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Nobel Prize for Amartya Sen : A Recognition to Ethical Dimensions of Economics

An important aspect of conventional economic theory has been exclusion from consideration of the effect of exogeneous forces, ethical factor in particular. The assumptions on which the economic science is based presents the picture of man as selfish, acquisitive and highly individualistic, with the sole objective of maximisation. The fact is that a hundred motivations impel him, and very often other attributes override or blunt the acquisitive maximising orientation. Nobel prize to Professor Amartya Sen is a recognition to value based orientation and ethical dimensions of economics, and it is this aspect that invites attention of all those who plead for the role of human values and ethics in economics. The focus in award of Nobel prizes in the past tended to be on the technical aspects of the field. But the award of prize to Amartya Sen heralds a new era in economic science and that is why it caught our attention. He linked economics not to the 'iron laws' of supply and demand but to the real world, men of flesh and blood, choices and transaction that involve values, institution and patterns of behaviour. According to Professor Sen. The distancing of economics from ethics has impoverished welfare economics and also weakened the basis of a good deal of descriptive and predictive economics. To him economics can be made more productive by paying greater and more explicit attention to ethical considerations that shaped human behaviour and judgement. Prof. Sen is not alone in his emphasis on place of values and ethics in economics. The whole discipline of Islamic economics is value based and a number of leading economists endeavour for restoration of values and ethics in economics. They are also emphasised by all religions and right thinking people. And that is the common ground for cooperation among different people in a pluralistic society like India.

Empowerment of the poor is Professor Sen's another remarkable contribution to economic theory. He has focused on the poor, viewing them not an object of pity required charitable hand-outs but as disempowered folk needing empowerment. Education health, nutrition, safety nets in times of distress all are needed to empower people. In his several studies of famines Prof. Sen has shown that the problem in drought is a lack of purchasing power, rather than food. He has made it clear with the example of Irish potato famines of 1840's and Ethiopian famine in the late 1970's. Food from these countries moved out to areas with higher food availability, because the market drives food to where the money is, not whose empty stomachs are. While reading Prof. Sen's ideas on empowerment of the poor we are constantly reminded Islam's concern for the poor. Apart from the permanent share of the poor in assets of the rich in the form of *zakah* (ranging from 2.5% to 20%), there are provisions of *kaffarat*, *awqaf*, *nudhur*, voluntary expenditure, neighbourly rights etc. for their nutrition, health and education. If they are effectively and collectively applied, they will have certainly a miracle effect in empowerment of the poor.

No doubt, the Nobel Prize for Professor Sen is an acknowledgement that market dogma has run out of stream: a new approach is necessary. It will promote greater interest in the issues which he has helped highlight viz. ethical choices and public policies for empowerment.

A.A. Islahi

IAFIE Executive Committee meets

Aligarh Oct.15,1998, the executive committee of Indian Association for Islamic Economics met here to take the stock of preparation for the seminar on "Islamic Economics: issues and challenges", to be held at Dawat Nagar, Abul Fazal Enclave New Delhi, during December 5-6, 1998. The members expressed their satisfaction over the response of invitees. However, it was decided to send reminders to some of the prospective resource persons if their response is not received by the end of the month. It was also resolved to encourage presentation of working paper rather than full-fledged paper so that audience may fully participate and interact.

Ph.D. Provision in Islamic Economics

Islamiah College, Vaniyanbadi (Tamil Nadu), proposes to start from next academic year Ph.D. programme in Islamic Economics & Management Science. The Madras University has sanctioned four seats who will be guided by Dr. Ghalib Hussain, head of Department Corporate Secretaryship. So far two candidates have been registered as part time. Two more candidates can be taken either full time or part-time. Islamiah College, Vaniyambadi has reputation for academic excellence and was started in 1928. Those who wish to Register can apply to

The Principal
Islamia College
Vaniyambadi 635751
(Tamil Nadu)

Symposium on "Economic Health in the light of Quranic Teachings"

New Delhi Oct.18, a symposium was organised by Delhi based al Hikmah Foundation' on the topic "Economic Health: in the light of Quranic Teachings", at the Constitution Club. The eminent participants included Maulana Khalilur Rahman Nomani, Hakim Mohammed Khalid Siddiqi, Mr. Sultan Quraishi, Mr. Jawad Ahmad Siddiqi and Mr. Seraj Quraishi.

Interest as Viewed by Islam

Aligarh Oct.17, Department of Islamic Studies, Aligarh Muslim University, organised a discussion meeting in which Dr. Tauqir Ahmad Siddiqi presented his findings in his doctoral thesis entitled "*Sud Islam Ki Nazar Men*" (Interest as viewed to Islam). Dr. Tauqir argued that Islam provides an alternative economic system based on equity and justice to save the human being from economic evils. He emphasized that the prohibition of interest in Islam is aimed at elimination of exploitation, miserliness and hoardings, and development of values like brotherhood, sympathy, sacrifice, competition etc. The programme was presided over by Professor Noor Mohammad, Dean Faculty of Social Science, and attended by a large number of students and faculty members.

Muslim Credit Union Reports Surplus

The first and only national Muslim cooperation society in the Caribbean Island of Trinidad, Muslim Credit Union (MCU), has achieved a surplus for the fourth consecutive year, according to the annual report for 1996-97 financial year. At the end of November 1997, MCU had 4,884 shareholders. \$ Im and it realised for the first time a profit, albeit modest one, of more than US\$ 32,000.

Murabaha transaction remains the main revenue earner, contributing 93.4% of total income.

(Impact International)

Call for Papers in Business Ethics

The Harrow Business School and the Institute des hautes commercialise de Tunis 3 are organizing "The First International Conference on Cross-Cultural Business Ethics", to be held in Tunis between 10-11 December 1998.

Interested scholar may submit a synopsis of up to 1,000 words in the first instance. For details regarding manuscript submission guidelines, and further information contact:

Bijan Hesni
Harrow Business School, University of Westminster, U.K.
Tel. : 44 171 911500, Fax: 44 171 911 3933,
email: hesib @ wmin.ac.uk

BOOKS :

1. **Harper, Malcolm**, *Partnership Financing for Small Enterprise : Some Lessons from Islamic Credit Systems*, London, Intermediate Technology Publications, 1997.
2. **Sahibzade, M.H., (Ed.)**, *Poverty Alleviation in Pakistan*, Islamabad, Institute of Policy Studies, 1997, pp. 392.
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1. **Akhtar, M. Ramzan**, 'Provision of Public Goods in an Islamic Economy' *The Pakistan Developments Review*, Islamabad, 34:4, 1995, pp. 879-85.
2. **Arif Mohammad**, 'Impact of Interest-Free Banking on Taxation, in : Ahmad, S. Riyaz, (Ed.) *Strategic Issues in Islamic Banking*, Rawalpindi, Pakistan, Ferozsons, Pvt. Ltd., 1995, pp. 93-102.
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6. **Khan, Abdul Jabbar**, 'Interest-Free Banking : Some Misgivings', in : Ahmad, S. Riyaz, (Ed.) *Strategic Issues in Islamic Banking*, Rawalpindi, Pakistan, Ferozsons Pvt. Ltd., 1995, pp. 15-28.
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BOOK REVIEW

Economic Thought of AL-Ghazali

S.M. Ghazanfar & Abdul Azim Islahi,
Scientific Publishing Centre, King Abdul Aziz University,
Jeddah, Saudi Arabia, 1998, pp. 80.

This is an intelligent attempt to explore and present the economic ideas of Abu Hamid Ibn Muhammad al-Ghazali, an Arab Islamic Intellectual, philosopher and Theologian of the fifth century Hijrah (11 th Century A.D.).

Ghazali's economics is anchored on five necessary shariah mandated foundations of individual and social life religion, life, family, property and intellect. He focuses on the economic aspects of *maslahah* (social utility). Ghazali emphasises ethical behaviour in the market and regards production and supply of necessities to be an obligatory duty. He condemns hoarding and lauds an obligatory duty. He condemns hoarding and lauds co-operation. Usury is rejected and justice, peace and stability are projected as preconditions of economic progress.

In this slender yet eloquent volume, the authors who jointly have a number of other published work on the subject of Islamic economic thought to their credit discuss Ghazali's insights on exchange, production, money, role of the state and public finances.

The work is divided into five section. The authors first present a synopsis of al-Ghazali's life and the socio-religious environment in which he lived as well as a brief listing of some of his scholarly contribution. Then al-Ghazali's economic philosophy, based fundamentally upon Islamic ethos is presented briefly. This is followed by a detailed discussion of al-Ghazali's ideas on several major economic themes : demand, supply, market, production activities, evolution and functions of money, usury (*riba*), role of the state and public finance. In pursuit of their task the authors briefly point out the similarities of al-Ghazali's economic thought with that of some of recent western scholars whose contributions are well known and highly recognized. The paper concludes with a brief summary and comparative evaluation of al-Ghazali's economic thought. At the end of the paper, the authors give the Arabic quotation from different works of al-Ghazali. The paper has achieved two things : firstly it highlights the contribution of one of the most well known Islamic thinkers to economics. The second is its effort to fill the alleged gap in the evolution of economic thought claimed by western economic historians during the period of "Dark Ages". The authors reiterate that it ought to become clear that a great number of fundamental economic notions had been discovered and analysed by scholars such as al-Ghazali long before the emergence of medieval European writers.

This is a serious piece of scholarship in the field of Islamic economic thought : In the opinion of this reviewer it is essential reading for those interested in the subject.

National Level Seminar on Islamic Economics - Issues and Challenges

Dates : December 5-6, 1998

Venue : Dawat Nagar, Jamia Nagar New Delhi

A few suggested topics :

- * An Appraisal of the Development in Islamic Economics
- * Islamic Banking & Finance System and the Indian Economic Challenges
- * The Muslim Economic Situation : An Islamic Prescription
- * Globalization, Liberalization, Privatization : Credits and Debits

The organisers invite IAFIE's members, academics and finance professionals to attend this stimulating and enlightening seminar which promises to be an invaluable opportunity to interact with the issues related to the theory and practice of Islamic economics and finance.

For further information please contact :

Seminar Convenor
IAFIE, 4/1212, Sir Syed Nagar
Aligarh-202 002
Tel. (0571) 502256
Tele Fax (0571) 401028

The Islamic Foundation & Loughborough University

3rd International Essay Competition on Islamic Economics Banking & Finance

The Islamic Foundation and Loughborough University are pleased to announce the 3rd International Essay Competition on Islamic Economics Banking & Finance. Writers are invited to contribute one essay on any of the following topics.

- An Islamic perspective on mortgages and real-estate financing.
- Takafol (Islamic Insurance): A comparative review of present-day practices and exposition of objectives and principles and operational mechanisms for Takafol in Islam.
- Islamic Banking in Practice : A review of the past 20 years experience. This should be in the form of a comparative study or detail study of any Islamic Bank.

PRIZES:

- First Prize £1,000 • Second Prize £750 • Third Prize £500 plus one special prize for best undergraduate-student essay £250 and five consolation prizes of £100 each.

CLOSING DATE : 31st March, 1999

For further information please contact :

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E.mail : chachi@islamic-foundation.org.uk

RULES

- The competition is open to students, academics and professionals
- Work must be original, based on own research and should be about 5,000-7,500 words. • A 200 word summary/abstract should also accompany the essay. • A word processed copy must also submitted on a disk. • All quotations must be properly referenced in accordance with standard writing.

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