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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

All thanks and gratitude to Allah the Almighty that He enabled us to present the first issue of the second volume of IAFIE's News Bulletin. With meagre sources and resources that we could manage at Aligarh, in the last one year, we could publish about 30 news items and reported 52 articles and 18 new books on Islamic economics that appeared during 1990-91-a regular feature of our bulletin, much appreciated by the scholars. We also gave information about 7 forthcoming titles and 10 Ph. D. works on Islamic economics completed in Western Universities. Besides, 2 book reviews and one research in progress were also published.

As for activities of the Indian Association for Islamic Economics are concerned, we held an inaugural meeting at Aligarh Muslim University, helped in organization of a lecture on Islamic economics, and the strength of its annual members reached 25 all over the country. In addition to this, a Chapter has been established at Bangalore-very active in its own place, which comprises 20 local members. Preparation are on to open similar chapters in other cities.

At present, the IAFIE is paying more attention towards the establishment of a reference library in its head quarters at Aligarh. It is hoped that in this way association will be able to meet the pressing need of the scholars, researchers, as well as those who get acquaintance with this branch of knowledge and are desirous to know more about it.

Holding of an orientation programme on Islamic economics in the last week of February 1992, for IAFIE members is also in our immediate plans.

With new zeal and ambitions and stronger commitments we enter the second year of our Bulletin and the Association. Happy New year to all of our readers.

We ma taufiqi illa bi'llah—

ATTENTION IAFIE MEMBERS

Orientation Programme on Islamic Economics

Dear Members,

There will be a two-day orientation programme on Islamic Economic during February 22-23, 1992 at the Aligarh Muslim University, Aligarh. You are cordially invited to attend it. Your response must reach us before 10th Feb. 1992. Other details will be communicated later.

Convener

Orientation Programme

NEWS ABOUT ISLAMIC ECONOMICS

Interest Laws Repugnant

Twenty-two laws relating to "interest" have been adjudged as repugnant to the injunctions of Islam by the federal Shariat Court in Islamabad. Holding the said laws as void, the full-bench of the court has asked the government to make the provisions conform with the Holy Quran and Sunnah by June 30, 1992.

In order to decide that Shariat petitions, numbering 119, the court had prepared a questionnaire relating to the definition of Riba, banking system, inflation and devaluation of currency. Though several scholars, economists, bankers and Ulema appeared in person before the court, others made their submission through the questionnaire sent to them.

Islamic Bank in Soviet Union

A Saudi bank operating on Islamic principles opens its first office in the (former) Soviet Union. This is the first step-forwards closer economic ties between the Islamic world and the Republics of the Soviet Union. According to a recent report published in *The Middle East* (November 1991), the first Saudi-Soviet joint venture bank—the Al-Barka Kazakhstan Bank—opens its door for business in the Kazakhstan capital, Alma Ata. The Saudi partner, the Jeddah based Dallah Al-Barka Group, is also finalising details for another joint venture banks to be based in Moscow.

The fact that in most cases it was President Nursultan Nazabayev of Kazakhstan and Boris Yeltsin of Russia who gave the go ahead for the bank after meeting Sheikh Salih, the founder of this group, says Mushtak Parker in this report. Al-Barka which is providing banking expertise and training, has come up with a capitalized capital at 150 million rubles and will operate under Islamic banking principles. Al-Barka will hold a 51% stake in the joint ventures and will pay half of the 75 million roubles paid up capital. The other partner is the government of Kazakhstan. In Soviet Union a number of projects have already surfaced, which could be financed by the Al-Barka group. These include the building of a new international airport at Alma Ata; the development of "Grand Silk Route", to boost tourism, the development of Kazakhstan's giant Tangiz oilfield near the Caspian Sea, the report says.

Al-Rajhi-Fifth largest Bank in Saudi Arabia

Al-Rajhi recorded an increase in profits during 1990, although not such a spectacular rise as last year. Nevertheless, the bank remains extraordinarily profitable by the standards of commercial banks in the Kingdom. Al-Rajhi conducts its operations according to the principles of Islamic finance, which forbids the

payment and receipt of interest. The bank's main source of funds is therefore murabaha accounts—current accounts which are deployed in short-term trade finance transactions. The bank began operation in May 1988 and is the fifth largest in the Kingdom ranked by asset size.

Al-Rajhi (SRmn)	19	19	19
Net profit	1,088	1,028	588
Total income	1,667	1,430	860
Expenses	501	349	271
Total assets	18,511	16,752	15,046
Murabaha and other investments	14,549	14,304	11,757
Customers current accounts	12,500	12,430	11,824
Shareholders' equity	3,041	2,104	1,226

National Level Seminar at Bijapur

Anjuman Arts, Science and Commerce College Bijapur has become the first among the educational institutions to hold a national level seminar on some aspects of Islamic economics during December 14-15, 1991. The seminar was successfully conducted by Prof. S. S. Inamdar, and about ten papers were presented on different aspects of Islamic Economics. As a practical step, the College staff established an Islamic Welfare Society in December 1989. Report of its two years impressive performance was also read in the seminar.

IDB Disburses \$124mn to

Members and Islamic Groups

The Jeddah-based Islamic Development Bank (IDB) announced on 30 October that it was disbursing \$124 mn as loans and grants to member states and Islamic groups. The IDB statement said these loans would finance foreign trade operations worth \$71mn and development projects worth \$47.834 mn. The bank also announced grants worth \$5.4 mn. The loans and grants are as follows:

Recipient	Amount (\$mn)	Purpose
Pakistan	15	Import of palm oil from Malaysia.
	10	Import of fertilizer from Jordan.
Turkey	20	Import of refined oil products from IDB member states
Algeria	18	Import of plastic, chemical and mining products, cotton and lead from IDB members.

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NEW ARTICLES AND BOOKS ON ISLAMIC ECONOMICS

BOOKS

- Khan, Muhammad Akram,
Fighting Rural Poverty A Short Term Strategy,
Lahore: All Pakistan Islamic Education
Congress, 1991.
- Iqbal, Zubair,
Public Finance in Islam,
Lahore: Readers Publishers, 1990.

ARTICLES :

1. Choudhury, Masudul Alam, "The Concept of Islamic Socio-Economic Development in Contemporary Perspectives",
The Journal of Development Studies,
Vol. X, 1990
2. Ghoel, Ibrahim El, "The necessity for a New Economic System",
Risalat Al-Jihad (Malta) No. 74, Autumn, 1990,
pp. 157-60
3. "Islamic Financial System in the 1990s",
Al-Nahdah, Vol. 10, No. 1-2, 1999, pp. 10-16
4. Khan, Muhammad Akram, "The Future of Islamic Economics",
Future, April, 1991, pp. 248-261
5. Reilly, James, "Rural Wakfs of Ottoman Damascus, Rights of Ownership, Possession and Tenancy",
Acta Orientalism Vol.51, 1990, pp. 2747
6. Roy, Delwin. A, "Islamic Banking",
Middle Eastern Studies, Vol. 27, No. 3, July,
1991, pp. 427-456
7. Sattar, Zaidi, "The Ethics of Profits in the Islamic Economic System",
Islamic Quarterly, second Quarter 198,
p p. 69-76
8. Udovitch, A. L, "International Commerce and society in Mid-Eleventh-Century Egypt and North Africa", In Haleh Esfandiari and A.L. Udovitch (eds.)
The Economic Dimensions of Middle Eastern History, Princeton, NJ: The Darwin Press,
1990. pp. 239-54
9. Zehily, Mohammed AL, "The ways of Distributing Alms-Zakat",
Risalt Al-Jihad No. 74, Autumn 1990.
pp. 153-6

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Egypt	15.4	Agricultural projects.
	5	Import of copper and lead from IDB members.
	3	Import of zinc from Algeria.
Oman	20	Development of Qaboos Port in Muscat.
Guinea	7.25	Expansion of a hospital.
Indonesia	5.184	Development projects.
Mauritania	1.2	Unspecified grant.
Chad	1.2	Unspecified grant.
Others	2	Unspecified grants to Islamic groups.
Total	124.234	



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and financial institutions in an interest-based economy which contradicts their ideals. It is concerned particularly with the experience of Islamic banking in Jordan. However, the assessment is carried out within the framework of Islamic economic principles and precepts. Focusing on the implications of the hostile environment in which individual Islamic banks and financial institutions operate, the provides an examination of the structure of the economic and financial system of Jordan.

The choice of Jordan as the area of study was made for several reasons. These include the fact that Islamic banking is well-established in Jordan, having started in 1979 with the Jordan Islamic Bank, which was classified the third largest Islamic bank in the world in 1987. This provides a proper field for study since it, to the author's knowledge, has not been tackled before. Another important fact is that Jordan has witnessed the first collapse of an Islamic financial institution in the world. The rise of the Islamic Investment House and the factors that led to its breakdown are major concerns of the study.

The findings of the researches show that the Jordan Islamic Bank has proved viable compared to *riba* banks in Jordan. The results also show that the failure of the Islamic Investment House was mainly attributable to malpractices committed by its management.

Source: The American Journal of Islamic Social Sciences
(Vol. 8, No. 1. 1991)

Ph.D WORKS ON ISLAMIC ECONOMICS

Copies of the dissertation may be obtained by addressing your request to : University Microfilms International, 300 N. Zeeb Road, Ann Arbor, MI 48106, (U. S. A.)

Islamic Banking By. Chachi. Abdelkader, Ph.D., University College of North Wales, Bangor (United Kingdom), 1989. 371pp. Order Number BRDX19286

For most of this century, and despite the fact that there was no agreement among economists as to why interest should be paid, it was almost unanimously held by most if not all economists that interest is necessary for banking and that consequently, it is necessary for financial and economic development. Thus any religion, like Islam, that prohibits interest is an obstacle to economic growth and development. This view was not only held by Western economists who may not know much about Islam, but even by some Muslim thinkers who, repeating the controversial arguments justifying interest, claimed that there is no other way to develop except to leave the religion of Islam aside, or at least its economic and political aspects, it stands in the way of progress and development. However, there were some other Muslim scholars who were not so convinced of the Western and pro-Western idea that interest is a necessary component of any financial and economic development, and who were convinced that if Allah has forbidden interest then there must be something wrong with it, and that when He allowed trade and the PLS (Profit and Loss Sharing) system of finance as alternatives, then these must, perhaps lead to the achievement of greater financial and economic development "without tears" (Kahf 1978). They sought in the Qur'an and the Sunnah a way of doing banking and encouraging

development that is not only in compliance with the Shariah, but that may lead to a more just and more beneficial way of development. They dug into the historical practices of the Prophet Muhammad (PBUH), his companions, and the early followers and found that the alternatives to interest that were acceptable to, maintained and encouraged by, Islam are trade (profit) and the PLS system which were practiced long before the rise of Islam. They then applied these principles to today's banking practices and called it "Islamic Banking."

The empirical analyses undertaken showed that Islamic banking is more appropriate and more relevant to the economic growth and development of the Muslim world. Despite the fact that they are operating in hostile and non-Islamic environments, the existing Islamic banks have managed to mobilize substantial amounts of deposits and have contributed greatly to the finance of many economic sectors and projects of the countries in which they are working.

Islamic Banking in an Interest-Based Economy: A Case Study of Jordan. Shallah, Ramadah, Rhmadan Abdullah, Ph.D. University of Durham (United Kingdom), 1989. 435pp. Order Number BRD-89950

After more than a decade of remarkable growth, the contemporary Islamic banking movement has reached a critical transition period. Criticisms, allegations, and questions concerning the current practices of Islamic banks and financial institutions are becoming increasingly serious.

This thesis examines the viability of Islamic banks

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Printed Matter

To,
