

# FAQs

## Social Stock Exchange in India

### What is the news?

- The Economic Survey released by the Union Ministry of Finance on January 29, 2021 highlighted the concept of setting up a social stock exchange (SSE) in India for raising capital by organisations working for the realisation of a social welfare objective.
- It will be under the regulatory ambit of the Securities and Exchange Board of India (SEBI), the survey said.

### What is the background for it?

- SEBI constituted a working group (WG) on social stock exchanges in September 2019. This Working Group submitted the report on June 1, 2020. It outlined its vision and made recommendations, which include participation of non-profit organisations (NPO) and for-profit enterprises (FPE) on SSE subject to committing to minimum reporting requirements,” the survey noted.
- It has recommended standardisation of financial reporting by NPOs on SSE.

### What did survey said?

- In terms of the recommendations of the Working Group, there is a need to develop a framework for on-boarding NPOs and FPEs on the SSE-prescribed disclosure requirements relating to financials, governance, performance and dwell upon aspects related to social impact, social audit and information repositories etc, the survey said.
- The survey added that as of December 24, 2020, eight Environmental, social and corporate governance (ESG) mutual funds have been launched in India.
- In 2017, to give push to Green Bonds issuances in India, SEBI issued guidelines on green bonds including listing of green bonds on the Indian stock exchanges. The launch of green indices such as S&P BSE CARBONEX (in 2012), MSCI ESG India (in 2013), and S&P BSE 100 ESG Index (in 2017) allows passive and retail investors to invest in ‘green’ companies.
- Globally, the cumulative issuance of green bonds crossed US\$ 1 trillion mark in 2020. “Despite overall growth in the global bond markets, green bond issuance in the first half of 2020 slowed down from 2019,” the survey said.

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## What are Green Bond?

- Green bonds are debt instruments issued by an entity for raising funds from investors and the proceeds of a green bond offering are used towards financing 'green' projects.
- They are more of a green-washing exercise than a genuine effort towards Green recovery. This is because despite this achievement US\$ 1 trillion, the green bonds account for a small share in the overall debt market. Moreover, these bonds are often unpredictable, and, at times, unreliable. The major energy giants are off the mark in achieving targets in line with UN climate goals. Therefore, the dependence on fossil fuels is decreasing slower than expected.

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