

Bill No. 200 of 2015

**THE COMPULSORY TEACHING OF FINANCIAL EDUCATION
IN EDUCATIONAL INSTITUTIONS BILL, 2015**

By

SHRIMATI SUPRIYA SULE, M.P.

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BILL

*to provide for compulsory teaching of financial education in all educational institutions
and for matters connected therewith or incidental thereto.*

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

1. (1) This Act may be called the Compulsory Teaching of Financial Education in Educational Institutions Act, 2015.

Short title and commencement.

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

2. In this Act, unless the context otherwise requires,—

Definitions.

(a) “Advisory Council” means the Advisory Council for Financial Education constituted under section 6;

(b) “appropriate Government” means in the case of a State, the Government of
10 that State and in all other cases, the Central Government;

(c) “educational institution” means a middle or a secondary or a senior secondary level school imparting education to children, by whatever name such institution is called, but does not include a minority educational institution;

(d) “financial education” includes imparting knowledge and understanding of basic financial matters to enable individual to make informed financial decisions; and 5

(e) “prescribed” means prescribed by rules made under this Act.

Compulsory teaching of financial education in educational institutions.

3. From such date, as the Central Government may, by notification in the Official Gazette specify, the financial education shall be taught as a compulsory subject in all educational institutions from such class onwards as may be determined by the Central Government on the recommendation of the Advisory Council. 10

Appropriate Government to issue directions for compulsory teaching of financial education in all educational institutions.

4. The appropriate Government shall, immediately after issuance of the notification under section 3, issue directions for compulsory teaching of financial education in all educational institutions within its jurisdiction.

Appointment of teachers for financial education.

5. Subject to such matters, as may be prescribed, the appropriate Government shall ensure appointment of such number of teachers with such qualifications, as may be specified, for teaching financial education in educational institutions. 15

Constitution of Advisory Council for financial education.

6. (1) The Central Government shall, within three months of the coming into force of the Compulsory Teaching of Financial Education in Educational Institutions Act, 2015, by notification in the Official Gazette, constitute an Advisory Council for financial education.

(2) The Advisory Council shall consist of such numbers of persons, having special knowledge or practical experience in the field of financial education, as the Central Government may deem fit. 20

Functions of the Advisory Council.

7. The Advisory Council shall perform the following functions, namely:—

(a) recommend to the Central Government the syllabus of financial education for each class upto senior secondary level; 25

(b) recommend to the Central Government the class from which onwards the financial education is to be taught in educational institutions;

(c) recommend to the appropriate Government the qualifications of teachers to be appointed in educational institutions for teaching financial education;

(d) recommend to the appropriate Government the institutions which may be given recognition for training teachers in financial education for the purpose of their appointment in educational institutions; and 30

(e) coordinate with the appropriate Government and educational institutions with a view to ensuring effective implementation of the provisions of this Act.

Derecognition of educational institutions for non-compliance of the provisions of the Act.

8. The appropriate Government shall derecognize an educational institution which do not comply with the provisions of section 4 after giving such institution a reasonable opportunity of being heard. 35

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 State Governments for carrying out the purposes of this Act. 40

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

Overriding effect of the Act.

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

Power to make rules.

- 5 (2) Every rule made under this Act 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 sessions aforesaid, both Houses agree in making any modification in the rule or both the Houses agree that the
- 10 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 important not just for investors but also for an average family trying to decide how to balance its budget, buy a home, fund the children's education and ensure an income when the parents retire and other such financial decisions. Increasing range and complexity of financial products has made it every difficult for an ordinary person to take an informed decision. Individuals often get exploited by money lenders who trap innocent citizens in exploitative financial schemes and charge them exorbitant interest rate. This is mainly due to lack of knowledge among citizens on the importance of formal banking.

Financial education is an important life skill. In our country, there are many students who do not get opportunity to study beyond school level. This is truer in case of girl students. One must keep it in mind that for such students, this could be the last opportunity in life to get formal inputs on Financial Education. It is even more important in India as we are an agrarian economy and primarily dependant on monsoon (nature's mercy). Knowledge of saving, crop insurance and future commodity market can help farmers to reap maximum benefits of his crop.

School Curriculum in our educational system needs to be equipped to impart financial education to the student post primary level and make it compulsory to impart some basic financial education. The Central Board of Secondary Education has agreed, in principle, to introduce it in an integral manner in school education (Post Primary Level) and to facilitate the process of financial inclusion. But implementation is poor.

There are many government initiatives to make formal banking available to citizens but to make citizens respond to the various initiatives, it is imperative that financial education is imparted to the young minds of the nation. Financial education can lead to multiplier effects in the economy. A well-educated household would resort to regular savings, which in turn would lead to investment in right channels and income generation.

Hence this Bill.

NEW DELHI;
June 29, 2015.

SUPRIYASULE

FINANCIAL MEMORANDUM

Clause 5 of the Bill provides for appointment of teachers for imparting financial education in educational institutions. Clause 6 provides for constitution of an Advisory Council for financial education by the Central Government. Clause 9 provides for payment of adequate funds to the State Governments for carrying out the purposes of the Act. The Bill, therefore, if enacted, would involve expenditure from the Consolidated Fund of India. It is estimated that an annual recurring expenditure to the tune of rupees five hundred crore will be involved.

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

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 11 of the Bill empowers the Central Government to make rules for carrying out the purposes 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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(Shrimati Supriya Sule , M.P.)