



Code	Subject Title	Cr. Hrs	Semester
COMM-308	Islamic Principles of Business & Finance	3	VI
Year	Discipline		
3	Commerce		

- 1 Introduction
  - 1.1 Economic Scenario in the Neoclassical Framework
  - 1.2 Conventional Debt: A Recipe for Exploitation
  - 1.3 Growth per se May not Lead to Socio-economic Justice
  - 1.4 Social Welfare Activities of the States
  - 1.5 The Main Culprit
  - 1.6 The Need of the Hour
  - 1.7 Economics and Religion
  - 1.8 Islamic Principles Can Make the Difference
  - 1.9 Regulating Trade and Business
  - 1.10 Islamic Finance Passing Significant Milestones
  - 1.11 Could it Work to Achieve the Objectives?
- 2 Distinguishing Features of the Islamic Economic System
  - 2.1 Introduction
  - 2.2 Islamic Shariah and its Objectives
  - 2.3 Why Study Islamic Economics?
  - 2.4 Islamic Economics: What should it be?
  - 2.5 Paraphernalia of Islamic Economics
- 3 The Main Prohibitions and Business Ethics in Islamic Economics and Finance
  - 3.1 Introduction
    - The Basic Prohibitions
  - 3.2 Business Ethics and Norms
- 4 The Philosophy and Features of Islamic Finance
  - 4.1 Introduction
  - 4.2 The Philosophy of Islamic Finance
  - 4.3 Debt versus Equity
  - 4.4 Islamic Banking: Business versus Benevolence
  - 4.5 Exchange Rules
  - 4.6 Time Value of Money in Islamic Finance
  - 4.7 Money, Monetary Policy and Islamic Finance
- 5 Islamic Law of Contracts and Business Transactions
  - 5.1 Introduction
  - 5.2 Mal (Wealth), Usufruct and Ownership
  - 5.3 General Framework of Contracts
  - 5.4 Elements of a Contract
  - 5.5 Broad Rules for the Validity of Mu'amalat
  - 5.6 W'adah (Promise) and Related Matters
  - 5.7 Types of Contracts
  - 5.8 Commutative and Noncommutative Contracts
  - 5.9 Conditional or Contingent Contracts
- 6 Trading in Islamic Commercial Law



- 6.1 Introduction
- 6.2 Bai‘ – Exchange of Values
- 6.3 Legality of Trading
- 6.4 Types of Bai‘
- 6.5 Requirements of a Valid Sale Contract
- 6.6 Riba Involvement in Sales
- 6.7 Gharar – A Cause of Prohibition of Sales
- 6.8 Conditional Sales and “Two Bargains in One Sale”
- 6.9 Bai‘ al‘Arbun (Downpayment Sale)
- 6.10 Bai‘ al Dayn (Sale of Debt)
- 6.11 Al ‘Inah Sale and the Use of Ruses (Hiyal)
- 6.12 Options in Sales (Khiyar)
- 7 Loan and Debt in Islamic Commercial Law
  - 7.1 Introduction
  - 7.2 The Terms Defined
  - 7.3 Illegality of Commercial Interest
  - 7.4 Loaning and the Banking System
  - 7.5 Guidance from the Holy Qur’an on Loans and Debts
  - 7.6 The Substance of Loans
  - 7.7 Repayment of the Principal Only
  - 7.8 Time Value of Money in Loans and Debts
  - 7.9 Instructions for the Debtor
  - 7.10 Instructions for the Creditor
  - 7.11 Husnal Qadha (Gracious Payment of Loan/Debt)
  - 7.12 Remitting a Part of a Loan and Prepayment Rebate
  - 7.13 Penalty on Default
  - 7.14 Hawalah (Assignment of Debt)
  - 7.15 Security/Guarantee (Kafalah) in Loans
  - 7.16 Bai‘ al Dayn (Sale of Debt/Debt Instruments)
  - 7.17 Impact of Inflation on Loans/Debts
- 8 Overview of Financial Institutions and Products: Conventional and Islamic
  - 8.1 Introduction
  - 8.2 What is Banking or a Bank?
  - 8.3 The Strategic Position of Banks and Financial
  - 8.4 Categories of Conventional Financial Business
  - 8.5 The Need for Islamic Banks and NBFIs
  - 8.6 The Issue of Mode Preference
  - 8.7 Islamic Investment Banking
  - 8.8 Islamic Financial Markets and Instruments
- 9 Murabaha and Musawamah
  - 9.1 Introduction
  - 9.2 Conditions of Valid Bai
  - 9.3 Murabaha – a Bai‘ al Amanah
  - 9.4 Bai‘ Murabaha in Classical Literature
  - 9.5 The Need for Murabaha
  - 9.6 Specific Conditions of Murabaha
  - 9.7 Possible Structures of Murabaha



- 9.8 Murabaha to Purchase Orderer (MPO)
- 9.9 Issues in Murabaha
- 9.10 Precautions in Murabaha Operations
- 9.11 Musawamah (Bargaining on Price)
- 10 Forward Sales: Salam and Istisna'a
  - 10.1 Introduction
  - 10.2 Bai' Salam/Salaf
  - 10.3 Benefits of Salam and the Economic Role of Bai' Salam
  - 10.4 Features of a Valid Salam Contract
  - 10.5 Security, Pledge and Liability of the Sureties
  - 10.6 Disposing of the Goods Purchased on Salam
  - 10.7 Salam – Post Execution Scenarios
  - 10.8 Salam-Based Securitization – Salam Certificates/Sukuk
  - 10.9 Summary of Salam Rules
  - 10.10 Salam as a Financing Technique by Banks
  - 10.11 Istisna'a (Order to Manufacture)
- 11 Ijarah – Leasing
  - 11.1 Introduction
  - 11.2 Essentials of Ijarah Contracts
  - 11.3 General Juristic Rules of Ijarah
  - 11.4 Modern Use of Ijarah
  - 11.5 Islamic Banks' Ijarah Muntahia-bi-Tamleek
- 12 Participatory Modes: Shirkah and its Variants
  - 12.1 Introduction
  - 12.2 Legality, Forms and Definition of Partnership
  - 12.3 Basic Rules of Musharakah
  - 12.4 The Concept and Rules of Mudarabah
  - 12.5 Mudarabah Distinguished from Musharakah
  - 12.6 Modern Corporations: Joint Stock Companies
  - 12.7 Modern Application of the Concept of Shirkah
  - 12.8 Diminishing Musharakah
  - 12.9 Diminishing Musharakah as an Islamic Mode of Finance
- 13 Some Accessory Contracts
  - 13.1 Introduction
  - 13.2 Wakalah (Agency)
  - 13.3 Tawarruq
- 13.4 Ju'alah
- 13.5 Bai' al Istijrar (Supply Contract)
- 14 Application of the System: Financing Principles and Practices
  - 14.1 Introduction
  - 14.2 Product Development
  - 14.3 The Nature of Financial Services/Business
  - 14.4 Prospects and Issues in Specific Areas of Financing
  - 14.5 Islamic Banks' Relationship with Conventional Banks
  - 14.6 Fee-based Islamic Banking Services
- 15 Sukuk and Securitization: Vital Issues in Islamic Capital Markets
  - 1 Introduction
  - 2 The Capital Market in an Islamic Framework
  - 3 Securitization and Sukuk



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- 16 Takaful: An Alternative to Conventional Insurance
    - 16.1 Introduction
    - 16.2 The Need for Takaful Cover
    - 16.3 The Shariah Basis of Takaful
    - 16.4 How the Takaful System Works
    - 16.5 Takaful and Conventional Insurance Compared
    - 16.6 Status and Potential of the Takaful Industry
    - 16.7 Takaful Challenges
  - 17 Islamic Assets and Fund Management
    - 17.1 Principles and constraints of Islamic investing
    - 17.2 Islamic fund structures
    - 17.3 Islamic investment products: Risk-reward profile
    - 17.4 The Islamic stock selection process
    - 17.5 Islamic fund performance
    - 17.6 Liquidity strategies
    - 17.7 Structure, marketing and distribution
    - 17.8 Incorporation, authorization and regulation
    - 17.9 The Shariah committee and Islamic fund management
  - 18 An Appraisal of Common Criticism of Islamic Banking and Finance
    - 18.1 Introduction
    - 18.2 The Common Myths and Objections
    - 18.3 Appraisal of Conceptual Criticism
    - 18.4 Appraisal of Criticism on Islamic Banking Practice
  - 19 The Way Forward
    - 19.1 Introduction
    - 19.2 Agenda for the Policymakers
    - 3 Potential, Issues and Challenges for Islamic Banking

**Recommended Books: (Latest Editions)**

1. Understanding Islamic Finance by Muhammad Ayub, John Wiley & Sons Ltd, England.
  2. An Introduction to Islamic Finance by Muhammad Taqi Usmani, Maktaba Ma'ariful Qur'an, Karachi, Pakistan.
  3. Islamic Finance: Law, Economics, and Practice by Mahmoud A. El-Gamal, Cambridge University Press, New York, USA.
  4. Islamic Finance Qualification: Securities and Investment Institute, London, UK.
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