

necessarily for general public. RBI, however, does not take cognizance of such reports.

In fact, the exchange rate of rupee is basically determined by the demand and supply conditions in the foreign exchange market. The RBI constantly monitors the developments in the foreign exchange market and intervenes through purchase or sale operations only with objective to curb excessive volatility and to restore orderliness in the market.

(d) to (f) The Reserve Bank of India being a regulator, monitors and takes action in respect of default in following its instructions/guidelines relating to forex derivatives transactions. The Department concerned of the Government has not initiated any high level inquiry into the matter.

Introduction of Islamic Banking in the Country

661. SHRI N.K. SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether Government has finalized plans to introduce Islamic Banking in the country;

(b) if so, the details thereof;

(c) if not, the reasons therefor; and

(d) whether the total market of such assets is \$ 700-800 billion dollars and it may provide a significant boost to the economy?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) to (d) The Government has not finalized any plan to introduce Islamic Banking in the country. The present statutory and regulatory framework does not permit the introduction of Islamic Banking in the country.

IT liability of Vodafone

662. SHRI M.P. ACHUTHAN:

SHRI D. RAJA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Income Tax department lost a case with the Vodafone which was asked to pay Rs. 11,218 crore income tax over a deal to acquire majority stake in mobile phone operator Hutchison Essar;

(b) if so, the details thereof; and

(c) the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) Yes, Sir.

(b) The Hon'ble Supreme Court in its judgment dated 20th January, 2012, has set aside the judgment of the Hon'ble Bombay High Court by holding that the