



DADABHOY INSTITUTE OF HIGHER EDUCATION

ISLAMIC STUDY-II

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QUESTION NO: 01

ISLAMIC FINANCIAL SYSTEM

The Islamic financial system is not much different from the products and services in the traditional financial system but its operations are essentially based on a certain set of moral and ethical principles that determined what is viewed as morally 'right' implying actions and transactions that promote public good, and 'wrong' implying actions and transactions likely to be against the public good.

Describing the Islamic financial system simply as "interest-free" does not provide a correct picture of the system as a whole and tends to create confusion. While prohibiting the receipt and payment of interest is the nucleus of the system, it is supported by other principles of Islamic teachings advocating individuals' rights and duties, property rights, equitable distribution of wealth, risk-sharing, fulfilment of obligations and the sanctity of contracts. The Islamic financial system is not limited to banking but covers insurance, capital formation, capital markets, and all types of financial intermediation and suggests that moral and ethical aspects in the regulatory framework are also necessary in addition to prudent and sound controls.

WHAT IS ISLAMIC FINANCE?

Based on the article on Islamic Financial System by Zamir Iqbal, World Bank publication

Islamic finance may be viewed as a form of ethical investing, or ethical lending, except that no loans are possible unless they are interest-free. The objectives (maqsid) of Islamic finance transactions may be summarised as below:

- **To be true to the Shari'ah principles of equity and justice;**
- **Should be free from unjust enrichment;**

- **Must be based on true consent of all parties;**
- **Must be an integral part of a real trade or economic activity such as a sale, lease, manufacture or partnership.**

Islamic finance in a broad sense was practiced predominantly in the Muslim world throughout the Middle Ages, involving various contracts fostering trade and business activities with the development of credit. In Spain and the Mediterranean and Baltic states, Islamic merchants became indispensable middlemen for trading activities. In fact, many concepts, techniques, and instruments to finance trade were later adopted by European financiers and businessmen.

In contrast, the term “Islamic finance” in the modern sense appeared only in the mid-1980s. In fact, all the earlier references to commercial or mercantile activities conforming to Islamic principles were made under the umbrella of either “interest-free” or “Islamic” banking. Islamic finance is founded on the absolute prohibition of the payment or receipt of any predetermined, guaranteed rate of return. This closes the door to the concept of interest and precludes the use of debt-based instruments. The system encourages risk-sharing, promotes entrepreneurship, discourages speculative behaviour, and emphasises the sanctity of contracts.

BASIC FINANCIAL INSTRUMENTS

Islamic markets offer different instruments to satisfy providers and users of funds in a variety of ways: sales, trade financing, and investment.

Basic instruments include cost-plus financing (Murabaha), profit-sharing (Mudarabah), leasing (Ijarah), partnership (Musharakah), and forward sale (Salam). These instruments serve as the basic building blocks for developing a wide array of more complex financial instruments, suggesting that there is great potential for financial innovation and expansion in Islamic financial markets

HOW IS ISLAMIC FINANCE DIFFERENT FROM OTHER FORMS OF FINANCE?

Islamic finance is a type of financing activities that must comply with Sharia (Islamic Law). ... The main difference between conventional finance and Islamic finance is that some of the practices and principles that are used in conventional finance are strictly prohibited under Sharia laws

QUESTION NO:2

The Muslims fought the total of twenty nine (29) battles during the life of the Prophet Mohammed (PBUH) from which some were fought by the Prophet Mohammad (PBUH) himself and from which some were lead and/or participated by the Prophet Mohammed (PBUH) which are :

- **The battle of Waddan (1 Hijri).**
- **The battle of Bawat (2 Hijri).**
- **The battle of Al-Asherah (2 Hijri).**
- **The battle of Badr (2 Hijri).**
- **The battle of Badr Al-Kubrah (2 Hijri).**
- **The battle of Bani Saleem (2 Hijri).**
- **The battle of Bani Qaenaqaa' (2 Hijri).**
- **The battle of Al-Saweeq (2 Hijri).**
- **The battle of the Amr (3 Hijri).**
- **The battle of Bahran (3 Hijri).**
- **The battle of Uhud (3 Hijri).**
- **The battle of Hamraa' Al-Asad (3 Hijri).**
- **The battle of Bani Al-Nazeer (4 Hijri).**
- **The battle of That Al-Reqaa' (4 Hijri).**
- **The battle of Badr Al-Akherah (4 Hijri).**
- **The battle of Domat-Ul-Gandal (5 Hijri).**
- **The battle of Al-Khandaq (5 Hijri).**
- **The battle of Bani Al-Mustalaq (5 Hijri).**
- **The battle of Bani Qurayzah (5 Hijri).**
- **The battle of Bani Lehyan (6 Hijri).**
- **The battle of The Qird (6 Hijri).**
- **The battle of Al-Hudaybeyah (6 Hijri).**
- **The battle of Khaibar (7 Hijri).**
- **The battle of Umrat Al-Qadaa' (7 Hijri).**

- **Fath Mekkah (8 Hijri).**
- **The battle of Haneen (8 Hijri).**
- **The battle of Al-Taa'ef (8 Hijri).**
- **The battle of Tabuk (9 Hijri).**

Twenty seven (27) battles from the twenty nine (29) battles were fought with the attendance of the Prophet Mohammed (PBUH) himself not as a fighter, but rather a leader or something else with only nine (9) of them being fought by the Prophet Mohammed (PBUH) himself using his sword which are :

- **The battle of Badr (2 Hijri).**
- **The battle of Uhud (3 Hijri).**
- **The battle of Al-Khandaq (5 Hijri).**
- **The battle of Banu Qurayzah (5 Hijri).**
- **The battle of Al-Mustalaq (5 Hijri).**
- **The battle of Khaybar (7 Hijri).**
- **Fath Mekkah (8 Hijri).**
- **The battle of Haneen (8 Hijri).**
- **The battle of Al-Ta'ef (9 Hijri).**

Although the scholars opinions differ on the number of the battles that the Prophet Mohammed (PBUH) attended, but most of them agree that twenty seven (27) were attended by the Prophet Mohammed (PBUH) with nine (9) battles from them being fought by the Prophet Mohammed (PBUH) himself.

QUESTION NO: 03

MUHAMMAD STARTS PREACHING

During the first three years of his ministry, Muhammad preached Islam privately, mainly among his near relatives and close acquaintances. According to Muslim tradition, Muhammad's wife Khadija was the first to believe he was a prophet. She was followed by Muhammad's ten-year-old

cousin Ali ibn Abi Talib, close friend Abu Bakr, and adopted son Zaid. According to Islamic belief, in the fourth year of Muhammad's prophethood, around 613, he was ordered by God to make his propagation of this monotheistic faith public. Muhammad's earliest teachings were marked by his insistence on the oneness of God, the denunciation of polytheism, belief in the last judgment and its recompense, and social and economic justice.

Most Meccans ignored and mocked him, though a few became his followers. There were three main groups of early converts to Islam: younger brothers and sons of great merchants; people who had fallen out of the first rank in their tribe or failed to attain it; and the weak, mostly unprotected foreigners.

OPPOSITION IN MECCA

According to Ibn Sad, one of Muhammad's companions, the opposition in Mecca started when Muhammad delivered verses that condemned idol worship and polytheism. However, the Quran maintains that it began when Muhammad started public preaching. As Islam spread, Muhammad threatened the local tribes and Meccan rulers because their wealth depended on the Kaaba. Muhammad's preaching was particularly offensive to his own Quraysh tribe because they guarded the Kaaba and drew their political and religious power from its polytheistic shrines.

The ruling tribes of Mecca perceived Muhammad as a danger that might cause tensions similar to the rivalry of Judaism and Bedouin Polytheism in Yathrib. The powerful merchants in Mecca attempted to convince Muhammad to abandon his preaching by offering him admission into the inner circle of merchants and an advantageous marriage. However, Muhammad turned down both offers.

At first, the opposition was confined to ridicule and sarcasm, but later morphed into active persecution that forced a section of new converts to migrate to neighboring Abyssinia (present day Ethiopia). Upset by the rate at which Muhammad was gaining new followers, the

Quraysh proposed adopting a common form of worship, which was denounced by the Quran.

Muhammad himself was protected from physical harm as long as he belonged to the Banu Hashim clan, but his followers were not so lucky. Sumayyah bint Khabbab, a slave of the prominent Meccan leader Abu Jahl, is famous as the first martyr of Islam; her master killed her with a spear when she refused to give up her faith. Bilal, another Muslim slave, was tortured by Umayyah ibn Khalaf, who placed more and more rocks on his chest to force his conversion, until he died.

DEATH OF KHADIJAH AND ABU TALIB IN 619 CE

Muhammad's wife Khadijah and uncle Abu Talib both died in 619 CE, the year that became known as the "year of sorrow." With the death of Abu Talib, Abu Lahab assumed leadership of the Banu Hashim clan. Soon after, Abu Lahab withdrew the clan's protection from Muhammad, endangering him and his followers. Muhammad took this opportunity to look for a new home for himself and his followers. After several unsuccessful negotiations, he found hope with some men from Yathrib (later called Medina). The Arab population of Yathrib were familiar with monotheism and were prepared for the appearance of a prophet because a Jewish community existed there as well. They also hoped, by the means of Muhammad and the new faith, to gain supremacy over Mecca; the Yathrib were jealous of its importance as the place of pilgrimage. Converts to Islam came from nearly all Arab tribes in Medina; by June of the subsequent year, seventy-five Muslims came to Mecca for pilgrimage and to meet Muhammad.

THE DELEGATION FROM MEDINA

A delegation from Medina, consisting of the representatives of the twelve important clans of Medina, invited Muhammad as a neutral outsider to serve as the chief arbitrator for the entire community. There was fighting in Yathrib (Medina) mainly involving its Arab and Jewish inhabitants for around a hundred years before

620. The recurring slaughters and disagreements over the resulting claims, especially after the battle of Bu'ath, in which all the clans were involved, made it obvious that the tribal conceptions of blood feud and an eye for an eye were no longer workable unless there was one man with authority to adjudicate in disputed cases. The delegation from Medina pledged themselves and their fellow citizens to accept Muhammad into their community and physically protect him as one of their own.

THE HIJRA IN 622 CE

The Hijra is the migration of Muhammad and his followers from Mecca to Medina, 320 kilometers (200 miles) north, in 622 CE. Muhammad instructed his followers to emigrate to Medina until nearly all of them left Mecca. According to tradition, the Meccans, alarmed at the departure, plotted to assassinate Muhammad. In June 622, when he was warned of the plot, Muhammad slipped out of Mecca with his companion, Abu Bakr.

On the night of his departure, Muhammad's house was besieged by the appointed men of Quraysh. It is said that when Muhammad emerged from his house, he recited the a verse from the Quran and threw a handful of dust in the direction of the besiegers, which prevented them seeing him. When the Quraysh learned of Muhammad's escape, they announced a large reward for bringing him back to them, alive or dead, and pursuers scattered in all directions. After eight days' journey, Muhammad entered the outskirts of Medina, but did not enter the city directly. He stopped at a place called Quba, some miles from the main city, and established a mosque there. After a fourteen-days stay at Quba, Muhammad started for Medina, participating in his first Friday prayer on the way, and upon reaching the city was greeted cordially by its people.

MUHAMMAD IN MEDINA

Among the first things Muhammad did to ease the longstanding grievances among the tribes of Medina was draft a document known as the Constitution of Medina,

“establishing a kind of alliance or federation” among the eight Medinan tribes and Muslim emigrants from Mecca. The document specified rights and duties of all citizens and the relationship of the different communities in Medina (including between the Muslim community and other communities, specifically the Jews and other “Peoples of the Book”). The community defined in the Constitution of Medina, *Ummah*, had a religious outlook, also shaped by practical considerations, and substantially preserved the legal forms of the old Arab tribes.

The first group of pagan converts to Islam in Medina were the clans who had not produced great leaders for themselves but had suffered from warlike leaders from other clans. This was followed by the general acceptance of Islam by the pagan population of Medina, with some exceptions.

RECONCILIATION AND CONSOLIDATION OF THE ISLAMIC STATE

Around 628 CE, the nascent Islamic state was somewhat consolidated when Muhammad left Medina to perform pilgrimage at Mecca. The Quraysh intercepted him en route and made a treaty with the Muslims. Though the terms of the Hudaibiyyah treaty may have been unfavorable to the Muslims of Medina, the Quran declared it a clear victory. Muslim historians suggest that the treaty mobilized the contact between the Meccan pagans and the Muslims of Medina. The treaty demonstrated that the Quraysh recognized Muhammad as their equal and Islam as a rising power.

QUESTION NO:04

The Ansar (Arabic:, romanized: al-Anṣār, lit. 'The Helpers') were the local inhabitants of Medina who, in Islamic tradition, took the Islamic prophet Muhammad and his followers (the Muhajirun) into their homes when they emigrated from Mecca during the hijra

Despite conquering and leading the masses, Prophet Muhammad never took advantage of his position nor allowed it to overcome him. His sense of humility was

unwavering. One of the great companions of Prophet Muhammad, Abu Dharr said, "Once I observed Salman and Bilal arriving in the presence of the Prophet.

Al-Ansari or Ansari is an Arab community, found predominantly in the Arab and South Asian countries. ... Historically, the community produced the sage, scholars and philosopher. The Ansari are an Urdu-speaking community, although the Ansari clan of Gujarat have Gujarati as their mother tongue.

QUESTION NO: 05

Surah al-Hujurat is the 49th Surah of The Quran. It consists of 18 verses. The main focus of Surah al-Hujurat is to enlighten the believers about manners that should be observed as well as etiquettes and proper conduct. Among other things, it also teaches us not to act on a news without verification.

THE MESSAGE OF SURAH AL-HUJURAT

ETIQUETTES AND MANNERS

This Surah outlines what a Muslim's character should be. It forbids acting on news without verification and promotes calls for peace and reconciliation. We are also warned against defamation by means of mockery and taunts. Furthermore, in Surah al-Hujurat, Allah tells us not to ridicule others using ugly nicknames, indulge in suspicion, or pry into other people's affairs and backbiting. Allah has mentioned all such corruptions and evils separately and announced them as unlawful.

EQUALITY AND BROTHERHOOD

Humans are spread around the world in the form of different nations and tribes. No one is superior or inferior on the basis of color, race, ethnicity, language or origin. As per Surah al-Hujurat, only piety and righteous deeds can decide one's superiority in front of Allah.

Therefore, this surah condemns certain wrong notions that are prevalent in our society like racism, tribalism, caste

and class system, xenophobia, etc. In fact, Surah al-Hujurat establishes equality with regards to race and origin — one's nobility can only be determined on the basis of his or her pious actions.

Question No:06

The Holy Prophet (PBUH) is a role model for everyone:-

The life of the Holy Prophet (PBUH) is a role model for every person of this world who believes in Allah and the Day of Judgment. This source of light and guidance (the Prophet PBUH) can lead us completely. The world has seen a lot of scholars, philosophers and preachers but none was as great as the Prophet Mohammad (PBUH). Allah sent His messengers in every period of history to guide the humanity. The world had been waiting for the last Prophet for centuries. This long wait was ended with the prophethood of the Prophet (PBUH). He was sent as the last Prophet of Allah Almighty. His Shariah was regarded as the last message of Allah and the previous Shariahs were abolished. His guidance was declared sufficient for all till the end of this world. The Prophet (PBUH) said, "If Hazrat Musa had been alive he had no option but to follow me."

Hazrat Mohammad (PBUH) was born and died in the month of Rabi-ul-Awal. He is an embodiment of mercy for all mankind. All the prophets guided the humans. But Mohammad (PBUH) brought a revolution in the lives of the people. This revolution is example-less in the history of mankind. Our love for the Prophet (PBUH) involves not only the devotion and passion for him but to follow his deeds also. There is no option left for us but to follow his teachings. The Quran and Sunnah are the basis of our religion. The holy life style of the Prophet (PBUH) guides us in our individual and collective life. He stressed that Muslims should have good behavior with others. They should have good character also. It shows the importance of behavior and character in his teachings. Hazrat Abu Huraira reported that on the occasion of Haja-tul-Wida he said, "I am leaving two things among you. You will never deviate from the right path. These are the Holy Quran and

my Sunnah. These two things will not be separated. Until they will come to their destination namely, the Hoz-e-Kausar.” If we’ll follow the Quran and Sunnah, we cannot be deviated from the right path. These two things are the main source of our religion. These two things will keep on guiding us up to the last day of this world. We’ll keep on consulting the Quran for a solution to every problem. Allah has ordered that we have to obey the Prophet (PBUH). It is said in the Holy Quran that the people who believe in Allah they should obey the Prophet (PBUH) as well. They should not waste their virtues. It means that the obedience of the Prophet (PBUH) is the obedience of Allah. It is clear that the teachings of the Holy Prophet (PBUH) and the Holy Quran are the basis of Islam. These two things complete the religion.

Mohammad (PBUH) is the last Prophet of Allah. His prophethood is sufficient for all humanity up to the end of this world. No one will be blessed with prophethood and no previous prophet will be followed. A person who accepts Mohammad (PBUH) a prophet but not the last one, it is nothing but a refusal. The prophethood of the Holy Prophet has two parts. Firstly, he is a prophet and secondly he is the last prophet of Allah Almighty. The Quran has made it clear that the prophethood was started with Hazrat Adam and was ended with the Holy Prophet (PBUH). No prophet will come after Mohammad (PBUH). It shows that his prophethood is universal. He is not the prophet of his age but he is the prophet of every age. He should be obeyed in every age. Truth is forever. The modern systems of making people slaves is useless. Islam guides people in every field of life. It is a complete code of life. That’s why the non-believers are attacking the faith of Khatam-e-Nabuwat and Namoos-e-Rasalat. They are using different tactics to degrade our faith. But the faithful Muslims have great love for Mohammad (PBUH) in spite of all weaknesses. In order to prevent these conspiracies, we should make laws and struggle on all levels. If we want to get relief we should follow him. Anyone who wants to please Allah he should follow the teachings of the Holy Prophet (PBUH).

Muslims are in a great number in this world. But they are disunited. The Muslim community is in a miserable

condition in Kashmir, Palestine, Syria, Afghanistan, Yemen, Iraq and Myanmar. The Muslim world and its leadership has become irresponsible and self-centered. On the contrary, the non-believers are united and attacking the Muslim Ummah severely. Pakistan is the center of the expectations of the Muslim world. It has abundance of every kind of resources. But corruption, poverty and lawlessness is prevailing everywhere. The country which was established on the basis of Kalma Tayyaba should be an ideal Islamic state. The sacrifices which were laid at the time of Partition have been forgotten. When the Holy Prophet (PBUH) started his mission of improving the mankind, people became his bitter enemies. They tortured him and his companions severely. He (PBUH) bore all hardships manfully and continued his struggle. At last, he (PBUH) became successful. The Muslims dominated the evil forces and conquered the whole Arab. Now anti-Islamic forces have become powerful again. We have to follow the Quran and Sunnah in order to defeat these negative forces. The Holy Quran is the foundation of Islam and Sunnah has given a shape to this building. In short, it is most important for the Muslim Ummah to follow the Quran and Sunnah.

Thank You !