

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2129

ANSWERED ON:28.07.2017

Islamic Bank

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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has set up any committee on financial sector reforms and inter-departmental group to study the prospects of Islamic banking in the country;
- (b) if so, the details thereof;
- (c) whether huge savings potential can be tapped through interest free shariah-compliant financial instruments; and
- (d) if so, the steps taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (d): Reserve Bank of India (RBI) had set up an inter-departmental group on Islamic Banking. Entire exercise was aimed at promoting financial inclusion, accessing huge market potential to attract finance from Gulf countries for infrastructure development. However, on consideration of inter-departmental group report, it is observed that even to introduce limited products, various legal changes would be required. Moreover, the objectives of financial inclusion for which Islamic Banking was explored by RBI has no relevance, as Government has already introduced other means of financial inclusion for all citizens like Pradhan Mantri Jan Dhan Yojna, Pradhan Mantri Suraksha Bima Yojna, Pradhan Mantri Jeevan Jyoti Bima Yojna, Pradhan Mantri Mudra Yojna etc.
