



“Those who do not spend their wealth that has been given to them by Allah must not think that it is good for them; indeed, it is bad for them”.

[Aale-Imran: 180]

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“Ibn 'Umar reported that the Messenger of Allah (ﷺ) ordered that the Sadaqat-ul-Fitr should be paid before the people go out for prayer.” [Sahih Muslim, Book of Zakat, Hadith No. 2159]

If the human being is nothing but the result of ‘blind forces’ acting upon the original cosmic soup of molecules, then is not the very statement of the sacredness of human life intellectually meaningless and nothing but a hollow sentimental expression? Is not human dignity nothing more than a conveniently contrived notion without basis in reality? And if we are nothing but highly organized inanimate particles, what is the basis for claims to ‘human rights’?

**Hossein Nasr, The Heart of Islam:
Enduring Values for Humanity**

Research Note

Economic Lessons from Fasting in Ramadan

Salman Ahmed Shaikh

Restraint is a human trait which is required in choice behaviour in markets as well. There is talk about economics of enough. Diane Coyle in his book “Economics of Enough” talks about creating a sustainable economy, i.e. having enough to be happy without cheating the future.

UN Sustainable Development Goal 12 talks about responsible consumption and production. FAO reports that one-third of food produced for human consumption is

lost or wasted globally, which amounts to about 1.3 billion tonnes per year. If something is abundant, it is valued less. Water maybe precious for life. But, its value in exchange will not reflect it. Exchange in market is done by living human beings. If their decision horizon concerns short term self-interest, then their behaviour may not be compatible with what is suitable keeping in view the welfare of society at large and future generations.

Exchange in markets by firms is analyzed through the solitary lens of profit maximization. Nobel Laureate Milton Friedman regarded profit maximization as not only a self-interested goal, but a social responsibility.

However, markets do not incorporate social costs. Prices determined in the market do not reflect negative externality costs. Social value lost or created does not feature in price.

Moreover, efficiency loss in massive food waste is not incorporated in microeconomic analysis of market exchange as efficiency is viewed from the narrow perspective of loss in consumer and producer surplus in market exchange. Economics is neutral between two efficient outcomes, one egalitarian and the other where there is zero consumer surplus in first-degree price discrimination under monopoly.

Nobel Laureate Amartya Sen argues for fostering commitment in choice behaviour. Commitment is central to his vision of an alternative to mainstream rational choice theory. But, what can bring commitment?

In resource economics, Hotelling's rule suggests that owners of non-renewable resources will only produce a supply of their basic commodity if it can provide a rate of return in excess of the rate of return on financial instruments.

For instance, if the natural resource price is expected to appreciate by 10% whereas the return on interest based investment is 7%, then the natural resource owner will

not extract and will wait. On the other hand, if the natural resource price is expected to appreciate by 7% whereas the return on interest based investment is 10%, then the natural resource

owner will extract and sell the natural resource and invest the proceeds in interest based investments.

A natural resource with intrinsic value shall not be compared with receipt of little more fiat currency. Fiat currency does not have intrinsic value. An illuminating, enlightening and informative book cannot be valued just by measuring the cost of printing and binding.

Another important thing to consider is that experiential learning has deep effects. A living experience transfers not only information, but deep emotions. Earth hour is an example of learning and observing restraint, albeit for a very brief period. But, lighting out still does not touch deeply the emotion and state of how is it like to be not eating or drinking. FAO reports that one out of 9 people go to bed hungry.

Fasting in the full-month of Ramadan every year teaches restraint by experiencing it for a considerable period. An exercise of self-restraint over the whole month affects life style, habits and preferences. It brings humility, discipline, restraint, self-control and social consciousness about issues of hunger and deprivation.

It is more powerful to share a state of being for the whole month in restraint than an hour of lighting out. It encourages solidarity and pro-social behaviour.

It is more powerful to share a state of being for the whole month in restraint than an hour of lighting out. It encourages solidarity and pro-social behaviour.

At the spiritual level, it reminds a human about his or her true state among the

different species on the planet. The single source of creation as encapsulated in the concept of Tawheed undermines the tendency to feel 'fittest survivors'. It brings humility, congeniality and peaceful co-existence with other life in the environment.

Interview with Thought Leaders

Muhammad Akram Khan Former Deputy Auditor General of Pakistan

Muhammad Akram Khan is one of the distinguished thinker and writer on the subject of Islamic economics. He had worked as Former Deputy Auditor General of Pakistan (until 2003) and as Chief Resident Auditor, UN Peacekeeping Missions (2003-2007). He is author of several valuable books and research papers in the field of Islamic economics. His famous book "What is Wrong with Islamic Economics" provided a critical and objective assessment of the field of Islamic economics and how it can overcome the challenges. He holds unique views in some matters based on arguments worth considering and debating. We got an opportunity to get his insights on contemporary application and institutionalization of Zakat and Ushr. We hope that his valuable insights will introduce new ways of thinking for young economists, social scientists and policymakers who share the goal of capitalizing on Islamic social finance for effective social protection.



Question: Respected Imam Abu Hanifa (R.A.) did not allow exemption in assessment of Ushr to be paid. Can this view be taken in modern times? If a person engages in production in such a way that each time, production is done inside the exemption limit of 5 Wasaq in a production cycle, then there will be no Ushr to be paid. By disallowing exemption, it will also help in

assessment and monitoring from the regulatory and governance perspective.

Muhammad Akram Khan: We need to understand the rationale for the exemption limit. In all systems of taxation, some exemption is given for personal maintenance and consumption of the income producer. If you disallow exemption on Ushr, it would be a case of hardship on the farmers. For ensuring that

the farmers come in the Ushr net, you will need to think of some other mechanism. Allah has sent down His Message not to collect taxes but for the guidance of mankind.

Question: A small retailer is supposed to pay Zakat on unsold inventory at year-end while factory owners having millions worth of productive machinery are asked to pay Zakat on few liquid assets subject to adjustment of debt. In modern banking system, larger industrialists are able to take on bigger loans from banks. They earn huge profits and reinvest them for buying more productive capital as means of production. So, should all means of production be exempted from Zakat?

Muhammad Akram Khan: The idea that plant and machinery should be treated as tools of a workman is outdated and cannot make sense in the present-day of large-scale industry. The simple method of taxing all businesses (big or small) is to take their final accounts as prepared according to the generally accepted principles of accounting and make some adjustments for liabilities and receivables to make them suitable for assessing the Zakat. I have demonstrated the method in my book, "What is Wrong with Islamic Economics". Once you do that, the whole debate referred to in your question becomes unnecessary.

Question: Agricultural produce was a major source of earned income in olden times. Nowadays, there are other modes of earning income, such as rental income, capital gain on financial and real investments, consultancy income, services income, salaries etc. Allama Yousuf Qardawi in his book 'Fiqh-uz-Zakat' favours deduction at source of

earned income as and when it is earned. Can this view be taken as it will be consistent with 'Infaa Lil-Fuqura'?

Muhammad Akram Khan: Yes. It makes more sense. It is administratively convenient and more effective for collecting the tax. The whole world is following it. Why cannot we?

Question: Should earned income be treated under Ushr or Zakat? In contemporary view, rented buildings are only subject to Zakat on the rent value rather than entire value of investment by treating capital investment in real estate as means of earning income. In this case, if exemption is treated similarly as in Ushr, then can the rate of charge be Ushr as well given the fact that real estate investments and financial investments have intensive use of capital and not labour?

Muhammad Akram Khan: All income that a person gets by working (like, e.g., salaries) should be taxed at 5 percent (on the analogy of Nisf-Ushr) and all income that is earned without working (like, e.g., rents, and dividends on financial investments) should be taxed at 10 percent (on the analogy of Ushr).

Question: It is reported that during the rule of Umar Bin Abdul Aziz (R.A.), salaries were given after deduction of Zakat (Musannaf Ibn Abi Sahibah, Vol. 4, Pg. 42-44). In the case of levying Zakat on leftover savings from earned income at year-end, the potential Zakat payer has an opportunity to either spend the surplus wealth or convert it in assets not subject to Zakat just before the Zakat due date. If earned income is treated under Zakat, then is it possible to allow

deduction at source as and when income is earned subject to adjustment at year-end?

Muhammad Akram Khan: The Zakat should be levied on (a) stock of wealth; as well as on (b) flow of wealth.

(a) For stock of wealth, like cash balances in the bank, it should be at 2.5 percent on the lower of the opening and closing balances as they are the balances on which a year has passed. Jewellery that women wear should be exempt like other personal assets. However, gold bought for purpose of storing wealth should be taxed at 2.5 percent of the market value of the gold at the year-end. If the stock of wealth is in the form of properties or plots of land, any income will be taxed at 10 percent after deducting all direct expenses. But if the property does not produce any income (like a blank plot of land), then there will be no tax on it until it is sold, or a building is constructed on it. In case, it is sold, a tax of 10 percent will be levied on the net profit. In case a building is constructed, and the owner lives therein himself, there will be no tax. But if the building is rented out, then the tax will be 10 percent on net income (after deducting all expenses, maintenance charges, etc).

(b) On flow of wealth, like dividends, rents of buildings, pensions etc, Zakat should be charged on total receipts of the year at 10 percent on the analogy of Ushr. But on salaries, it should be at 5 percent on the total receipts of the year on the analogy of Nisf-Ushr. Wherever feasible, the Zakat should be deducted at source. It is an administrative matter and not governed by the Shari'ah law.

Question: Respected Imam Abu Hanifa (R.A.) opined that every produce from land is subject to Ushr while referring to a Hadith. Industrial production is also value added production on produce from land. Since land which does not produce is not subject to Ushr, the basis of Ushr seems to be production rather than land. In modern economy, agriculture sector contributes less than 20% to the production. Major production value comes from production in industrial sector and services sector. In light of these contemporary realities in economic organization and structure, should Ushr be extended to production and earned income from value creating activities in general?

Muhammad Akram Khan: Treat all industries and commercial enterprises as businesses and then calculate the net profit at the year-end by using generally accepted accounting principles. The balance sheet and income statement should be prepared afresh for Zakat purposes by adjusting for short-term liabilities and long-term receivables. In this manner, a new figure of net income will emerge. Zakat should be payable on the net income recalculated for Zakat purposes.

The part of the net income determined for the purpose of Zakat and distributed among the shareholders or partners would be liable for Zakat. All recipients of net income would pay Zakat on their global income including the income received from business. The rate of Zakat on the income from business would be 5 percent if the individual is working and not getting a salary. However, the rate of Zakat will be 10 percent if the profit is received without working. I have illustrated all this

procedure in my book, “What is wrong with Islamic Economics”.

The Fiqhi principle of levying Zakat on inventory is a simplistic approach and was suitable when the business concerns were very small and most of the businesses were able to clear all or most of their stocks by the year-end. The nature of business has entirely changed. We must discard this old ruling and moving on to the modern methods of business and business accounting. Generally, all businesses should prepare their accounts on generally accepted accounting principles and determine their net income. In a second stage, this income should be adjusted for preparing an income statement and balance sheet for Zakat purposes.

Question: Can we introduce a collection mechanism on the pattern of general sales tax like levy at the rate of 5% (Nisr Ushr) on the premise that production is with intensive use of both labour and capital in industrial establishments? Such sales taxes are levied on production without regard for expenses as well. In Ushr as well, the cost of production is not deducted.

Muhammad Akram Khan: Whatever the nature of business: Industrial, agriculture or services, determine the net income by applying generally accepted principles of accounting, adjusting the net income for current liabilities and long-term receivables (as discussed above) for arriving at an income on which Zakat will be payable by the recipients individually on their global income.

Question: Can earned income from financial investments where income is earned without providing labour effort

be made subject to Ushr since only capital is employed to earn income? If yes, then deduction at source can enhance potential resource redistribution as well as ease the assessment and collection. Presently, government also relies heavily on deduction-at-source based withholding taxation for its ease of collection with minimal chances of evasion.

Muhammad Akram Khan: Income from financial investments should be taxed at 10 percent. It can be deducted at source and the person can be informed about that. He will then adjust that payment while preparing tax return on his global income.

Question: Council of Islamic Ideology has recommended in past to avoid double taxation. Should the corporation be regarded as separate juristic person? If yes, then is there a possibility of taxing corporations and shareholders separately?

Muhammad Akram Khan: Income from corporations can consist of two segments: (a) dividends paid to partners or shareholders, and (b) income retained and transferred to funds and reserves.

(a) Zakat on the dividends distributed should be at 10 percent to be paid by the individuals receiving the dividend unless a shareholder is actively working. In that case, the profit will be charged at 5 percent. Alternatively, if he gets a salary and is also entitled to a share in profit from the business operations, his salary shall be taxed at 5 percent and the share of profit from business operations at 10 percent. For all other shareholders, the Zakat should be assessed at 10 percent of the dividend.

(b) In case of reserves and funds, Zakat should be charged at 10 percent from the corporation.

In all cases, wherever it is possible to deduct the Zakat at source, it should be done, and the person informed, who should be able to adjust it while filing return on his global income.

In case a person buys and sells shares on the stock exchange and does not hold them for a period till the final accounts are prepared and the dividend or loss is determined, the person will pay Zakat on the gain or loss on each deal by subtracting the purchase price from the sale price. In case of gain, the capital gain will be taxed at 10 percent. The shareholders on the date of balance sheet will pay Zakat on the net profit of the corporation on the basis of revised accounts for the Zakat purposes. The corporation would inform these holders of the shares about their Zakat liability. They will be able to adjust this amount while filing their Zakat return on global income.

The question would arise: what if a person invests in shares for a short while and keeps on rotating his capital in buying and selling of shares and he never earns any dividend? The answer is: In that case, each time he buys or sells shares, he would be making some financial gain or loss. At the year-end, all these gains and losses would be netted and if there is a net gain, he shall pay Zakat at 10% on the net gain. The capital would remain exempt until it is included in the idle cash and remains sitting there for a year.

Question: Is it possible to introduce Ushr on capital gain (earned income) on the premise that only capital is employed to earn capital gain?

Muhammad Akram Khan: All capital gains on sale of shares or of other assets (such as buildings, machinery, etc.) should be charged at 10 percent on the net amount received by the recipient.

Question: Allama Yousuf Qardawi contends that nowadays, wealth is stored in many forms. He favours determining an average standard of living and then subjecting asset and wealth beyond needs under Zakat. For instance, if a person owns multiple houses and multiple modes of transport, then, beyond his needs, the extra wealth stored in real estate and means of transport shall be subject to Zakat. Can this view be taken keeping in view promotion of 'Infaa Lil-Fuqura', discouragement of 'Israf', ensuring distributive justice and avoiding concentration of wealth within the rich (Al-Hashr, verse 7)?

Muhammad Akram Khan: Except for a house in which a person lives and a car which is needed for personal use, all other assets should be evaluated at the year end and taxed at 2.5 percent of the value. However, if a house or a car is earning income, then the asset value will not be taxed. Instead, net income from that asset will be taxed at 10 percent. Just exempt the assets that a person uses and tax everything else.

Question: Several Ahadith refer to surplus livestock and ornaments cursing and punishing the holder on Judgement day (Sahih Muslim, Book of Zakat, Hadith No. 2166). One Hadith says that a

woman who had bangles was warned to give Zakat on them, else, in punishment, one may be given bangles of fire to wear on judgement day (Sunan-Nisai, Book of Zakah, Hadith No. 2479). Is it a considerable view that those Ahadith were discouraging hoarding of wealth and not paying Zakat on them by referring to the common forms of wealth prevalent during the time of Prophet Muhammad (PBUH)? Does the concept of 'Adl' demand that hoarding wealth in the form of luxurious cars and spacious homes beyond needs shall be subject to similar attitude and tendency that is discouraged and condemned in Ahadith?

Muhammad Akram Khan: I am not an expert on hadith. However, common sense says that all things of personal use like dresses and ornaments should be exempt. Otherwise, we should explain why a person living in a house of, for example, one acre and having several cars with a number of personal servants is exempt from Zakat on his cars, houses and services received from servants but a small government servant whose wife is having only 85 grams of gold should be paying Zakah on that gold. Such questions will continue chasing us.

Question: In the light of improvement in monitoring technology, record keeping and documentation, is it necessary to keep the distinction of Amwal-e-Zahira and Amwal-e-Batina when many wealth forms are declared in wealth statement as a requirement and property rights are safeguarded only if ownership is registered with relevant government departments.

Muhammad Akram Khan: All administrative matters should be decided considering ground conditions with the intention of following the spirit of the law.

Question: In the case of Ushr, can average productivity i.e. yield in an area be used to assess Ushr as it can help in assessment by applying the average yield to a particular cropping area whose size is easily measurable, but its yield is not measurable at the time of harvest or afterwards. Sometimes, even the owner is not confirmed about actual productivity and may keep no documentation.

Muhammad Akram Khan: It is quite reasonable to adopt average productivity as a rule of thumb until evidence to the contrary is available.

Question: Is it possible to use Wakalah-bil-Qabz in collecting and Wakalah-bil-Sarf in allocation of Zakat where the institution providing welfare services to the poor is made Wakeel to receive and allocate Zakat on behalf of Mustaheqeen on their welfare with approval? Is it allowed also in cases where ownership is not confined privately, but services are provided to the Mustaheqeen from the assets which are funded from the Zakat funds?

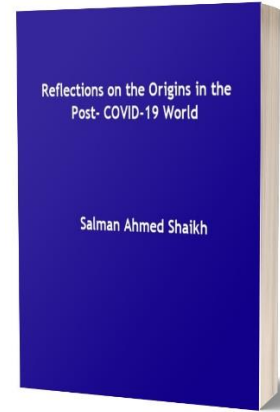
Muhammad Akram Khan: This is an administrative matter and should be decided as is more convenient, least costly, and most effective. If we keep the objectives of Zakat in view and the betterment of the poor before us, all administrative matters can be decided appropriately. No need to indulge in Fiqhi rulings which were given centuries ago.

Book Review

Title: Reflections on the Origins
in the Post Covid-19 World

Reviewer: Mufti Zubair Ahmed
Naseem

Publisher: Idara-e-Tahqeeqat e Islami



Why am I in this world? What is the purpose of life? These types of questions can come to anybody's mind frequently in some challenging phases of life (like in the COVID-19 era) or less frequently in normal days of life.

Such questions can be answered in mainly two ways. One of them is to discuss these questions through the lens of faith and divine knowledge given by the Qur'an and Sunnah, which have clear answers about existential questions.

The second way is to discuss these questions with the help of Science, Philosophy, and other contemporary areas of knowledge, which are more popular and effective for the people who are well educated in these disciplines with contemporary education.

This second style of writing in the Islamic literature proved effective in the case of Syed Abul Ala Maududi, who had a vast influence on people who had received secular education.

In this spirit, the book under review discusses the existential questions with the help of many contemporary disciplines of knowledge.

The book is divided into five chapters. The Foreword is written by Prof. Dr. Mohammad Kabir Hassan, in which he highlighted the multidisciplinary nature of the author's interests and the book. After that, the author, Salman Ahmed Shaikh, raised the existential questions in the Preface.

Chapter one presents existential questions and problems with contemporary answers coming from scientists and philosophers. Chapter two focuses on contemporary science and shows how complete reliance on science can hamper the quest for knowledge about many fundamental questions in ethics, and even social and behavioral phenomena.

The author shows how scientific tools in social sciences like economics are impotent in explaining real-world

behaviour. The author argues that norms, institutions, and culture play an important role and oftentimes, they are influenced by religious values. Thus, disregarding norms, culture, institutions and the transformative and malleable nature of human preferences can be limiting in understanding human behaviour in markets.

The author wrote that it is a misconception that scientific knowledge is only the output of western efforts. The author argues, with the help of many references, that Muslims' contribution to science cannot be neglected. Therefore, the author dispels the myth that those who are faithful are oblivious and antagonist to scientific knowledge. The author refutes this myth both in the light of history as well as Muslim attitude towards science as captured by the World Values Survey.

Chapter three presents the faith-based perspective on existential questions with references from Islamic sources of knowledge. In later sections, the author argues that faith is not in any contradiction with established scientific knowledge. It is quite ironic that

established scientific facts are consistent with Qur'an even though it was revealed more than 1400 years ago.

In Chapter Four, the author shows his academic expertise by integrating Islamic concepts and references with contemporary concepts such as "Sustainable Development Goals (SDGs)". This chapter discusses economic concepts in Islamic teachings in a brilliant way. The last chapter of the book discusses the misconceptions about Islam. The author argues that divine guidance is not merely limited to bodily worship, but this guidance is also applicable to the other areas of life, such as in trade and commerce.

Overall, this book discusses science, philosophy, and faith in an integrated way and quotes not only Islamic sources but also the many prominent scientists and researchers. This book is focused on the topic and is not limited to the boundaries of specific academic disciplines. This targeted work can be beneficial for general readers as well as those who are interested in economics, psychology, sociology, and philosophy.

Research Paper in Focus

Paper Title: The Approach of Islamic Economists to the Prohibition of Interest in the Context of Böhm-Bawerk's Time Preference Theory of Interest

Author: Cem Eyerci

Publisher: International Journal of Islamic and Middle Eastern Finance and Management, 15(1), 18 - 31.

This paper discusses the theory of interest espoused by Böhm-Bawerk. He described time preference as the origin of the

legitimacy of the existence of interest. Time preference is defined as people's attribution of more value to present goods

than future goods with the same quality and quantity. Future goods can be consumed only in the future, whereas present goods can be consumed both now and in the future.

A capital owner enjoys a recurring revenue from capital without making any effort, and Böhm-Bawerk asserted that defining the reason for such an income would help to find the cause of the existence of interest.

The main theoretical problem was the answer to the question: Why is there interest? The social and political factors such as the necessity, justice, fairness, usefulness and goodness of interest were secondary issues. The conditions that require permitting or controlling interest and the formation mechanism of the interest rate are not relevant to the cause of the existence of interest. These are about its effects. Böhm-Bawerk tried to disentangle the positive and normative aspects in the discussion.

The author reviews the works of some Muslim economists who think that since time preference is valid in Islam, so is time value of money.

For instance, the author thinks that Al-Masri showed quite a distinctive approach to the concept of the time value of money. He pointed out that the difference between the spot and forward prices in a deferred sale is the time value and is allowed in Islamic economics. According to him, the origin of time value and interest are the same and both are legitimate in Islamic law.

He highlighted a problem caused by the approach of Islamic economists. Although they are the same, he claims, the time

value is called profit in deferred sale and interest in loan transactions. In both Islamic and conventional economics, usually, profit is not controlled, but interest is limited either by administrative arrangements or by the use of financial instruments. Thus, neglecting the importance and usefulness of time value and considering the revenue from uncontrolled deferred sales as profit causes practicing an implicit interest at very high, usurious rates.

Likewise, El-Gamal stated that the existence of instruments based on the difference between spot and forward prices validate the positive time value of money.

However, the author did not delve much into reviewing Islamic sources of knowledge on guidance regarding this issue. Qur'an mentions that humans are generally hasty (Al-Isrā 17: 11), miserly (Al-Isrā 17: 100), impatient (Al-Ma'arij 70: 19) and have love of wealth (Al-ādiyāt 100: 8). Thus, humans have impatience, positive time preference, tendency to economize on expenditure and desire for material resources.

In Islamic finance literature, there is largely a consensus that time value of money is not valid, but the time value of commodity is acceptable.

Time value of money is the basis of interest. As per Islamic principles, time value of money is the problem for the investor to avoid keeping his/her money idle and to avoid forgoing the use of money that may bring positive value to his/her investment. However, it does not mean that the investor can demand an arbitrary increase as the cost of using money without taking the risk of a

productive enterprise. As per Islamic principles, a financial investor has to undertake risk of productive enterprise by becoming self-entrepreneur or an

investing entrepreneur as equity partner in others' business to have any justifiable compensation out of the production process.

Reflections

Science concerns with 'how it happens'. That is not the complete description of reality until we also know 'why it happens'. Albert Einstein in his essay 'Science and Religion' writes:

“Knowledge of what is does not open the door directly to what should be. One can have the clearest and most complete knowledge of what is, and yet not be able to deduct from that what should be the goal of our human aspirations. Objective knowledge provides us with powerful instruments for the achievements of certain ends, but the ultimate goal itself and the longing to reach it must come from another source.”

The intellect with which we discover knowledge about the matter in physical sciences to answer the question of 'What is' and 'How it is' and the conscience with which we differentiate between right and wrong, are neither our own creation nor have they appeared by themselves.

Electrical appliances function in full compliance with the mechanical and electromagnetic principles, but their existence is not the result of such natural laws alone.

Prof. Richard Dawkins sharing his thoughts says:

“After sleeping through a hundred million centuries we have finally opened our eyes on a sumptuous planet, sparkling with colour, bountiful with life. Within decades, we must close our eyes again. Isn't it a noble, an enlightened way of spending our brief time in the sun, to work at understanding the universe and how we have come to wake up in it?”

But, why have we come to wake up in it and why we would sleep again after death. What meanings our moral and immoral choices have if these choices and actions are not fairly rewarded or punished in the brief moments under the sun?

Scientists study the minute aspects of hospitality in our visit to the world and have reached the conclusion that life exists on a knife's edge. But, should we not accept and thank the host? Should we just spend all the time and energy in looking at the facilities provided by the host and their immaculate

discipline and order? The laws of nature that we study exist independent of us.

As guests in this finely tuned earth which requires life-supporting systems, can we reject the host by knowing and enjoying all the facilities? All that we have done with science is to be able to use the matter existing in the universe to make our lives more useful.

By learning syntax of programming languages, we can learn to make new and variety of computer programs, but it does not negate the inventor of the programming language. Matter had existed before we had human life in the universe. We had only learnt to use matter in different ways.

Scientific enterprise does not run nature, but merely tries to understand it. Sun, moon, seas, rivers, mountains, forests, clouds and basic chemical elements had all existed even before we arrived in this universe.

Consider a person who is asked to review a novel authored by some other person. The reviewer knows that he himself has not authored the novel. He reads most of the pages of the novel meticulously. He goes through the dialogues of characters carefully. Now, the reviewer can summarize most scenes of the plot in a generic way. In the story line, the author does not come explicitly as a character. In describing different scenes, the reviewer refers to characters in the novel.

Each character gives way to the next character through a physical process that is explained in the novel. What if the reviewer describes characters and

the scenic details, but eventually ignores the author and claims the piece of writing as author-less because the author is not an explicit character in the novel and each character emanates from another character through a physical process described in the novel.

What if he says that the novel has characters and their emotions, physical attributes and personality can be understood from the words in the novel and hence there is no need of attributing the novel to an author? What if this claim is made after finding few more intermediate pages of the novel and some more characters? If we would be puzzled to see this conclusion about a novel, imagine if this conclusion of 'no author' is reached about real characters in real existing life which runs into billions of species in a gigantic scenic environment which has immaculate details and complexity. One can describe how the author brought it about without reference to author, but it cannot negate the existence of the author altogether.

When we look at a computer program and find loop in the code which enables the program to run endlessly, it does not mean that there was no author and that the endless program had no point of start. If an executable computer program is run and complex animation appears on screen which runs and runs with unique things appearing from time to time, one cannot imagine that the program was made from nothing and by no one and it just came by chance.

Prof. Lawrence Krauss in his book 'A Universe from Nothing' suggests that the universe came about from nothing and which may one day return to

nothing via processes that may not only be comprehensible but also processes that do not require any external control or direction. But, George F. R. Ellis aptly asks: “Why the laws of physics exist? Why they have the form they have?” Prof. Pervez Hoodbhoy in his book ‘Muslims and Science’ writes that science does not have any explanation for the origins of physical laws and it cannot reject the claim that these laws might have been decreed by a divine God.

Even Prof. Stephen Hawking admits:

“Even if there is only one possible unified theory, it is just a set of rules and equations. What is it that breathes fire into the equations and makes a universe for them to describe? The usual approach of science of constructing a mathematical model cannot answer the questions of why there should be a universe for the model to describe.”

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Market News

- ❖ Rural infrastructure project in Bangladesh: Sukuk auction on April 19 to raise Tk 50 billion (The Financial Express, April 19).
- ❖ Bahrain's Al Baraka seals key finance deal with Burooj Property Development (Zawya, April 18).
- ❖ Sustained demand for the IILM's USD 1.28 billion short-term Sukuk reissuance in April (Zawya, April 18).

- ❖ Sustained demand for \$1.28 billion short term Sukuk issuance, says IILM (The Edge Markets, April 18).
- ❖ Rs 39.72 million released for grant of Zakat to deserving people in Pakistan (The Nation, April 18).
- ❖ Telangana: 36,000 Waqf properties must be geo-marked within 6 months (Deccan News, April 18).
- ❖ Fasset plans Shari'ah-compliant use of digital assets for expansion into the Islamic world (Arabian Business, April 18).
- ❖ Islamic portion of emerging markets debt issuance has more than doubled (Global Capital, April 14).
- ❖ BLME, Gatehouse Bank and Al Rayan Bank making waves in Europe (IBS Intelligence, April 14).
- ❖ Agha Steel plans to raise Rs 2 billion via Sukuk (Metis Global News, April 13).
- ❖ Dubai launches Sukuk Al Waqf endowment initiative to promote humanitarian contributions (Zawya, April 13).
- ❖ Global Sukuk issuance hits \$64.5bn in Q1: Fitch (Trade Arabia, April 12).
- ❖ Global outstanding Sukuk was \$722.8 billion at end-1Q22, 1.5% higher QoQ. (Fitch Ratings, April 12).
- ❖ Bykea and EFU Life partner to offer in-ride Takaful protection (Pakistan Observer, April 7).
- ❖ In 2022, the Sukuk issuance volume is expected to be flat at best, approximately between \$145 billion-\$150 billion (Zawya, April 5).
- ❖ Islamic banking assets in Pakistan achieve new peak at Rs 5.7 trillion in CY21: SBP (Daily Times, April 2).
- ❖ Saudi Arabia regains position as global leader in Sukuk, Islamic financing: Bloomberg (Arab News, March 30).
- ❖ At \$900 million, Bahrain's first-ever 'Green Sukuk' makes a splash with London Stock Exchange listing (Gulf News, March 28).
- ❖ Meezan Bank provides Shari'ah-compliant solution to IBDF for Huawei (Daily Times, March 25).
- ❖ Sukuk issuance less affected than bonds by volatilities in emerging markets (Fitch Ratings, March 24).
- ❖ Islamic banking in Bahrain: \$2.2 billion Ithmaar deal a boost to Al Salam growth journey (Zawya, March 21).

Zakat Calculator by Islamic Economics Project

	Grams	Price/Gram	Value	Zakat Payable
1 ZAKAT ON GOLD				
Total Gold Holdings – Rates @ Forex.pk				
24K Gold Holdings			-	
22K Gold Holdings			-	
18K Gold Holdings			-	
2 ZAKAT ON PRECIOUS STONES HELD FOR TRADE				
Total Market Value of the Precious Stones (Diamonds, Emerald, etc.) Held for Trade				
3 ZAKAT ON SILVER				
Silver Holdings – Rates @ Forex.pk			-	
4 ZAKAT ON CASH IN HAND /BANK	Actual Value	Exchange Rate	Actual Value	
Cash in Hand in Local Currency				
Foreign Currency Holdings – Rates @ Forex.pk				
United States Dollar			-	
Great Britain Pound			-	
EURO			-	
UAE Dirham			-	
Saudi Riyal			-	
Malaysian Ringgit			-	
Others			-	
Cash in Bank in Savings Accounts				
Cash in Bank in Term Deposit Accounts				
Cash in Bank in Current Accounts				
Amount Saved in Committee / Bisee				
5 ZAKAT ON LOANS / INVESTMENTS/ FUNDS/ SHARES			Actual Value	
Market Value of Investment in National Savings				
Market Value of Investment in Shares Held For Trade				
Redemption Value of Investment in Mutual Funds				
Market Value of Investment in Bonds / Sukuk				
Value of Amount Invested in Annuities / Takaful				
Value of Loans Given to Others Other than Bad Debts				
6 ZAKAT ON PROPERTY HELD FOR TRADE			Estimated Value	
Market Value of Property Held for Trade				
7 ZAKAT ON BUSINESS				
Lump Sum Value of Held for Trade Inventory				
Amount Receivable from Credit Sales				
Other Zakatable Assets				
Total Zakatable Assets Value			-	
8 GENERAL LIABILITIES				
Value of Loans taken from Friends / Relatives				
Value of Debt Owed to Suppliers				
Value of Short Term Loans from Banks				
Value of Current Portion of Long Term Loans Taken				
Accrued Expenses Whose Payment is Pending (E.g. Wages Due, Utility Bills Due, Rent Due, Taxes Due)				
Other Deductible Liabilities Against Zakatable Assets				
TOTAL LIABILITIES			-	
Total Net Zakatable Assets Value			-	
Zakat Obligation Check: Nisab Value (612.36 G Silver)	612.36		-	
Total Wealth Zakat Payable				

Economic and Financial Indicators

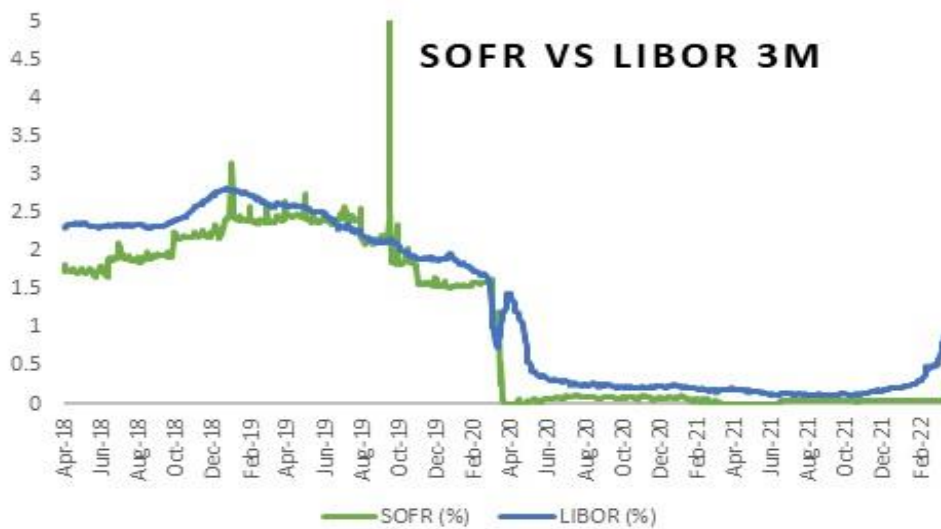
Islamic Banking Statistics Up to Q4-2020

Country	CAR	Gross NPF	ROA	ROE	Net Profit Margin	Cost to Income
Bahrain	17.80	8.30	0.40	4.50	13.80	53.20
Bangladesh	12.70	4	1	22.90	34.30	55.40
Brunei	19.20	4.80	1.70	13.60	56.50	45.20
Egypt	19.01	5.77	2.86	32.30	60.10	26.26
Indonesia	21.60	3.10	1.50	13	19.90	80.10
Jordan	22.80	2.20	1.70	17.20	49.40	50.60
Kazakhstan (2019Q3)	33.30	0.20	1.30	4.50	19.50	34.50
Kuwait	17.70	1.90	1	10.20	23	30.80
Malaysia	18	1.30	0.70	9.70	28.70	40.70
Nigeria	16.80	7.80	3.20	41.70	96.80	37.90
Oman	14.50	2.20	-0.80	-6.20	-23.40	69.90
Pakistan	16.60	4.10	2.40	39.20	43.60	49.50
Palestine	15.20	2.50	0.70	8.50	20.70	69.20
Qatar (2019Q1)	18.30	1.40	0.40	4.40	38.90	11.90
Saudi Arabia (2021Q1)	18.60	1.20	2.50	19.80	54.30	45.70
Sudan	11.50	3.50	3.50	67.70	51.20	49.70
Turkey	17.80	3.40	1.30	16.60	23.10	36.80
UAE	20.10	6.90	0.80	6.10	20.40	50

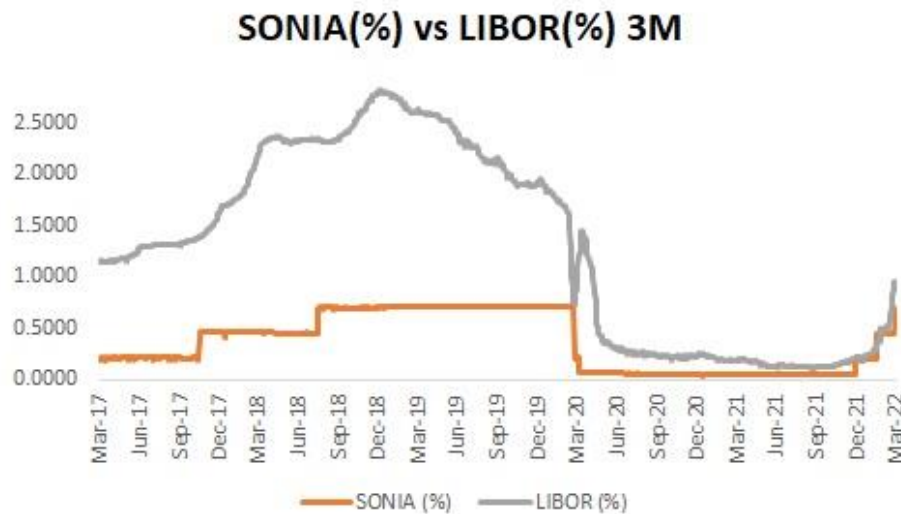
Source: IFSB Data

Alternate Reference Rates and USD 3-Month LIBOR

Alternate Reference Rates	Interbank Offered Rate
Risk-Free. No maturity and credit risk premium	Includes the risk level of banks
Overnight	Available for tenors from overnight to 12 months
Transaction-based	Based on subjective submissions by banks
Backward looking	Forward looking
Require spread adjustment for maturity and risk premium	Only require adjustment beyond bank credit risk since that is already incorporated.
ARR + Credit Adjustment Spread + Margin	LIBOR + Margin



Source: FRED Economic Data



Source: Bank of England Data

Call for Papers

Emerald Journal of Islamic Accounting and Business Research
Corporate Governance in Islamic Banking & Finance, Special Issue
<https://www.emeraldgrouppublishing.com/calls-for-papers/corporate-governanceislamic-banking-finance>

The 12-th Foundation of Islamic Finance Conference 2022 (12-th FIFC 2022)
1st - 2nd October 2022 (Web-based) and
8th - 9th October 2022 (Face-to-face in Istanbul, Turkey)
https://submit.confbay.com/conf/12-th_fifc_2022

The 8th International Islamic Monetary Economics and Finance Conference
5th - 6th October 2022, Online Webinar
<https://submit.confbay.com/conf/iimefc2022>

World Islamic Finance Forum 2022
May 30 and 31, 2022, Movenpick Hotel, Karachi
<https://wiff.iba.edu.pk/cfp.php>

Other Resources on Islamic Economics Project Portal

- ❖ Research Articles
- ❖ Research Presentations
- ❖ Islamic Finance Calculators
- ❖ Course Outlines
- ❖ Academic Resources
- ❖ Data Resources Links
- ❖ Islamic Economics Journals List
- ❖ Qur'an and Hadith on Economics
- ❖ Book Reviews
- ❖ Frequently Asked Questions
- ❖ Topical Bibliographies
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