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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

A few years back, Islamic economics was considered a non-issue or at best a mere theoretical exercise but today it is one of the most seriously discussed topics in the current economic literature.

In just a decade the number of learned organizations and research institutions applying themselves to the precepts of Islamic economics has increased many folds. These centres of research and learning are not confined in the Muslim world alone. The West seems equally keen to develop the facilities of research on Islamic economics. Learned journals and periodicals are allocating more and more space to writings on Islamic economics. A look on the current bibliographical literature will support this claim.

Regarding the momentum of Islamic economics, Prof. Khurshid Ahmad, the Director of Institute of Policy Studies, Islamabad, has rightly observed that economists are now trying to develop, with professional vigour, a new discipline that could on the one hand spell out an Islamic critique of modern economics and economics and on the other undertake a reformulation of economic theory and policy in the light of Islamic values and principles and the thought and experiences of mankind".

The absence of full-fledged Islamic economy is considered to be the major stumbling block in the path of implementation of Islamic economic concepts. But the scholars agree that the non-existence of real Islamic economy in no way hinders the move towards implementation of these concepts, as those who espouse or subscribe to these values can benefit from them. The widespread respect for moral values which this movement has been able to generate even from non-Muslims, is ample testimony to this fact.

The major area of operational advancement of this movement is in the sphere of Islamic banking and finance. At present more than sixty Islamic banks, in one form or the other are functioning across the globe. The problems and prospects of these banks and institutions have been the subject of close scrutiny. Reviewing the performance of these Islamic bank and financial institutions, Rodney Wilson writes "Islamic financial institutions are here to stay, and are not merely a passing phenomenon". However, he admonishes that undoubted advancements of Islamic financial institutions should not lead us to complacency. As a matter of fact, the Journey is still miles ahead.

## NEWS ABOUT ISLAMIC ECONOMICS

### IAFIE Inaugurated

On May 15th, a modest ceremony was held in Arts Faculty Lounge of Aligarh Muslim University to introduce the Indian Association for Islamic Economics and to release its organ—*Islamic Economics News Bulletin*. In a well attended gathering of University teachers, research scholars, and students, Dr. F. R. Faridi, the president of IAFIE threw light on the main aims and objectives of the Association. He also discussed the very concept of Islamic Economics and tried to remove the general misgivings regarding this discipline. In a well argued speech Dr. Faridi invited scholars from Departments of Economics, Business Administration and Commerce to apply themselves to the concepts of Islamic economics and come out with their views in a free and frank manner. He, in fact, pleaded for an on-going debate on the subject.

The Chief Guest, Dr. Najmul Hasan, Professor of Business Administration and Dean Student's Welfare, welcomed the establishment of this Association. He was particularly happy with the News Bulletin and hoped that in future, it would grow into a leading source of information on Islamic economics in this country and scholars would use it to exchange ideas on the latest development in this field. Prof. Hasan expressed his optimism about Islamic economics both at international and national level. He also referred to some extensive works that have already been done in this field. He urged the university to introduce courses on Islamic economics in the Department of Economics. There was enthusiasm in the audience and they wanted to participate in the discussion on various issues but due to the shortage of time the chairman could not provide them with this opportunity. The secretary of the Association, Dr. A. A. Islahi while thanking the guests assured them that the Association, will soon establish a forum for discussion on Islamic economics where every one will be welcomed to take part and express his views on the subject.

### Profit Steady at Faisal Islamic Bank

Net profit fell fractionally in the year ending 22 July 1990 at Faisal Islamic Bank of Egypt, Cairo's largest Islamic financial institution. Gross earning rose by over 20 percent, 113.9 million dollar. However, net profits after returns paid on investors accounts were just under 10 million dollar, roughly the same as in the previous *hijra* year.

Total placement rose by 11 percent to 1,074.9 million dollar. These include various kinds of commercial

facilities, *musharakah*, *murabaha* and *mudarabah*. Investor's accounts rose by 12 percent to 1,451.6 million dollar. The bank says 75 percent of its balance sheet consists of dollars, the remainder being Egyptian pounds. The bank made provisions of 7.3 million dollar during the year, bringing the total to 33.6 million, a relatively modest 3 percent of total placements.

Faisal Islamic Bank has been operating since 1977 as law 43 commercial bank, respecting the principle of Shariah. Total equity of its shareholders—and local business interests—reached 109 million dollar in 1990. The bank has 69 million in equity participations in 34 ventures, including local agricultural and industrial firms, and financial companies abroad.

Source : MEED, Nov, 1990.

### All India Seminar to Discuss Issues of Islamic Banking and Insurance

The fourth All India seminar of the Islamic Fiqh Academy is scheduled to be held at Hyderabad from August 9-12, 1991. The seminar will discuss mainly the issues of Islamic banking and insurance in the context of Indian Muslims and their peculiar situation.

### Malaysia's International Islamic Economics Conference Postponed

The third International Islamic Economics Conference scheduled to be held in Malaysia during August 1991, has been postponed until January 1992.

### Seminar on 'Resource Mobilization and Investment in an Islamic Framework'

A two-days seminar was held under the U.S.A based International Institute of Islamic Thought (IIIT) and the Association of Muslim Social Scientists (AMSS) at the Catholic University, Washington, during December 22-23, 1990. The seminar was attended by delegates from Malaysia, Egypt and Saudi Arabia in addition to participants from Canada and United States. The theme of the seminar 'Resource Mobilization and Investment in an Islamic Framework', evoked considerable interest among both academicians and practitioners of Islamic economic reform movement. Evidence of this interest was seen in the large number of research papers received on the subject although, regrettably, funding limitations prevented many a scholar from participating in the meetings.



## NEW ARTICLES AND BOOKS ON ISLAMIC ECONOMICS

### FORTHCOMING TITLES

#### 1. Investment Strategy in Islamic Banking

The Royal Academy for Islamic Civilization Research, Amman, Jordan, will issue a new book entitled: "Investment Strategy in Islamic Banking : Applications, issues, and problems" in English.

The book comprises the proceedings of the Workshop held in Amman (June 16th-21st, 1987) and organized jointly by the Royal Academy and the Islamic Research and Training Institute/Islamic Development Bank, Jeddah - Saudi Arabia.

The Royal Academy published the Arabic version of the book in 1990.

#### 2. Essays in Islamic Economic Analysis, Ed. Dr. F. R. Faridi

The book consists of papers and proceedings of the Islamic economic seminar held in Washington, Jointly sponsored by International Islamic Thought and Economic Discipline Council, U.S.A.

### BOOKS

*Khan, Muhammad Akram*

Glossary of Islamic Economics, London, Mansell Publishing Limited, 1990, pp. 144.

*Mehmwt, Ozay*

Islamic Identity and Development : Studies of Islamic Periphery. London, Routledge, 1990, pp. 272.

*Rahnema, Ali and Nomani, Farhad*

The Secular Miracle—Religion, Politics and Economic Policy in Iran. London, Zed Books, 1990, pp. 376.

*Beg, Tahir*

The Highlights of an International Seminar on Islamic Economic and the Economy of Indian Muslims. New Delhi, Institute of Objective Studies, 1990, pp. 61

### ARTICLES :

*Anwar, Mohammad*

'Islamic Economic Methodology, Journal of Objective Studies (Aligarh). Vol 2 No 2 July 1991 PP. 28-46.

*Chapra, M. Umar,*

'The need for a new economic system' Review of Islamic Economics (Journal of International Association for Islamic Economics), Volume 1, Number 1, 1991/1411 H, PP 9-47.

*Faluy, Kehinde*

'The Economics of Sokoto Jihad, Hamdard Islamicus (Karachi). Vol XIV No 1, Spring 1991 PP, 29-42

*Hussain, A, and Haquz M. A*

'Banking in Islam', Radiance views weekly (New Delhi) Vol, XXVI, No. 34 2-8 June 1991, P. 4.

*Hussain Iqbal*

'A Muslim perspective on Mandal', Radiance Viewsweekly (New Delhi) Vol, XXVI, No 34, 2-8 June 1991 PP-12

*Sadeq, A. H. M.*

Islamic Economic Thought, origin, past and dimension, Hamdard Islamicus (Karachi) Vol. XIII, No. 4 winter 1990, pp. 43-47

*Sattar, Zaid*

'A Dynamic Investment Model with Profit sharing in an interest Free Economy Methodological Issues, The American Journal of Islamic Social Sciences Vol 8 No 1 March 1991, PP. 109-128.

*Tag el-Din, Seif*

Risk aversion, Moral Hazard and Financial Islamisation Policy, Review of Islamic Economics Vol 1, No 1, 1991/1411H, PP. 49-66

### NEW MEMBERS OF THE IAFIE

Following is the list of scholars who have joined us by accepting the Annual Membership of the Association. With the heartiest welcome we publish their names and addresses in order to know each other and have academic exchanges.

1. Prof. Akhtar Zaheer Rizvi, Chairman, Deptt. of Economics, A.M.U., Aligarh-202002.
2. Dr. Tahir Beg, Deptt. of Economics, International Islamic University Malaysia.
3. Mr. Mohd. Khalid, Centre of West Asian Studies A.M.U., Aligarh.
4. Mr. Md. Abdus Salam, Lecturer, Deptt. of Economics, A.M.U., Aligarh.
5. Dr. Masood Hasan, Raisah Manzil, Zuhra Bagh, Aligarh.
6. Dr. Sayed Afzal Peerzade, Hazrat Hashimpeer Dargah, BIJAPUR-586101.
7. Mr. Phiroz A. Poonawalla, P.O. Box No. 1213, Union Steel Industries, H. I. Estate, PUNE-411 013 (M.S)

**BOOK REVIEW :**

**Directory of Islamic Financial Institutions.**  
 Edited by John R. Presley, London, Croom Helm 1988, 353pp.

This valuable work, commissioned by the International Association of Islamic Banks, is the first comprehensive guide to these increasingly important financial institutions. Prof. John Presley, the head of the banking centre at Loughborough University, has done an excellent job, both in editing the material, and in compiling the information. He has also written substantial sections of the book himself.

The work is divided into three parts, roughly equal in length. The first contains useful background material on the development and organization of Islamic banking. Musazzam Ali, the Vice-Chairman of the International Association of Islamic Banks, provides the introductory framework, outlining the progress of Islamic banking throughout the Middle East and beyond to Pakistan and Malaysia. A separate overview is provided of the Islamic economic system in macro terms, followed by details of Islamic methods at the micro level. Islamic finance is discussed in the international context of the association of Islamic banks and the role of Dar al-Mal al-Islami, the leading pan-Muslim private financial institution. The first ten years of experience by the Jeddah-based Islamic Development Bank is discussed in a separate chapter. The issue of macro-economic management through monetary control is also discussed in the light of the teachings of Islam in a useful chapter which explores some important theoretical issues. An extremely comprehensive bibliography on Islam Economics and Banking follows at the end of the first part of the directory.

The directory itself in the second part covers ten Muslim and five non-Muslim countries, the Bahamas, Denmark, India, Luxembourg and the United Kingdom. The Islamic countries listed are Egypt, the Sudan,

Jordan, four Gulf states (Kuwait, Bahrain, Qatar and the United Arab Emirates) and three non-Arab States, (Turkey, Bangladesh and Pakistan). For each state the names and addresses of both the head offices and branches of Islamic banks are listed, together with telephone, telex and fax numbers. Information provided on each institution includes its year of establishment, a brief review of its development information on the main operations, and a list of the directors, senior management and Sharia supervisory board where applicable. Figures are given for total assets, profitability, capital structure and number of employees in most cases for the 1983-85 period. The financial data were largely obtained from the published annual reports of the institutions concerned.

The final part of the work contains case studies of the recent development of Islamic finance in Iran and Pakistan, two countries where the entire financial structure has been Islamized. This more fundamental transformation contrasts with the situation in most Arab countries where Islamic institution co-exist with conventional commercial banks run on Western lines. The major issues in such a transition are considered, questions increasingly at the centre of debate in Middle Eastern financial circles. The Islamic banking laws of Iran, Pakistan, Malaysia and Turkey are reproduced in full, which should interest commercial lawyers involved in trade and finance with the Muslim world. Overall, this is an extremely useful and a well-organized volume, which is much more than a mere directory. In many respects the work is well suited for use as a textbook on Islamic finance, as it is presented in a way which is familiar to Western bankers and students of finance.

Department of Economics  
 University of Uushaus

Rodney Wilson

(Published in British Society for Middle Eastern Studies  
 Bulletin, Vol. 17, No. 1, 1990)

**Printed Matter**

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