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## ISLAMIC ECONOMICS: THE SALIENT FEATURES

Dr. F.R. Faridi

Islamic Economics, like conventional economics, is the study of man in the ordinary business of life, or his behaviour in the choice of means that have alternative uses. But unlike the latter, it treats social life as an organic unity. It rejects the conventional premise of modern economics that economic activity is independent, or can be treated to be independent of other aspects of human activity. Nor does it subscribe to the Marxian thesis that economic activity or, to be more precise, relations of production, are the sole determinant of man's destiny in this world. Its treatment of economic activity as a segment of total human behaviour is based on and derived from its belief in the unity of God, in His wisdom that created the world as an orderly existence, where all and every part is integrally related constituent of the whole.

Islamic economic perspective is essentially different from modern economics. In this view, man is not driven only by purely economic motives. Human and social considerations in respect of his economic decisions are equally valid and important. His criterion of investment is the product of a mix of moral values social aspirations and concerns, and his desire to fulfil other urges, feelings and emotions. In Islamic view it is summed up as the *Akhirah* dimension of his economic decision making. Islamic economics has its value premises explicitly stated:

1. It believes that all economic activity has an ethical and moral dimension.
2. It believes that life and property is a trust, gift given by Allah. Absolute ownership does not rest with man. He does not hold the right to destroy his life and property at will.
3. Production and consumption are both to be regulated by moral values and universal benefit to mankind. Hence, production of morally and socially injurious goods is to be disallowed.
4. Freedom of enterprise, within moral and social constraints is the foundation of economic activity.
5. Western disregard of ecological balance or deliberate destruction of man produced wealth is disapproved and is considered of pensive to Islamic value system.
6. Although it recognises profit motive as legitimate driving force of economic endeavour, it encourages and strengthens altruistic endeavour to the extent it is humanly possible.

In the end, it may be emphasised that Islamic economics is not only an analysis of economic behaviour and derivation of theories and laws therefrom. It comprises as well the Divine legislations with respect to the nature and content of economic endeavour, that prescribe its permissible frontiers. It is both law and analysis. The Divine laws enlighten economic analysis in such a way that not only norms but the path of their attainment becomes definite and clear.

(Extract of the key note address read by the author at the National Seminar on "Islamic Economics: Issues and Challenges" at Jamia Millia Islamia, New Delhi on Oct. 2 & 3, 1999.)

### IAFIE's National Seminar on Islamic Economics: Issue and Challenges – A REPORT

Indian Association for Islamic Economics (IAFIE) organised its national level seminar on "ISLAMIC ECONOMICS: ISSUES AND CHALLENGES" on October 2<sup>nd</sup> and 3<sup>rd</sup> 1999 at Conference Hall, Faculty of Education, Jamia Millia Islamia, New Delhi. It was its fifth major national level programme since its inception in 1990. This seminar was of more significance in the view of changing economic scenario both at national and international level, putting a number of issues of human concern particularly in the field of economics and finance. The organisers of the seminar had invited a number of prominent scholars, *ulama*, Muslim bankers, intellectuals and the businessmen concerned with the application of Islamic economics and finance.

The seminar was inaugurated by **Maulana Mujahidul Islam Qasmi** who highlighted the Quranic directions in the field of economics and stressed the ethical considerations that Islam attached with the economic aspects of human society. On the occasion, the chief guest, **Syed Hamid**, the chancellor of Jamia Hamdard University, said the Islamic economics, in spite of having attained the status of a full-fledged discipline accepted in the Western Universities, is still not much introduced even in the Muslim countries. He also urged the *ulama*, to examine the functioning of contemporary Islamic financial companies which are almost identical to the interest based financial institutions in their transactions. In his presidential remark, **Maulana Syed Jalaluddin Umari**, said that Islamic economics represents one of the finest example of contemporary Islamic revivalism in the field of social sciences. While highlighting the basic philosophy of Islamic economics, he said, it removes the atrocities on human beings and brings justice and equilibrium (*Adl wa Ihsan*). He gave the details of its ethical aspects, and pointed out that regulation of this whole system is in fact associated with the accountability of the individual as well as society to Allah. Another speaker on the occasion, **Dr. Syed Farooq**, Managing Director of Himalyan Drugs, as a guest of honour, stressed the need for the co-ordination between religious scholars and social scientists, in order to bring new dimensions to this emerging discipline of Islamic economics. He emphasised how the honesty and ethical application in trade and commerce can brighten the practical aspects of this discipline. The major focus of attention in the inaugural session was the key note address of **Dr. F.R. Faridi**, the president of IAFIE, who firstly highlighted both the micro and macro aspects of instability associated with the contemporary economic systems. He then drew the attention towards the development of Islamic economic discipline and the way it has got its recognition among intellectuals. Islamic economics, he said, if implemented in a social situation, does not provide a climate conducive to unstoppable race to creation of financial wealth, unrestricted production of spurious goods and services and down right consumerism. It disallows the use of money as tradable commodity by prohibiting interest and dealings in financial entitlements.

**Dr. Abdul Azim Islahi**, the secretary of the Association, introduced aims and objectives of IAFIE and also highlighted the contributions of Indian scholars in the promotion of Islamic economics particularly during the first half of 20<sup>th</sup> century. The inaugural session also marked the release of the Souvenir by Qazi Mujahidul Islam Qasmi.

The programme was divided into four business sessions and one valedictory session. The first business session focused on the theme "Appraisal of the Development in Islamic Economics" in which **Prof. S.A.R. Bilgrami** of Jamia Millia Islamia spoke on "Economic Man of Islam" and differentiated its characteristics from that of the conventional economic man who is motivated solely by the self-interest. He projected that the behavioural norms of Islamic economic man revolve around the human and ethical aspects and his rationality guided by Islamic teachings. Another speaker, **Mr. Abdul Momin** of G.F. College, Shahjahanpur, U.P. presented a survey of Islamic economic literature published in Hindi language in the twentieth century. **Quazi Rafiquddin Riyazuddin** of North Maharashtra University, Jalgaon, provided the critical analysis of some historical aspects with a view to find out the causes of the present economic problems and the role of Islamic economics in finding its solution. He also evaluated some measure that have been devised in the Islamic teachings to regulate the crucial economic factors. **Dr. A. A. Islahi** examined the development of financing techniques of Islamic banks and finance companies and highlighted the Shariah viewpoints on *Mudarahah*, *Musharakah* and *Murabaha*.

Second business session discussed the "Islamic Banking and Finance System and the Indian Challenges". **Mr. A.W. Dalvi**, managing Director, Baitun Nasr Group of Bombay, in his paper shed some light on the crisis of confidence facing the Islamic financial institutions in India and also explained the legal difficulties associated with this. **Dr. Javed A. Khan** presented a survey of current researches in Islamic banking and finance. **Mr. Hifzur Rab** spoke on the growing fraud and corruption attached with the interest based economic system and also suggested some way out. This session was chaired by **Dr. Abdul Hasib** of Bombay.

Third session was held under the Chairmanship of **Dr. Abu Saleh Sharief**, principal economist at National Council for Applied Economic Research. It dealt with "Globalisation, Liberalisation, Privatisation: Credit & Debit" and it started with **Dr. Abdul Hasib's** paper on this theme. He analysed with much sophistication the benefits of globalisation and its weaknesses. He critically examined the causes of failure of stated objectives of maximizing human welfare and finally he suggested its solution in an Islamic framework. **Dr. Mohammed Khalid** of Shibli College, Azamgarh, too pointed out the adverse impact of liberalisation on developing countries. In the same session, **Prof. M.I. Bagsiraj** from Bangalore, spoke on "Economic Liberalisation and Interest Free Islamic Economic Solution: An option to Attain Economic Independence". He particularly focused on the pit-falls of the country's Muslim economy, taking into consideration the distribution of Muslim population, their income and annual savings in India. He also suggested the out-line of Islamic economic agenda in order to propagate Islamic financial principles, set up an academy of Islamic entrepreneurship and a Muslim Chambers of Commerce in the country.

The fourth business was chaired by **Prof. Naushad Ali Azad**. **Dr. Valed, A. Ansari** of Aligarh Muslim University, in his paper "Towards a New Financial Architecture" argued that Islamic financial system based on profit and loss sharing provides best alternative for 21<sup>st</sup> century because it is capable of dealing with financial shocks currently faced by the South East Asian economics. **Mr. Ashraf Mohamedy** of Islamic Research Foundation, Mumbai, spoke on Economic significance of Zakah and how it can solve the problem of poverty.

(Cont'd on page 4)

## BOOKS ON ISLAMIC ECONOMICS BY INDIAN PUBLISHERS

At the occasion of National Seminar on Islamic Economics Issues and Challenges at New Delhi, the IAFIE organised a book exhibition on Islamic Economics by Indian Publishers. A list of such books and addresses of publishers are given below for the benefit of our readers.

### 1. Academic publishers

12/1A, Bankim Chatterjee Street  
Calcutta 700073

- *Essays on Islamic Economics*, M.M. Metwally, 1999, 159P.

### 2. Adam Publishers & Distributors

Shandar Market, Chitli Qabar, Delhi 110006

- *Insurance and Islamic Law*, M. Muslehuddin, 1993, 160P.
- *Public Finance in Islam*, S. A. Siddiqi, 1992, 242P.
- *Reading in Islamic Fiscal Policy*, S. Afzal Peerzade (ed), 1996, 147P.
- *Social justice in Islam*, Shk. M. Ahmad, 1992, 120P.

### 3. AICMEU

179, Vazir Building First Floor  
Ibrahim Rahmatullah Road, Mumbai 40003

- *Islamic Banking in India, A Directory*, Rahmatullah, 1992, 160 p.

### 4. Al-Hamd, Rahmat Nagar, Jhapia,

Bamrauli, Allahabad 211012

- *Capitalist Economy and Islam*, Hifzur Rab, 1994, 68P.
- *Dominance of Interest and the Wayout*, Hifzur Rab, 1998, 160P.

### 5. Amar Prakashan, A-1/139-B Lawrence Road,

Delhi 110035

- *First International Conference on Islamic Economics (selected Papers)*, Khurshid Ahmad (ed.), 1984, 390P.

### 6. Ashish Publishing House, 8/81, Punjabi Bagh

New Delhi 110026

- *Islamic Economic-A Global Perspective*, M. Shaghil, 1989, 175P.

### 7. Genuine Publications

B-35 (Basement) Nizamuddin West, New Delhi 110013

- *A Model of Pure Interest-Free Banking*, M. S. Shingeri, 1994, 140P.
- *Aspects of Islamic Economics and The Economy of Indian Muslims*, F. R. Faridi (ed.), 1993, 286P.
- *Essays in Islamic Economic Analysis*, F. R. Faridi (ed.), 1991, 246P.
- *Islamic Principles of Business Organisation and Management*, F. R. Faridi (ed.), 1995, 159P.
- *Modelling Interest-Free Economy*, M. Anwar, 1989, 199P.
- *Perspectives on Islamic Economics*, M. Manzoor Alam, 1996, 203P.

### 8. Hernam Publications

4378/4-B, Ansari Road, P.O. Box 7004  
New Delhi 110002

- *Studies in Islamic Economics*, Khurshid Ahmad (ed.), 1983, 188P.

### 9. Hindustan Publications/Hilal Publication

2035 Qasim Jan Street, Delhi 110006

- *Banking and Islamic Law*, M. Muslehuddin
- *Economic Justice in Islam*, S. M. Yusuf, 116P.
- *Economic Security in Islam*, Yusuf-al-Qardawi, 212P.
- *Islamic Law of Inheritance*, K. H. Mustafa, 218P.
- *Outlines of Islamic Economics*, M. Abu Saud, 1983, 157P.

### 10. Idarah Adabiyat-e-Dilli, 2009 Qasim Jan Street,

Delhi 110006

- *Islam and The Theory of Interest*, A. I. Qureshi, 1979, 223P.
- *The Frontier of Islamic Economics*, M. A. Mannan, 1984, 207P.

### 11. Idarah Tahqiq-o-Tasneef, Panwali Kothi, Aligarh – 202002

- *The Islamic Economic Order (Sadrudin Islahi) Abdul Moiz Manzar (Tr.)* 1985, 50 p

### 12. Indian Association for Islamic Economics,

4/1212, Sir Syed Nagar, Aligarh-202002.

- *History of Economic Thought in Islam: A Subjective Survey*, Abdul Azim Islahi, 1996, 40 p.
- *The Principles of Islamic Economics and the State of Indian Economy*, F.R. Faridi (ed.) 1995, 143 p.

### 13. International Islamic Publishers, 437, Matia Mahal, Delhi-110006

- *Interest Free Banking*, Sh. Mahmud Ahmad 144 p.
- *Lawful Earning in Islam*, S.M. Madani Abbasi, 1988, 50 p.q

### 14. Islamic Foundation Trust, 78 Perambur High Road, Chennai, 600 012

- *Living as a Muslim in A Plural Society*, F.R. Faridi 1998, 105 p.

### 15. Lancer Books, P.O. Box 4236, New Delhi 110048

- *Economics in Islam*, Ahmad Hamoud Al Maamiry, 1987, 156 p.
- *Islamic Economic Prospects in Third World Countries*, Ahmad Hamoud Al Maamiry 1983, 149 p.

### 16. MAP, P.O. Box No. 9701, D. 84 Abul Fazl Enclave

Jamia Nagar New Delhi

- *Muslim and Arab Perspective: Focus in Islamic Economics Banking and Finance*, Zafarul Islam Khan (ed.) 1999, 400 p.
- *What is Interest? (Iqbal Ahmad Khan Suhail) Z.I. Khan (tr.)* 1999 198 p.

### 17. Markazi Maktaba Islami Publishers

D-307, Dawat Nagar, Abdul Fazl Enclave, Jamia Nagar N. Delhi-1100025

- *Banking Without Interest*, M.N. Siddiqi, 224 p.
- *Birth Control*, S.A. Maududi, 168 p.
- *Economic Enterprise in Islam*, M.N. Siddiqi, 180 p.
- *Insurance and Islamic Law*, M. Muslehuddin, 202 p.
- *Islamic Economic System: Principles and Objectives*, S.A. Maududi, 32 p.
- *Some Aspect of Islamic Economy*, M.N. Siddiqi, 138 p.
- *The Economic Problem of Man and Its Solution*, S.A. Maududi, 36 p.

### 18. Markazul Maarif, P.O.Box 9748, Jamia Nagar, New Delhi-25

- *Business Principles in Islam (Kitab al Buyu')* Z.A. Ragie, 1995, 103 p.
- *Virtues of Halal Earning and Trade*, (M. Zakarta), Muhammad Bin Abudl Rahman (Tr.) 1995, 168 p.

### RESOLUTIONS OF IAFIE SEMINAR

Following are the main resolutions passed at the end of IAFIE's two-day seminar held at Jamia Millia Islamia, New Delhi during 2<sup>nd</sup>-3<sup>rd</sup> October 1999.

1. This seminar recommends that IAFIE should take necessary measures with the active help of Islamic Financial Institution working in India, to monitor the Islamicity and viability of Islamic bank.
2. This seminar emphasises to urgent need of continuous interaction between Islamic Economists, the Islamic bankers and the ulama. Steps should be taken to provide dialogue with, Indian financial authorities and the conventional bankers and Islamic banks to convince the former the need and viability of Islamic banking system.
3. This seminar urges upon the Islamic financial institutions to set apart reasonable fund for research and study of the issues and challenges of Islamic Banking Institutions in India. IAFIE should collaborate with such Institutions to conduct and initiate researches.
4. This Seminar urges upon all Muslim businessmen to take urgent step to establish an Islamic Chamber of Commerce on an All India basis. To begin with, such Chambers may be established at state levels. (It is heartening that some business activists of Mumbai have already established in Maharashtra).
5. This Seminar considers it necessary that Islamic financial institutions should establish an All India Shariah Advisory Board which may advise such institution with response to the validity of financial technique adopted by them.

*Cont'd from page 2.* – In the valedictory session Dr. F.R. Faridi, President of IAFIE congratulated the delegates for the thought provoking deliberation during the whole session and invited them to make Islamic economic a practical thing. Dr. A.A. Islahi, the Secretary of the association read out the resolutions which were accepted by the delegates (see top of this page). Finally, Mr. Shariq Nisar, the convenor of the seminar thanked the audience. The seminar was concluded with dua by the President of IAFIE.

### FORTHCOMING SEMINARS & CONFERENCES

1. National Seminar on "Economic Perspective of Zakah" at the Auditorium Administrative Block, Aligarh Muslim University, Aligarh during 13<sup>th</sup> – 14<sup>th</sup> Nov. 1999, sponsored by U.P. Rabita Committee, Aligarh Zakat Fund and the Indian Association for Islamic Economics. For participation contact:

Dr. Abdul Azim Islahi  
4/1212, Sir Syed Nagar  
Aligarh-202002, U.P.  
Tel.: (0571) 502256  
E-mail [ect02aai@amu.up.nic.in](mailto:ect02aai@amu.up.nic.in)

2. **Islamic Economics: A Challenge – An Alternative** by Institute of Objective Studies.

February 26-27, 2000 New Delhi, India.

Topics to be discussed

The making of Islamic Economics, Consumption, Saving and Investment in the Light of Islamic Values and Principles, Consumption Pattern, Saving and Investment among the Muslims in Changing Scenario.

For Further Information Contact:

Seminar Incharge  
Institute of Objective Studies  
162, Joga Bai Extension, P.O. Box 9725  
Jamia Nagar, New Delhi-110025.  
Tel: 6849253, 6917467  
Fax: 91-11-6841104  
E-mail: [manzoor@nfd.vsnl.net.in](mailto:manzoor@nfd.vsnl.net.in)

3. **The 1999 World Islamic Banking conference**  
**Islamic Banking & Finance**

Charting a course for the 21<sup>st</sup> century

4-6 December 1999, at Gulf Convention Centre, Bahrain  
Contact E-mail: [Hyper link mail to : mega@balelco.com.bh](mailto:Hyper link mail to : mega@balelco.com.bh)

4. **The 6<sup>th</sup> Annual Islamic Banking & Finance Forum**

13-15, November 1999, at Hilton Hotel, Abu Dhabi, UAE  
Contact: Infocentre at E-mail: [ibff@infocentre\\_dubai.com](mailto:ibff@infocentre_dubai.com)

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