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Q NO.1:

Explain Different Sources Of SHARIAH.

ANSWER:

SOURCES OF SHARIAH:

The rules and regulation laid down by Islamic SHARIAH are derived from the following sources:

- 1. QURAN**
- 2. HADITHS**
- 3. IJMA**
- 4. QIYAS**
- 5. IJTIHAD**

1. QURAN:

Quran is the word of ALLAH revealed over Prophet Muhammad (PBUH). The Holy Quran is the primary source of knowledge and SHARIAH RULLING for Muslims. The injunctions mentioned in the Holy Quran are mandatory to follow and anyone who denies express injunctions of the Holy Quran is regarded as Non – Muslim. Most of the injunctions mentioned in the Holy Quran are prescriptive in nature such as Order for offering SALAH but the information about method and other descriptive information about offering SALAH may be obtained from other sources of SHARIAH such as SUNNAH:

As ALLAH said:

“And obey ALLAH and his Messenger, if you are believers.”

2. SUNNAH:

SUNNAH is defined as a word spoken or act done or rectified by the Holy Prophet (PBUH).

The SUNNAH provides detailed information about the code of conduct for every spheres of life and is also considered as Divine Revelation. The details about SUNNAH are preserved in the form of AHADITHS. On the basis of clear injunctions of Holy Quran, SUNNAH can thus be regarded as the second source of Islamic SHARIAH after Quran

3. IJMA:

IJMA means consensus of scholars of UMMAH on a particular issue. It is one of the most authoritative sources of Islamic SHARIAH since it encompasses the unanimous of the scholars of a particular era over the interpretation of Quran and Hadiths on some particular issue. The status of IJMA as an authoritative source of SHARIAH has also been ascertained from the following saying of Holy Prophet (PBUH):

“My UMMAH shall never be combined on an error.”

4. QIYAS:

QIYAS means to apply a recognised rule of SHARIAH expressly mentioned in the Holy Quran and SUNNAH, to a similar situation by way of analogy.

5. IJTIHAD:

IJTIHAD LITRARY means “UTMOST EFFORT” and technically it means to exert utmost effort to discover the RULLING of SHARIAH regarding a particular situation. The practice of IJTIHAD has been duly endorsed by the Prophet Muhammad (PBUH) in the following narration:

“When the Holy Prophet (PBUH) intended to send his companion MU’ADH, to Yemen as a ruler and as a judge, He asked him: How will you adjudicate a matter when it will come to you?”

Q NO.3:

Differences Between Islamic And Capitalism Economic System.

ANSWER:

Factors Of Production:

1.Capitalism Or Capitalist View:

In order to understand Islamic point of view fully, it would be better to understand first at the system of distribution of wealth under the Capitalist economic system. The Capitalist theory is stated as “ wealth should be distributed only over those who take part in producing

it, and who are described in the terminology of economics as factors of production. According to Capitalistic economics, these factors are 4:

1. Capital: which has been defined as “ the produced means of production” – that is to say, a commodity which has already undergone one process of human production, and is again being used as a means of another process of production.

2. Labour: that is to say, any exertion on the part of man.

3. Land: which has been defined as “ natural resources “ (that is to say , those things which are being used as means of production without having previously undergone any process of human production).

4. Entrepreneur, or Organization:

The fourth factor that brings together the other three factors, exploits them and bears the risk of profit and loss in production.

2. Islamic theory Or Islamic System:

Those who have a primary right to wealth

As indicated above, the primary right to wealth is enjoyed by “ the factors of production.” But “ the factors of production “ are not specified, nor is their share in wealth determined in exactly the same way as is done under the Capitalist system. Under this system the factors of productions are 3 instead of 4:

1. Capital: that is, those means of production which cannot be used in the process of production until and unless during this process they are either wholly consumed or completely altered in form, and which, therefore, cannot be let or leased (for example, liquid money or food stuff etc.)

2. Land: that is, those means of production, which are so, used in the process of production that their original and external form remains unaltered, and which can hence be let or leased (for example lands, houses, machines etc.)

3. Labour: that is, human exertion, whether of the bodily or organs or of the mind or of the heart. This exertion thus includes organisation and planning too. Whatever “wealth is produced by the combined actions of these 3 factors would be primarily distributed over these 3 factors in this manner: one share of it will go to Capital in the form of profit (and not in the form of interest); second share would go to Land in the form of rent, and the third share would be given to Labour in the form of wages.

GENERAL DIFFERENCES BETWEEN CAPITALISM AND ISLAMIC SYSTEM:

By comparing and contrasting the brief outlines of the Islamic and the Capitalist systems of the distribution of wealth, we arrive at the following differences between the two:

1. The entrepreneur, as a regular factor, has been excluded from the list of the production, and only three factors have been recognised, instead of four. But this does not imply that the very existence of the entrepreneur has been denied. What it does mean is just that the entrepreneur is not an independent factor, but is included in any one of the three factors.

2. It is not "interest" but "profit" that has been considered as the "reward" for capital.

3. The factors of production have been defined in a different manner. Capitalism defines "Capital" as "the produced means of production." Hence, Capital is supposed to include machinery etc. as well, beside money and foodstuff. But the definition of "Capital" that have presented while discussing the Islamic view of the distribution of wealth, includes only those things which cannot be utilised without their wholly consumed.

4. In the same way, "Land" has been defined in a more general way. That is to say, all those things have been brought under this head, which do not have to be wholly consumed in order to be used. Hence, machinery too falls under this category.

5. The definition of Labour too has been generalised so as to include mental Labour and Planning.

EXPLANATION:

Under the Capitalist system, the most important point of the entrepreneur (which entitles him to "Profit") is supposed to be that he bears the risk of profit and loss in the business. That is to say, from Capitalist point of view, "profit" is a kind of reward for his courage to enter into a commercial venture where he alone bears the burden of possible loss, while the other 3 factors will remain immune from loss.

While on the other hand, the Islamic point of view insists that the ability to take risk of a loss should, in reality, inherent with Capital itself, and that no other factor should be made to bear the burden of this risk. Consequently, the Capitalist, in so far as he takes the risk, is an entrepreneur too, and the man who is an entrepreneur is a Capitalist as well.

Q NO.2 (PART A)

WHY DOES ISLAM PROHIBIT RIBA

ANSWER: *The word RIBA means "increase or addition." According to SHARIAH it implies the excess compensation without due consideration (consideration does not include time value of money).*

PROHIBITION OF RIBA IN ISLAM: **RIBA** is prohibited in Islam because **RIBA** has both negative effects socially and economically. **RIBA** based economy exploit poor and increase poverty. **RIBA** is prohibited in ISLAM because it is thought to be exploitive. **RIBA** is forbidden under law of SHARIAH for many reasons. It is because people can protect their money or wealth by making unjust and unequal exchanges illegal. Islam provides the base to promote or to help charity and needy people. Islam thought us to remove selfishness which can create social antipathy. By making **RIBA** illegal under Islamic law can creates opportunity in which people are encouraged to act charitably and loaning money without interest. As in QURAN

“ WHATEVER RIBA (INCREASE AMOUNT) YOU GIVE SO THAT IT MAY INCREASE IN THE WEALTH OF THE PEOPLE, IT DOES NOT INCREASE WITH ALLAH ” (AR – RUM: 39)

Q NO.2: (PART B)

ACCORDING TO PAKISTAN CONTEXT:

YES, it is possible that Pakistan can survive without the concept of RIBA as in the Past years many steps have been taken to eliminate RIBA. Article 37 is dealing with principles of policies opinion upon state to eliminate RIBA. And yes Pakistan can established pure Islamic SHARIAH. As the foundation of Pakistan is based on Islamic so therefore Pakistan can do trade according to Islamic SHARIAH. To make this possible many Islamic scholars such MUFTI TAQI USMANI and many other are working on it to make possible in implementing the Islamic SHARIAH. It would be difficult for Pakistan as Pakistan have taken loan and is economically very much poor and unstable.