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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.*

The Annual Membership Fee of the Association is Rs.50/- NRI, US \$ 10/- News Bulletin will be offered to the members free of charge. Others can have the Bulletin by paying the following amount through Cash or Money Order :

Single copy Rs. 3/-

One year Rs. 18/-

Two years Rs. 35/-

Three years Rs. 50/-

Cheques and drafts should be drawn in favour of 'Indian Association for Islamic Economics', payable at Aligarh.

All correspondence should be addressed to :

The Editor,

Islamic Economics News Bulletin

4-1212, S. S. Nagar, Aligarh-202002

(INDIA)

## Editorial

The world economy is undergoing a series of radical reforms. Many countries of the world have embarked on massive restructuring programmes to stem the looming crisis or to tide over the crisis. Russia, Brazil, India are cases in point. Another notable trend being observed is the move towards formation of regions or blocks. EEC unification is in the offing. Talks are on for a common Asian market. Though these restructuring and reforms have roots in ideological and other factors yet much of the restructuring can be attributed to money and its management. This arouses curiosity as to what has gone awry with money and its management in these economies, warranting massive changes. The probe reveals that it stems from reckless, extravagant, purposeless, and imprudent use of money. Put succinctly, it appears as if the moral string of money has been snipped in the management of the economy.

At the micro level also, much of the restructuring in the form of mergers, amalgamation, and takeovers owe their genesis to money and its management. The obsession of companies with money making is no secret. Zaitek (money technology) is their prime concern, other considerations being desidetra. R.M. Kanter, editor of Harvard Business Review has raised the following questions "Is wealth production really the goal of business, as some economists say, or is wealth a by product an incentive en route to other ends?" He adds further "Both business and society are endangered when people see themselves as making money rather than product, or growing rich from speculation rather than labour" Addiction to money can be gauged from the fact that the list of world's richest companies and richest people is ubiquitous but list of those companies that have created more jobs or done the most for environment or trained most employees to built future capabilities, seldom appears. "Money should never be separated from purpose or mission. It is an instrument not an end. Detached from value it may indeed be root of all evils. Linked effectively to social purpose, it can be root of opportunity". Now a question arises what is this purpose or mission which business should strive for or government policies should aim at ? An inquiring mind must unravel this and other similar issues.

VALEED A. ANSARI

## BANGALORE CHAPTER OF IAFIE

Dr. F. R. Faridi inaugurated the Bangalore Chapter of the Indian Association of Islamic Economics during his visit to the City on 6th July 1991. He addressed a select gathering of Muslim economists, bankers and chartered accountants of the city. In his brief address he explained the nature and purpose of Islamic Economics and highlighted the need to study and participate in the ongoing effort to expand the salient features of Islamic Economics. He emphasised the vital relevance of the subject to our country as an alternative management of its economic affairs. Only value based economic activities can retrieve the situation from the morass it has fallen into, thanks to the ill conceived policies of the government. Dr. Faridi admitted that Islamic Economics has not been able to resolve all the relevant issues, nor has it reacted the theoretical sophistication of conventional economics. But what really matters, is that it has shown the way; it is still an ongoing effort in which he solicited the participation of all concerned.

Dr. Faridi's brief address was followed by the unanimous decision of the audience to setup a branch of the association at Bangalore. Everyone present expressed his desire to keep abreast of the developments in the field and offered to extend his cooperation to the association.

Later, on 14th August 1991, an inaugural meeting of the Bangalore Chapter of the association was held at the residence of Mr. A. W. Sadatullah Khan, Editor of "Islamic Voice". In his inaugural address Mr. Syed Tanveer Ahmad, Asst. Director of Economics and statistics, and also the president of the Bangalore chapter, highlighted the aims, objectives and functions of the association. In his presidential address, Dr. Aboul Aziz, professor of Economics, Institute for Social Economic Change (ISEC), Bangalore, stressed the importance of research in the field of Islamic Economics. He wanted Islamic economists to take the Islamic principles of business and trade to the common man so that every one reaps the benefits from these principles. Another speaker Mr. Shabbir Ahmad Khan spoke about the association and its activities. In the very meeting, Mr. K. Moosa, M.Com, an industrialist was appointed as the Secretary and Treasurer of Bangalore Chapter of Indian Association for Islamic Economics.

### New Director of IRTI

Dr Abdul Hamid Al-Ghazali has been appointed as the director of Islamic Research and Training Institute at the Islamic Development Bank, Jeddah. A distinguished scholar of Islamic economics, Dr. al Ghazali has earlier served as Professor of Economics at the Umm al Qura University, Makkah al Mukarramah.

## HUMANOMIC : Call for papers

The field of Humanomics comprises the intellectual enquiry into the theory and policy emanating from an endogenous treatment of ethics and values in economic knowledge. By this is meant the organistic integration of ethics with the interrelationships between polity and the ecological order, of which the market is a subsystem.

The journal of Humanomics, is presently the only one of its kind in this area of intellectual pursuit. Its specific goal is the dissemination of scholarly ideas in the area of policy-theoretic foundations of ethico-economics bringing out particularly the endogenous nature of ethics and values in economic knowledge. Through this venue it aims at establishing a worldwide intellectual awareness, interest and contribution of ideas in this new area of thought.

The editor invites contributions of high quality in the form of full-length papers, book reviews, short papers and other research contributions in varied interdisciplinary areas of relevance to the general field of ethico-economics.

Send two copies of the manuscript to :  
The Centre of Humanomics,  
Department of Social Sciences,  
University College of Cape Breton,  
Sydney, NS. BIP 612, Canada.

## Seminar on Traditional Islamic Crafts

Preparations are being finalised for the convening of an international seminar to assess and determine the prospects for economic, social and cultural development of traditional crafts in the various Muslim regions, the Director-General of the OIC Research Centre for Islamic History, Art and Culture, Turkey, Dr. Ekmeleddin-Ihsanoglu has said. This seminar will be jointly organized in conjunction with the Islamic Development Bank and Rabat al Fath association in Rabat Morocco.

The contribution to the craft development is hoped to be enhanced through this international seminar which will give craft enthusiasts concerned with policy-making, planning and implementation an opportunity to come together and share and learn from each other's experiences.

The three-day seminar will also seek to establish understanding and appreciation for the contribution made by Islamic Culture and civilization to crafts and craftsmanship to guard against the loss of Islamic Values and traditions among other aims.

(From : Muslim World League, July, 1991)

## NEW ARTICLES ON ISLAMIC ECONOMICS

*Baldwin, D.,*

'Islamic Banking in a secularist Context', In : Malcolm Wagostaff (ed.), *Aspects of Religion in Secular Turkey*, Durham : Centre for Middle Eastern and Islamic Studies, 1990, pp. 22-39.

*Beg, Tahir,*

'Promotion of Muslim Entrepreneurship Under State Support' (India), *Journal of Objective Studies*, (Aligarh) Vol.2, No 1, 1990, pp. 95-106.

*Choudhury, Masudul Alam*

'The Humanomic Structure of Islamic Economic Theory' *Journal of King Abdul Aziz University*, (Jeddah) Vol.2, 1990, pp. 47-64.

*Haghighyehi, Mehrdad,*

'Agrarian Reform Problems in Post - Revolutionary Iran', *Middle Eastern Studies*, (London) Vol.26, No.1, 1990, pp. 35-51.

*Khan, Mohsin, and Mirakhore,*

'Islamic Banking : Experiences in the Islamic Republic of Iran and in Pakistan', *Economic Development and Cultural Change* (Chicago, Ill) Vol. 38, No.2, 1990, pp. 353-76

*Khan, M. Fahim*

'Factors of Production and Factor Markets in Islamic Framework', *Journal of King Abdul Aziz University*, (Jeddah) Vol.2, 1990, pp. 25-45.

*Metwally, Mukhtar M.*

'Towards Abolishing the Rate of Interest in Contemporary Islamic Societies', *Journal of King Abdul Aziz University*, (Jeddah) Vol 2, 1990, pp. 3-23.

*Zubaïda, Sami*

'The Politics of the Islamic Investment Companies in Egypt', *British Society for Middle Eastern Studies Bulletin*, (Oxford) Vol.17, No.2, 1990, pp. 152-161.

4. Mr. M. H. Khatkhatay  
Barkat Investment Corporations,  
L. J. Cross Road No.2 Mahim Bombay 400016.
5. Mr. Israrul Haque  
Sikandariah, B. 85 Indira Nagar, Lucknow.
6. Mr. Shehroz Alam Rizvi  
Lecturer Dept, of Economics, A.M.U., Aligarh.
7. Dr. Nisar Ahmad Khan  
Dept, of Econmics, A.M.U., Aligarh-202002.
8. Mr. S. Tanvir Ahmad  
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inclusions of the financial activities of non-banking specialized financial institutions. A brief account of the financial activities of these specialized financial institutions has also been provided. The 'profit and loss sharing system' certainly boosted the level of savings and investments and diversified the deposits into various kinds of productive activities as expressed through the measurement of certain ratios and proportions. The declared profit rates have remained higher in comparison to previous fixed interest rates.

Empirical evidences as a consequence of the studies made so far have shown a positive co-relationship between inflation and money-supply. In addition to this, a fruitful analysis of the intensive linkage between banking and economic development has been established and it is to be realized that through deep inter-connections and through linkages of multiplier and accelerator effects, it will be moving on progressive lines and will be successful in alleviating the poverty and downtroddenness of the masses in Pakistan.

The study, concludes that interest free banking as well as financing system has created a certain sort of distinction which will be rather more advanced and superior in all of the aspects from the traditional system of banking.

By : Navneet Mal Purohit

Junior Research Fellow, South Asia Studies Centre  
University of Rajasthan, JAIPUR, India

## NEW MEMBERS OF THE IAFIE

1. Mr. Abdul Ghafoor Danish  
Advertising Executive  
Everest Advertising Company, New Delhi.
2. Prof. Irshad A. Khan  
Inside Sherwani Gate, Malerkotla 148023(Panjab)
3. Mr. Navneetmal Purohit  
JRF, South Asia Studies Centre, Jaipur (Rajasthan)

### CALL FOR PAPERS

**THE 4TH ISLAMIC ECONOMICS SEMINAR**  
**Economic Growth and Human Resource**  
**Development in the Islamic Economy**  
THE WORLD BANK (Washington, D. C.)  
Shaban 18-19, 1412/Feb. 22-23, 1992

ABSTRACTS : Aug 31, 1991

FINAL PAPERS : Dec. 1, 1991

For information, please cont. et :

Program Chairman

DR. ZAIDI SATTAR

Dept. of Economics and Business

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"Research in Progress"

### INTEREST-FREE FINANCIAL SYSTEM IN PAKISTAN

The title of the study, does indicate the procedural cum systematic approach towards the progress in the exploration, in the adjustment and in the future course of developments as made in this research work. Value-orientedness with high road strategy combining with general welfare of the masses has been the fundamental characteristic of Islamic economics. The distinctive features of the subject make it quite separate from the conventional economics. The significant and deep researches in this field reveal that the subject emerged as the vital remedy for the procurement as well as for the upliftment of basic standards of living of poor and ordinary masses all over the world.

The culmination and assimilation of various branches of economic activities like production, consumption, exchange, distribution etc. according to ideological lines have been called upon as the core of Islamic conduct. It asks for a better allocation of the available resources to gain a proper satisfaction for an individual as well as for the society. The present work of the thesis is in its last phase with the ever blessings of respected supervisors Prof. Kanto Ahuja (Director, Social Sciences Research Centre, Jaipur) and Prof. Ramakant (Director, South Asia Studies Centre, Jaipur India). The study was encouraged through the inspirational discussions and direction of Dr. Naragan Sinha and Dr. Pradeep Bhargava and Dr. Surjeet Singh (Jaipur).

The settlement of Zia's regime with the guarantee of political—long—term stability in Pakistan through the military intervention facilitated a lot towards the enhancement of the greater cause of Islam. As the economy of Pakistan was under severe strain in the seventies, the introduction of Islamic laws in the various sectors of the economy, the fiscal and monetary sectors were reformed thoroughly. A highly qualified council of Islamic Ideology was constituted and a well-planned

three phased programme of action was launched which ended in June 1985. The concept is approximated to equity financing technique and its parallel concept known as *Modaraba* and *Musharaka*. The two-tier transaction and inter-relationships have been established in this type of arrangement. The first was between the bank and the customers and the second was between the bank and the investors. The gross profits and losses of the banks and other financial institutions have been shared through percentage sharings among the three partners. This two tier system has been found much more healthy, much more efficient and workable in conceptual, theoretical and in practical terms. In macro-economic adjustments, and in the determination of national income, full-employment and in the maintenance of economic stability, again this type of 'interest free banking' and financial system has proved itself quite vulnerable and progressive.

The thesis work is divided into seven chapters and each of which is equally important from the point of view of making clear the philosophical and theoretical formulation of the subject. One chapter has been devoted to the introduction of Islamic economics, its emergence, religious background and the reference of Quranic sources. The practicability of the subject has been discussed in the chapter. Another chapter incorporates the broader meaning of the various terms 'Islamic banking', 'Interest-free-banking etc. How it works, in a different manner from the conventional interest based economic activities and the basic advantages of these have been enumerated in this chapter. A theoretical framework has been put forward in this part of chapter and broader spectrum of the pre-Islamic mode of financing (twelve—in—number) has been discussed. In the rest of the chapters, business, the financial intermediation by banking, specialized financial institutions, efforts have been examined through the *Modaraba* and Profit-Loss sharings activities. The thesis enlarges its scope, through the wider applications and

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Printed Matter

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