

Islamic banking in India: developments, prospects and challenges

Abstract:

Indian financial system has witnessed lot of changes in recent past. The most important of them all are deregulation of Indian banking sector and the opening of new banks. Islamic bank is a new global phenomenon, which India should recognize in developing Indian financial system. This study is carried out to evaluate the developments and to measure the prospects as well as the challenges faced by the movement of Islamic banking in India. This paper reveals that Islamic banking in India has real potential to grow along with the conventional banking system. Our aim is to draw the attention of Indian regulators, Islamic finance scholars and business activists to think over the measures to be adopted in developing Islamic banking in India. It also provides necessary measures to allow conventional banks to carry on Islamic banking business using the existing financial infrastructure.