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*IAFIE NEWS BULLETIN is published six times a year by the Indian Association For Islamic Economics. It aims to create awareness of the latest development in theory and practice of Islamic economics.*

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## Editorial

### Introducing the Bulletin

We present, in all humility, the first issue of Islamic Economics News bulletin to our countrymen, scholars, administrators and the general public alike.

The bulletin represents a humble contribution of a small group of young economists who are interested in the global movement of Islamic Economics. The publication does not aspire to the theoretical exposition of issues in Islamic economics nor does it aim to vouchsafe the validity or plausibility of its claims, there are other publications more qualified for the job. Its aim is more modest yet worthwhile, It will share with the readers the current developments in Islamic theory, issues and problems under discussion and the full or part implementation of the Islamic Economic System in Muslim countries. The bulletin will also provide you a list of current publication's in the field.

The desire to share with our countrymen the developments in Islamic Economics arises out of the recognition that we are not only ignorant of such a potentially beneficial perspective to tackle the economic problems of the modern world but harbour suspicions in respect of its bonafides. As a first step in this direction, and as a preliminary attempt to contribute to and understand the issues in Islamic Economics we have organised an Indian Association for Islamic Economics based at Aligarh. The association will provide a channel for discussion for all those who are willing to do so. Its membership is open to all professional economists, students and others associated directly with economic and financial activities. It aims to organise discussion groups, seminar's and others academic activities to disseminate information and ensure respectability to the subject.

Our readers are invited to cooperate with this effort and send their suggestions and comments to help us improve the bulletin and strengthen the association.

### Conference on Zakah :

1. The Third International Zakah Conference was held at Kuala Lumpur during May 14-17 1990, jointly organized by a number of International organizations. The conference intended to achieve the following goals :

1. —to provide a comprehensive picture of different socio-economic organizational dimensions of zakah institutional systems currently operating in Muslim countries and communities.
2. —to study the economic significance of various institutional framework.
3. —to focus on the effects of the mandatory payment of zakah to the state.
4. —to compare different systems of zakah collections and disbursement in use in different IDB member countries.
5. —to provide a forum for exchange of views and sharing of experiences of zakah administration both for scholars and administrators.

The principal theme of the Third International Zakah Conference was the institutional work of zakah.

### Third International Conference on Islamic Economics :

The third international conference on Islamic economics will be held under the auspices of International Islamic University, Malaysia, between 19th to 21th August 1991 (8th-10th Safar, 1412), with the cooperation of the Islamic Development Bank, Jeddah, and the International Association For Islamic Economics. This conference is a part of the on going efforts to develop the Islamic economics paradigm and to help Muslim countries face the economic challenges confronting them. The theme of this conference is "Financing Economic Development from Islamic Perspective".

### Review of Islamic Economics :

International Association for Islamic Economics with its head quarters in Leicesters, UK, has decided to publish its Journal entitled "Review of Islamic Economic" to be issued bi-annually in English and Arabic. The editorial board comprises names of Prof Khurshid Ahmad, Dr. Abdul Salam al Abbad, Dr. Ziauddin Ahmad, Dr. Munawar Iqbal and Dr. M. Ali Elgari.

The Journal may include article relating to :

- i. Theoretical issues in economics from an Islamic perspectives.
- ii. Empirical studies about economics of Muslim countries with emphasis on Islamic economic aspects.

- iii. Studies relating to economic cooperation among Muslim Countries.
- iv. Applied economics such as Islamic banking, insurance, experiences of zakah implementations, conduct of monetary and fiscal policies in an Islamic economy, etc
- v. Translation of important works useful for students of Islamic economics.
- vi. Review of teaching programmes in Islamic economics.

Papers for publication should be sent to :

Managing Editor

Review of Islamic Economics

International Association For Islamic Economics

223 London Road Leicester, LE2 1ZE UK. ●

### Prof. M. N. Siddiqi Delivers Lecture

A lecture was delivered by Prof. Muhammad Nejatullah Siddiqi on the topic "Islamic Financial Movement" organised by the Department of Islamic Studies, AMU, Aligarh on August 30 1990. The meeting was well attended by teaching staffs, research scholars and students. Prof. Siddiqi pointed out the importance of banking and financial institutions in economic development of nations. He lamented that the revival movements of Islam in the last three centuries or so did not pay attention to organise Islamic financial system. He pointed out that at present Islamic associations are organizing financial institutions and trying to establish banking and business on the Islamic foundations. A similar lecturer was delivered by him a week ago in the Department of Business Administration with a huge gathering of faculty members and students.

### World Development Report, 1989 on Islamic Banking.

The World Bank's latest annual report, 1989, focuses on the role of financial system in development. The special emphasis of the report is that financial systems have been prevented from allocating resources efficiently, by the wrong sort of government intervention : credit directed to favoured borrower at subsidised interest rates. However, it is worth noting that Islamic banking has been given due place in the report. According to report : Islamic banks offer savers risky open-ended Mutual Fund certificates instead of fixed-interest deposits. This is not unlike cooperative banks and mutuals in the West, where deposits earn variable interest and double as equity. The Report points out that arrangements to share profits and losses lead to considerable problems of monitoring and control especially in lending to small businesses. In practice, profit

sharjng under *musharakah* agreement is often based on prior estimates of profit. Report admits that Islamic banks can be made to work quite well and provide an interesting contrast to commercial banking practices elsewhere.

### Institute of Objective Studies Forms a Committee for Economics

At its completion of four years of its full activities, the Institute of Objective Studies, New Delhi has constituted a number of committees to formulate long term research proposals and means to implement various resolutions passed in its various conferences, seminars, workshops and mini seminars. Members of the committee for economics comprise Dr. F. R. Faridi, Prof. M. N. Siddiqi, Dr. A. A. Islahi, Dr. K. G. Munshi, Dr. Abdul Haseeb and Prof. T. Abdur Rahman. ●

## ISLAMIC BANKING AND FINANCE

### Two New Islamic Banks for Bahrain :

Two more Islamic banks are to start up in Bahrain after receiving investment banking licences from Bahrain Monetary Agency BMA-Central bank. ABC Islamic Fund will be a subsidiary of ABC investment & service company, which is owned by the Manama based Arab Banking Corporation. Arab Islamic bank will be owned by Saudi nationals and some Islamic banks. The Geneva-based Dar al-Maal al-Islamic group is known to have a 16 percent stake in the bank. Investment banks are allowed to collect deposits from banks inside and outside Bahrain, including off shore banks. Three Islamic institutions already operate on the island through investment banking licence.

Source : MEED, 19 January 1990

Denmark's Islamic Bank International recorded a loss of \$ 1.2 million in 1989. This compares with a loss of \$ 950,000 in 1988. Assets at the end of 1989 totalled \$28.7 million, 1.8—percent lower than a year earlier.

Source : MEED, 18 May 1990.

Shariah Investment Services, the Geneva based subsidiary of Dar al-Maal al-Islami DMI has been granted the status of bank like finance company by the federal banking commission of Switzerland. The company has been renamed Faisal Finance (Switzerland)

Source : MEED, 4 May 1990.

## NEW ARTICLES AND BOOKS ON ISLAMIC ECONOMICS

### Article:

1. *Ansari, Javed Akbar,*  
"The Poverty of Islamic Economics" The Universal Message (Karachi) Vol. 11, No. 9, 1990, pp. 7-10.
2. *Bonalen Bendi Ilah and Farid B. Taher*  
"Zero Efficiency Loss Monopolist : An Islamic Perspective"  
The International Journal of Islamic Social Sciences ( , ) Vol. 7, No. 2, 1990, pp. 219-232.
3. *Derakhshan Masoud*  
"Islamic Economics Teaching and Research: A Report from Iran",  
Journal of Objective Studies, January 1990, pp 32-43.
4. *Faridi, F. R.*  
"Islamization of Economics : The Indian and Global Context",  
Journal of Objective Studies, January 1990, pp. 72-82.
5. *Ghazanfar S.M. and Islahi, A.A.*  
"Economic Thought of an Arab Scholastic : Abu Hamid al-Ghazali", The History of Political Economy, Vol. 22, No. 2, 1990, pp. 381-403
6. *Islahi, A. A.*  
"Shah Wali Allah's Concept of al *Irtifaqat*", (Stages of Socio-Economic Development)  
Journal of Objective Studies, January 1990, pp. 46-63.
7. *Mahdi, Syed Iqbal,*  
"Islamic Approach to Model Building in Economics and other Social Sciences. A Methodological Framework",  
Journal of Objective Studies, January 1990, pp. 83-94.
8. *M. A. Elgari,*  
"Some Islamic Insight on The Theory of Consumer Behaviour",  
Journal of Objective Studies, January 199, pp. 1-9
9. *Moore, Clement Henry,*  
"Islamic Banks and Competitive Politics", the Arab world and Turkey," Middle East Journal, Vol. 44, No. 2, Spring 1991, pp. 234-2
10. *Porsa, Amir Parviz,*  
"Riba is Prohibited..... Period But What Constitute Riba ?"  
The Message International (Jamaica N.Y) Vol. 13, No. 1, 1990, pp. 217-90.

11. *Shehata, Shawki Ismail*

"Islamic Concepts and Principles as Practiced in Islamic Bank : An Analytical Study"  
Journal of Objective Studies,  
January 1990, pp. 10-31.

**BOOKS**

**1. Readings in Concept and Methodology of Islamic Economics.**

A group of three teaching staff from the Faculty of Economics, International Islamic University Malaysia, have embarked on a project to select articles on various issues in Islamic economics and edited them for publication in a series. Now the first book of this series entitled "Reading in the concept and Methodology of Islamic Economics" is out. Currently they are working on the second book of this series entitled "Reading in Micro-economics : An Islamic Perspective".

**2. Islamic Banking and Finance**

It is a comprehensive guide to Islamic finance in the Middle East and in the western world. It explain how Islamic financial markets works and how they differ from conventional banking system.

This is a report written and researched by MEED's finance specialist, Andrew Cunningham. The report provides all the necessary information on how to deal with Islamic banks. The report covers :

- ★ the principle of Islamic banking
- ★ Islamic banking in the Gulf, including the structure, performance and profiles of individual banking group
- ★ analysis of wholly Islamic markets such as Iran and Pakistan
- ★ Operations conducted by western banks

Source : MEED, 23 March 1990.

**Ph. D. WORKS**

Following is the list of some important Ph. D. theses completed in the west. An abstract of them has been reproduced in the American Journal of Islamic Social Sciences. (AJISS (Vol. 7, No. 1, 2 199)

1. *Islam and Development. An Ethical Analysis with Special Emphasis on Public Resource-Utilisation in Malasiya.* By Sadek Mohd. Shahr, Ph. D. Temple University 1989, pp 573.
2. *Islam and Eradication of Poverty : An Ethical Dimension of Development with special reference to Malaysia's Five Year Plans.* By Taib, Nasser Bin, Ph.D. Temple University 1989, pp. 312.
3. *The Islamic Banking Practices : Possible Acceptance in the U.S.A. as perceived by Islamic and US/Western Banker.* By Attwergy, Bashir A., D.B.A., Nova University, 1988. pp. 246
4. *Islamic Banking : A Case Study of Kuwait* by Kabbaran A. H. Shaoukat Ph. D. University of Technology UK. 1988. pp. 476.
5. *Saving, Investment and some Distributional Aspects of Share Economy Based on Islamic Financial Principles.* By Siddiqui, Shamim Ahmad. Ph. D, Temple University 1989 pp. 180.
6. *At the Edge of the West : International Trade and Traders in Muslim Spain (1000-1250) bp.* Constable, Olivia Remia Ph. D. Princeton University 1989.
7. *Islamic Banking in theory and practice* by Rabooy, M. E. M. Sultan, Ph. D. University of Exeter, U. K., 1988 pp. 463.
8. *Social Justice ; From the Islamic world system to the European world-Economy, a study of power legitimation.* By kusha, Hamid R Ph. D, University of Kentuky, 1989, pp. 454.

**Book-Post**

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