
SOCIAL STOCK EXCHANGE & ZCZP INSTRUMENTS

A Frequently Asked Questions Guide

Understanding India's Social Stock Exchange, the ZCZP fundraising instrument, and the 2026 amendment recognising ZCZP subscriptions as eligible CSR expenditure.

For NPOs, CSR companies, donors, investors and the general public

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Introduction

Since 2023, the Social Stock Exchange (SSE) has been steadily developing as a dedicated segment of the BSE and NSE that channels funding toward verified social enterprises and not-for-profit organisations (NPOs), using a regulated instrument called Zero Coupon Zero Principal (ZCZP). On 27 May 2026, the Ministry of Corporate Affairs (MCA) took a significant step forward by formally recognising subscriptions to ZCZP instruments as a valid way for companies to meet their Corporate Social Responsibility (CSR) obligations under Section 135 of the Companies Act, 2013.

This guide is designed as a single reference point for everyone touched by this ecosystem - NPOs considering whether to list, CSR teams and boards evaluating the new ZCZP route, donors and investors who want to understand what they are subscribing to, and anyone simply trying to make sense of the headlines. It is organised as a set of frequently asked questions, grouped by audience, with a dedicated section on the 2026 amendment.

Quick Facts at a Glance

Regulator	Securities and Exchange Board of India (SEBI), since 2023
Where it operates	A dedicated segment within the BSE and the NSE
Instrument for NPOs	Zero Coupon Zero Principal (ZCZP) - no interest, no repayment of principal
Minimum issue size	₹50 lakh per ZCZP fundraising issue
Minimum investment	₹1,000 per subscriber
Donor tax benefit	Potential deduction under Section 80G, subject to the NPO's 80G registration
Ecosystem size (mid-2026)	Roughly 180+ NPOs registered across BSE and NSE SSE segments; over ₹40 crore raised via ZCZP to date
What's new (27 May 2026)	MCA Notifications G.S.R. 415(E) and G.S.R. 416(E) let companies meet up to 10% of their annual CSR obligation by subscribing to ZCZP instruments

Section 1 — Understanding the SSE & ZCZP

Q1. What is the Social Stock Exchange (SSE)?

The SSE is a separate segment within India's existing stock exchanges - the BSE and the NSE, regulated by SEBI since 2023. It functions as a dedicated platform connecting social enterprises and not-for-profit organisations with donors, CSR funds and institutional or retail investors who want to support social causes. Unlike a conventional exchange, the SSE's core purpose is to channel funding toward verified social-impact projects through standardised, transparent disclosure rather than to facilitate profit-seeking trading.

Q2. How is the SSE different from a traditional stock exchange?

On a traditional exchange, investors buy and sell securities expecting a financial return in terms of dividends, interest or capital gains, and those securities trade continuously in a secondary market. The SSE currently allows NPOs to raise funds only through ZCZP instruments: there is no daily trading, no brokers transacting for profit and no share-price discovery. A contribution functions as a transparent, regulated donation rather than an investment seeking a return.

Q3. Who regulates the SSE, and which exchanges host it?

The SSE is regulated by the Securities and Exchange Board of India (SEBI) and operates as a dedicated segment within the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

Q4. What is a Zero Coupon Zero Principal (ZCZP) instrument?

A ZCZP instrument is currently the only fundraising instrument available to NPOs on the SSE. As the name suggests, it has two defining features: zero coupon (no interest is paid to the subscriber) and zero principal (the subscribed amount is not repaid). In effect, subscribing to a ZCZP instrument is equivalent to making a donation but one that is routed through, and disclosed within, formal securities-market infrastructure, giving subscribers a level of transparency and accountability that a typical cheque-based donation does not offer.

Q5. What kinds of organisations can raise funds on the SSE?

Both not-for-profit organisations - registered as Trusts, Societies or Section 8 Companies and for-profit social enterprises meeting SEBI's eligibility norms can access the SSE. NPOs are currently restricted to raising funds through ZCZP instruments, while for-profit social enterprises may use other instruments permitted under SEBI's broader framework.

Q6. What social activities qualify an organisation for SSE participation?

SEBI has prescribed 16 broad categories of eligible social activity. An organisation must demonstrate that its work falls within one or more of these areas:

- Eradicating hunger, poverty, malnutrition and inequality
- Promoting healthcare, including mental healthcare, sanitation and safe drinking water
- Promoting education, employability and livelihoods
- Promoting gender equality and empowerment of women and LGBTQIA+ communities
- Ensuring environmental sustainability and climate action, including forest and wildlife conservation
- Protection of national heritage, art and culture
- Training to promote rural, national, Paralympic and Olympic sports

- Supporting incubators of social enterprises
- Supporting platforms that strengthen the non-profit ecosystem in fundraising and capacity building
- Promoting livelihoods for rural and urban poor, including small and marginal farmers and non-farm workers
- Slum area development, affordable housing and resilient-cities interventions
- Disaster management - relief, rehabilitation and reconstruction
- Promotion of financial inclusion
- Facilitating access to land and property assets for disadvantaged communities
- Bridging the digital divide and addressing misinformation and data protection
- Promoting the welfare of migrants and displaced persons

Following recent amendments, activities falling under Schedule VII of the Companies Act (the list of permissible CSR activities) are also recognised, broadening access for most NGOs working across the development sector.

Q7. How active is the SSE ecosystem today?

As of mid-2026, roughly 180 NPOs are registered across the BSE and NSE SSE segments, spanning multiple social domains and a wide geographic footprint across Indian states. A smaller but growing number have completed full listings, and cumulative funds raised through ZCZP instruments have crossed ₹40 crore. The ecosystem remains in an early growth phase, with SEBI, the exchanges, and the MCA progressively refining the framework including the 2026 CSR amendment covered in Section 4.

Section 2 — For NPOs: Registering & Listing on the SSE

Q8. What are the basic eligibility criteria for an NPO to register on the SSE?

SEBI's eligibility checkpoints span six broad areas:

- **Legal structure:** registered as a Trust, Society or Section 8 Company, with a registration certificate valid for at least 12 months.
- **Operational history:** a minimum of three years of operation with a demonstrable track record of impact delivery.
- **Tax compliance:** valid 12A / 12AB / 10(23C) / 10(46) registration, an 80G certificate, and income-tax returns filed for the last three years.
- **Financial thresholds:** annual spending of at least ₹50 lakh in the last financial year, or grants or donations raised of at least ₹10 lakh.
- **Social intent and impact:** activities aligned to the 16 SEBI-eligible social areas, at least 67% of spend or beneficiaries from the target group, and a valid NGO Darpan ID.
- **Governance:** a board resolution approving SSE registration, valid PAN and TAN, no pending material legal proceedings, and audited financial statements for the last three years.

Q9. What is the 67% eligibility requirement for SSE registration?

To qualify as a Social Enterprise, an organisation must demonstrate that at least 67% of its activities benefit the target population. This can be demonstrated through:

- 67% of average revenue over the previous three years arising from eligible activities; OR
- 67% of average expenditure over the previous three years incurred on eligible activities; OR
- 67% of beneficiaries belonging to the target population.

Q10. Which types of organisations are barred from the SSE?

Political or religious organisations, corporate foundations, trade or professional bodies, and infrastructure or housing entities (other than affordable housing) are not eligible to register on the SSE.

Generally, corporate foundations that are substantially funded or controlled by a corporate entity do not qualify as independent social enterprises under SSE eligibility norms. NPOs receiving more than 50% funding from a single corporate promoter then it is not eligible to register on SSE.

Q11. What is the broad process for registering and listing on the SSE?

The journey from registration to listing typically unfolds in five stages.

1. **Appoint intermediaries:** a SEBI-registered Registrar and Transfer Agent, a chartered accountant or financial auditor, and a Social Impact Assessor; a depository will also allot a unique ISIN to the instrument.

2. Obtain in-principle approval: submit a Draft Fund Raising Document (DFRD), which goes through a 21-day public comment window; the exchange responds with observations within 30 days, and in-principle approval remains valid for six months.

3. Submit the final Fund Raising Document (FRD): obtain the ISIN, set the issue dates, and open an escrow account.

4. Open the issue: the issue window runs for 3 to 10 days - if undersubscribed, contributions are refunded; if fully subscribed, ZCZP units are allotted; if oversubscribed, allotment is proportionate.

5. Listing: ZCZP units are credited to subscribers' demat accounts, a listing agreement is signed with the BSE or NSE SSE segment, and the raised funds are transferred to the NPO.

Q12. What is a Fund Raising Document (FRD), and why does it matter?

The FRD and its draft version, the DFRD is the formal disclosure document an NPO submits to the exchange before raising funds through a ZCZP issue. It sets out the project's objectives, funding target, timelines and governance arrangements, and is subject to a public comment period before approval. Because the FRD defines the project's stated objective and tenure, it also determines when a ZCZP listing is treated as complete: either when the objective is achieved and certified to the exchange, or when the tenure specified in the FRD expires.

Q13. What are the minimum issue size, investment and subscription requirements?

The minimum issue size for a ZCZP offering is ₹50 lakh, and the minimum investment per subscriber is ₹1,000. To proceed with allotment, an issue generally needs to achieve at least 75% subscription, a threshold that can be relaxed to 50% with exchange approval. ZCZP units are issued only in dematerialised form, so both NPOs and subscribers must have the relevant demat arrangements in place, and there is no secondary market trading once units are allotted.

Q14. What ongoing compliance and reporting does a listed NPO need to maintain?

Once listed, an NPO takes on four recurring categories of disclosure:

- **Annual organisational disclosures:** governance, financial and operational information, due within 60 days of the financial year-end and by 31 October.
- **Annual Impact Report (AIR):** an audited report detailing fund utilisation and measurable social outcomes, due within 90 days of the financial year-end.
- **Quarterly fund utilisation statements:** due within 45 days of each quarter-end.
- **Event-based disclosures:** for any development with a material impact on the organisation, due within 7 days of the event.

Non-compliance can lead to suspension or delisting, which is why most listed NPOs designate a dedicated compliance officer to manage these obligations.

Q15. What happens to funds that remain unspent if a ZCZP listing is terminated?

If a ZCZP instrument's listing is terminated for example, because the underlying project could not be completed and funds remain unutilised, the NPO must transfer the unspent amount to a fund specified under Schedule VII of the Companies Act, 2013, and submit compliance reports to SEBI. This safeguard ensures that capital raised for social purposes continues to serve public-welfare objectives even where the original project does not proceed as planned.

Q16. What are the key benefits for an NPO of listing on the SSE?

- **Access to fresh CSR capital:** companies can now direct up to 10% of their annual CSR spend toward ZCZP instruments, opening a new pool of donors.
- **Credibility and trust:** BSE/NSE-verified listing signals transparency and accountability to donors and partners.
- **Wider visibility:** exposure to HNIs, family trusts, institutional investors and retail donors through a regulated marketplace.
- **Donor tax benefits:** subscribers may claim deductions under Section 80G, making contributions more attractive.
- **Standardised reporting framework:** the Annual Impact Report gives NPOs a structured way to measure and communicate impact professionally.
- **No repayment burden:** ZCZP funding carries no interest and no repayment obligation, it functions purely as donation capital.

Q17. Can an NPO register on the SSE without immediately raising funds?

Yes. An NPO may register on the SSE and comply with disclosure requirements without launching a ZCZP fundraising issue. Registration and fundraising are separate decisions.

Q18. Can an NPO issue multiple ZCZP instruments?

Yes. An NPO may issue separate ZCZP instruments for different projects and may also raise additional funds for an existing project through a subsequent issue, subject to SSE approval and disclosure requirements.

Q19. What is a Social Audit?

A Social Audit is an independent assessment of the social outcomes and impact of a project or programme undertaken by a qualified Social Auditor recognised under the SSE framework.

Section 3 - For Donors, Investors & CSR Companies

Q20. Who is eligible to subscribe to ZCZP instruments?

CSR-obligated companies, institutional investors, retail investors, HNIs/UHNIs and family trusts can all subscribe to ZCZP instruments. Non-Resident Indians (NRIs) are currently not eligible to invest.

Q21. How does an individual donor or investor actually invest through the SSE?

The process generally follows seven steps:

- 1. Open a demat account:** mandatory for all contributors.
- 2. Find the NPO:** browse live ZCZP issues on the BSE or NSE SSE platform.
- 3. Review the offer document:** read the Fund Raising Document carefully before committing.
- 4. Place a bid:** a minimum of ₹1,000, submitted via a broker portal during the issue window.
- 5. Make payment:** via ASBA, UPI, NEFT or RTGS - there is no trading involved.
- 6. ZCZP allotted:** units are credited to the subscriber's demat account.
- 7. Track impact:** subsequent Annual Impact Report disclosures and updates from the NPO show how the funds were used.

Q22. Will I get my money back, or earn any return, on a ZCZP investment?

No. By definition, a ZCZP instrument pays no interest (zero coupon) and does not return the principal amount (zero principal), and there is no secondary market on which units can be sold. The contribution should be viewed purely as a donation, the only "return" is the social impact reported by the NPO through its disclosures.

Q23. What tax benefits are available to subscribers of ZCZP instruments?

Retail Donors investing in ZCZP instruments are eligible for deductions under Section 80G of the Income-tax Act, 1961, in the same way as other eligible donations, provided the issuing NPO holds a valid 80G registration. Eligibility should always be verified against the specific NPO's current 80G certificate and the applicable income-tax provisions, as an SSE listing by itself does not automatically confer 80G eligibility.

Q24. Can NRIs invest in ZCZP instruments?

No. Under the current framework, Non-Resident Indians are not among the eligible categories of ZCZP subscribers, which are limited to resident CSR companies, institutional investors, retail investors, HNIs/UHNIs and family trusts.

Section 4 — The 2026 CSR-ZCZP Amendment: What's New

On 27 May 2026, the Ministry of Corporate Affairs issued two notifications that directly connect the CSR framework under the Companies Act, 2013 with the SSE/ZCZP framework regulated by SEBI. The questions below walk through what changed, what it means in practice, and what remains uncertain.

Q25. What changed on 27 May 2026?

The MCA issued two notifications - G.S.R. 415(E) and G.S.R. 416(E) - that, for the first time, formally recognise a company's subscription to ZCZP instruments issued by eligible NPOs on the SSE as a valid mode of implementing its CSR obligations under Section 135 of the Companies Act, 2013. G.S.R. 415(E) inserts a new Rule 4A into the Companies (Corporate Social Responsibility Policy) Rules, 2014, while G.S.R. 416(E) adds a new Item XIII to Schedule VII of the Companies Act, expressly listing ZCZP subscriptions as a permissible CSR activity.

Q26. Why was this amendment needed?

Even though SEBI's SSE framework already allowed eligible NPOs to issue ZCZP instruments, companies were previously uncertain whether amounts spent subscribing to these instruments would count toward their mandatory CSR spending under Section 135. This created a disconnect between SEBI's social-finance framework and the CSR regime under company law. The 2026 notifications close that gap by formally integrating the two including aligning the definition of "Not-for-Profit Organisation" under the CSR Rules with SEBI's definition, so both regulators apply consistent eligibility standards.

Q27. Does this amendment create a new CSR obligation, or change how much companies must spend?

No. The amendment does not alter the underlying CSR expenditure obligations under Section 135, companies must still spend the same mandated amounts on CSR. What it does is add ZCZP subscriptions as one more permitted channel through which that existing obligation can be fulfilled, alongside direct implementation, registered implementing agencies and collaborative CSR arrangements. Using the ZCZP route remains entirely optional.

Q28. How much of a company's CSR budget can be deployed through ZCZP instruments?

Rule 4A caps CSR expenditure through ZCZP subscriptions at 10% of a company's annual CSR obligation. This ceiling serves several purposes: it prevents excessive reliance on a relatively new and passive funding mechanism, preserves direct corporate engagement with social-development initiatives, limits exposure while the SSE ecosystem matures, and signals that the SSE is intended to supplement not replace the traditional CSR implementation routes.

Q29. What timeline applies to projects funded through ZCZP subscriptions?

Rule 4A requires that any CSR project funded via a ZCZP subscription be completed within three financial years from the date the instrument is issued. This is generally a stricter timeline than many conventional grant-based CSR arrangements, and is designed to promote accountability, ensure timely utilisation of funds, support measurable outcomes and prevent indefinitely delayed projects.

Q30. What happens to unspent CSR funds if a ZCZP listing is terminated before the project is complete?

As under the broader SSE framework, if a ZCZP listing funded with CSR money is terminated while funds remain unutilised, the NPO must transfer the unspent amount to a fund specified under Schedule VII of the Companies Act and report this to SEBI ensuring the CSR capital remains dedicated to public-welfare purposes even if the original project does not proceed.

Q31. Does this amendment reduce the Board's or CSR Committee's responsibility for these funds?

No. The amendment does not dilute corporate governance responsibilities. The Board of Directors and the CSR Committee continue to bear ultimate responsibility for ensuring compliance with Section 135, including in respect of any amounts deployed through ZCZP subscriptions.

Q32. What compliance relaxations does Rule 4A provide for ZCZP-based CSR spending?

For CSR amounts deployed via ZCZP, Rule 4A provides three specific exemptions:

- **Impact assessment:** exemption from the impact assessment requirement under Rule 8(3).
- **CFO certification:** exemption from CFO certification of fund utilisation under Rule 4(5).
- **Ongoing project monitoring:** exemption from certain ongoing project-monitoring obligations under Rule 4(6).

These relaxations reflect the fact that SSE-listed projects are already subject to robust, standardised disclosure and monitoring by SEBI and the exchanges including the Annual Impact Report and quarterly fund utilisation statements described in Section 2.

Q33. What obligations remain despite these relaxations?

Even with the exemptions above, companies must still:

- Obtain a recommendation from the CSR Committee.
- Secure Board approval before subscribing to a ZCZP instrument.
- Comply with the annual CSR reporting requirements.
- Verify that the issuing NPO satisfies SEBI's eligibility criteria.
- Ensure the 10% ceiling under Rule 4A is respected.

In short, certain procedural requirements are simplified, but fiduciary oversight is not reduced.

Q34. Are there any income tax (Section 37 / 80G) implications for companies using this route?

The 2026 notifications operate purely within company law and do not amend the Income-tax Act, 1961. As before, CSR expenditure incurred to meet mandatory obligations under Section 135 continues to be disallowed as a business deduction under Explanation 2 to Section 37(1). Companies should also not assume that ZCZP subscriptions automatically qualify for deductions under Section 80G merely because they are routed through the SSE, existing tax principles continue to apply unchanged.

Q35. How should companies account for ZCZP subscriptions in their financial statements?

This remains an open question. The MCA has not prescribed a specific accounting treatment for ZCZP subscriptions, and questions of initial recognition, measurement, presentation and disclosure under applicable accounting standards are still unsettled. Further guidance from the Institute of Chartered Accountants of India (ICAI) is expected to be necessary before uniform accounting practices emerge.

Q36. What other questions remain open after this amendment?

Several practical questions are still to be clarified by the MCA, SEBI and/or ICAI, including:

- Whether CSR action plans must identify specific ZCZP issuances at the approval stage.
- How CSR reporting formats will capture SSE-specific transaction details.
- What evidentiary standards auditors should apply when verifying project completion.
- The final accounting classification of ZCZP subscriptions.

Organisations and companies considering this route should monitor for further regulatory clarification from the MCA, SEBI and ICAI as the framework matures.

Glossary of Key Terms

AIR	Annual Impact Report — the audited disclosure a listed NPO files annually, detailing fund utilisation and measurable social outcomes.
BSE / NSE	Bombay Stock Exchange / National Stock Exchange — the two exchanges that host SSE segments.
CSR	Corporate Social Responsibility - the spending obligation under Section 135 of the Companies Act, 2013.
DFRD / FRD	(Draft) Fund Raising Document — the disclosure document an NPO submits to the exchange before a ZCZP issue.
ICAI	Institute of Chartered Accountants of India - expected to issue accounting guidance on ZCZP subscriptions.
ISIN	International Securities Identification Number - the unique code allotted to a ZCZP instrument.
MCA	Ministry of Corporate Affairs - the regulator administering the Companies Act, 2013.
NGO Darpan ID	A unique identification number issued by NITI Aayog for NGOs, required for SSE eligibility.
NPO	Not-for-Profit Organisation - registered as a Trust, Society or Section 8 Company.
Rule 4A	The new rule inserted into the CSR Policy Rules, 2014 by G.S.R. 415(E), governing CSR via ZCZP subscriptions.
RTA	Registrar and Transfer Agent - a SEBI-registered intermediary appointed during SSE registration.
Schedule VII	The schedule to the Companies Act, 2013 listing activities that qualify as CSR; Item XIII (added by G.S.R. 416(E)) covers ZCZP subscriptions.
SEBI	Securities and Exchange Board of India - the regulator overseeing the SSE.
SSE	Social Stock Exchange - a dedicated segment of the BSE and NSE for social-sector fundraising.
ZCZP	Zero Coupon Zero Principal - the instrument NPOs use to raise funds on the SSE; no interest, no repayment.

Disclaimer & Sources

This guide is intended for general informational and awareness purposes only and does not constitute legal, tax, financial or investment advice. The Social Stock Exchange framework including the ZCZP-CSR provisions introduced via MCA Notifications G.S.R. 415(E) and G.S.R. 416(E) dated 27 May 2026 continues to evolve. Organisations and individuals should consult the relevant SEBI and exchange circulars, the MCA, and qualified professional advisors (legal, tax, and SEBI-registered Social Impact Assessors) before making registration, listing, investment, or CSR-deployment decisions.

This guide draws on the SEBI Social Stock Exchange regulatory framework; BSE and NSE SSE guidelines, including Guidebook on SSE - "Listing on the Social Stock Exchange: A Step-by-Step Guide for NPOs" published on NSE-SSE website; and legal analysis of MCA Notifications G.S.R. 415(E) and G.S.R. 416(E) dated 27 May 2026.