

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:856
ANSWERED ON:12.11.2010
ISLAMIC BANKING
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has directed to Non-Banking Finance Companies (NBFCs) to start Islamic banking;
- (b) if so, the details thereof; and
- (c) the purpose of such directions alongwith its advantages to the common man?

Answer

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) to (c): No, Sir. In the current statutory and regulatory framework, it is not legally 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. The same is applicable to the activities of Non-Banking Financial Companies (NBFCs) as well.