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ISLAMIC ECONOMICS: ITS RELEVANCE IN INDIA

Since the last few years, the Indian Association for Islamic Economics has been making strenuous efforts in its own humble way, to present Islamic Economics as a redeeming alternative in the Indian situation. The odds against such an attempt are heavy. The din raised by the dominant reality has made people deaf to the feeble voices of dissent. In our country, the very adjective Islam engenders hate and prejudice and lulls the ability to enquire and examine. However, we are encouraged by some positive features of the otherwise scintillating scenario. In the first place, we do not stand alone, but are a part of the global endeavour to present, and investigate the relevance of Islamic Economics and demonstrate its viability and vigour as a comprehensive answer to the overwhelming socio-economic challenges faced by mankind. The dizzy heights of material prosperity accessible to modern man have unleashed host of destructive forces: extreme poverty juxtaposed with unbelievable wealth, gluttonous consumption coexisting with starvation and hunger & etc. Distressed by this inherently intolerable situation, economic policy planners and financial giants have doled out a host of conventional palliatives. But the question still persists; what has gone wrong with modern economy and polity? Policy measures and institutional restructuring have failed to redress and rectify. It is necessary, therefore, to turn to far more basic changes to retrieve humanity from the morass of prosperity coexisting with misery and disease.

Another silver lining is the fact that people are ready to listen to the call of Islamic teachings despite the biases underlying the present social attitudes in India. Recent example of the dedicated group of people belonging to Jamaat-e-Islami, Kerala who launched a state wide movement to draw the attention of all and sundry to the ills of interest based financial transaction is heartening. A wide cross section of people belonging to all faith, and cultural persuasion responded to the call with appreciation and gave their undertaking to examine Islamic economics with due seriousness. The reason is that Islamic values pertaining to socio-economic system are pro-poor and vigorously equitable. Moreover, they spell out an effective mechanism to restrain the excesses of power born out of wealth and prosperity. It shifts the emphasis from material paraphernalia of economic growth to man and his well being. It alters man's status from being an agent of economic activity to that of the 'raison detre' of socio-economic life. By so doing it restores the dignity of man as such. The pride of place accorded to capital and its owners is substituted by ordinary man and his hard work. Investment to improve the quality of life of an ordinary man is the foremost criterion to judge the worth of economic development. It is this change for perspective that appeals to the innermost recesses of human heart, and transcends all differences of caste and creed.

The Indian Association for Islamic Economics, therefore, stands vindicated in its modest efforts. It is encouraged to redouble its efforts to present the case of Islamic Economics to all those who care to listen. It proposes to organise a Workshop on the central theme of Economic development and financial organisation in the first week of October 1999. It hopes to underline the distinctiveness of the Islamic approach to economic development, change of basic parameters and shift of emphasis from tangible goods of production to the quality of human life. It also hopes to demonstrate that interest free system of finance is not only plausible but also calculated to rid the economy of ills of injustice and exploitation. It further hopes to relate Islamic Economics to the real problems of the Indian people in general and Muslims in particular.

Surely it is a formidable task and our resources both material and human, fall much below the requirements. But we hope and pray that this humble beginning shall flower to something credible in future.

F.R. Faridi

Dr. M.N. Siddiqi Delivers lecture on Islamic Banking

Aligarh: Noted Muslim economist Prof. Muhammad Nejatullah Siddiqi of King Abdul Aziz University Jeddah, Saudi Arabia, delivered a thought provoking lecture on the problems and prospects of Islamic banking in the global era, and spelled out various doubts regarding the philosophy of Islamic economics and financial system. He was speaking at a selected gathering of academics and research scholars at the Arts Faculty of the Aligarh Muslim University on August 7, 1999.

While analysing the theoretical aspects of Islamic banking, Prof. Siddiqi highlighted their contemporary experiences, their potential markets in the new globalisation era. He also spoke on the prospects in equity financing, and contrasted it with the mechanism of contemporary financial institutions. Prof. Siddiqi put his arguments with regards to the inherently unstable system of the contemporary interest-based financial system around the world. As for the operating of newly established Islamic finance houses, he said, they are still immature as compared to hundred years of old western banking system. However, the theoretical foundations of Islamic Banks are quite strong and they have ability to attract potential markets. But he also indicated clearly that at present Islamic bank's too much reliance on *murabahah* (cost plus) financing may not be healthy in the future.

The programme was organised by the Department of Economics, Aligarh Muslim University, with which Prof. Siddiqi has his long association. In his welcome speech, Prof. A.Z. Rizvi, Chairman of Department of Economics, called him a great scholar of this university whose influence and Islamic economic ideas have now traveled across the national boundaries. Prof. Siddiqi has contributed on the financial aspects of Islamic Economics and is rightly considered as the pioneer of Islamic banking.

IAFIE's New Delhi Seminar Rescheduled

Aligarh: In the wake of General Lok Sabha election in New Delhi, falling on September 5, 1999, the date of IAFIE's forthcoming national level seminar on : "Islamic Economics : Issues and Challenges" has been rescheduled. Now this seminar will be held on 2nd-3rd October, 1999 in New Delhi at the same place, *insha Allah*. Participants are requested to re-schedule their journey accordingly and inform the IAFIE headquarters. Those who have not yet sent their papers are requested to send them at their earliest. The inconvenience is highly regretted.

Convenor,

National Level Seminar

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Malaysia Conference Concludes

An International Conference on 'Islamic Economics in the 21st Century' was held between 9-10 August 1999. Kuala Lumpur by International Islamic University Malaysia. It was almost 5 years since the University organised a conference on international level in the area of Islamic economics. The conference was attended by two hundred delegates from more than 15 countries. But the faces of many giant Islamic economists were missing from the conference. The Malaysian Education Minister Dato' Seri Mohd. Najib Tun Abdul Razak who is also the president of IUM officially opened the conference. The issues raised during the conference included the principles and interpretation of *riba*, Islamic bonds, *waqf*, *gharar*, *zakah*, Islamic banking and the economy in general. Speakers and discussants included members of university and institutions such as IUM, the University of Palestine, University of Algeria, IRTI/IDB and many others. Members of corporate sectors such as al-Rajhi Banking and Investment Corporation of Saudi Arabia, World Assurance of Algeria, the Central Bank of Iran, the Bank Islam Malaysia, etc. The Conference also discussed means of cooperation and coordination between different organisations and institutions of Islamic economics.

Convenor, IAFIE's Seminar Completes his Tour of South India

The convenor of the IAFIE seminar, Mr. Shariq Nisar on his 20 days of South & Western India's tour for the campaign of the seminar visited Bombay, Chennai, Bangalore and Hyderabad. He met there a number of scholars, businessmen, industrialists, Chartered Accountants, Islamic economists and financial experts. He also discussed with the members of IAFIE at its various chapters for the success of this seminar. The organisers of the seminar are thankful to all those who extended their cooperation and hospitality to Mr. Shariq Nisar.

Letter to The Editor,

Dear Sir,

We refer to the letter addressed to the Editor by Mr. Shariq Nisar. We wish to clarify that:

1. 51% of the shareholding is foreign ownership as approved by the Ministry of Finance and Reserve Bank of India.
2. 95% of the total financing of the organisation is in Ijara Lease) financing and not in Murabaha as stated in the letter. Mr. Shariq Nisar being a research scholar should know that all the Shariah Boards of Islamic institutions worldwide have accepted Murabaha as an Islamic financial instrument. Albaraka had never claimed to be a non-profit charitable organisation. However, it is an institution that has recognised the need of the weaker sections and have structured facilities to such sections of the society from time to time.
3. The organisation does not have specific schemes for depositors, providing an option on investment.
4. May we point out that Albaraka has been approved by the Reserve Bank of India to accept deposits from the Public.

Thanking you,

Yours faithfully

S.J. Abdulla

General Manager, Al-Barakah

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Jamaat's Campaign against Interest Based Economy. A Report

The Kerala zone of Jamaat-e-Islami Hind launched a 45-day campaign against interest based economy from April 15 to May 31. The campaign received massive public support throughout the state. People belonging to different walks of life voluntarily participated in the campaign while the media covered its programmes extensively. The campaign focused on the four basic points:

One, that public awareness be created against the ill consequences of interest. Without going into the details of the chaos caused by interest — how many lives it claimed and how many families it devastated —, rising prices, inflation and unemployment etc. are what else if not the by-products of interest, asked the Jamaat's zonal president of Kerala Professor K.A. Siddiq Hasan while addressing in Press conference at the Jamaat headquarters in New Delhi on June 5. From International Monetary Fund (IMF) to rural banks — all exploit the poor strata of society, directly or indirectly. There was a situation of fear and chaos prevailing in the State due to the loss of thousands of human lives and destruction of hundreds of families during the last few years. In this backdrop, the Jamaat's campaign against interest based economic system became a topic of discussion in the length and breadth of the state.

Two, the campaign underlined the need of presenting interest-free or Islamic economic system as a viable alternative system. The Jamaat organised various programmes, including symposia, seminars, public addresses, and door-to-door public contact to highlight the different aspect of Islamic economy and present it as a viable alternative to interest-based economy. For this purpose Jamaat workers called on economists, political leaders, ministers, industrialists, religious leaders, and held a number of workshops throughout the campaign period. Their lectures were broadcast on the radio, and interviews and press conference covered in newspapers. At many places, resolutions were adopted to include Islamic economics as a subject in the University curricula. Three, signature campaign. A memorandum signed by five lakh persons was presented to the Governor and Finance Minister of the State. [See the text of memorandum on p. 4]

Four, that 150-200 interest-free societies be setup in the state. And, if sanctioned, an interest-free bank be set up; if not, efforts be made to establish a finance company on a large scale and get it registered as a non-banking institution, Professor Hasan informed the audience.

Jamaat-e-Islami has been working actively for quite a long time for inculcating in the society eternally, and universally valid values based on man's obligations to his Creator and to his fellow-beings. From our experience with the people in general and the deprived section in particular, we can say with conviction that it will be a great relief to our people if our banking and other economic systems are freed of the institution of interest.

Nominations invited for IDB Prize

The Islamic Development Bank (IDB) invites nominations for the award of the prize in the field of Islamic Banking for the year 2000. The IDB prize for the year 1999 has been awarded to Dr. Mohammad al Habib ibn al Khoja for his contribution to Islamic Economics.

Deadline for receiving nomination is 8th December 1999.

For further details please contact:
Dr. Ausaf Ahmad
 Chairman, IDB Prize Preparatory Committee
 Post Box 9201, Jeddah 21413, Saudi Arabia

Jamaat Memo on Interest free Banking Facilities

The Jamaat-e-Islami Hind, Kerala, at the end of its 45-day campaign against interest-based economy, submitted the following memorandum on interest free banking facilities to the Governor of Kerala Sri Sukhdev Sing Kang.

The text: 1

1. Ban all usurious transactions, particularly the so-called 'blade companies' and such other lending businesses. These are patently immoral and against the spirit of even banking laws. They manipulate poverty and exploit people's helplessness.
2. Along with prohibiting usurious institutions, the state should take it upon itself to make available to the needy, loans on an interest-free basis. The government should waive all interest on its present and future loans, especially those given to weaker sections. Budgetary provisions may also be made for giving investment loans for small-scale enterprises free of interest.
3. Interest-free lending mechanisms have been operating in small or large sizes in various parts. It is imperative that the state accord these efforts legal sanction and also facilitate such ventures everywhere. Necessary provisions have to be made for this in our banking regulations. Legal sanction must also be accorded for interest-free transactions through co-operative credit societies where the general body voluntarily opts for such a system. This will facilitate greater assistance to the needy, and also ease the pressure on government help.
4. The government itself has to take upon itself the responsibility of providing interest-free loans to the poorest section of the society. For this purpose interest-free banks must be established. Loans for the marginalised banks, cooperative banks and cooperative credit societies must also be made interest-free.
5. The state must come forward to provide interest-free loans to the deprived classes. This will not only correct certain economic imbalances in the society, but enable the poor to survive the pressures or recession. For a socialistic state, this will be the fulfilment of an obligation as well.

We hope that these measures will be implemented at the earliest. With the recent emphasis on 'welfare economics' the idea of interest-free banking and financial transactions

are gaining greater acceptability. It is high time we thought of economic empowerment of the poor by relieving them of the debilitating burden of interest.

We once again request that this issue be attended to with the seriousness and urgency it deserves.

Best Opportunity to Exhibit Books on Islamic Economics

Attention Indian Publisher !

The Indian Association for Islamic Economics is organizing a National Seminar on "Islamic Economics – Issues and Challenges" in Delhi during 2-3 October 1999. An important attraction of the occasion will be exhibition of books in English and Urdu languages on Islamic economics by Indian publishers to provide information of right books to right persons. The displayed books will be listed in the bi-monthly organ of the Association "Islamic Economics Bulletin", widely circulated among academics and businessmen in India and abroad. The same will be also included in the souvenir to be released in the inaugural session of the seminar.

For publisher/distributors of important books on the subject of Islamic economics, it will be a great privilege to include their publication for the book exhibition on the occasion, and not miss this rare opportunity to introduce their publications to a select gathering of academics, businessmen and students of Islamic Economics. If interested, please send us two copies of each title or call us to collect them.

Please feel free for any inquiry.

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