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Institutional readiness of grassroots NGOS for social stock exchange and CSR funding: Evidence from an apex NGO model in India

Dr. Anita Bobade [1], **Dr. Renuka Savant** [2], **Dr. Sulakshana Vispute** [3], and **Dr. Girish Jadhav** [4]

[1] DES's Navinchandra Mehta Institute of Technology and Development, Dadar, Mumbai-400028.
[2] DES's Navinchandra Mehta Institute of Technology and Development, Dadar, Mumbai-400028. Email: renuka.savant@despune.org
[3] DES's Navinchandra Mehta Institute of Technology and Development, Dadar, Mumbai-400028.
[4] DES's Navinchandra Mehta Institute of Technology and Development, Dadar, Mumbai-400028. Email: girish.jadhav@despune.org

Abstract---The emergence of the Social Stock Exchange (SSE) and the expansion of Corporate Social Responsibility (CSR) have transformed the funding ecosystem for non-governmental organizations (NGOs) by emphasizing institutional governance, financial transparency, and measurable social impact. This study examines the institutional readiness of grassroots NGOs in the Vidarbha region of Maharashtra, India, based on qualitative evidence from Fast Track Institutional Assessment Reports prepared by Gramayan under an ICSSR–Western Regional Centre (WRC) funded Minor Research Project. Adopting a qualitative multiple-case study design, the research employs thematic analysis to evaluate governance structures, financial management practices, impact measurement systems, CSR readiness, Social Stock Exchange preparedness, and organizational sustainability across four selected NGOs. The findings reveal that although the NGOs exhibit statutory compliance and significant community engagement, substantial institutional gaps remain in governance formalization, financial planning, impact reporting, and monitoring systems. These deficiencies constrain their ability to access diversified funding through CSR initiatives and the Social Stock Exchange. The study further identifies institutional capacity as a critical determinant of funding readiness and long-term organizational sustainability. The evidence also demonstrates the strategic role of Gramayan as an apex NGO in strengthening grassroots institutions through institutional assessments, capacity-building interventions, exhibition-based market linkages, and guidance for governance reforms. The study proposes an Apex NGO Institutional Readiness Framework that integrates governance

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strengthening, financial accountability, impact measurement, and stakeholder engagement to enhance NGO preparedness for emerging social finance mechanisms. The paper contributes to the literature on nonprofit governance and social finance by providing empirical evidence on institutional readiness in regional NGOs and offers policy recommendations for strengthening the ecosystem supporting sustainable development and inclusive financing.

Keywords---Social Stock Exchange (SSE), Corporate Social Responsibility (CSR), Grassroots NGOs, Institutional Readiness, Nonprofit Governance, Social Finance, Impact Measurement, Financial Management, Capacity Building, Apex NGOs, Sustainable Development, Vidarbha.

Introduction

Grassroots NGOs are central to inclusive development. The emergence of CSR and the Social Stock Exchange has increased expectations regarding governance, transparency and measurable impact. This study evaluates Gramayan's role in strengthening NGOs. Gramayan Pratishthan, Nagpur, is a pioneering apex non-governmental organization working for rural empowerment, institutional strengthening, and socio-economic transformation across the Vidarbha region of Maharashtra and beyond. Established in 2012 during the 150th birth anniversary year of Swami Vivekananda, Gramayan was founded with the guiding philosophy that service to humanity is the highest form of social duty.

The organization functions as a facilitative platform that connects rural communities, self-help groups (SHGs), small NGOs, volunteers, experts, donors, and urban stakeholders. It serves as a coordinating hub for training, financial access, and marketing support, enabling grassroots organizations to enhance livelihoods, strengthen institutional capacity, and access broader development opportunities.

Over time, Gramayan has emerged as a regional catalyst for inclusive development by bridging rural needs with urban resources and expertise. The research paper, which is an outcome of the minor project funded by WRC, ICSSR , documents the findings and analysis of Qualitative study undertaken by the research group with Gramayan, through a fast track study report which was analyzed thematically.

Objectives

1. Examine governance and financial preparedness.
2. Analyse institutional capacity.
3. Evaluate Gramayan as an apex NGO.

Objectives of the Project Related to the Qualitative Study

- To examine governance structures and financial preparedness for CSR and SSE participation.
- To analyze the relationship between institutional capacity and socio-economic performance.
- To evaluate Gramayan’s effectiveness as an apex NGO in the Vidarbha region.

Qualitative Research Questions

RQ1: What governance structures exist within grassroots NGOs?
RQ2: How robust are financial management and accounting systems?
RQ3: Are mechanisms in place for impact monitoring and reporting?
RQ4: What challenges are faced in accessing CSR and philanthropic funding?
RQ5: How prepared are NGOs for SSE compliance?
RQ6: What institutional gaps affect organizational sustainability?

Literature Review

The concept of the Social Stock Exchange (SSE) has emerged as an innovative financing mechanism that connects social enterprises and non-profit organizations (NPOs) with impact investors, philanthropic institutions, and corporate donors. Unlike conventional stock exchanges that facilitate capital formation for commercial enterprises, SSEs mobilize financial resources for organizations that generate measurable social impact. Globally, SSEs have evolved as instruments for improving transparency, accountability, and impact measurement, while in India, the initiative has gained momentum following the introduction of the SEBI-regulated Social Stock Exchange in 2022. Existing literature suggests that although the SSE offers significant opportunities for NGOs, awareness, institutional preparedness, governance standards, and impact reporting remain major determinants of successful participation

The literature consistently indicates that awareness of the Social Stock Exchange remains limited among grassroots NGOs, particularly in developing economies. Studies report that many NGOs continue to rely on traditional funding sources such as government grants, philanthropic donations, religious charities, and CSR partnerships. Consequently, awareness regarding SSE regulations, eligibility criteria, social audit requirements, and disclosure obligations remains relatively low.
Researchers identify several reasons for this limited awareness:

- inadequate institutional capacity,
- limited financial literacy,
- lack of professional accounting systems,
- poor understanding of impact measurement, and
- insufficient exposure to capital-market-based funding mechanisms.

These findings imply that awareness-building initiatives must precede institutional readiness if smaller NGOs are to benefit from the SSE framework.

Author(s)	**Journal**	**Major Findings**
Shinu Vig (2023)	*Journal of Social Entrepreneurship*	Indian SSE has strong potential but requires improved governance, disclosure, and impact measurement. (Taylor & Francis Online)
Partha Sarathy Adhya & Suresh Kumar Sahoo (2024)	*Journal of Lifestyle and SDGs Review*	SSE can mainstream sustainable finance but depends on transparency, accountability, and institutional capacity. (SDGs Review)
Nishtha Agarwal & Roopa Patavardhan (2024)	*Prabandhan: Indian Journal of Management*	SSE offers a new funding avenue for Indian social enterprises but requires stronger organizational readiness. (Indian Journal of Management)
Deepti Singh & Jyoti Paul (2023)	*Journal of Indian Management & Strategy*	Reviews global SSE models and highlights implementation challenges in India, including governance, taxation, and social audits. (Indian Journals)
Rajesh et al. (2023)	Framework Study	Compares India with Brazil, Canada, South Africa, and the UK, concluding that governance and impact reporting are prerequisites for successful SSE implementation. (ResearchGate)

Methodology

A qualitative research design employing thematic analysis of four Fast Track Institutional Assessment Reports, leadership interactions and organizational documents was conducted by the research group alongside, Gramyan, An Apex NGO in Nagpur for the four NGO mentioned below.

2010

Institutional Profiles

Amar Swarup Foundation
A grassroots organization involved in social welfare initiatives including environmental programs, community outreach, and support for marginalized populations in urban and peri-urban areas.

Aroha Multipurpose Society, Nagpur
An NGO engaged in livelihood generation, women empowerment programs, healthcare awareness, and environmental sustainability initiatives.

MAHAN Trust, Melghat
A prominent health-focused organization operating in the Melghat region with interventions addressing malnutrition, maternal health, and tribal healthcare systems.

Snehanchal, Nagpur
A charitable institution dedicated to palliative care and end-of-life support services for patients suffering from life-threatening illnesses.

Findings
Comparative Institutional Assessment

Dimension	Amar Swarup	Aroha	MAHAN Trust	Snehanchal
Governance	Founder driven	Moderate governance	Strong leadership depth	Founder guided
Financial systems	Weak budgeting	Moderate systems	Strong controls	Limited planning
Impact documentation	Low	Moderate	High	Low
CSR readiness	Low	Moderate	High	Moderate
Scalability	Emerging potential	High outreach	Model replication	Moderate niche

The comparative institutional assessment highlights variation in governance depth, financial planning, and documentation systems across the four NGOs. While some organizations demonstrate relatively stronger systems due to the scale of their operations, others remain largely founder-driven and require institutional strengthening to support expansion and funding diversification.

Social Stock Exchange Readiness Matrix

Requirement	Amar Swarup	Aroha	MAHAN Trust	Snehanchal	Assessment
Legal registration	Yes	Yes	Yes	Yes	All compliant
Audit transparency	Partial	Moderate	Strong	Moderate	Needs strengthening
Impact measurement	Weak	Moderate	Strong	Weak	Major improvement required
Governance systems	Weak	Moderate	Strong	Moderate	Board strengthening needed
Financial planning	Weak	Moderate	Strong	Weak	Budgeting needed
CSR engagement	Low	Moderate	High	Moderate	Opportunity

The Social Stock Exchange readiness matrix indicates that while statutory compliance is largely in place across the organizations, significant work remains in terms of impact reporting, financial forecasting, governance formalization, and digital disclosure mechanisms required for SSE listing.

Institutional Maturity Model for NGOs

Level	Characteristics	Implication
Level 1	Founder-driven operations	Not SSE ready
Level 2	Emerging governance systems	Preparation stage
Level 3	Structured reporting and budgets	CSR partner potential
Level 4	Impact reporting systems	SSE readiness
Level 5	Highly institutionalized models	Ideal SSE candidate

The institutional maturity framework provides a structured way to evaluate the developmental trajectory of nonprofit organizations. It highlights the transition from informal founder-led initiatives to fully institutionalized organizations capable of engaging with sophisticated financial instruments.

Governance ranged from founder-driven to institutionalized. Financial systems varied considerably. MAHAN Trust demonstrated relatively stronger governance and financial controls while other NGOs required capacity building. Impact reporting remained weak in most organizations. CSR readiness was moderate whereas SSE readiness was limited due to inadequate governance documentation, budgeting and impact measurement.

Discussion

The findings answer RQ7-RQ12 by demonstrating that governance maturity, financial transparency and institutional capability determine readiness for CSR and SSE participation. Gramayan's interventions through exhibitions and institutional mentoring strengthen organizational sustainability.

Policy Implications

Social Finance Ecosystem in India

The social finance ecosystem in India has grown rapidly due to the increasing recognition that sustainable development requires innovative financing mechanisms. Impact investing, blended finance models, and CSR funding have collectively contributed to the expansion of funding channels for social enterprises and NGOs. The Social Stock Exchange represents a major institutional innovation designed to channel philanthropic and investment capital toward measurable social outcomes.

Policy Recommendations

- Capacity building programs for NGOs on governance and financial management.
- Creation of regional SSE readiness training centers.
- Promotion of academic partnerships for impact measurement.
- Development of standardized disclosure frameworks for NGOs.
- Encouragement of CSR–NGO partnerships in underserved regions.

Integrated Conclusion Linked to Research Objective and Qualitative Findings

The existing body of literature establishes NGOs as central actors in socio-economic development, yet it provides limited insight into the institutional preparedness of grassroots organizations to engage with emerging financial ecosystems. This study addresses this gap by aligning theoretical perspectives with empirical evidence drawn from the qualitative assessment of NGOs in the Vidarbha region. Regional capacity-building centres, standardized reporting, digital disclosure systems, SSE readiness programmes and continuous mentoring by apex NGOs are recommended.

Conclusion

Institutional readiness extends beyond legal compliance. Gramayan demonstrates the potential of apex NGOs in transforming grassroots organizations into sustainable, funding-ready institutions through governance strengthening, financial management and impact measurement.

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