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PANIPAT BRANCH OF NIRC OF ICAI

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24th-26th
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EVENTS

(JUNE)

HELD IN

PANIPAT BRANCH

OF

NIRC OF ICAI

Cricket Match

4th June, 2023



Students Activities

Pitch Deck Competition

10th June 2023



Elocution Competition

12th June 2023



Yoga Day

21st June 2023



Marathon

30th June 2023



ROLE OF SOCIAL AUDITOR OF SOCIAL ENTERPRISES ON SOCIAL STOCK EXCHANGE



BY CA BHUPINDER DIXIT

(B.COM, CA, FAFD, CCA, NISM)

FOUNDER OF GYANSETU EDUCATIONAL TRUST



WHAT IS A SOCIAL ENTERPRISE?

A Social Enterprise Or Social Business Is Defined As A Business With Specific Social Objectives That Serve Its Primary Purpose. A Social Enterprise I.E., A Not-for-profit Organization (NPO) Or A For Profit Social Enterprise (FPE) Fulfilling The Eligibility Conditions As Specified In SEBI ICDR Regulations Or As Specified By SEBI From Time To Time Will Be Permitted To Register Or List Its Instruments.

KEY TAKEAWAYS :-

- A Social Enterprise Is A Business With Social Objectives.
- Maximizing Profits Is Not The Primary Goal Of A Social Enterprise As Is With A Traditional Business.
- Unlike A Charity, Social Enterprises Pursue Endeavors That Generate Revenues, Which Fund Their Social Causes.
- Regarding Employment, Preference Is Given To Job-seekers From At-risk Communities.
- Funding For A Social Enterprise Is Often Obtained By Selling Services And Goods.

SOCIAL STOCK EXCHANGE (SSE)

The Social Stock Exchange Segment On NSE Provides Social Enterprises (Non-profit Organizations (NPO) And For-profit Enterprises (FPE)) Engaged In Eligible Activities A Unique Opportunity To Register Itself And Raise Funds On A Recognized Exchange Platform.

A Social Enterprise I.E., A Not-for-profit Organization (NPO) Or A For Profit Social Enterprise (FPE) Fulfilling The Eligibility Conditions As Specified In SEBI ICDR Regulations Or As Specified By SEBI From Time To Time Will Be Permitted To Register Or List Its Instruments.

Emergence of Social Stock Exchange in India

Hon'ble Finance Minister Smt. Nirmala Sitharaman As Part Of The Budget Speech For FY 2019-20 Proposed The Idea Of An Electronic Fund-raising Platform "Social Stock Exchange", Under The Regulatory Ambit Of SEBI For Listing Social Enterprises And Voluntary Organizations Working For The Realization Of A Social Welfare Objective So That They Can Raise Capital As Equity, Debt Or As Units Like A Mutual Fund.

OBJECTIVES OF THE SOCIAL STOCK EXCHANGE:

- Regulated Platform That Brings Together Social Enterprises And Donors
- Facilitate Funding And Growth Of Social Enterprises
- Enabling Mechanism To Ensure Robust Standards Of Social Impact And Financial Reporting

ENTITY THAT MEETS THE CRITERIA TO BE IDENTIFIED AS A SOCIAL ENTERPRISE

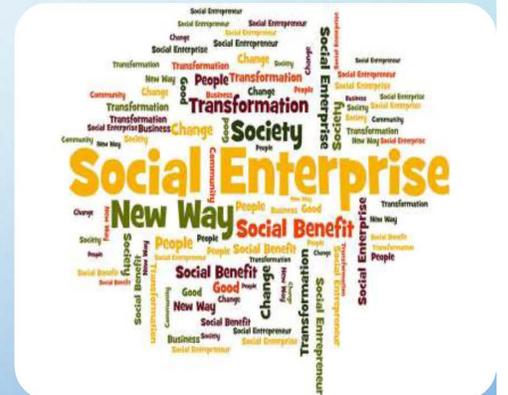
- A Charitable Trust Registered Under The Indian Trusts Act, 1882;
- A Charitable Trust Registered Under The Public Trust Statute Of The Relevant State;
- A Charitable Society Registered Under The Societies Registration Act, 1860 (21 Of 1860);
- A Company Incorporated Under Section 8 Of The Companies Act, 2013 (18 Of 2013);
- Any Other Entity As May Be Specified By SEBI;

NOT BE ELIGIBLE TO REGISTER OR RAISE FUNDS THROUGH THE STOCK EXCHANGE/STOCK EXCHANGE IF:-

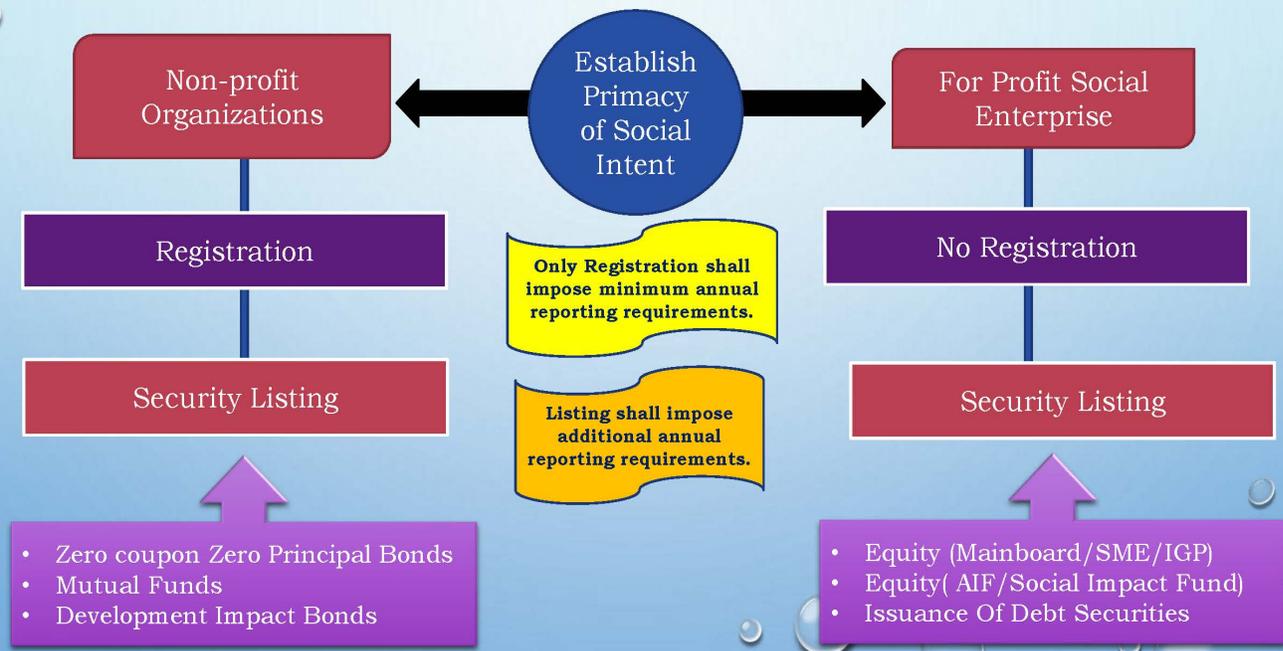
- Any of its promoters, promoter group or directors or selling shareholders (in case of for profit social enterprise) or trustees are debarred from accessing the securities market by SEBI
- If any of the promoters or directors or trustees of the social enterprise is a promoter or director of any other company or social enterprise which has been debarred from accessing the securities market by SEBI;
- If the social enterprise or any of its promoters or directors or trustees is a willful defaulter or a fraudulent borrower;
- If social enterprise or any of its promoters or directors or trustees is a willful defaulter or a fraudulent borrower.
- If any of its promoters or directors or trustees is a fugitive economic offender
- If the social enterprise or 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

EXAMPLES OF LISTED SOCIAL ENTERPRISE

SR. NO	NAME OF ORGANISATION	DATE OF REGISTRATION WITH SSE
1	Gramalaya Trust	05-Apr-2023
2	SGBS Unnati Foundation	05-Apr-2023
3	Masoom Trust	05-Apr-2023
4	Opportunity Foundation Trust	05-Apr-2023
5	Possit Skill Organization	19-Apr-2023
6	Development Management Foundation	24-Apr-2023
7	Krushi Vikas Va Gramin Prashikshan Sanstha	28-Apr-2023
8	Voice Society	03-May-2023
9	Mukti	22-May-2023
10	Ekalavya Foundation	09-Jun-2023



SOCIAL ENTERPRISES: INSTRUMENTS & PROCESS OVERVIEW



ELIGIBILITY TO LIST ON SSE



- ❖ The primary goal of the NPOs that want to get listed should be social intent and impact. These intents should be focused on various social objectives for unattended and underprivileged populations or regions.
- ❖ The NPO should be engaged in 16 broad social activities listed by the board. The eligible activities include eradicating hunger, poverty, malnutrition and inequality, promoting healthcare, supporting education, employability and livelihoods, gender equality empowerment of women and LGBTQIA communities, and supporting incubators of social enterprise.
- ❖ In the circular, SEBI stated that any NPO which wants to get listed should be registered as a non-profit entity and the registration certificate should be valid for 12 months. There should not be any ongoing scrutiny or notice by the Income Tax.
- ❖ The firm should be registered in India as a “charitable trust registered under the public trust statute of the relevant state” or under the Societies Registration Act, 1860, or the Indian Trusts Act, 1882, or incorporated as a company under Section 8 of the Companies Act, 2013.
- ❖ The minimum age of NPO should be 3 years.
- ❖ The NPO should declare whether it is government or privately owned.
- ❖ Any NPO entity that wishes to get listed should have 80G registration under the Income Tax Act. Each entity should have a minimum spending of Rs.50 lakh in the last fiscal year and minimum funding of Rs 10 lakh in the past financial year.

BENEFITS OF SSE REGISTRATION/ LISTING

IMPROVED MARKET ACCESS

SSE will facilitate a common and a structured meeting ground between Social Enterprises and investors/ donors with inbuilt regulation for providing sanctity and accountability of finances.

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 would be much wider allowing investors and investees with similar missions and visions to connect seamlessly

PERFORMANCE BASED PHILANTHROPY

Performance of the enterprises listed on an SSE would be monitored thus it will instill a culture of performance (Social return) driven philanthropy.

MINIMAL REGISTRATION COST

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

ADDITIONAL AVENUE FOR SOCIAL ENTERPRISES

Central and State governments till date have the biggest onus of achieving sustainable development goals. SSE will provide an alternate avenue for raising funds thereby encouraging new and existing social enterprises.

WHO IS SOCIAL AUDITOR IN INDIA?



"Social auditor" 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 the board, who has qualified a certification program conducted by national institute of securities market and holds a valid certificate; (As per Gazette Notification of SEBI dated 25th July, 2022).

"Social Audit Firm" means any entity which has employed Social Auditors and has a track record of minimum three years for conducting social impact assessment.

SOCIAL AUDITOR

ELIGIBILITY

- Any Individual Or Entity Of Firm Having A Track Record Of Minimum **3** Years Of Conducting Social Impact Assessment Of A Social Enterprise Indulged In Any Of The Areas Notified By SEBI Regulation
- Average Annual Grants Or Expenditure Of Social Enterprise For Which Impact Assessment Has Been Carried Out For The Last **3** Financial Years Should Be At Least Rs.50 Lakhs.
- Suitable Human Resources In The Field Of Social Development Having Experience Of Usage Of Relevant Methodology Of Social Audit.

DISQUALIFICATION

- Any Individual Or Any Of The Partner/Director Of An Entity Convicted For An Offence Involving Moral Turpitude By Any Court Of Competent Jurisdiction.
- The Individual Or Any Of The Partner/Director Of An Entity Has Been Declared As Undischarged Insolvent/Bankrupt By The Court Of Competent Jurisdiction Or Any Other Authority Empowered By Law.
- Any Individual Or Any Of The Partner/Director Of An Entity Has Been Debarred By SEBI.

OBJECTIVES OF SOCIAL AUDIT

- ❖ Assessing The Physical And Financial Gaps Between Needs And Resources Available For Local Development.
- ❖ Creating Awareness Among Beneficiaries And Providers Of Local Social And Productive Services.
- ❖ Increasing Efficacy And Effectiveness Of Local Development Programmes.
- ❖ Scrutiny Of Various Policy Decisions, Keeping In View Stakeholder Interests And Priorities, Particularly Of Rural Poor.
- ❖ Estimation Of The Opportunity Cost For Stakeholders Of Not Getting Timely Access To Public Services

ADVANTAGES OF SOCIAL AUDIT

- ❑ Trains The Community On Participatory Local Planning.
- ❑ Encourages Local Democracy.
- ❑ Encourages Community Participation.
- ❑ Benefits Disadvantaged Groups.
- ❑ Promotes Collective Decision Making And Sharing Responsibilities.
- ❑ Develops Human Resources And Social Capital

RIGHTS OF SOCIAL AUDITOR

- ❖ Seek Clarifications From The Implementing Agency About Any Decision-making, Activity, Scheme, Income And Expenditure Incurred By The Agency;
- ❖ Consider And Scrutinize Existing Schemes And Local Activities Of The Agency; And
- ❖ Access Registers And Documents Relating To All Development Activities Undertaken By The Implementing Agency Or By Any Other Government Department.

THANK YOU



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