

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1558

ANSWERED ON:05.03.2010

ISLAMIC BANKING

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Will the Minister of FINANCE be pleased to state:

- (a) whether the panel constituted by Government has submitted its report to Government on the prospects of Islamic Banking in the country;
- (b) if so, the details thereof;
- (c) whether the Government propose to allow Islamic banking for pitching \$ 1 trillion worth of Sharia complaint funds in the infrastructure development;
- (d) if so, the details thereof;
- (e) whether any decision was taken in the Indo-Arab Economic summit held in capital from February 3-4, 2010; and
- (f) if not, the time by which a final decision is likely to be taken?

Answer

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

(a) to (d) & (f): The Government of India has received demands for setting up of Islamic Banks in India from some quarters. The Committee on Financial Sector Reforms, constituted by the Planning Commission, has recommended that measures be taken to permit the delivery of interest-free finance on a larger scale, including through the Banking system. However, in the current statutory and regulatory framework, it is not feasible for banks in India to undertake Islamic banking activities in India or for branches of Indian banks abroad to undertake Islamic banking outside India.

(e): The Indo-Arab Economic summit, held recently in New Delhi, was a Business-Conference. No specific decision on the issue of Islamic banking has been received.