



MEDIA COVERAGE REPORT

on

a prelude to the
Indo-Arab Economic Summit



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Why are Arab investors pitching tent here?

INVESTORS ACROSS THE WORLD LOOK towards the Arab world for investment. But it is pertinent to ask: what are the Arab investors looking for? It is an open secret that Arab investments that run into trillions of dollars are not parked in the Gulf countries, but in the financial capitals of the world such as London, New York, Paris, Tokyo and Singapore.

These huge funds — the sheer numbers of which are overwhelming as we are talking about the Arab investments of \$3.5 trillion — are now gazing at India and need to find their way into the Indian market. And not without reasons.

There is no denying the fact that, for instance, India is the safest destination for investments, especially from the Arab world and specifically the Gulf countries. For the Arab world and the Gulf countries, India's democratic establishment, vast market and higher return on investment are a combination that ensures safety and security of investment in short, medium and long terms. Few could have imagined, even as late as the early 1990s, that India would one day be the cynosure of all investors' eyes in this hemisphere.

Nowhere else in the world, in fact, would the Arab investors be able to find this matchless combination in one country. India's vibrant democracy has ensured that its economic and social policies are transparent and open for debate at all forums in India and throughout the world. Moreover, it is easy to find in Prime Minister Manmohan Singh a doyen among global economists, who has put into motion key economic policies that have wide social and economic benefits.

Besides, there is no country as enormous as India, with an economist-politician at the helm who is opening up the economy for the direct benefit of foreign investors. The economic policies being unfolded now are designed to bring these masses into the mainstream of the market economy and give them the benefits of globalisation: cheaper consumer goods, easier availability of food articles, access to healthcare, opportunities for longer-term employment and skill development.

India is also offering a better return on investment (RoI) than most of the developing world, barring some key segments in Brazil, Russia or China. The Indian capital markets, industry and manufacturing operations, banking and financial services, trade and commerce are more lucrative than ever before. They will continue to remain lucrative as India's billion-strong market continues to open up, and more and



MANZOOR ALAM

PRESIDENT,

INDO-ARAB ECONOMIC COOPERATION FORUM

FUNDS FROM THE GULF CAN BE CHANNELLED INTO EXPRESSWAYS, HIGHWAYS, AIRPORTS, SEAPORTS AND METRO RAIL PROJECTS

more Indians have greater purchasing power for everything, from potato chips to computer chips.

Today, India is pursuing closer economic relations with all its western neighbours in the Gulf. The bilateral trade between India and the GCC countries crossed \$100 billion in 2009, making GCC, as a bloc, its largest trading partner. The trade between India and the Arab world as a whole was well over \$110 billion in 2009.

Look at sectors such as telecom that have boomed beyond imagination. And India has yet to achieve its optimum target density; the width and depth of the market are yet to be tapped. Foreign telecom companies, technology providers and financial service providers are exploring this market and the consumer is benefitting with lower prices, better technology and

services at her doorstep. In just over a decade, the telecom sector has seen huge foreign investments, much to the satisfaction of all concerned stakeholders.

Real estate and SEZs are waiting to boom in a similar fashion. Indian business houses have been relying on foreign funds to develop the urban markets. But with long-term partnerships with big-ticket foreign investors from the Gulf countries, the real estate market could be sizzling and growing beyond imagination with huge untapped opportunities in every metro, mini-metro, tier I, II, and III cities that would make foreign investors smile with satisfaction.

What India needs are not just cheaper houses, cars, motorcycles, telephones and food, it needs transport infrastructure: expressways, highways, airports, seaports, metro rail-monorail, roads linking every city and town with metro hubs. Every estimate for such transport infrastructure runs into hundreds of billions of dollars. This is where the Arab investments can be channelled, in the task of building a network linking India and giving millions of Indians a better quality of life through more employment opportunities.

What India needs in the 21st century are long-term investment partnerships with friendly countries from the Arab world, with whom there are age-old historical and cultural ties. Be it in social sector development or in manufacturing, foreign investment must be provided tangible benefits such as employment generation, creating new products and services that ordinary Indians are able to consume. Big-ticket high finance investment deals often end up boosting the economy (and the RBI) without benefitting the Indian populace.

Needless to say, India is on guard that no tainted money, or money laundered through intricate financial labyrinths, makes its way into the country. Every country, worth its democratic credentials, is formulating policies and enforcing laws to ensure that tainted money is not able to enter its financial portals. Indian lawmakers and regulatory bodies are doing their best. The Arab world, and the Gulf countries, could also be making clear the sources of their funds and providing the transparency that India is looking for.

In order to attract foreign direct investment from the Arab financial markets, India needs to put in place necessary institutional and regulatory framework. For this, the government, RBI, Sebi and the banking industry would have to take the initiative to introduce financial tools that could attract these investments.

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Govt may allow Islamic banking, eyes \$1tn funds

TIMES NEWS NETWORK

New Delhi: Aggressively pitching for \$1 trillion worth of Sharia-compliant funds from the Gulf countries for investments in its infrastructure development, the UPA government has drafted a report on Islamic banking even as RBI and the finance ministry are jointly working on necessary legislative changes to implement the same.

A committee headed by the Cabinet Secretary and comprising secretaries from other ministries, including finance, submitted a report to the government recently on the prospects of Islamic banking in the country and on drawing investments from abroad, Rajya Sabha deputy chairperson K Rahman Khan said on Wednesday.

Khan is behind an Indo-Arab Economic Summit to be organised in the Capital from February 3-4 where authorities from the Arab world will be present.

The summit will be presided over by foreign minister S M Krishna. "The emphasis will be to attract investments from these countries through opening up channels like venture capital and mutual fund options which are largely Sharia-compliant," Khan added.

The government has already started similar initiatives with UTI and SBI where certain mutual fund alternatives are available for people to invest in such funds, he added.

To project it as a more secular initiative, the government may term it as 'participative banking' rather than Islamic banking.



A panel headed by the cabinet secretary submitted a report to government on the prospects of Islamic banking in the country and on drawing investments from Sharia-compliant funds of the Gulf countries

"It is an alternative system of banking where people belonging to certain faith and belief can save their money and earn from it too," said Khan, who is also the patron of Indo-Arab Economic Co-operation Forum which is organizing the summit.

According to Khan, the motive behind the summit is to bring the Arabian countries closer to India which has an advantage vis-a-vis China and western countries mainly due to its democratic and liberal credentials and because it is an attractive investment destination.

SHARIAH ECONOMICS

Lobby wants India to allow Islamic financial institutions

BY LIZ MATHEW
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NEW DELHI

Islamic economic groupings are asking the Congress-led United Progressive Alliance (UPA) government to allow alternative financial institutions that comply with the Shariah, or Islamic law, to operate in the country.

The Indo-Arab Economic Co-Operation Forum has asked Prime Minister Manmohan Singh to institutionalize an alternative financing system to attract investment from Muslims, according to K. Rahman Khan, deputy chairman of the Rajya Sabha.

Initially the system could be used for purposes such as financing the operations of Wakf institutions—which manage philanthropic endowments by Muslims—and the annual Haj pilgrimage to Mecca by Muslims, according to Khan. “Later it can be open for the public,” Khan said.

Islamic finance, based on the principles of Shariah, prohibits the payment or receipt of interest as well as investment in businesses that offer products or services that do not conform to Muslim reli-



Faith compliant: K. Rahman Khan says such banks could fund the operations of Wakf institutions.

gious beliefs, such as alcohol, casinos or pork.

Reserve Bank of India rules currently do not allow an Islamic bank to be licensed as a commercial bank.

Khan said Islamic financial institutions should be allowed as an option and would not replace traditional banks.

The forum, along with the

Institute of Objective Studies, which focuses on Muslim community research, is organizing a two-day Indo-Arab Economic Summit starting 3 February in New Delhi to look into alternative options such as Shariah-compliant financial services.

The conference is expected to be attended by ministers, academicians and economic experts from both India and West Asia.

Khan, a senior Congress parliamentarian from Karnataka, said an official committee formed by the Prime Minister and headed by cabinet secretary K.M. Chandrasekhar has already submitted a report on the possibility of allowing such financial institutions to function.

Establishing such a framework would attract funds from West Asia, said forum president Mohammed Manzoor Alam.

“We feel that more investment should be brought in from the Arab countries to India because of the centuries-old relations we share with them and also because India has emerged as the safest and most secure destination for investments,” Alam said.

The Statesman

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Indo-Arab economic meet on 3-4 Feb

Statesman News Service

NEW DELHI, 27 JAN: To boost the ties between the Arab world and India and to attract Arab investment into the country, the Indo-Arab Economic Cooperation Forum is organising an Indo-Arab economic international conference here during 3-4 February.

The conference, to be attended by political and business leaders and experts from different Arab countries like Saudi Arabia, Qatar, Kuwait etc, will be inaugurated by the Indian foreign minister Mr S M Krishna. Its theme is, "Beyond meltdown: Search for options," that will be deliberated upon in the course of various sessions.

"The Middle East contributes 3-4 trillion dollars to the world economy, India needs huge global invest-

ment, especially for its infrastructure sectors, and there is a tremendous scope for it coming from the Arab world, which has not been significant so far," said the Deputy Chairman, Rajya Sabha, Mr K Rahman Khan, who is also the Patron of the Forum, at a press conference here today.

Mr Khan was accompanied by the Forum's president Dr Mohd Manzoor Alam who also heads the Institute of Objective Studies.

One of the various factors impeding the progress of Arab investment for India is the point that the practice of Islamic banking and Sharia-compliant financial instruments have not gained currency here in the form of one of the multiple options for business and banking.

"It is time that we should also consider taking advantage from the Islamic

financial models as part of our basket of options; the whole world, including UK, China, Russia, is now trying it out ~ we could do away with any perceived religiosity that its terminology might evoke, and pursue it purely as a business model," said Mr Khan.

"Already, instruments like venture capital and mutual funds are Sharia-compliant; we also need to attract more savings, and if a large section of our minority population do not deposit their savings with the banks as interest is prohibited in their faith, we should explore the Islamic banking as an alternative and participative banking model," said Mr Khan.

Dr Alam also echoed this line, adding that the Reserve Bank of India's rules currently do not permit the Islamic banking. "But let there

be a debate on this, the UTI and SBI have already started some Sharia-compliant financial instruments whereby both losses and profits are to be shared equitably among shareholders ~ let an institutional mechanism be worked out, the SEBI could be regulator," said Mr Khan and Dr Alam.

Mr Khan informed that they had earlier met the Prime Minister Dr Manmohan Singh and the Union finance minister to discuss the issue. "The PM had set up a committee of secretaries under Cabinet Secretary to look into the issue, which has now submitted its report; the Planning Commission had also set up a panel in this connection."

The international conclave will discuss a range of issues concerning the mutual economic interests of India and Arab world.

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India could learn about Islamic banking: Rahman

AGE CORRESPONDENT

NEW DELHI

Jan. 27: Islamic banking system has its own merits and India should learn from its many success stories from around the world, feels Rajya Sabha deputy chairman K. Rahman Khan ahead of the two-day Indo-Arab economic conference, which will be held in the Capital on February 3 and 4. The issue will also come up for discussion at the conference in a big way. "It is an alternative system of banking, which ensures social

justice. There are innumerable success stories of Islamic finance and banking that India needs to learn from," said Mr Khan, who is also the patron of the Indo-Arab Economic Co-operation Forum.

The conference, which will be inaugurated by external affairs minister S.M. Krishna, is expected to be attended by leading politicians, corporate magnates, academicians and policy formulators from India and the Arab world. The theme of the conference is 'Beyond the Meltdown: Search for

Options'. Islamic banking refers to a system of banking consistent with the principles of Islamic law or the Sharia, which prohibits the payment or acceptance of interest fees. Mr Khan said India is the safest destination for investments and an Islamic banking system in the country could attract more investment from the Gulf countries. Mr Khan informed that a committee headed by the Cabinet secretary K.M. Chandrasekhar submitted its report on Islamic banking to the PM two months ago.

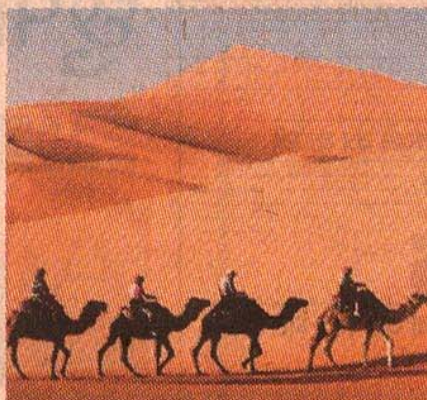
अरब देश भारत में बढ़ाएंगे निवेश!

भारत में आर्थिक विकास की रफ्तार और तेज होने के आसार से बढ़ गई है अरब देशों की उम्मीदें

बिजनेस भास्कर ♦ नई दिल्ली

भारत में आर्थिक विकास की रफ्तार और तेज होने के आसार को देखते हुए अरब देश यहां बड़े पैमाने पर निवेश करने की संभावनाएं तलाश रहे हैं। इन देशों को भारत के टेलीकॉम, ट्रांसपोर्ट इन्फ्रास्ट्रक्चर और रियल एस्टेट सेक्टर में ज्यादा संभावनाएं नजर आ रही हैं।

बुधवार को यहां आयोजित एक विशेष सम्मेलन में इंडो-अरब इकोनॉमिक फोरम के अध्यक्ष मंजूर आलम ने बताया कि अरब देश निवेश के लिए भारत को प्रमुख देश के रूप में देख रहे हैं। उनके अनुसार जिस तरह भारत में तेजी से आर्थिक विकास हो रहा है उसे देखते हुए टेलीकॉम सेक्टर के साथ-साथ ट्रांसपोर्ट इन्फ्रास्ट्रक्चर और रियल एस्टेट सेक्टर में काफी संभावनाएं हैं। इनके लिए देश में व्यापक निवेश के मौके हैं। निवेशकों का मानना है कि निवेश के अच्छे परिणाम पाने के लिए भारत के साथ लंबी अवधि के समझौते करने की जरूरत है जिसके लिए कई देश तैयार हैं। निवेशकों को उम्मीद है कि जिस तरह अमेरिका और यूरोप में अरब देशों के निवेश ने अच्छे



निवेशकों का मत

भारत में अब भी हैं व्यापक निवेश के मौके

टेलीकॉम व रियल्टी सेक्टर में हैं ज्यादा संभावनाएं

भारत के मझोले उपक्रमों को पूंजी जुटाने में होगी आसानी

रिटर्न दिए हैं, वैसे ही बेहतर परिणाम आने वाले समय में भारत में भी मिल सकते हैं।

आलम के अनुसार अरब देशों के निवेश से भारत के छोटे और मझोले उपक्रमों को भी आवश्यक पूंजी जुटाने में आसानी होगी। उनका मानना है कि दुनिया के अन्य विकासशील देशों की तुलना में भारत में निवेश के जरिए आय अर्जित करने के भी ज्यादा मौके हैं।

इस्लामिक बैंक पर सरकार का सकारात्मक रुख

नई दिल्ली (ब्यूरो)। शरिया के अनुसार इस्लामिक बैंक की स्थापना के सवाल पर मनमोहन सरकार सकारात्मक ढंग से विचार कर रही है। इस बारे में कैबिनेट सचिव की अध्यक्षता में गठित एक कमेटी ने अपनी रिपोर्ट प्रधानमंत्री को सौंप दी है। राज्यसभा के उप सभापति के रहमान खान के मुताबिक शरिया के अनुसार यदि देश में बैंकिंग सुविधा उपलब्ध करा दी जाए तो खाड़ी के देशों से डेढ़ खरब डालर का निवेश आकर्षित किया जा सकता है। साथ ही अतिरिक्त घरेलू बचत जुटाकर बुनियादी ढांचे से जुड़ी परियोजनाओं में निवेश किया जा सकता है।

रहमान खान ने भारत-अरब देशों के बीच आर्थिक सहयोग बढ़ाने के सवाल पर दिल्ली में 3 व 4 फरवरी को होने वाले अंतरराष्ट्रीय सम्मेलन की जानकारी दी। उन्होंने कहा, मुस्लिम समुदाय का एक बड़ा हिस्सा अपने धार्मिक विश्वासों की वजह से ब्याज आधारित बैंकिंग प्रणाली से अलग है। इस समुदाय की बचत को विकास की परियोजनाओं के

लिए जुटाने हेतु शरिया के आधार पर चलने वाली बैंकिंग प्रणाली विकसित करने की जरूरत है। भारत-अरब आर्थिक सहयोग फोरम ने इस संबंध में प्रधानमंत्री मनमोहन सिंह व पूर्व वित्त मंत्री चिदंबरम को ज्ञापन दिया था। प्रधानमंत्री के निर्देश पर कैबिनेट सचिव की अध्यक्षता में एक कमेटी का गठन किया गया था, जिसने अपनी रिपोर्ट प्रधानमंत्री को सौंप दी है। भारत-अरब फोरम के अध्यक्ष डा. मंजूर आलम ने कहा कि ब्रिटेन, चीन, मलेशिया व इंडोनेशिया ने शरिया आधारित बैंकिंग प्रणाली लागू करके विदेशी निवेश बढ़ाने में सफलता पाई है। चिदंबरम का कहना था कि देश में कुछ लोगों को इस्लामिक शब्द से एलर्जी है, इसलिए इस योजना को पार्टिसिपेटरी बैंकिंग की संज्ञा दी जा सकती है। रहमान खान का कहना था कि यूटीआई और एसबीआई ने ऐसे म्यूचुअल फंड जारी किए थे, जो इस्लामिक विश्वासों के अनुकूल थे।

Mahamedha

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शरियत आधारित बैंकिंग को अनुमति मिले : रहमान खान

नई दिल्ली (ए.)। राज्यसभा के उपसभापति के रहमान खान ने बुधवार को कहा कि देश में शरियत आधारित बैंकिंग और निवेश को अनुमति दी जानी चाहिए ताकि पूरा मुस्लिम समुदाय आर्थिक गतिविधियों में भाग ले सके।

श्री खान ने यहां संवाददाताओं को संबोधित करते हुए कहा कि शरियत के अनुसार मुसलमानों को ब्याज आधारित बैंकिंग से दूर रहना चाहिए इस कारण बहुत से मुसलमान निवेश परक बचत नहीं करते।

उन्होंने कहा कि शरियत आधारित बैंकिंग एक व्यावहारिक विकल्प है तथा म्यूच्युल फंड और वेंचर कैपिटल निवेश इसी के अनुरूप हैं। उन्होंने कहा कि शरियत बैंकिंग के सिद्धांतों को किसी मजहब विशेष से जुड़ा नहीं माना जाना चाहिए बल्कि इसे एक व्यावहारिक विकल्प के रूप में स्वीकार करना चाहिए।

उन्होंने कहा कि ब्रिटेन सहित अनेक देशों में शरियत आधारित बैंकिंग को एक विकल्प के रूप

में स्वीकार किया गया है, लेकिन भारतीय रिजर्व बैंक ने अभी इसकी अनुमति नहीं दी है। श्री खान ने कहा कि योजना आयोग की आर्थिक सुधार समिति ने इस्लामी बैंकिंग को अनुमति देने के बारे में सकारात्मक रवैया अपनाया है तथा अपनी रिपोर्ट प्रधानमंत्री डा. मनमोहन सिंह को सौंप दी है। उन्होंने कहा कि इस्लामी बैंकिंग के बारे में मुस्लिम नेताओं ने प्रधानमंत्री और वित्त मंत्री से मुलाकात कर इसे अनुमति देने का आग्रह किया है। श्री खान ने जो भारत अरब आर्थिक सहयोग फोरम के संरक्षक भी हैं, कहा कि पांचवीं भारत अरब आर्थिक शिखर वार्ता आगामी तीन-चार फरवरी को राजधानी में आयोजित होगी।

शिखर वार्ता का उद्घाटन विदेशमंत्री एस एम कृष्णा करेंगे। शिखर वार्ता में अरब देशों के प्रतिनिधि भारतीय अर्थशास्त्रियों और उद्यमियों से उस उपायों पर गहन विचार विमर्श करेंगे जिनसे भारत में पश्चिम एशिया के देशों से निवेश बढ़ाया जा सके।

शरियत पर आधारित बैंकिंग को मंजूरी मिले

नई दिल्ली। राज्यसभा के उपसभापति के. रहमान खान ने आज कहा कि देश में शरियत आधारित बैंकिंग और निवेश को अनुमति दी जानी चाहिए, ताकि पूरा मुस्लिम समुदाय आर्थिक गतिविधियों में भाग ले सके। श्री खान ने आज यहां संवाददाताओं को संबोधित करते हुए कहा कि शरियत के अनुसार मुसलमानों को ब्याज आधारित बैंकिंग से दूर रहना चाहिए, इस कारण बहुत से मुसलमान निवेश परक बचत नहीं करते। उन्होंने कहा कि शरियत आधारित बैंकिंग एक व्यावहारिक विकल्प है तथा म्यूच्युल फंड और वेचर कैपिटल निवेश इसी के अनुरूप हैं। उन्होंने कहा कि शरियत बैंकिंग के सिद्धांतों को किसी मजहब विशेष से जुड़ा नहीं माना जाना चाहिए, बल्कि इसे एक व्यावहारिक विकल्प के रूप में स्वीकार करना चाहिए। उन्होंने कहा कि ब्रिटेन सहित अनेक देशों में शरियत आधारित बैंकिंग को एक विकल्प के रूप में स्वीकार

राज्यसभा उपसभापति खान ने दी अहम् सलाह

किया गया है, लेकिन भारतीय रिजर्व बैंक ने अभी इसकी अनुमति नहीं दी है। श्री खान ने कहा कि योजना आयोग की आर्थिक सुधार समिति ने इस्लामी बैंकिंग को अनुमति देने के बारे में सकारात्मक रवैया अपनाया है तथा अपनी रिपोर्ट प्रधानमंत्री डा. मनमोहन सिंह को सौंप दी है। उन्होंने कहा कि इस्लामी बैंकिंग के बारे में मुस्लिम नेताओं ने प्रधानमंत्री और वित्त मंत्री से मुलाकात कर इसे अनुमति देने का आग्रह किया है। श्री खान ने, जो भारत-अरब आर्थिक सहयोग फोरम के संरक्षक भी हैं, कहा कि पांचवी भारत-अरब आर्थिक शिखर वार्ता आगामी तीन-चार फरवरी को राजधानी में आयोजित होगी। शिखर वार्ता का उद्घाटन विदेशमंत्री एसएम कृष्णा करेंगे।

<http://m.economictimes.com/PDAET/articleshow/5507108.cms>

Govt may allow Islamic banking, eyes \$1 tn funds

28 Jan, 2010, 0258 hrs IST, TNN

NEW DELHI: Aggressively pitching for \$1 trillion worth of Sharia-compliant funds from the Gulf countries for investments in its infrastructure development, the UPA government has drafted a report on Islamic banking even as RBI and the finance ministry are jointly working on necessary legislative changes to implement the same.

A committee headed by the Cabinet Secretary and comprising secretaries from other ministries, including finance, submitted a report to the government recently on the prospects of Islamic banking in the country and on drawing investments from abroad, Rajya Sabha deputy chairperson K Rahman Khan said on Wednesday.

Khan is behind an Indo-Arab Economic Summit to be organised in the Capital from February 3-4 where authorities from the Arab world will be present. The summit will be presided over by foreign minister S M Krishna. "The emphasis will be to attract investments from these countries through opening up channels like venture capital and mutual fund options which are largely Sharia-compliant," Khan added.

The government has already started similar initiatives with UTI and SBI where certain mutual fund alternatives are available for people to invest in such funds, he added. To project it as a more secular initiative, the government may term it as 'participative banking' rather than Islamic banking. "It is an alternative system of banking where people belonging to certain faith and belief can save their money and earn from it too," said Khan, who is also the patron of Indo-Arab Economic Co-operation Forum which is organizing the summit.

According to Khan, the motive behind the summit is to bring the Arabian countries closer to India which has an advantage vis-a-vis China and western countries mainly due to its democratic and liberal credentials and because it is an attractive investment destination.

THE TIMES OF INDIA

<http://timesofindia.indiatimes.com/biz/india-business/Govt-may-allow-Islamic-banking-eyes-1tn-funds/articleshow/5507005.cms>

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TNN, 28 January 2010, 02:19am IST

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http://www.aniin.com/v_Details.asp?StoryID=14735

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He said that the Muslim population constitutes 15 percent of India's total population of over a billion, and they were not investing in savings accounts because it generates interest which is non-Islamic. He said that if Sharia-compliant banking is introduced, this segment of society would come into the saving net.

Thaindian News

<http://www.thaindian.com/newsportal/>

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Alam said the Arab companies, especially the investment banks, could teach India “a few lessons in participatory banking” that would go a long way in giving Indian banks a more “humane face”.

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<http://www.bombaynews.net/story/594031>

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Khan also said Sharia-compliant banking could increase the flow of investments from the Arab world.

He also briefed reporters about next month's Indo-Arab Economic Summit in Delhi. By Naveen Kapoor

Buzz 7

<http://buzz7.com/news/rajya-sabha-deputy-speaker-pitches-for-islamic-banks-in-india.html>

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<http://www.dailyindia.com/show/356822.php>

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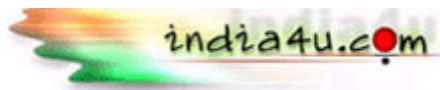
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Business News

<http://blog.taragana.com/business/2010/01/27/learn-from-islamic-banking-success-stories-rahman-khan-24797/>

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Khabar Express

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http://www.mynews.in/News/Learn_from_Islamic_banking_success_stories:_Rahman_Khan_NI26580.html

Learn from Islamic banking success stories: Rahman Khan

New Delhi, Jan 27 (IANS) Rajya Sabha Deputy Chairman K. Rahman Khan Wednesday said India can learn from the innumerable success stories of Islamic banking and this would be discussed at the Indo-Arab economic conference to be held here Feb 3-4.

The conference is being jointly organised by the Indo-Arab Economic Co-operation Forum and the Institute of Objective Studies.

'It is an alternative system of banking, which ensures social justice. There are some innumerable success stories of Islamic finance and banking that India needs to learn from,' Khan, who is also the patron of the Indo-Arab Economic Co-operation Forum, told reporters here.

External Affairs Minister S.M. Krishna will inaugurate the conference to be attended by political leaders, corporate heads, academicians and policy formulators from India and the Arab world.

The theme of the conference is 'Beyond the Meltdown: Search for Options'.

Islamic banking refers to system of banking consistent with the principles of Islamic law or the Sharia, which prohibits the payment or acceptance of interest fees.

Khan said India is the safest and most secure destination for investments and an Islamic banking system in the country could attract more investment from the Gulf countries.

'India is best positioned to absorb almost \$3.5 trillion worth of Arab investments,' he said.

Khan said if the Islamic banking system is established in the country, it could also attract investment from a section of Muslims who are not interested in putting money in the banks for interest.

'Some Muslims are not putting money in the savings bank account. The Islamic banking is the one way of alternative saving investment. We are asking for an institutional mechanism,' he said.

Khan said a committee headed by the cabinet secretary submitted its report on Islamic banking and investment to Prime Minister Manmohan Singh two months ago.

The committee was appointed by the prime minister a year ago.

President of Indo-Arab Economic Co-operation Manzoor Alam said: 'India is home to the world's third largest population of Muslims, most of whom are disadvantaged, under-privileged and are looking to the state to provide sustenance and opportunities for employment, education and growth.'

'The Arab investments may be channelised into the social sector developmental projects across the states,' he said.

Alam said the Arab companies, especially the investment banks, could teach India 'a few lessons in participatory banking' that would go a long way in giving Indian banks a more 'humane face'.

<http://sify.com/news/rajya-sabha-deputy-speaker-pitches-for-islamic-banks-in-india-news-national-kblrugfjafg.html>

Rajya Sabha Deputy Speaker pitches for Islamic banks in India

In what could spark off another controversy and provide fresh ammunition to the opposition BJP on the issue of minority appeasement, the Deputy Speaker of the Rajya Sabha and senior Congress leader K Rahman Khan today urged the government to create a Sharia-compliant institutional mechanism in the banking sector. He called it "Participatory Banking".

Khan told media here this afternoon that Sharia-compliant banks should work as an alternate banking system, similar to what existed in the UK, Russia and the U.S.

"Mutual funds and venture capital funds are in tune with Islamic laws," Khan added.

He said that he had handed over a memorandum in this regard to the Prime Minister, and added that a committee headed by the Cabinet Secretary K. M. Chandrasekhar has been asked to submit a report on the issue to the Prime Minister.

Reserve Bank of India (RBI) regulations are said to be the biggest hurdle in the setting up of Islamic banks.

Money earned in the form of Interest is considered non-Islamic, and according to Sharia laws, investment in the wine and pork industries is prohibited.

Khan said that a Sharia-compliant system would instill social justice even in economic activity in which profit and loss will be shared.

He said that the Muslim population constitutes 15 percent of India's total population of over a billion, and they were not investing in savings accounts because it generates interest which is non-Islamic. He said that if Sharia-compliant banking is introduced, this segment of society would come into the saving net.

Khan also said Sharia-compliant banking could increase the flow of investments from the Arab world.

He also briefed reporters about next month's Indo-Arab Economic Summit in Delhi. By Naveen Kapoor (ANI)

Sindh Today

<http://www.sindhtoday.net/news/1/97932.htm>

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The Info Sage

<http://www.theinfosage.com/rajya-sabha-deputy-speaker-pitches-for-islamic-banks-in-india.html>

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<http://www.topnews.in/law/rajya-sabha-deputy-speaker-pitches-islamic-banks-india-25187>

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‘The Arab investments may be channelised into the social sector developmental projects across the states,’ he said.

Alam said the Arab companies, especially the investment banks, could teach India ‘a few lessons in participatory banking’ that would go a long way in giving Indian banks a more ‘humane face’.

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<http://www.zopag.com/news/create-islamic-banks-top-congress-leader/13273.html>

Create Islamic banks: Top Congress leader

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ProKerela

<http://www.prokerala.com/news/articles/a110562.html>

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<http://buzz.yahoo.com/article/1:f7f0267f857b16c3c154ecb2293d970c:03a27291306b3d641658271f12635c9d/Learn-from-Islamic-banking-success-stories-Rahman-Khan--ummidcom>

Learn from Islamic banking success stories: Rahman Khan | ummid.com

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<http://www.samaylive.com/tag/Rahman%20Khan/>

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<http://ummid-ummid.blogspot.com/2010/01/learn-from-islamic-banking-success.html>

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Iplextra.Indiatimes

<http://iplextra.indiatimes.com/article/0cPq3BK6Hv19y>

Recognise Islamic banking, expedite Haj reforms: Rahman Khan Rajya Sabha Deputy Chairman K Rahman Khan today urged the government to launch 'Islamic banking based on Sharia or participatory banking' to attract Rs 3.5 trillion worth investment from Arab countries and expedite Haj reforms to facilitate people