) applications are a promising concept that seeks to harness the power of financial markets to drive social and environmental impact beyond financial returns. Although small businesses have increased in size in recent years, they still

face several significant challenges and problems beyond the main ones. One of the main challenges is the limited supply of investment opportunities that impact the environment and society. Small businesses need a robust pipeline of institutions that are not only willing but able to meet the rigorous impacts and financial standards set by the exchanges. Finding such units can be difficult, especially in regions or fields where social enterprises are underdeveloped. This scarcity of investment opportunities can hinder the growth of small businesses, making it difficult to attract many investors.

Another problem is the lack of standardization and harmonization in measuring and reporting impact. Although significant progress has been made in developing various impact measurement frameworks, there is still no widely accepted standard. This lack of standardization makes it difficult for investors to compare and assess the impact of different securities listed on the SSE. The lack of standardized reporting also increases the risk of greenwashing, in which organizations exaggerate or misrepresent their social and environmental impact to attract investors. Establishing a common framework for measuring and reporting impact is essential to building trust and transparency within small businesses.

Legal and regulatory barriers are a significant obstacle. Social enterprises are often hybrid, blurring the lines between traditional for-profit businesses and nonprofit organizations. This ambiguity can lead to classification, tax and compliance issues. Regulations must evolve to suit the unique characteristics of small businesses, which can be a slow and complicated process. Additionally, small businesses may face cross-border trade barriers due to differences in regulations and tax treatments in different countries, making international expansion an effort.. complicated.

Liquidity is another issue affecting small businesses. Many social enterprises are not as liquid as traditional companies and their shares do not trade as frequently. This lack of liquidity can prevent investors from looking for opportunities to buy or sell stocks quickly. To address this problem, small businesses may need to develop mechanisms to improve liquidity, such as creating market makers or facilitating secondary trading platforms grants.

One overlooked challenge is the potential impact of a recession on small businesses. While small businesses aim to create positive social and environmental outcomes, they are not immune to broader economic trends. During times of economic crisis, investors may prioritize financial returns over social impact, which may lead to disinvestment in small businesses. This

phenomenon can affect the long-term stability and sustainability of small businesses, hence the importance of addressing the resilience of these exchanges during economic downturns.

Furthermore, the social stock market model itself may not be suitable for all types of social enterprises. Some social enterprises may have limited financial returns or revenue streams, and strict listing requirements for small businesses may disqualify them from participating. In such cases, alternative funding mechanisms, such as impact bonds or philanthropic grants, may be more appropriate.

Access to capital remains an important issue for social enterprises, even for small social enterprises. While the concept is designed to channel capital to high-impact organizations, it can still be difficult to match investors' risk appetite and preferences with available investment opportunities. These differences can hinder the growth and scalability of small businesses.

Additionally, the investment base for small businesses may be limited. The group of investors interested in both financial returns and social impact is smaller than the investment community as a whole. This could affect the scale and breadth of capital flows to small businesses, potentially limiting their effectiveness.

VII. PROBABLE REFORMS THAT NEED TO BE TAKEN UNDER THE SOCIAL STOCK EXCHANGE IN INDIA

There are many loopholes and deficiencies under the Social Stock Exchange in India which need to be rectified to have SSE, as an innovative financial platform, bridging the gap between social enterprises and impact investors, and fostering a symbiotic relationship that can drive positive change in society.

It is suggested that the social sector needs additional seed money from investors, whether they are local governments, charitable groups, or foundations, to better identify and assess the factors that will determine the success of impact investments. With this information, investors may make more comprehensive judgments that take social enterprises and SSEs into account. Further, finding social companies that are tackling challenges that are seen as tough and have strong leadership, a capable staff, and creative, scalable, and robust business models is crucial. Additionally, in the context of India, ideas have been put up for funding social businesses through resource sharing and cooperation between investors and outcome payers at the governmental and private sector levels.

A clause for submitting a Social Impact Report may also exist and an impartial admissions panel should review this report. Verifying the social or environmental goals of the firms listed in the report will fall within the purview of this panel. To demonstrate progress toward social impact goals, all Members should also be obliged to publish and submit yearly social effect reports. The objectives and goals that these reports establish for attaining their social effect ought to rise year after year.

Moreover, it is advised that contributors and investors receive higher tax breaks since they are powerful tools for luring involvement across a variety of financial instruments and structures. Last but not least, the first step in creating India's own SSE should be to research effective SSE models from other countries.

VIII. CONCLUSION

In conclusion, the concept of a Social Stock Exchange (SSE) in India holds immense potential to revolutionize the country's social sector landscape. This research paper delved deep into the various facets of SSE, exploring its origins, objectives, challenges, and probable reforms. The SSE, as an innovative financial platform, bridges the gap between social enterprises and impact investors, fostering a symbiotic relationship that can drive positive change in society.

However, successful implementation requires collaborative efforts from regulators, market participants, and policymakers. The difficulties include strict oversight, financial examination that is necessary given the growth in participation, transaction costs, the design and provision of a variety of financial instruments, tax advantages, and the definition of all instruments and companies, among other things. Some variables prevent social enterprises from participating in the Social Stock Exchange, including regulatory constraints (that can be loosened through rewards like tax breaks for investments), a lack of affordable financing (which can be addressed through mechanisms to pool such funds), a lack of technology (which can be solved through local solutions and technology transfer), and a lack of technology.