

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:7030
ANSWERED ON:08.05.2015
COMMITTEE ON INTEREST FREE FINANCE AND BANKING SYSTEM
Basheer Shri E. T. Mohammed

Will the Minister of FINANCE be pleased to state:

- (a) whether Dr. Raghuram Rajan Committee to examine the introduction of Interest Free Finance and Banking system in India has submitted its report to the Reserve Bank of India (RBI);
- (b) if so, the details thereof along with the major recommendations of the said Committee; and
- (c) the status of implementation of the recommendations of the said Committee?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) to (c): Government had constituted a Committee on Financial Sector Reforms (CFSR) headed by Dr. Raghuram Rajan which has submitted its report to the Government. The CFSR had also, inter-alia, made recommendation on the issue of provision of interest free finance on a larger scale, including through the banking system.

The Government advised the Reserve Bank of India (RBI) that before a decision is taken regarding introduction of `Islamic Banking / Alternative Banking¹ in India, the legal / technical / regulatory issues in this regard need to be clarified by RBI. Accordingly, an Inter-Departmental Group on Alternative / Islamic Banking has been set up within RBI to examine the legal and technical issues in introducing Islamic Banking in India. The Group has submitted its report and the same is under the consideration of RBI.