

# **Shari'ah Standard of Stock Screening in the Capital Market**

*By*

*Mohd Ma'Sum Billah, PhD*

## **Abstract:**

*Any activity be it a trade or manufacturing or service from viewpoint of Halal (legitimate) gain or income generation, should be in total compliance with the integrated Divine principles of Shari'ah (and that is; law, morality and cooperation with utmost care, share and concern with holistic universal character for the common benefit of all humanity by waiving the issue of one's religion, race, colour, gender, status or nationality). An unfair gain through dishonesty, misappropriation, oppression, illegality and appreciating advantage at the expense of others, is totally opposed and against the concept and spirit of halal (legitimacy). In the capital market of Malaysia under the Shari'ah principles, the screening mechanisms or processing is strictly required to comply to the Shari'ah standard and approved guidelines to make one Halal. In this paper an attempt is made to examine the capital market, its stocks, screening process and other related issues under the Shari'ah principles as adapted in Malaysia.*

# **The Islamic Worldview and Development Ideals**

*By  
Junaid Qadir*

## **Abstract:**

*The concept of development and progress ultimately depends on the belief and value systems of the human population at large. In neoclassical economics, development is defined and measured narrowly in terms of economic growth only. This is in stark contrast with Islamic notions of human development. In the Islamic worldview, human life is purposeful, and human development can only be meaningfully measured in the backdrop of this purpose. The purpose of the article is to articulate the Islamic worldview and to then present the Islamic development ideals. We will also critically evaluate the modern secular notions of development by comparing and contrasting these with Islamic developmental ideals.*

# Exploring the Significance of Islamic Environmental Ethics for Fostering Sustainable Environment

By

Dr. Salman Ahmed Shaikh

## Abstract

*The last five human generations have pushed planetary boundaries through the unprecedented burning of fossil fuels, rapid deforestation, contamination of seas and which has caused rise in temperature, frequent heat waves, floods, melting of glaciers and enormous loss of marine and tropical forest species. In this paper, we discuss the implications of Islamic worldview and environmental ethics in creating more commitment and environment friendly sustainable co-existence with nature. We discuss that the theistic concepts of Tawheed, Khilafah and Akhirah govern the Islamic way of life. Belief in a single source of creation defies racial, ethnic or gender basis of biases. Simultaneously, the concept of Khilafah raises the stature of human beings as moral beings with an inbuilt and active conscience, which provides the ability to differentiate moral from immoral acts. It inculcates the responsibility of custodianship, trusteeship and stewardship in human beings with regards to the use and ownership of physical property and environmental resources. While the concept of Tawheed creates an equal basis for humans to use what is bestowed in nature, the concept of Khilafah instills stewardship towards the responsible use of natural and environmental resources without pushing planetary boundaries and causing precious loss of biodiversity. However, when we assess OIC countries on upholding these ideals, we find a mixed picture. In total carbon emissions, OIC countries perform comparatively better. But, in a broader spectrum of environmental performance, OIC member countries perform less well.*

## **Project-backed Sukuk: can it be a model for resource mobilization, risk sharing and capital market development in developing economies?**

By

*Bukhari M. S. Sillah*

### **Abstract**

*This paper reviews the comparisons between asset-backed and asset-based Sukuk using a number of criteria including Islamic contract principles and return types. Based on contract principle, asset-based Sukuk are found to account for 62% of global Sukuk and asset-backed 19%. Based on return type criterion, asset-based Sukuk constitute 98% of global Sukuk and asset-backed 2%. Project-based Sukuk are becoming a familiar financing model for developing economies. However, they are also generally asset-based. The paper finds that it is inappropriate to use only asset-based instruments to finance the public projects from construction to operation phases. This is a one-size-fits-all model, and it ignores the facts that some projects are social and others are economic, and that the construction phase, which generates no return, requires financing customization. Asset-based instruments delink the underlying asset from the financing and obscures the good governance practices to which the underlying asset should be subjected. Delinking the underlying asset from the financing leads to debt proliferation and accumulation, which are a recipe for a financial bubble and crisis. The paper proposes a project-backed financing model that uses quasi-equity instruments. It classifies public projects into either a social infrastructure or an economic infrastructure and tailors accordingly the financing instruments and the investor types. Social investors should play a key role in the construction phase, and financial investors can use asset-based instruments to participate in this construction phase. After delivery of the asset, the asset-based instruments should convert into asset-backed instruments to prevent massive build-up of debt and to maintain long-term development financing sustainability*

## **Aggravating housing situation: Return and ownership issues in Islamic home financing revisited**

*By  
Zubair Hasan*

### **Abstract**

*In my latest article on Islamic home financing models in the ISRA Journal, June 2013, I had shown that the Zubair Diminishing Balance Model (ZDBM) does not involve compounding of return and the transfer of ownership to the customer perfectly matches the payments' rate; the two norms of Islamic models must meet. It is satisfying to note that Nabil in the same issue of the journal takes up these issues in a comprehensive and tightly argued conceptual paper and convincingly vindicates my position on the compounding issue. However, he argues that the transfer of ownership in the ZDBM also does not meet the stated ideal even as it is closer to the norm than other constructs. The objective of this paper is to clarify my position on this latter issue albeit I shall put on record a more clinging demonstration of interest compounding in the conventional formula as many Islamic banks use it not only in home financing but in other deferred payment contracts as well.*

# **Privatization Predicament and Shari'ah Compliant Alternate Solutions**

*By*

*Malik Shahzad Shabbir*

*Tasmia Matloob*

## **Abstract**

*This paper proposes viable Shariah based alternate solutions to the privatization dilemma. Instead of privatization through outright sale of national assets, equivalent funds can be raised through long term Shariah structures without alienating national assets permanently. This will help safeguard public welfare and be in line with Maqsaid al-Shari'ah, Hifzal al-Mall, and Mamala fiqh Marsala. Privatization of national assets is generally a matter of great public interest. This paper reviews reasonable arguments which do exist on both sides of the divide. Nevertheless, once privatization has been done reversing the process would be neither fair, nor justifiable and hence the balance of convenience in this public policy matter tilts, somewhat in favor of not privatizing national assets, if reasonable alternates are available, or possible for achieving most, if not all of the objectives which the privatization process is expected to achieve without permanently alienating national assets.*