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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. 3/50

One year Rs. 21/-

Two years Rs. 40/-

Three years Rs. 55/-

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

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The Editor,

Islamic Economics News Bulletin

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

(INDIA)

Printed at : International Printing Press, 4, A. O. Market, Aligarh,

**Orientation Programme on Islamic Economics**

**A Report :**

The first Orientation Programme on Islamic Economics was organised by the Indian Association for Islamic economics on 22-23 February 1992, at the Science Centre, Al-Humera, Aligarh. The presence of eminent scholars from different parts of the country imparted an uncommon richness to the programme. Although the number of participants was not large yet it was representative and included University teachers, research scholars and students. The programme was divided into four sessions on "Nature and philosophy of Islamic Economics", "History of Islamic Economics", "Development in Islamic Banking", and "Islamic Economics in the face of present challenges". Since the scope of this programme was wider, a list of suggested reading were provided to the participants and experts were asked to initiate the discussion followed by questions, comments and observations. The main objective of arranging this Orientation Programme was to provide an opportunity for members to be familiar with the state of art in the nascent discipline of Islamic economics and to enlist their active cooperation to that end. Speaking on the subject Dr. F. R. Faridi observed that it is extremely unfortunate that an economic system based on Islamic teaching does not exist anywhere in the world to provide a field of study and investigation. In spite of this important draw back, after two decades of penetrative research, Muslim economists have achieved remarkable progress in this field. Enlisting various institutions and research centres engaged in this task he emphasised that we have still to go far to make the theory of Islamic Economic compare the rigour and sophistication of conventional economics. Even so, by virtue of its sound value foundations and its humanitarian thrust, the Islamic Economics has gained recognition worldwide. The essence of Islamic economics, he said, is that it rejects the mechanical "rationality" of economic agents fashioned by conventional economics. To the quantitative rationality of conventional economics, it not only adds the *Akhira* dimension but qualifies it substantially by the multiple nature of human goals in particular its altruism, its love and hate and so on. Thus, maximization ceases to be a universally valid proposition. He said that scope of Islamic economics is wider than that of the conventional economics, because ethics and economics are not only compatible but also inseparable. Islamic economics distinguishes itself through its value system which influences consumption, production, saving and investment decision. The concepts of absolute ownership is substituted by trusteeship— all property is a trust from Allah (SWT). Efficiency is not treated as the sole criterion of rewards; it is moderated by humanitarian considerations. Equity and justice are the hall mark of the system.

*Contd. Page 2*

Another speaker, prof M I Bagsiraj, from Bhatkal, highlighted that the objective of Islamic economics is the *Falah* of individual and the Islamic notion of welfare is deeply concerned with the eradication of human suffering. He emphasised that in Islamic economic system there is a minimum compulsory economic programme in the form of Zakah and Sadaqah. He criticised the contemporary financial system, its mode of investment, the deficit financing and monetarism, that have created an artificial purchasing power. A similar view point was expressed by Mr. Valeed A. Ansari, who said that capitalist ideology adopted in western country and in Japan also have invented the money technology in the economy and their loan transaction are completely independent of the real output in the economy.

The session on Islamic Banking stimulated a good deal of discussion provided by prof. Ausaf Ahmad from the Academy of Third World studies, New Delhi, formerly a senior Research officer in the Islamic development Bank at Jeddah. Prof. Ausaf dwelt on the concept mechanism and problems of Islamic Banks presently functioning in the muslim world. He however mentioned that inspite of their spectacular growth during the last two decades, Islamic banks should not be compared with interest based banks particularly in respect of their role at the macro-economic level because these banks are still growing and they are small in number in their operation. On the performance of Islamic financial institutions and the recent interest therein shown by western academic circle, Dr. Javed Ahmad Khan gave details of their expansion. He also pointed out a number of sources in the study and research of Islamic banks.

Another important theme under discussion was the 'History of Islamic Economics', particularly the influence of Arab scholars upon the medieval Europe. In this regard, highlighting the serious omission in the history of economic science by the historian, Dr. Abdul Azim Islahi referred to Schumpeterian 'Great Gap' thesis that argues that economic analysis begins only with the Greek, but there are conclusive historical facts that suggest the Arab Scholar's ideas developed in light of the Islamic ethos, were incorporated in Scholastic writings. Dr. Islahi pointed out a number of Arab-Islamic Scholars such as Abu Yousuf, Abu Ubaid al Qasim bin Sallam, al Ghazali, Ibn Taimiyah, Ibn Khaldun etc. who had discussed in details economic issues like the price system, the law of demand and supply, consumption and production, money, population growth, public finance, trade, etc. He also said that the study of these writers provides a framework to develop the Islamic economics as a discipline. Another speaker, Dr. Afzal Peerzade, from Bijapur, also explained the recent interest in Islamic economics and by comparing with socialism and capitalism,

he showed the religious sanctity and the merit effects that make the Islamic economics more appealing. He found that this phenomenon is completely missing in a secular and neutral economy.

Lively discussion took place after each speaker initiated the subjects. A point reiterated by Dr. Abdul Mannan, Department of Economics, AMU, Aligarh, was that since self-interest forms the basis of human character, it seems difficult to substitute it by some Islamic concept. Dr. Masood Hasan, from Delhi University asked why Islamic banks were not established in early Islamic time? In this regard, Dr. Zafarul Islam, from the Department of Islamic studies, Aligarh Muslim University, Aligarh replied that the role of Baitul Mal in early Islamic period did perform this duty, although at a low level, but the basic financial technique of Islamic economics such as Mudharabah, Musharakah, Ijarah etc. were applied in financial transactions.

In his concluding remarks, the president of this association, Dr. F. R. Faridi, said that this is the first time that an Orientation Programme on Islamic Economics has been organised and it was a successful programme if it could only motivate the participants for further study and research of the subject. Though at a modest level this may prove to be milestones for the progress of Islamic economics in this country. He particularly praised the organisers of this programme who, despite their meagre resources, and modest hospitality, ventured to accomplish this task. Dr. Faridi, expressed his sincere gratitude to the delegates who sacrificed their time, comfort, and money for this programme. 'It was a call for faith' said, Dr. Faridi 'that has brought all of you here and this shows that Islamic economics will flourish in the coming future' *In Sha Allah.*

## NEWS ABOUT ISLAMIC ECONOMICS:

### Islamic Insurance Co.

Saudi Dallah Group has started an Islamic Insurance Co. namely "Aiman Saghur" in Turkey. The company will use its capital on business based on Islamic principles. Since life and health insurance is not in accordance with *Shariah*, the company has no such provisions.

### Islamic Bank in Sri Lanka

The Speaker of Sri Lankan Parliament Mr. Mohd. Hanif Muhammad, in an interview to *Saudi Gazette*, said that Sri Lankan Muslims wish to set up an Islamic bank. The seven percent Muslim population of Sri Lanka wants to invest capital in a bank on Islamic principles.

### Bangalore Chapter Organises Lectures

On December 8, 1991, the Bangalore Chapter of IAFIE organised a lecture programme on Islamic Economics which was well attended by Industrialist, Businessmen, accountants etc. Speaking on the occasion, the president of Bangalore chapter and the Assistant

## NEW BOOKS AND ARTICLES ON ISLAMIC ECONOMICS

### BOOKS

1. Abu Saud, Mahmud,  
*Economics within Transcendence (An Islamic Approach)* (Herndon, VA : The International Institute of Islamic Thought, 1990)
2. Ahmad, Ziauddin,  
*Islam, Poverty and Income Distribution*, (Leicester, UK. : The Islamic Foundation, 1991).
3. Bina, Cyrus, ed.  
*Modern Capitalism and Islamic Ideology in Iran*, (London : Macmillan Press Ltd. 1991).
4. Egami, Tomoyuki,  
*Labour and Action in Islam : Searching for an Outlook on lost Labour*, (Working paper Series, No. 21) (Tokyo : The Institute of Middle Eastern Studies, 1990).
5. K. S. Jomo,  
*Islamic Economics Alternative, Critical Perspective and New Direction*, (London : Macmillan Press Ltd. 1991)

### ARTICLES :

1. Ahmad, Ziauddin, "Thoughts on Riba and Interest",  
*Journal of Islamic Banking and Finance*, (Karachi) Vol. 8, No. 2, 1991, pp. 42-46
2. Ansari, Samad, "Economic Potential and Integration of the Muslim world", *Journal of Islamic Banking and Finance*, (Karchi) Vol. 7, No. 4, 1990, pp. 9-34
3. "Interest, Injustice and Islam-A Brief History of Money and Monetary Fraud, (A Critique of an interest based Financial System) *Common Sense* (Milton, Keynes, U. K.), May 1991, pp. 2-4, 12
4. Rahmatullah, 'Islamic Financial Institutions in India',  
*The American Journal of Islamic Finance*, (Rancho Palos, Verdes, CA), Vol. 2, No. 1, 1991, pp. 7-9
5. Siddiqi, Muhammad Nejatullah, 'History of Islamic Economic Thought',  
*The Universal Message*, (Karachi Vol. 13, No. 3, 1991, pp. 19-24
6. 'U. S. Regulatory changes : An Opportunity for Islamic Banking',  
*The American Journal of Islamic Finance*, (Rancho, Palo Verdes, CA) Vol. 2, No. 1, 1991 pp. 3-6
7. Zafarul Islam 'Waqf in India : A Study of Administrative and statutory control',  
*Journal of Objective Studies*, (Aligarh) Vol. 3, No. 1, January 1991, pp. 195-201  
(Review Article)

8. Zaidi, Iqbal and Mirakhor Abbas, 'Stabilization and Growth in an Open Islamic Economy',  
*Review of Islamic Economics*, (Leicester) Vol. 1, No. 2, 1991, pp. 1-20

### NEW MEMBERS OF IAFIE

1. Prof. Izharul Haque  
University professor of Economics  
Malik Tola, Banka 813102
2. Prof. V. Mamukoya  
Principal M E.S. Mampad College,  
Malappuram 676542
3. Mr. Mohammad Abdul Hai  
Department of Business, Finance & Economics  
University of Jodhpur. 342001
4. Mr. Parvez Talib  
Department of Business Administration  
A M U. Aligarh, U. P. 202002

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Director of Economics and Statistics, Karnataka Government, Mr. Syed Tanvir Ahmad, highlighted the economic problems of the contemporary financial world. He said that Islamic economics has a golden opportunity to prove its potentials in the field of social equity and justice particularly after the collapse of socialism in former Soviet Union. He said that Islamic economics has not emerged out suddenly but its roots lie in the teaching of Quran and Sunnah and which has been explained by Muslim scholars even before the outcome of modern economics that we experience today.

### IDB Prize in Islamic Economics & Banking

A noted Islamic scholars, Dr. Yusuf al-Qaradhawi and a Pakistani expert in Islamic Banking, Dr. Ziauddin Ahmad, have been awarded the 1991 Islamic Development Bank Prize in Islamic Economics and Islamic Banking respectively.

Dr. Al-Qaradhawi hails from Egypt. He is a noted faqih-expert in Islamic Jurisprudence and dean, college of Shari'ah, Qatar. Dr. Ziauddin Ahmad is a former deputy governor of the State Bank of Pakistan and former head of the International Institute of Islamic economics in Islamabad, Pakistan.

Each prize consists of a citation carrying the Bank's emblem and a cash award of 15,000 Islamic Dinars equivalent to US\$ 19,700 as on 01.01.1412 (12.07.1991). The prizes are awarded to individuals or organizations.

For the 1992 prizes the IDB has invited universities, academic, and Islamic institutions and individuals throughout the world, to nominate whoever they deem eligible for the prize. Nominations are acceptable from individuals or organization. Self-nomination and posthumous nomination are not acceptable. The deadline for receiving nominations is 27 Dhul Qada 412H 29 may 1992. For further information please contact :

The IDB Prizes

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P.O. Box 9201, Jeddah 21413, Kingdome of Saudi Arabia

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- Prospective applicants should fill an application form which can be obtained from the Centre, preferably before registering their topics with an institution/University, in order to benefit from the Centre's comments in the finalisation of their proposals.

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