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Did you know India has an official Islamic version of Nifty?

The National Stock exchange offers an exclusive "Nifty Sharia Index" which includes only companies in line with Islamic principles, suitable for Islamic investor sentiment & excludes companies deemed Haram.

A thread■

NSE Indices Limited, the subsidiary of the National Stock Exchange of India has contracted & pays a Sharia Advisory firm 'Taqwaa' to design the Nifty Sharia index & help identify companies suitable for Islamic investors & filter out Halal non-compliant companies in the market.

Taqwaa as NSE's partner firm has in its Board members, Sharia experts & a founding member of Muslim Law Board. Imagine the outrage if India's primary stock exchange engaged Hindu scholars to create an Index consisting only Hindu owned firms or those appealing to Hindu sentiments.

There is a Shariah screening process done to identify companies deemed to do Halal non-compliant business like Financial institutions & banks as they charge interest on their financial instruments & institutions selling Halal products containing Pork, Alcohol, Tobacco, etc.

Also excluded from the Shariah Index are companies involved in music & movies, as they are deemed to promote vulgarity & promiscuity as per Shariah. And Hotels & restaurants providing non-Halal food are kept out. Composition of the Index is entirely guided by Islamic principles.

A private firm offering such investment vehicles for a religious or ethnic group is understandable but why is the National stock exchange involved in categorization of companies according to Islamic principles? Its akin to imposing costs on firms that have some aspect of "Haram".

Companies eager to impress Islamic investors are coerced to align with Halal values like how most Hotels in India have been forced to. Even simpler institutions like real estate firms have restrictions on not being able to deny property to visitors based on religion or ethnicity.

NSE Sharia Index is essentially a form of discrimination against companies which Islamic lobby can for whatever reason deem Halal non-compliant. Investment decisions of communities vary but National's primary stock exchange shouldn't be offering official avenues to execute them.

Addendum: NSE India's official website has a detailed prospectus on the NSE Sharia Index, its component selection methodology & principles:

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