

**Bill No. 15 of 2022**

THE COMPULSORY TEACHING OF FINANCIAL EDUCATION  
BILL, 2022

By

SHRI PARVESH SAHIB SINGH, M.P.

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BILL

*to provide for imparting compulsory financial education to all citizens of the  
country in order to achieve higher financial literacy and for matters  
connected therewith or incidental thereto.*

BE it enacted by Parliament in the Seventy-third Year of the Republic of India  
as follows:—

1. (1) This Act may be called the Compulsory Teaching of Financial Education  
Act, 2022.

Short title,  
extent and  
commencement.

5 (2) It extends to the whole of India.

(3) It shall come into force on such date as the Central Government may, by notification  
in the Official Gazette, appoint.

Definitions.	<p><b>2.</b> In this Act, unless the context otherwise requires,—</p> <p>(a) “Council” means the National Council for Financial Education established under section 6;</p> <p>(b) “financial education” means the procedure by which financial consumers or investors improve their understanding of financial products, concepts and risks, and through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help and includes a combination of financial awareness, skills, attitude and behaviours necessary to make sound financial decisions and to improve their financial well-being; and</p> <p>(c) “prescribed” means prescribed by rules made under this Act.</p>	5 10
Compulsory Teaching of Financial Education in educational institutions.	<p><b>3.</b> From such date as the Central Government may, by notification in the Official Gazette, specify,—</p> <p>(a) for classes seventh to tenth,—</p> <p>(i) the financial education shall be taught as a part of their curriculum in all educational institutions affiliated to Central Board to Secondary Education, State Education Boards and International Boards in India in such manner as may be prescribed;</p> <p>(ii) the curriculum and examination of financial education shall differ from conventional methods of teaching followed for other subject as may be prescribed;</p> <p>(iii) the financial education shall be taught completely in a student friendly manner and with innovative and practical methods as may be prescribed; and</p> <p>(iv) marks for the financial education shall be awarded through internal assessment;</p> <p>(b) for classes eleventh and twelfth,—</p> <p>(i) the subject of financial education shall continue to be offered as a mandatory additional subject for students of all streams in educational institution affiliated with Central Board of Secondary Education (CBSE), State and International boards in India;</p> <p>(ii) there shall be a written examination for the Financial Education course and the progress of a student shall be measured through a cumulative score of the practical assessment modes and written examination; and</p> <p>(iii) the final score obtained in the financial education examination shall not be added to the marks obtained in the boards examination, but shall be a mandatory requirement to avail the various documents including mark-sheet and admissions into higher educational institutions in the country;</p> <p>(c) for Undergraduate and Postgraduate students, the subject of financial education shall be offered as an Audit Course which shall have associated credits and be mandatory for receiving the graduation degrees (provisional and permanent).</p>	15 20 25 30 35 40
Financial Education to be a criteria for performance, etc. in employment.	<p><b>4.</b> For the persons employed in private and public sector, training in financial education shall be offered by their employer organisation and shall be deemed to be a criteria for performance evaluations, appraisals and assessing wage hikes:</p> <p>Provided that in case of employees in the informal sector, financial education shall be offered and promoted by non-governmental Organisations (NGOs), Civil</p>	45

Society Organisations (CSOs) and Government bodies working for social welfare such as the Anganwadis, etc. with assistance from experts in the field.

**5. The Central Government shall organise education camps to impart financial education throughout the year in such manner as may be prescribed.**

Central Government to organise education camps.

5       **6. (1) The Central Government shall, by notification in the Official Gazette, establish, with effect from such date as may be specified therein, within six months from the date of commencement of this Act, a Council to be known as the National Council for Financial Education for the purpose of framing, reviewing and evaluating a curriculum for the teaching of financial education.**

National Council for Financial Education.

10       (2) The Council shall function under the purview of Union Ministry of Education.

(3) The Council shall consist of:—

- (a) Union Education Minister, Government of India – *ex-officio* Chairperson;
- (b) Secretaries of the Union Ministries of Finance, Education and Social Justice and Empowerment – *ex-officio* Members;
- 15       (c) the Minister in-charge of Education or any other Minister nominated by each State Government and Union territories with legislatures – *ex-officio* Members;
- (d) one representative each from the following institutions as members, namely:—
  - (i) Reserve Bank of India (RBI);
  - 20       (ii) Securities and Exchange Board of India (SEBI);
  - (iii) Insurance Regulatory and Development Authority (IRDA);
  - (iv) Pension Fund Regulatory and Development Authority (PFRDA);
  - (v) National Bank for Agriculture and Rural Development (NABARD);
  - (vi) Central Board for Secondary Education (CBSE);
  - 25       (vii) National Council for Educational Research and Training (NCERT);
  - (viii) University Grants Commission (UGC);
  - (ix) All India Council of Technical Education (AICTE),

to be appointed by the Central Government in such manner as may be prescribed.
- 30       (e) **three eminent scholars having extensive teaching or research experience in the fields like Finance, Economics, Education and technology to be appointed by the Central Government in such manner as may be prescribed; and**
- 35       (f) **four renowned specialists working with NGOs and CSOs on the grass-root level having experience of not less than ten years in their respective fields to be appointed by the Central Government in such manner as may be prescribed; and**

40       (4) The Chairperson of the Council may, if he considers necessary, invite any one or more persons having specialised knowledge and experience in a particular aspect of Financial Education before the Council to assist the Council in that case in such manner as may be prescribed.

**(5) The Central Government shall appoint such number of officers and staff to the Council as it deems necessary for carrying out the purpose of this Act.**

**(6) The salary, allowances payable to and other terms of conditions of services of officers and staff of the Council shall be such as may be prescribed.**

(7) The Council shall meet quarterly to review the progress or at such time and place and shall observe such rules of procedure in regard to the transaction of business at its meetings as may be prescribed. 5

Functions of the Council.

**7. The Council shall —**

- (a) review and assign the syllabus of the subject based on its existing theme;
- (b) commission the work for creation of new textbooks based on the subject of financial education, specific to the needs and demands of the country; 10
- (c) conduct annual surveys and monitor the progress of financial education on a quarterly basis;
- (d) keep in touch with global and national developments in terms of the financial sector and incorporate those changes into the running curriculum; 15
- (e) coordinate and suggest appropriate methods for conducting exams through testing agencies, governing bodies and other institutions as it deems fit;
- (f) create schemes, as it deems fit, to maximise the penetration of financial education in the country;
- (g) train the educators in the art of teaching financial education and ensure they are well-versed with the subject before permitting them to deliver lectures; and 20
- (h) define the outputs and outcomes expected from the various schemes launched in order to achieve financial literacy.

Annual Report.

**8. (1)** The Council shall submit to the Central Government once every year, an annual report giving the summary of its activities, including schemes it has undertaken during the previous year and the annual report shall contain statements of annual accounts of the Authority. 25

(2) The Central Government shall cause the report to be laid before each House of Parliament as soon as it is received. 30

Central Government to provide Funds.

**9.** The Central Government shall, after due appropriation made by Parliament by law in this behalf, provide adequate funds to the Council for carrying out the purposes of this Act.

Overriding effect of the Act.

**10.** The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. 35

Power to remove difficulties.

**11.** If any difficulty arises in giving effect to the provisions of this Act, the Central Government may make such order or give such direction, not inconsistent with the provisions of this Act, as may appear to be necessary or expedient for removing the difficulty:

Provided that no such order shall be made after the expiry of the period of two years from the date of commencement of this Act. 40

Power to make rules.

**12. (1)** The Central Government may, by notification in the Official Gazette, make rules for carrying out the purposes of this Act.

(2) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive 45

sessions aforesaid, both Houses agree in making any modification in the rule or both the Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

## STATEMENT OF OBJECTS AND REASONS

Financial education is a quintessential aspect of prudential living for any individual. It equips a person with the skills to understand financial products, the risks and opportunities associated with them and the most effective utilisation of the resources at their disposal. Financial education eventually leads to financial literacy, which is a combination of financial awareness, knowledge, skills, attitude and behaviours necessary to make sound financial decisions and ultimately achieve financial well-being. In a country like India, it becomes essential to equip the population with appropriate knowledge to efficiently use their limited incomes, and in some cases, even multiply them. According to the Financial Literacy and Inclusion Survey, 2019, the overall Financial Literacy in India is measured at 27 percent. It may be seen that out of total 35 States/UTs surveyed (in 2019), only around 19 States/Union territories (54 percent) are having financial literacy above average financial literacy level in India.

Currently, there exists a National Strategy for Financial Education in India, based on the framework defined by the Organisation for Economic Co-operation and Development (OECD). The lack of statutory status to this strategy, however, leads to a voluntary implementation of the policy on ground and therefore sub-optimal outcomes. Hence, there is a need to extend assent of the Parliament to the subject of “Financial Education” for middle and high school students, university students, working class, the general urban and rural population along the entire spectrum of gender, sexes and socio-economic classifications within India.

Financial Education is required to be taught to all citizens of India from class seven onwards. The curriculum and teaching methods for this subject shall be student friendly and innovative practical methods such as audio-visuals, story-telling, debates, discussions, field visits, project works or any kind of such activities. The need is also to have written examination for this subject, which along with Practical Assessment Methods shall be used to assign grades. For Secondary School Certificate Examination (SSC), marks shall be awarded through internal assessment. For Classes XI and XII, this subject shall continue to be offered as an additional subject for students of all streams in schools affiliated to Central Board of Secondary Education (CBSE) and other state as well as international boards in India. Grade obtained in said examination will not affect the overall score of the student, but a minimum grade will be necessary to receive their graduation certificate. Same will apply to universities, clearing the “Financial Education” examination shall be mandatory to receive the graduation degree certificate. For citizens outside the education system, the responsibility shall come down upon their employers and various Government financial bodies, Non-Governmental Organisations (NGOs), Civil Society Organisations (CSOs) and various similar institutions working on the grass-roots level.

The need is also to constitute a high level council on the lines of the GST Council for the purpose of reviewing and reframing the curriculum for the existing subject “Financial Education”. The Council shall include members from wide backgrounds having relevant knowledge and experience with regard to Finance, Economy, Education and related fields. The syllabus of the subject shall be defined by said council and it will also be responsible for the monitoring and evaluation of the education undertaken by institutions under the statute.

The proposed Financial Education Council shall shape the curriculum for Financial Education subject in such a manner that it does not add any kind of burden on students and citizens. It seeks to empower the people with the appropriate knowledge about taxation, investment opportunities, mutual funds, life and general insurance,

pension systems, social security, fixed deposits, bond and security markets, small to large loan options, utilisation of bank accounts and digital payments systems etc. Such exposure to various financial instruments and the correct way to utilise them for the best of the people and their families will enable a prosperous and risk-limited growth scenario for India.

Hence this Bill.

NEW DELHI;

*November 18, 2021.*

PARVESH SAHIB SINGH

## FINANCIAL MEMORANDUM

Clause 5 of the Bill provides for the Central Government to organise education camps to impart financial education in the country in such manner as may be prescribed. Clause 6 provides for constitution of National Council on Financial Education for the purpose of reviewing and re-framing a larger curriculum for the subject of Financial Education in India. It also provides for appointment of a Chairperson, eminent scholars, renowned artists and eminent persons in the Committee. Clause 9 provides for the Central Government to provide adequate funds to the Council. The Bill, therefore, if enacted, would involve expenditure from the Consolidated Fund of India. It is estimated that a recurring expenditure of about rupees one hundred crore will be involved per annum from the Consolidated Fund of India.

A non-recurring expenditure of about rupees one hundred crore is also likely to be involved.



#### MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 12 of the Bill empowers the Central Government to make rules for carrying out the purpose of the Bill. As the rules will relate to matters of detail only, the delegation of legislative power is of a normal character.

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