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All correspondence should be addressed to:

The Editor

Islamic Economics News Bulletin

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Laserset at

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RELEVANCE OF ISLAMIC ECONOMICS TO THE INDIAN CONTEXT

The theme of proposed Conference at Bangalore in India

In the last two decades, the Islamic economists have made serious attempts to establish the viability of Islamic Economics in the contemporary society, in particular for the Muslim world. They have also advocated vigorously a consequent adjustment in the economic policies, institutions and organisation of economic systems in muslim countries. In its theoretical framework Islamic economics is guided by a set of behavioural norms derived from the Qura'n and Sunnah. As one writer correctly says "Islamic economics is not capitalism minus interest plus zakah or socialism minus state control plus Allah".

Islamic economics is sustained on universal values and principles which are designed to grapple effectively with the basic socio-economic issues that the world faces today. It is important to explore its essential validity and relevance to our country. In this regard, the proposed conference will not only discuss the general relevance of Islamic economics but also highlights the Islamic distributive justice, resource allocation and financial management particularly in the background of recent developments in the Indian economy. Muslim scholars will also gather to find out how to organise productive enterprise in which poor can participate.

We hope this Conference will provide an opportunity to look into our economic problem in a framework different from the conventional economics.

Chief Organiser Dr. F.R. Faridi

Organiser Secretary Mr. Syed Tanvir Ahmad

Convenor Dr. Abdul Azim Islahi.

Assistant Convenors Dr. Javed Ahmad Khan, and Mr Valeed Ahmad Ansari.

Important dates to be remembered:

Abstract of the paper should be sent by February 28, 1993.

Full paper must reach by May 10, 1993.

Revised Paper should be sent by June 10, 1993.

Conference will be held in the last week of June 1993.

Bright Prospects For Al-ameen Group In India

Bangalore's Al-Ameen Islamic Financial Investment Corporation (AIFIC) in its latest report indicates all round progress with depositors receiving 13.2 percent dividends at the end of 1990-91. The AIFIC has also spread wings all over South India and has now branches at Bombay, Calicut, Hyderabad, Mysore, Manjeri (Kerala), Pune and Chiplun (Ratnagiri district) in Maharashtra. Its major areas of operations are: (i) leasing, (ii) Trust Financing (Mudarabah) and (iii) interest free loan (Qard Hasan). For this Islamic investment, the AIFIC has a shariah advisory Board with eminent Islamic Jurists on it. They examine all the schemes and files and offer advice directives.

The brain behind the AIFIC, Mr. K. Rahman Khan, recently in an interview to *Islamic Voice* said that the Corporation's deposits have crossed Rs. 8 crores in the sixth year of its operation and nearly 10000 peoples have deposited money into it. Working under the secular laws of the country and with a commitment to Islamic economic principles, the corporation trains its separate cadre, often the topper in MBA, training them in Islamic Line.

Interest-Free Societies Meet

A two-day meet of Interest Free Societies was held at Hubble, Karnataka on Oct. 3-4. The meeting opened with the recitation of the second half of Surah Jumua. Twenty-five delegates from 13 interest-free societies participated in the two day Meet.

Delivering inaugural address, Maulana Muhammad Iqbal, the Zonal President of Jamaat-e-Islami Hind, Karnataka and Goa highlighted in the light of Qura'n and Sunnah the need of eradicating financial exploitation in interest, gambling, lottery etc. Mr. Shabbir Ahmed Khan, in his key address on "Existing Banking System and Islamic Banking", brought into light the ill consequences resulting from the existing system of banking.

Lottery Banned In MP

Good sense prevailed upon the Madhya Pradesh Government to issue ordinance on November 17 banning with immediate effect the sale and purchase of tickets of all kinds of lotteries in the State.

Persons indulging in this trade and representing any lottery form for its promotion will be prosecuted under the law. The offense has been made non-bailable with two years rigorous imprisonment or fine of Rs. 10,000 or both.

Seminar On Muslim Poverty In India

A two day seminar on the "Poverty Alleviation Among The Muslims In India" was organized by the Madras Chapter of the Institute of Objective Studies (New Delhi) in Tamil Nadu, on 5th and 6th of September 1992.

A number of Muslim scholars from the different Indian Universities discussed the plight of Muslims in India, their economic backwardness and unemployment situation. It was

greatly felt that Muslims of this country are not on par in economic ground with the people belonging to other communities. Among the important issues discussed were the nutritional poverty line and cultural poverty line of Muslims and a strong social will was emphasized to eradicate this malady. The issues in the seminar were discussed in the framework of Islamic social justices especially through the institution of Zakah and interest-free financial system.

IIIT Pakistan To publish Books On Islamic Economics

IIIT Pakistan is preparing for the publication of several new titles on subjects related to Islamic issues in economics, banking, and finance.

Forthcoming publications include an introduction to Islamic economics, a book dealing with business ethics in the Qura'n, a reference book on economic hints in the Qura'n, and a research paper on human resource development in an Islamic framework. The introduction to Islamic economics is essentially a textbook for college students. The book on business ethics is based on a doctoral study done at Temple Univ., Philadelphia, PA, and the last book is designed to serve as a source book to facilitate research by economists.

IIIT Pakistan has completed a study on the indexation of loans. This study seeks to answer the complex questions that arise due to the prohibition of interest, and bases itself in the Qura'n, the Sunnah, and the relevant *fiqh* literature.

Iranian Banks Play Their Roles

The Iran's Central Bank Governor disclosed that in 1991-92 deposits in the banking system had increased. Interest-free receipts in current accounts amounted to some 9,000 bn rials (\$6.2bn), an increase of 28% over the last year's figures. Interest-free deposit accounts grew from 1,300bn rials (\$904m) in 1990-91 to 1,800bn rials (\$1.25bn) in 1991-92, an increase of 34%. In the agricultural sector, the banking system distributed about 3,000bn rials (\$2bn), some 5,000bn rials (\$3.4bn) in industry and 5,500bn rials (\$3.5bn) in the building sector.

The government's debt to the banking system increased by about 1,568bn rials (\$1bn) in 1991-92. Some 20% of the credit was allocated to agricultural sector, 37% to manufacturing, 32% to building and 11% to the commercial and services sector. A 24.5% increase in the money in circulation was recorded in the last 12 months. The Iranian GDP registered a 10% increase over the period.

IDB Annual Meet

Economy and Finance Ministers from 45 Muslim countries are to meet in Tehran on Nov. 10-11 in the 17th annual meeting of the Council of Governors of the Jeddah-based Islamic Development Bank (IDB). To be presided over by Iran's Finance Minister Mohsen Nourbakhsh, the meeting will discuss the annual report of the Bank and chart out new policies.

NEW BOOKS AND ARTICLES ON ISLAMIC ECONOMICS

BOOKS:

1. Pramanik, Ataul Huq, *Economic Development and Distribution in Islam*, (London: Grey Seal Books, 1991)
2. Wilson, Peter W., *A Question of Interest: The Paralysis of Saudi Banking*, (Boulder and Oxford: Westview Press, 1991).

ARTICLES:

1. Ahmad, Ausaf, "Contemporary Experiences of Islamic Banks: A Survey", *Journal of Objective Studies*, Vol. 4, No. 1, July 1992, pp. 66-107.
2. Ahmad, Syed Fayyaz, "The Ethical Responsibility of Business: Islamic Principles and Implication", *Journal of Objective Studies*, Vol. 3, No. 7, 1991, pp. 23-43.
3. Bishoni, T.R. "Islamic Banking: Some Unsettled issues of Stability and Growth", *Journal of Objective Studies*, Vol. 4, No. 1, July 1992, pp. 142-151.
4. Chapra, M. Umer, "Islam and the International Debt Problem", *Journal of Islamic Studies*, Vol. 3, No. 2, 1992, pp. 214-232.
5. Duleh, Suleiman A., "The Islamic Banking System", *The Muslim World League Journal* (Makkah Al-Mukarramah) Vol. 19, No. 6, 1991, pp. 44-6.
6. Faridi, F.R. "The Islamic Criteria of the Distribution of Tax Burden", *Journal of Objective Studies*, Vol. 4, No. 1, July 1992, pp. 1-13.
7. Farooq, M. Omar. "Public Vs Private Sector: Policy dynamics in an Islamic perspective", *Thoughts on Economics* (Dhaka), Vol. 1, No. 2&3, July-Dec 1991, pp. 27-32.
8. Haq, Mohammad Sayed Abdel, "Islamic Development Bank" *American Journal of Islamic Social Finance*, (Rancho Palos, Verdes, Ca.), Vol. 2, No. 3, 1991, pp. 7-10.
9. Haq, Begum Ismat Ara, "Conventional Insurance and Islamic Insurance - A comparative analysis", *Thoughts on Economics*, Vol. 1, No. 2&3, July-Dec, 1991, pp. 47-65.

From back page

This thesis studies and evaluates these two experiments in financing international trade in the Gulf Arab states both in terms of the existing laws, including the relevant shariah principles, hadith, and *fatawa*, and to gaps in those laws, and of the present empirical practices of the Islamic banks and their customers. The empirical material in this work is based on a sample of eighty customers in addition to interviews with senior bank officials, staff of Letter of Credit Departments, legal advisors, the Chairman of the Board of Directors of the Dubai Islamic Bank and the Governor and some managers of the UAE Central Bank. It is argued that the Islamic banking system is the preferable one in the Gulf area, but that the management of these banks was neither expert enough in performing its activities nor in achieving the technological standard of the conventional banking system.

RESEARCH IN PROGRESS

3

M.A. Choudhury, Associate Professor of Economics, University College of Cape Breton, Sydney, NS. Canada, *The Epistemological Foundations of Islamic Economic, Social and Scientific Order* in 5 volumes:

This on-going work now in the stage of its fourth volume and scheduled to be complete by September, 1993, undertakes a rigorously analytical and mathematical investigation of the epistemological meaning that can be derived from specific *Ayats* of the Quran in the areas of political economy, society and the philosophy of natural and social sciences. An extensive amount of critical study of the works of rationalist Muslim philosophers and of the *Mutakallimun*, and a rigorous comparative study of modern days undertaken to evolve by means of *Qur'anic Ahkam* the foundations of what the author sees as an altogether new dimension of the epistemology of economics and of social and natural sciences.

The model that is found to consistently evolve and reinforce itself in the light of the *Qur'anic Ahkam* derived from the above verses, is one of epistemicontic circular causation and continuity model of unified reality. Such a model that is shown to interrelate divine reality with the *a priori* and *a posterior* dimensions of existence in the realm of thought and application, turns out to be a grand unified worldview of knowledge. It destroys the classical, neoclassical premises of economics and of their latter days developments. It at once also renders questionable the premises of the natural scientific order, such as the Theory of Relativity, Big Bang Theory, Anthropic Principle, Kantian philosophy, Husserl's phenomenology, Cartesian type ontology and many others. The alternative worldview of the *Qura'n* in the subject areas is then derived and developed rigorously by the process of forming scientific categories. The work is of a highly mathematical and analytical nature involving mathematical expertise stretching from calculus and tensors to the topology of supermanifolds and supercardinality. An extensive number of analytical diagrams is included. It is hope that the completed work will be a contribution in an area that is at once difficult and untrodden by Islamic thinkers in recent times.

The actual methods of financing and investigating in international trade in both systems, together with the problems associated with the use of these methods, are described, analyzed, and compared in the light of existing laws, regulations, and practices. The particular challenges to both systems arising from fraud and development of countertrade and Electronic Funds Transfer are considered. Conclusions are drawn and recommendations are made in relation to improving the legal framework and managerial practices in all these areas. It is hoped that the thesis will contribute to the development of the banking system in the Gulf Arab states.

Source: The American Journal of Islamic Social Sciences (Vol.9, No.3, 1992)

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, MI48106, (U.S.A).

The Origin and Evolution of Islamic Economic Thought. Ahghari, Zohreh, Ph.D. The Florida State University, 1991. 240pp. Major Professor: Philip Sorensen, Order Number DA9209105.

This research is an attempt to clarify the confusion and controversy concerning the content and meaning of Islamic economics. The objective of this dissertation is twofold. The primary objective is to attain a definition for the term "Islamic economic system" based on a thorough investigation of the origin and the evolution of Islamic economic thought. The second objective is to examine the extent to which early Islamic economic thought or its ideological concepts compares to the medieval economic thought of the West.

To identify what might be termed an "Islamic economy," a Schumpeterian approach—that in order to understand the present one needs to know the past—is used. Apart from the importance of this approach in economic analysis, the argument for pursuing the primary objective of this research is to recognize a neglected area in the field of economic thought.

The dissertation reveals a basic continuity of ideas on various economic subjects by Islamic scholars during the ascendancy of Islamic civilization. This provides the basis necessary to refute the thesis propounded by Meyer that the "Arabic, Turkish and Persian speaking East has experienced no continuity of economic ideas such as those which come from the Judeo-Christian West." The study further points to a certain unity of economic thought between the medieval West and the Muslim East. Both systems were primarily concerned with the quality of life which, in turn, depended on the moral and ethical character of the individual. Both also traced their origins to Greek philosophy, in particular Neo-Platonism.

The study ends with a discussion of the reasons for the divergence in economic growth observed in the Islamic East as compared to the Christian West after the Renaissance. These reasons include a number of factors relating to socioeconomic and political institutions in the East, but do not arise from restrictions imposed by Islamic religious ideology.

The Finance of International Trade in the Gulf Arab States: A Comparative Study between the Conventional and Islamic Banking Systems with Special Emphasis on the United Arab Emirates. Al-Suwaidi, Ahmed A. Mohamed, Ph.D. University of Exeter (United Kingdom), 1991. 747pp. Order Number BRDX95415.

Conventional banking system began their activities in the Gulf area, especially in Bahrain, in 1920. Since then they have financed many international business transactions. From 1920 to 1931, residents of the Gulf Arab States were reluctant to deal with conventional banks which charge and pay interest, a practice that contradicts their Islamic religion. With the discovery of oil in commercial quantities in the Gulf, more conventional commercial banks came into being. At the same time, some change in the attitudes of the population occurred towards conventional banks. This may be partly explained by the lack of an Islamic banking system.

The renaissance of Islam in many Muslim countries during the 1960s and 1970s helped step up the introduction of the Islamic banking system. In 1975, the Dubai Islamic Bank came into being. The system reverberated around the Gulf Arab states and beyond. The experience aroused significant support in the Muslim society. The result is the existence of two competitive banking systems in the area.

Contd. on page 3

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