



**TOWARDS THE
MONETARY AND FISCAL SYSTEM
OF ISLAM**

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**INSTITUTE OF POLICY STUDIES
ISLAMABAD**

**TOWARDS THE
MONETARY AND FISCAL SYSTEM OF ISLAM**

**A PERSONAL REPORT
On
Some Pertinent Questions and the
Seminar's Response to them**

**by
Prof. Khurshid Ahmad**

**Based on
Seminar on Monetary and Fiscal Economics of Islam
Islamabad, 6–10 January, 1981**

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PREFACE

Contemporary Islamic resurgence is a phenomenon of historic significance. It is something which has filled the heart of every Muslim with genuine pride and confidence. But this development also constitutes a many-dimensional challenge. The claim that Islam is a complete way of life and is destined to develop a unique culture and civilization based on its own ideals, values, principles and historical traditions is yet to be vindicated in practice. The economic aspects of this challenge are very pertinent and Muslim economists and bankers are trying to grapple with some facets of this challenge. Two important seminars have been organized on the Monetary and Fiscal Economics of Islam, one by the International Centre for Research in Islamic Economics, King Abdul Aziz University, Jeddah held in Mecca in October, 1978 and the second Follow-up Seminar on the same theme organized jointly by the International Centre for Research in Islamic Economics and the Planning Division, Government of Pakistan, in Islamabad, during 6–10 January, 1981. The Council of Islamic Ideology, Pakistan, has also produced an important report on the Elimination of Interest from the Economy (June, 1980) which was also discussed in depth at the Islamabad seminar. A few working groups have been formed to continue work in areas which require further research and examination. Research, analysis and dialogue are an integral part of the Islamization process,

thus rendering valuable assistance to efforts that are being made in different parts of the world to introduce the Islamic Order and having feed-back from experiments and difficulties faced therein.

The Islamabad Seminar dealt with a complex mix of problems. Nevertheless it would be correct to say that there was a cluster of key questions to which discussion gravitated again and again throughout the five days of intense intellectual dialogue. In this Personal Report the present writer is making an effort to identify those questions and share with the policy-makers in the Muslim world and the general public his own evaluation of the response of the seminar to these questions. It would be too much to expect complete unanimity amongst the Muslim economists on all these points. There are certain genuine differences of opinion amongst Muslim economists. They have tried to spell out, not just one alternative, but a spectrum of alternatives, quite a few of which would have to be pursued simultaneously at least for some time. An effort is being made in this report to recapture the mood of the seminar and share its insights with those who could not personally participate in it, but who have shown great interest in its deliberations. The requests we are receiving from professional economists and bankers for copies of papers presented in the seminar are simply phenomenal. This has induced the present writer to come out with a brief report on the seminar whose complete proceedings and a summary of whose deliberations are presently under preparation and will take some time to see the light of the day.

An added incentive to the production of this report came from none other than the President of Pakistan, who inaugurated the seminar, personally raised certain important questions in the last part of his address, and has more than once asked persons associated with the seminar, including the present writer, about the contribution of the seminar towards

seeking answers to these questions. This, among others, has prompted me to prepare this personal report.

I want to thank all of my colleagues who participated in the seminar and helped in clarifying a number of points. I owe a special debt to Dr. Muhammad Omer Zubair, Dr. Ziauddin Ahmad, Dr. M. Umar Chapra, Dr. Anas Zaqqa, Dr. Syed Nawab Haider Naqvi, Dr. Sultan Abu Ali, Dr. Nejatullah Siddiqui, Dr. Fazlur Rahman Faridi, Dr. Munawar Iqbal and Dr. M. Fahim Khan for their contributions during the Seminar and for many a valuable personal discussion. I would, however, like to record that the present writer alone is responsible for the views expressed and the specific formulations arrived at in this report.

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Institute of Policy Studies,
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TOWARDS MONETARY AND FISCAL SYSTEM OF ISLAM: A PERSONEL REPORT

Raising critical questions is not necessarily a negative phenomenon; such an exercise occupies a central place in the creative processes of reconstruction of thought and policy. Such questions can play very constructive role in clarifying certain issues, in identifying many a grey area, and in stimulating new and innovative thinking. No one seminar can exhaust all such questions, but the fact that constructive dialogue on such issues has been initiated undoubtedly represents a beginning in the right direction and constitutes an achievement in its own right. The Muslim economists and

bankers, who are involved in the challenging task of developing a monetary and fiscal system which is free from *riba* (interest) and which is designed and regulated to serve the socio-economic objectives of Islam, are neither shy in raising critical questions nor embarrassed on facing awkward ones.

The seminar on the Monetary and Fiscal Economics of Islam held in Islamabad on January 6–10, 1981 was attended by around eighty prominent economists and bankers from twelve countries. Ten papers, dealing with various aspects of monetary and fiscal economics of Islam, and three reports about the theory and practice of interest-free banking were presented and discussed.

The most gratifying thing about the Seminar was that the participants not only took very keen interest in its deliberations and worked almost round the clock to face the constraints imposed by shortage of time, they strained their every nerve to contribute towards seeking answers to some of the perplexing questions which are always faced by those engaged in making new experiments. What impressed me most was a new spirit of commitment, even valour, to face the new challenge. No effort was made to minimize the difficulties; every effort was made to grapple with them and come up with innovative ideas. This seriousness to face the challenge and come upto the task is the most encouraging message of the Seminar. The fact that so much thinking has been provoked, is, I think, in itself a very significant contribution. If we want to achieve our goal, we have to ward off the slumber that the Muslims have been wrapped in for so many centuries. We have to take the establishment of an Islamic monetary and fiscal system as a challenge and strive to establish the new order through efforts which spark off a social movement. I am extremely happy that this was the spirit of the seminar. The interest generated by the seminar is not confined to its participants. The large number of requests for its papers and questions about its contributions are an index of the popular interest generated by the

seminar. Wide ranging discussions during the seminar and its follow-up activity are destined to provide answers to many questions which we face today.

In his inaugural address the President raised quite a few questions which are pertinent to the subject. Many more questions sprang up during the seminar. Even though the seminar was not designed specifically to find answers to these questions, they were so fundamental that they agitate almost every mind which is concerned about Islamisation. It is, therefore, not surprising that most of these questions were dealt with, along with many other issues and research themes. Some of these questions were:—

Some Pertinent Questions

1. Do we have an alternate system in Islam to replace the present economic and financial order? If not, how soon one can develop it?
2. Is it possible to have the same Islamic economic system in all the Muslim countries?
3. Do we have all the details of an economic system based on *'Adl* and *Ehsan*? If not, how they can be evolved?
4. Is interest the only form of exploitation, the elimination of which would solve all our problems?
5. Will the implementation of a system of *Zakah* result in the complete elimination of poverty? If not, what other steps shall we have to take in order to achieve this end?
6. Can two or more economic systems co-exist without conflict?

The first two questions naturally received the largest attention. There was a consensus on the fact that we

certainly have an alternate monetary and fiscal system in Islam which is not only workable but is economically better than the existing system. Several papers propounded the various components of the Islamic monetary and fiscal system at some length outlining the objectives of the Islamic system, the instruments to achieve those objectives, the institutions that need to be established and a strategy of going about the whole process.

Islamic economic system is an integral part of the Islamic Order. Any effort to establish the Islamic economic order or any aspect of it, say monetary or fiscal system, in isolation and without aiming at the restructuring of the entire society and transforming the whole social milieu is not going to deliver the goods. Islam aims at establishing a just social order and this calls for changes at different levels of national existence: formulation of the goals of economic policy and the strategy of development planning; choice of instruments of taxation and of monetary management; objectives and major parameters of incomes and wages policy; framing of a positive housing and educational policy; evolution of an effective system of social security; achievement of distributive justice; re-adjustment of the pattern of consumption and the product-mix; to mention a few major areas of policy-formation. Abolition of interest and introduction of *Zakah* are extremely important and effective instruments of economic policy and are destined to radically change the institutional structures and the network of relationships that follow from them, yet their success would very much depend upon the direction of total change and the effectiveness of complementary changes in the overall economic frame-work and its major institutions.

Objectives of Economic Policy

A near unanimity is emerging on the objectives of economic policy in an Islamic system. Socio-economic justice is the distinctive objective of the Islamic order, not as

a dictate of expediency or as a clever device to appease certain sections of society, but as an integral part of the moral philosophy of Islam and its mission to mankind. It is based on Islam's world-view, and on its firm spiritual commitment to human brotherhood and altruism. Justice in all human relations is the natural corollary of the Islamic concept of *Tawhid*.

It was also generally agreed that the elimination of gross inequalities in income and wealth and greater stability in the value of money should be common objectives of public policy in all Muslim countries and at all times because these are fundamental to the structure of Islamic economic system. Stability in the value of money is fundamental to the system because of unequivocal stress of Islam on justice and fairplay. Inflation inflicts injustice on the poorer sections of society and favours the rich. It also puts at a disadvantage the *riba*-free lender and is repugnant to Islamic system.

Similarly, Islam's stress on justice, human brotherhood and regard for the poor and the weak, makes the objective of equitable distribution of income and wealth an integral part of the system. Islam also stresses the growth objective but here the emphasis is on increasing economic well-being of the greatest number of people, nay of the entire creation, (notice that Islam considers the welfare of all living organisms, human or animal) rather than simply maximising a numerical number i.e. the rate of growth. Proper regard for future generations in the use of natural resources also places a constraint on maximising the rate of growth.

Characteristics of the Islamic Economic Order

It is important to emphasise that Islamic economy is not capitalism minus interest plus *Zakah*. Nor does it resemble a socialistic system after making a few corrections here and there. Islam does not aim at the abolition of private property and enterprise. Instead, it has changed the system by trans-

forming the concept of ownership into the revolutionary concept of trusteeship, making the individual and the society conform to the norms of moral behaviour laid down by *Allah* and His Prophet (peace be upon him) and by developing a system of social regulation and accountability. As such the Islamic economic system has its own distinct and unique features and the Muslim economists and policy-makers should be clear on these before going into implementing the Islamic economic reforms. Some of the distinguishing features that were highlighted in the discussions were:

- (1) That the moral aspect is fundamental to the Islamic economy. Individual and collective economic motives are constrained by moral bounds placed by Islam.
- (2) That fulfilment of the basic needs is central to the social welfare function in an Islamic framework. Mere expansion or growth cannot be the objective of an Islamic economy. Human dimension is the main aspect of economic enterprise in Islam. No doubt Islamic economy has to be growth-oriented but this growth has to come alongwith the fulfilment of the norms of social justice. The emphasis in Islamic economy will shift from rate and volume of growth to its composition and justice-orientation, even in the initial phases of development. Elimination of poverty and deprivation, and of exploitation and injustice reign supreme in Islamic economic reform.
- (3) That the stability of value of money has a unique position in Islamic economy. It is fundamental to its structure and not just a desirable thing.
- (4) That alongwith genuine private and public sectors, there is another unique sector playing an important role in an Islamic economy. This is the Altruistic

Sector where a number of voluntary activities are performed to maximise moral and social welfare of the people, with no individual economic motives. *Zakah* and *Waqf* are major institutions with far reaching economic repercussions for the society.

Scholars and economic practitioners attending the Seminar from all parts of the world agreed that the overall objectives of economic policy and the broad structure of the economic system will be the same in all the Islamic countries but in matters of detail there is enough room for local variations, reflecting and responding to indigenous conditions, historical backgrounds and institutional set ups of various countries. The basic features, common to all will be scrupulous adherence to the socio-economic goals of Islam and its justice-seeking strategy for economic reform, moral and ethical reorientation of the individual and society, institutional and policy changes designed to fulfil the Islamic principle of trusteeship, the elimination of *riba* (in its limited as well as wider meaning) from the economy, the enforcement of *Zakah* and the introduction of profit-loss sharing system as the major form of investment.

On Financial Institutions

As regards financial institutions, two things have to be done. Firstly, the nature and functions of the existing institutions e.g. Central Bank, commercial banks, financial intermediaries and treasury, will have to be drastically changed. For example, the commercial banks will have to assume investment functions, the Central Bank will create and distribute credit under a different set of policy objectives and with many new instruments not available in the present system. Secondly, to cater for the needs of the new system, new institutions will have to be formed. For instance, since under the new system the predominant mode of investment will take the form of *Mudarabah*¹ and *Shirakah*, there is a

need to develop an extensive and efficient equity market, investment cooperatives, and resource-mobilisation banks directed at local and regional development. The rules and regulations to govern these institutions need to be framed or streamlined.

I have no hesitation in suggesting that there is a consensus amongst the Muslim economists on the objectives and distinctive characteristics of the Islamic monetary and fiscal system and there is almost near-consensus on the suggestion that profit-sharing has the potential to be the king-pin of the new system. Some colleagues, who have certain strong reservations about this system, do not challenge the premise that profit-sharing is a legitimate Islamic alternative, experimented in history, and capable of trying again in the contemporary context. They, however, hold a different view on its relative position in the new economic system destined to emerge under Islamic reforms, particularly in view of the complexity of a modern economy and the need to regulate 'profit' to remain within socially just limits as also the relative efficiency of different tools of resource mobilisation experimented in the contemporary world. The Muslim economists are, therefore, suggesting a phased and rather cautious approach where a number of other alternatives like leasing, *Bai'Muajjal*, hire-purchase, investment auctioning, financing on the basis of normal rate of return etc. can be judiciously used to supplement and not to supplant the new system of PLS.

As regards the strategy, it was maintained that the approach should be gradual but not over-cautious. It should be continuous and vehement. A lot of appreciation was expressed for the Report of the Council of Islamic Ideology on the Elimination of Interest from the Economy. However, some important extensions and qualifications were added. The general feeling was that the profit-loss-sharing system can be a viable alternative to the present system. Certain other alternatives for example, investment-auctioning and

deferred sale, which the council itself accepted only reluctantly, could be utilised to meet certain partial needs, but cannot provide a comprehensive alternative. The view that *riba* cannot be eliminated without the abolition of private ownership and control over the means of production failed to find any real support from the seminar. Similarly the idea of time-multiple-loans could not gain much favour. As already pointed out, the Report of the Council itself considered the profit-loss sharing system as the best alternative and accepted other alternatives reluctantly and skeptically. It is hoped that when it comes to putting this programme into practice real emphasis would be on the profit-loss sharing, while other instruments would be used to supplement this centre-piece mechanism.

The participants also emphasised the need for substantial structural changes in the economic institutions of the country in order to make the new system effective and successful. This entails basic changes in economic motives, in consumption pattern, in the mechanism for distribution of income and wealth, in wages and incomes policy, in labour policy, in taxation structure, in the relative importance of education and of the production of wage-goods, and in the establishment of an effective system of social security and support for the needy and the weak.

On the question of details, it was felt that we have yet to go a long way to work out all the details. There are enough details, both for theory and for practice, to make an earnest beginning yet major gaps exist and efforts should be made to deal with them as the process goes on. These details may have to be settled differently in different countries and at different times, but continuous efforts should be made to spell them out.

Elimination of Interest and Economic Exploitation

About the question of freeing society from exploitation

there was a general consensus that interest in all its forms must be abolished. However, that is not all. There are other forms of exploitation and we must get rid of all of them. The term *riba* has a much wider meaning than the term interest conveys.

Interest refers to what has been termed as *riba al-nasi'ah* or *riba al-jali* or *riba al-duyun* in the *fiqh* literature. This is the kind of *riba* that is directly covered by the Quranic injunctions. However, the Sunnah has also emphasised other aspects of *riba* generally termed as *riba al-fadl* or *riba al-khafi* or *riba al-buyu*. This form of *riba* covers all aspects of economic injustice, exploitation and unearned income (other than that, like inheritance and genuine gifts, etc., allowed by the *Shari'ah*). Ibn 'Arabi has defined *riba* as all excess over what is justified by the consideration. According to the Holy Prophet *riba* can appear in many garbs, with the result that even a Muslim may indulge in it, having been deceived by its dubious forms. That is why Caliph 'Umar felt inspired to say that "you should abstain from *riba* as well as *reebah*", that is anything which has the semblance of *riba* or which raises doubts in the mind about its rightfulness. It covers all income derived from injustice to, or exploitation of others.

In this regard it was discussed that 'profiteering' or exploitative profits will also have to be eliminated. However, a clear distinction must be made between profit and profiteering. There is nothing wrong in private firms attempting to seek profit because that does not necessarily lead to exorbitant profits or exploitation. The allegation that is sometimes made that profit and loss system will lead to profiteering is not correct. It depends on the market structure and a host of other factors, motivational, institutional and socio-moral. To take only one aspect, under perfect competition, a profit maximising firm is supposed to get only normal profit. If there is monopoly or oligopoly then the

firms may get abnormal profits but that is the result of the market structure and not of the PLS System. This implies that under Islamic system private monopolies would not be tolerated. Islam has accepted profit motive as a genuine motive but has hedged it with a number of moral, social and institutional constraints, which result in containing profits within the limits of justice.

Zakah and the Eradication of Poverty

On the fifth question, it was pointed out, firstly, that *Zakah* is a broad term of which *Zakah al-Mal* is only one component. *Ushr*, *Khums* and some other levies are also integral to the Islamic fiscal scheme. Secondly, if properly implemented *Zakah* has a great potential in alleviating poverty and in transforming the society into a responsible, just and welfare-ensuring society. However, if there are chronic disparities of income and wealth coming from past history, as is the case in many contemporary Muslim societies, suitable measures will have to be adopted in addition to *Zakah* to establish social equity and a new and more dynamic equilibrium between social forces in society based on justice. It was also generally agreed that the State is empowered to levy additional taxes with the important qualification that these proceeds must be used to meet the genuine needs of the society, welfare as well as developmental, and not to pamper wasteful expenditure of the government and of the power elites in society.

Although the Seminar could not discuss the last question, primarily because it fell outside the scope of the immediate theme of the seminar, the present writer has no reservation in saying that in the transitional phase we would have to tolerate some kind of a co-existence of the two systems. It would be a policy objective to introduce the new system so as to replace the old one, as far as the Muslim Countries are concerned. *A modus vivendi* would be worked out for

dealing with the outside world. This was successfully done by the Muslims in earlier phases of their history and the problem is not insurmountable in our own times. With confidence and vision, and with greater cooperation and self-reliance among Muslim nations, the international economic order can be influenced to better ensure justice and equity for all.

Besides all this, the seminar discussed a number of issues which may be thought of as the details of the broad structure outlined above. These include questions like project evaluation in an Islamic economy, non-interest pricing of capital, general equilibrium and stability conditions and how to handle exogenous shocks, provision of consumer loans, various instruments of monetary policy, so on and so forth. In this respect the seminar was able to explore some new vistas and enhance the horizons of knowledge in these fields. It also brought to sharp focus some areas where new work is needed which include operational and institutional aspects of profit-sharing, and the problems of indexation and credit creation.

Summing up, I may say that the seminar was successful in spelling out in clear terms the objectives of monetary and fiscal policy in Islam as also the relative importance of monetary and fiscal policies as instruments of economic management. It further strengthened the view that interest is one of the major vehicles of exploitation in an economy and its elimination is an imperative for the establishment of an Islamic economy. It highlighted some of the viable alternatives to *riba* and affirmed the view that a *riba*-free economy would be oriented towards justice and welfare without neglecting the growth dimension. It has, however, suggested that alongwith the elimination of *riba* and the introduction of *Zakah*, major changes are needed in policy-objectives as well as in the economic institutions and structures which characterise the present system. Islamic economic system stands for total change, although it would

have to be achieved through properly planned and phased reforms, each piece fitting into the overall scheme, each part supplementing the other and finally completing the mosaic. To that end the Muslims must strive everywhere.

COMMUNIQUE OF THE SEMINAR

In pursuance of the recommendation of the first Seminar on Monetary and Fiscal Economics of Islam held in *Makkah-al-Mukarramah* in Dhul Qa'dah, 1298 H. (October 1978) a follow-up seminar on the same theme was held in Islamabad from Safar 28 to Rabi'ul-awwal 3, 1401 H. (January 6-10, 1981) under the joint auspices of the Government of Pakistan and the King Abdul Aziz University, Jeddah. The seminar was attended by eminent economists and bankers from the Muslim world. Ten papers and three reports dealing with various aspects of the working of the monetary and fiscal system in the Islamic economy were presented and discussed at the Seminar. Apart from giving further thought to the issues raised during the first Seminar which required further consideration, participants at this Seminar also reviewed both the principles and practices of Islamic Banking. The participants also discussed the Report submitted by the Council of Islamic Ideology to the Government of Pakistan on the elimination of interest and a paper dealing with the operating procedures and results of existing Islamic Banks. The seminar gave particular attention to the objectives and the working of monetary policy in an Islamic economy, the changes required in the banking and financial systems existing at present in Muslim countries to achieve the goals of an Islamic economy, the mechanics of interest-free banking, project evaluation in an Islamic perspective, economics of profit sharing and the theory and practice of fiscal policy in Muslim countries. It was agreed that monetary and fiscal policies had an important part in contributing to the achievement of the goals stressed by Islam particularly those relating to equitable distribution of income and wealth and socio-economic justice.

The institution of *Zakah* was an essential component of fiscal policy in an Islamic state and provided a built-in mechanism for promoting the social objectives of Islam. There was a consensus that other fiscal policy devices could supplement *Zakah*. Monetary policy had a more limited role in this context but it could actually assist in reducing income inequalities by ensuring that bank resources were not monopolised by just a few and were made available to all sections of the society which could make productive and efficient use of bank finance to produce goods and services needed by a greater majority of the people. The seminar noted that Islamic banks were now operating in a number of countries on interest-free basis and it was felt that their operating results give cause for satisfaction. It was, however, emphasised that the success of these banks should not be judged by the profits earned by them. The emphasis should rather be on the extent to which these banks contribute to the realization of the Islamic goal of social justice. It was recommended that Central Banks of respective countries should adopt policies which foster their growth on sound Islamic lines and satisfy their liquidity needs compatible with *Shari'ah*.

A view was expressed that the government of an Islamic society would be better served if commercial banks were restrained from creating credit and the liquidity requirements of the economy met by a judicious creation of credit in a well regulated manner by the central bank which is in a better position to fulfil the demands of social welfare. It was agreed that this matter required further study and research.

The seminar took note of the misgivings often expressed that in the absence of interest, an Islamic economy would have no basis for project evaluation. The subject was discussed at length and it was felt that this was not an insurmountable problem particularly with respect to the private

sector projects where the market rate of equity could be used for discounting. The discounting of public sector projects was however a more complicated matter. Nonetheless, alternative techniques of project evaluation could be developed for use in an Islamic economy which would enable undertaking of feasibility studies and ranking of various projects according to the private or social profitability.

The seminar complimented the Government of Pakistan and the Council of Islamic Ideology for the intensive work done to find ways and means of eliminating *Riba*. It regarded the Report of the Council of Islamic Ideology on the Elimination of Interest as a historic document and a pioneering effort which would be of great use to other Muslim countries in their efforts to transform their banking system, in accordance with Islam. It was recommended that to ensure its widest possible readership it should be translated in Arabic and other languages.

The participants of the seminar extended their thanks to the President of Pakistan who took personal interest in the seminar.

In the end, it was decided to hold a Follow-up Seminar on the theme of "Development and Distribution: The Islamic Perspective" in March 1982.

In addition, working groups will be formed to study in depth the following issues:—

- a. Indexing: Its Economic usefulness and feasibility in the *Shari'ah*.
- b. Credit Creation.
- c. Profit Sharing.

PROGRAMME OF THE SEMINAR

INAUGRUAL SESSION

- Welcome Address by Mr. Ghulam Ishaq Khan, Minister for Finance, Planning and Economic Affairs.
- Address by Dr. Abdullah Omar Naseef, President, King Abdul Aziz University, Jeddah.
- Inaugural Address by Gen. Mohammad Ziaul Haq, President of Pakistan.
- Keynote Address by Prof. Khurshid Ahmad, Chairman, Institute of Policy Studies.

SESSION 1

Subject: Existing Islamic Banking Practices.

Chairman: Dr. Ahmad Mohammad Ali. Chairman, Islamic Development Bank, Jeddah.

Paper: “A Report on the Existing Islamic Banking Practices in the World” by Dr. M. Fahim Khan (Pakistan).

Discussants

- Dr. Tawfiq Al Ammar (Kuwait).
- Mr. Fouad Abdul Gadir Agabani (Sudan).

SESSION II

Subject: Monetary Policy in an Islamic Economy.

Chairmen: (i) Dr. Ziauddin Ahmed (Pakistan).
(ii) Dr. Mohammad Sakr (Jordan).

Paper: "Monetary Policy in an Islamic Economy" by
Dr. M. Umer Chapra (Saudi Arabia).

Discussants

- Dr. Munawar Iqbal (Pakistan).
- Dr. Mohammad Ariff (Malaysia).

Paper: "Theory of *Mudaraba* in Islamic Jurisprudence"
by Dr. Ziaul Haq (Pakistan).

Discussant

Dr. Hasan-uz-Zaman (Pakistan).

SESSION III

Subject: Resource Allocation in Islamic Economy.

Chairman: (i) Prof. Dr. Syed Nawab Haider Naqvi (Pakistan).
(ii) Dr. Ghazi Madni (Saudi Arabia).

Paper: "Economics of Project Evaluation in an Islamic
Perspective" by Dr. Anas Zarqa (Saudi Arabia).

Discussants

- Dr. M. Ali Khan (U.S.A.).
- Dr. M. Fahim Khan (Pakistan).

Paper: "Risk Bearing and Profit Sharing in an Islamic Frame-

work: "Some Allocational Considerations" by Dr. Syed Aftab Ali (U.S.A.).

Discussants

- Dr. A. R. Kemal (Pakistan).
- Dr. Navzat Yalcintas (Turkey).
- Dr. Mohammad Abdul Mannan (Saudi Arabia).

SESSION IV

Chairmen: (i) Prof. Dr. Mohammad Omar Zubair (Saudi Arabia).
(ii) Prof. Dr. Rafiq Ahmed (Pakistan).

Paper: "Fiscal Policy in an Islamic Economy" by Dr. M. M. Metwally (Egypt).

Discussants

- Dr. Asghar Qadir (Pakistan).
- Dr. Sultan Abu Ali (Egypt).
- Dr. Rafiq Ahmed (Pakistan).

Paper: "A Monetary and Financial System for an Interest-Free Economy" by Dr. Ma'abad Al-Jarhi (U.A.E.).

Discussant

- Dr. Ishaq Nadri (U.S.A.).

SESSION V

Subject: Fiscal Policy in an Islamic Economy

Chairman: (i) Dr. Ishaq Nadri (U.S.A.).
(ii) Dr. Nevzat Yalcintas (Turkey).

Paper: "Fiscal Policy of an Islamic State" by Dr. Abidin Ahmed Salama (Sudan).

Discussants

- Dr. Sabahuddin Zaim (Turkey).
- Dr. Syed Waseem Ahmad (Malaysia).

Paper: "A Theory of Fiscal Policy in an Islamic State" by Dr. F. R. Faridi (Saudi Arabia).

Discussants

- Dr. Anas Zarqa (Saudi Arabia).
- Dr. Muhammad Uzair (Pakistan).
- Dr. Mohammad Sakr (Jordan).

SESSION VI

Panel discussion on:

"The Report of the Panel of Economists and Bankers and of the Council of Islamic Ideology on the Elimination of Interest from the Economy".

Chairman: Prof. Khurshid Ahmad

Presentation of Report by:

- (1) Dr. Ziauddin Ahmad (Pakistan).
- (2) Mr. Abdul Jabbar Khan (Pakistan).

Discussants

- Dr. M. Umer Chapra (Saudi Arabia).
- Dr. Nejatullah Siddiqui (Saudi Arabia).
- Dr. Jamal Attiyya (Luxemburg).

SESSION VII

Subject: Fiscal Policy in Islam.

Chairman: Dr. Sultan Abu Ali (Egypt).

Paper: "Taxation Policy in an Islamic Economy" by Dr. Monzer Kahf (U.S.A.).

Discussants

- Dr. Anwar Hussain Siddiqui (Pakistan).
- Dr. Abdel Hadi El-Naggar (Kuwait).

SESSION VIII

Subject: Economics of Profit-Sharing.

Chairmen: (i) Dr. Mohammad Ahmed Sakr (Jordan).
(ii) Dr. F. R. Faridi (Saudi Arabia).

Paper: "Economics of Profit Sharing" by Dr. Nejatullah Siddiqui (Saudi Arabia).

Discussants

- Dr. Monzer Kahf (U.S.A.).
- Dr. Ziauddin Ahmad (Pakistan).

Paper: "The Rate of Capitalization in Valuation Models in an Islamic Economy" by Dr. Masudul Alam Choudhry (Saudi Arabia).

Discussant

- Dr. Asghar Qadir (Pakistan).

CONCLUDING SESSION

Chairman: Dr. Mohammad Muslim Al Raddadi

- A Review of the Seminar – Prof. Khurshid Ahmad.
- Future Research and Seminar Communique.