

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4672  
ANSWERED ON:18.12.2009  
ISLAMIC BANK OF INDIA  
Ajmal Shri Badruddin

**Will the Minister of FINANCE be pleased to state:**

- (a) whether there is demand for setting-up of Islamic Bank in India; and
- (b) if so, the details thereof and action taken or proposed to be taken in this regard?

**Answer**

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b): The Government has received demands for setting up of Islamic Banks in India from some quarters. However, while interest-free banking is already being provided in a limited manner through Non-Banking Finance Companies (NBFCs) and Cooperative Credit Institutions, the extant statutory and regulatory framework do not provide for an enabling regime for extending Islamic banking instruments in India.