

**A STUDY TO ANALYSE THE AWARENESS OF ISLAMIC BANKING
AMONGST THE CITIZENS OF MUMBAI CITY, ITS SUBURBAN AREAS
AND ITS EXTENDED SURROUNDING AREAS AND ITS FUTURE
PROSPECTS IN THE CITY**

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ABSTRACT

This research is relevant in the current scenario of the country, where, because of interest payments, there are a lot of farmer suicides, or suicides by others due to non-repayment of loans. With the increasing inflation each passing year, and the increase in interest rates leading to an increase in the debt-burden on the poor and the middle class, the relevance of Islamic Banking which provides an interest-free setup which would be a great relief to the masses, will act as a saviour. Besides, India has a huge population of Muslims who wish to conduct their banking transactions within the boundaries of Islamic Law, which facility, many of the conventional banks are not able to offer, prime of the issues being the paying and receiving of 'interest' which has been forbidden is Islamic Law. This study would provide an insight into the current awareness amongst the citizens of Mumbai city, its suburban areas and the extended surroundings including areas of Navi Mumbai, Thane, Panvel & Mira-Bhayander. These areas are chosen considering the city of Mumbai is the financial capital of the country. This research will also study the future prospects of Islamic Banking in the city in particular and in the country at large. Thus, this study is important for laying foundation for the establishment of the Islamic Banking System in the country.

To conduct this study, primary data was gathered as well as some secondary data was used to support the study. To gather the primary data for the study, a questionnaire was prepared with a set of 17 questions (16 compulsory and 1 optional). This questionnaire was prepared in an online format through Google Forms and the link was circulated amongst contacts and through multiple

social media platforms. The link was active for 2 weeks and 239 people responded. These responses were stored in an excel sheet and then on the results were drawn from it.

The results of the summary had interesting findings. The majority of the respondents are Muslims (66.9%), and non-Muslim respondents have a representation of 33.1%. The study shows that 45.2% of the respondents, are from the age group of 22 – 24 and thus form a major part of respondents. Around 96.7% of the respondents have a bank account. There were incredibly positive responses for Islamic Banking when comparisons were made between Islamic and Conventional Banking as well as to the questions of future prospects of Islamic Banking.

Objectives of the Project:

Money, or finances, is one of the most important part of people's lives irrespective of any differences amongst human beings, be it nationality, race, gender, faith, caste, creed, age, etc. All human beings alike require money to survive their life in this world, in today's time and period. With the evolution of money and the development of various complex financial products, there was a need for a system to guide on the day-to-day affairs of the banking system as well as to deal with various ethical issues.

There came various systems like capitalism and Marxism/Communism which provided a way of handling the banking system and the economic activities at large. Each system, as recognized by intellectuals, economists and experts around the world, had some pros and cons. None of the system was without flaws, though each of it claimed to exist for the betterment of humanity.

The capitalist economic thought gave precedence to the thought of freedom and profit but led to the exploitation of the one with no money. Many critics of the system said that the system was 'Make money, through money.' But the problem arose when there came a section of society with no money to make money. Thus came the Marxist/Communist ideology.

The Marxist/Communist ideology believed that all human beings are equal and that no single person has the right to ownership and all assets should be owned by the state and it should distribute it as per the needs of the person. Though this seems fair, but this system failed miserably with various Marxist/communist countries too practicing capitalism in some form or the other.

Thus, Islam came in with a system, based on the Islamic principles of humanity and justice, and claims to provide human beings with an economic system beneficial to every human being, not restricting freedom, but to some extent, and persuading justice for all human beings in the society.

With this economic system in mind, various banks have been introduced internationally, especially in those countries having Muslim Governments at the helm, who have established a system of banking, based on Islamic principles of finances and economics.

Islam, as a religion, not only provides human beings with a spiritual way to connect with the creator but is also provides a holistic approach on living the life, laying down a set of rules and regulations and a framework in every part of life of a human being which is for the benefit of the humans and human society at large.

Islamic theory of economics cannot be considered as capitalist one, though it allows private ownership to an extent but not as a general principle and similarly, it cannot be regarded as a socialist society, though it adopts public as well as state ownership in some kinds, but not as a general principle. It can neither be regarded as an admixture of both the thoughts, as it is an expression of original religious planning, which is based on certain ideological basis and lies within special framework of values and meanings, contrary to basis, values, and meanings of the other two economic ideologies.

One of the key highlights of the Islamic principles of banking is that ‘interest’ has been forbidden in Islamic teachings and thus, Muslims, have an obligation to not pay nor receive interest while conducting various business transactions.

India, having such a huge population of Muslims, has no robust laws for the establishment of an Islamic Bank. With the laws of Islam, being an obligation for Muslims, it becomes a very precarious situation for Muslims to conduct various transactions with the conventional banks, as well as have a career in the banking business as it all involves the transaction of ‘interest.’

Besides, the Islamic Banking Structure, is not only for Muslims and the Non-Muslims too can benefit from its interest-free offerings.

Mumbai, being the financial capital of the country, has a lot of its citizens who are working in the financial field or are more aware of the financial matters.

Thus, the objective of this study is to analyse the awareness about Islamic Banking amongst the citizens of Mumbai and the surrounding areas in order to understand the current mood of the citizens about Islamic Banking and how much acceptance will Islamic Banking get, if it is to be started and thus prepare grounds for the establishment of the Islamic Banking System in Mumbai, and eventually across the country, in order to serve all citizens of this country with another alternative for the banking, which may prove more beneficial to them as compared to the current banking system.

Scope of the Project:

The scope of the project involves studying the awareness regarding Islamic Banking amongst the citizens of Mumbai City, its Suburban areas, and its surrounding areas as well. It also involves analyzing this data based on various parameters of the participants including age, gender, religion, etc. The scope of the project also involves analyzing the future prospects of Islamic Banking in the city, in particular and in the country, at large.

Introduction:

Money, or finances, is one of the most important part of people's lives irrespective of any differences amongst human beings, be it nationality, race, gender, faith, caste, creed, age, etc. All human beings alike require money to survive their life in the world, in today's time and period.

The Evolution of Money

The evolution of money started with the decline of the barter system. The barter system was a system where goods were exchanged for goods and there was no concept of money, in the early days of human life. Eventually, due to various disadvantages of the barter system, the concept of money started to develop. The disadvantages of the barter system included inequality of the exchange and problem of storage of goods, amongst others. Thus, such disadvantages of the barter system paved the way for the evolution of money.

Eventually, natural elements like seashells, animal skins, fur, and other natural elements became the primitive forms of money based on the area of the transaction. This was known as commodity money.

Eventually, trade exchanges increased amongst people, and various metals were used as a standardization process. This stage was known as metallic money. Metals such as gold, copper, silver were used and in later stages, system of coins were used for its authenticity. Various kingdoms and rulers minted various types of coins from the above metals.

With the increase in trade, it became difficult and inconvenient to transport and transfer huge sums of money in coins. The concept of writing on a piece of paper and giving surety to handover coins to the owner of that receipt came into being. This led to the evolution of standardization of such papers and eventually they came to be known as 'notes' or 'bank notes' issued by various organizations which held such sums of metallic money and issued such receipts in a standardized format. This also led to the system of storing money with institutions, which came to be known as 'banks,' as these institutions promised to keep the money safe and secure. Later on, the concept of interest too crept in, and these institutions started paying people

to store money with them. This money was lent to those who needed it and were charged a sum of money against it, known as interest. Although, the process of lending money and taking interest pre-existed the banking system for centuries where in there were moneylenders who were rich businessmen and moneylending was a kind of an occupation. But, with the concept of banks getting popular, this role was primarily taken by banks as a business and thus, the banks started issuing notes by themselves. Eventually, these bank notes were further standardized by the central banking authorities of the countries.

With the technological developments of the 20th and the 21st centuries, this paper money started getting converted into plastic money with more and more people using credit cards and debit cards. Since these cards provided people with money, and were made of plastic, it came to be known as 'plastic money.'

With further technological advancement of recent times, there came the concept of direct transfers and UPI (in India), where there was no need for any debit/credit cards and money is directly transferred to the bank account of the person within seconds.

There started the concept of e-money and cryptocurrency in recent times, where there is no particular backing of a verified established institution taking guarantee of the money, but, yet it is getting in circulation with various governments getting started to realise its popularity and starting to draft laws and regulations to regulate such currency.

With each and every government of the world making laws and regulating money through their central banks, there is surely a concern about managing money and the ethical issues surrounding it. There is a requirement of a framework, which guides human beings on how to manage their finances and manage this money and the banking system which is responsible for managing it.

Islamic Economic System

As discussed earlier, capitalism and Marxism/Communism, came in with their various economic theories and processes which had various pros as well as cons and thus came the Islamic Economic and Banking system based on the values and principles of Islamic teachings of the way of life.

Islam, being a holistic religion, provides laws and regulations for everything, thus guiding humans and humanity in every walk of life, including economics and finances. Islam provides guidelines on how human beings can conduct trade and commerce ethically and for the betterment of the society at large. Islam considers some trades like that of alcohol and interest as illegal, while recommends other types of trades and provides a framework on how human beings

can conduct these transactions in the best manner for the betterment of each and everyone in the society.

In today's day and age in the 21st century, when almost 1400+ years have passed since the holy prophet Muhammad (peace be upon him and his progeny) lived on this earth and taught his teachings, primarily there are only 2 ways to reach his teachings, i.e. The Qur'aan, which is the holy book of Islam revealed upon prophet Muhammad (peace be upon him and his progeny) by the Lord, Allah (Praise is for him), which provides guidelines to mankind on various aspects of life; and the second way is through his successors, from amongst his progeny through whom there is a collection of the sayings of Prophet Muhammad (peace be upon him and his progeny).

Islamic Economic Teachings in light of the Holy Qur'aan

The Holy Qur'aan was revealed on Holy Prophet Muhammad (peace be upon him and his pure progeny) by the Lord, Allah (All praise is due to him). It was revealed, in its own words, as guidance to mankind.¹ It has verses on various range of topics in which there is wisdom for whole of humanity. It even has multiple verses, which deal with various areas of how human beings should behave in their commercial and economic life and how they should conduct their trades and finances.

Khan, M. L. (2011)²discusses in great length about various verses of the Holy Qur'aan which discuss finance and trade. Here is a list of such verses.

The first few verses presented by Khan, M. L. (2011) relate to the Justice and Responsibility.

In Chapter 4, Verse 58 of the Holy Qur'aan, Allah mentions the following, "Indeed, Allah commands you to return trusts to their rightful owners; and when you judge between people, judge with fairness. What a noble commandment from Allah to you! Surely Allah is All-Hearing, All-Seeing."³

In another verse, in chapter 6, verse 152 of the Holy Qur'aan, Allah mentions, "And do not come near the wealth of the orphan—unless intending to enhance it—until they attain maturity. Give full measure and weigh with justice. We never require of any soul more than what it can afford. Whenever you speak, maintain justice—even regarding a close relative. And fulfil your covenant with Allah. This is what He has commanded you, so perhaps you will be mindful."⁴

¹The Holy Qur'aan, Chapter 2, Verse 2

²Khan, M. L. (2011). Economic Thought of Muhammad Baqir al-Sadr: A Study of Iqtisaduna (Our Economics). Masters diss., University of Kashmir.

³<https://quran.com/>

⁴ibid

In the course of research for the current study, it was discovered that a whole chapter, Chapter 83 of the Holy Qur'aan, deals with the issue of those who give less (while selling), and its multiple verses deals with topic of ethics in weighing of goods while conducting trade. It warns clearly against defrauding people while conducting trade and commerce.

Another verse, chapter 2, verse 188 says, "Do not consume one another's wealth unjustly, nor deliberately bribe authorities in order to devour a portion of others' property, knowing that it is a sin."⁵

In this manner, one would find many more verses which deal with ethical issues in trade and how a person should be just and responsible while conducting trade and commerce.

The next topic which Khan M. L. (2011) discusses is the topic of acquisition of wealth in the Qur'aan.

In chapter 7, verse 10, Allah reveals, "We have indeed established you on earth and provided you with a means of livelihood. 'Yet' you seldom give any thanks."⁶

In the course of research for the current study, it was discovered that verse 10 of chapter 62 of the Holy Qur'aan states, "Once the prayer is over, disperse throughout the land and seek the bounty of Allah."⁷

In another verse, Allah mentions in Chapter 34, Verse 15 of the Holy Qur'aan, "...Eat from the provision of your Lord, and be grateful to Him. 'Yours is' a good land and a forgiving Lord."⁸

In verse 219 of chapter 2 of the Holy Qur'aan, Allah reveals, "They ask you 'O Prophet' about intoxicants and gambling. Say, "There is great evil in both, as well as some benefit for people—but the evil outweighs the benefit."⁹

Khan M.L. (2011) also mentions some other few verses on the given topic. In Chapter 4, Verse 29, Qur'aan mentions, "And do not eat one another's property among yourselves in wrongful ways, nor seek by it to gain the nearness of the judges that may sinfully consume a portion of other men's goods and that knowingly."¹⁰

⁵ ibid

⁶ ibid

⁷<https://quran.com/>

⁸ ibid

⁹ ibid

¹⁰ ibid

Chapter 2, Verse 188 of the Holy Qur'aan states, "If one of you deposits a thing on trust with another let him who is trusted (faithfully) delivers his trust, and let him fear God, his Lord."¹¹

On of the verses which is an important part of framework of Islamic Banking highlighting its interest free nature is seen in chapter 2, verse 275 of the Holy Qur'aan, which states, "God has permitted trade and forbidden usury."¹²

As perfectly described by Khan, M. L. (2011), the Qur'an discourages the following methods of accumulating wealth: taking someone else's property without their consent; bribery; forced acquisitions; fraud; taking or giving wrong measure; businesses that spread indecency; prostitution; wine manufacturing, buying, selling, and transportation; gambling; manufacture, buying, and selling of idols; and businesses like astrology, faith-foretelling, divination, and usury.

With respect to contracts, one of the prime verses of the Holy Qur'aan which deals the issue in detail comes in chapter 2, verse 14, which states, "O believers! When you *contract* a loan for a fixed period of time, commit it to writing. Let the scribe maintain justice between the parties. The scribe should not refuse to write as Allah has taught them to write. They will write what the debtor dictates, bearing Allah in mind and not defrauding the debt. If the debtor is incompetent, weak, or unable to dictate, let their guardian dictate for them with justice. Call upon two of your men to witness. If two men cannot be found, then one man and two women of your choice will witness—so if one of the women forgets the other may remind her. The witnesses must not refuse when they are summoned. You must not be against writing '*contracts*' for a fixed period—whether the sum is small or great. This is more just 'for you' in the sight of Allah, and more convenient to establish evidence and remove doubts. However, if you conduct an immediate transaction among yourselves, then there is no need for you to record it but call upon witnesses when a deal is finalized. Let no harm come to the scribe or witnesses. If you do, then you have gravely exceeded 'your limits'. Be mindful of Allah, for Allah 'is the One Who' teaches you. And Allah has 'perfect' knowledge of all things."¹³ This verse describes in detail on how a contract should be done and what all conditions should be kept in mind.

In conclusion, there are numerous verses of the Holy Qur'aan, some mentioned here, while many more to discuss, which deal with the economic life of the human being and how they should conduct their trades.

¹¹ ibid

¹² ibid

¹³<https://quran.com/>

Islamic Economic Teachings in light of the Sayings of Prophet Muhammad (peace be upon him and his pure progeny)

As mentioned earlier, besides the Qur'aan, the sayings of Holy Prophet Muhammad (peace be upon him and his progeny) either through him or through his progeny have reached us which have been registered in various books compiled by Islamic Scholars of almost all sects of Islam. Some of these sayings with respect to trade, commerce and economics are mentioned below. These sayings, amongst others, provide a guidance for human beings alongside the verses of the Holy Qur'aan.

For the purpose of this research, I have taken sayings of three personalities, and thus have compartmentalized all the sayings in 3 parts.

The three personalities are:

1. Holy Prophet Muhammad (peace be upon him and his progeny)
2. Imam Ali ibne Abi Talib (peace be upon him) (companion, student, cousin, son-in-law and successor of the prophet)
3. Imam Jaffer Sadiq (peace be upon him) (5th generation descendant of the prophet; 6th Imam as per Twelver Shias and a renowned scholar as per all sects of Muslims)

Hadees (Sayings) from Prophet Muhammad (peace be upon him and his pure progeny)

- ❖ Blessing consists of ten parts: nine parts are contained in trade [i.e., working to earn one's living] and the tenth part lies in endurance.¹⁴
- ❖ A coward trader a loser remains, but a courageous one gains.¹⁵
- ❖ A truthful, trustworthy trader will keep company with the prophets, the truthful and martyrs (in the Day of Judgment).¹⁶
- ❖ Traders await sustenance, and hoarders of foodstuff await (people's) curse.¹⁷
- ❖ "One who sells adulterated goods to Muslims is not from us. He will be raised with the Jews on the Day of Judgement, because an adulterer is not a Muslim." "One who gives us adulterated goods is not from us." He repeated this sentence thrice then said, "And Allah

¹⁴Bihar al-Anwar, v. 103, p. 5, no. 13; Mizan ul Hikmah, page No. 145

¹⁵Nahj al Fasahah; Tradition No. 53; Page No. 15

¹⁶Nahj al Fasahah; Tradition No. 141; Page No. 27

¹⁷Nahj al Fasahah; Tradition No. 2336.

will remove barakat (blessings) from the livelihood of the Muslim brothers. (Allah) will destroy his economy and leave him upon his own condition.”¹⁸

- ❖ False oath makes goods sell but ruins the business well.¹⁹

Hadees (Sayings) from Imam Ali (peace be upon him)

- ❖ Practice the various trades, for there is in them independence for you from what is in the hands of others, and indeed Allah loves the one gainfully engaged in a profession.²⁰
- ❖ Amir al-Mu'minin Imām Ali ibne Abi Talib (peace be upon him) said in a letter he wrote to Malik al-Ashtar when he appointed him governor of Egypt, ‘Know - along with this - that most of the merchants and traders are very narrow-minded, and awfully avaricious. They hoard goods for profiteering and fix high prices for goods. This is a source of harm to the people, and a source of shame for the governors in charge. So, stop people from hoarding, because verily the Messenger of Allah {Prophet Muhammad (p.b.u.h.a.h.p.p.)} has prohibited it.’²¹
- ❖ Abu Sa`aid narrated that Imam Ali (peace be upon him) used to come to the market and exhort, 'O market traders, fear Allah and beware of making false oaths, for though it may sell your goods, it eradicates all benediction thereof. The trader [by nature] is corrupt, except those who take only their right, and give back the right due, and upon you be peace.' Then a few days would pass, and he would come there again and exhort them as he did before. And when he would arrive, people would say, 'Here comes the big-bellied man', to which he would reply, 'The bottom of it may be food, but the top is knowledge.'²²
- ❖ The bane of economy is parsimony.²³

Hadees (Sayings) from Imam Jaffer Sadiq (peace be upon him)

- ❖ Imam Jaffer ibn Muhammad al-Sadiq (peace be upon him), when asked by Hisham b. al-Hakam about the reason behind the prohibition of usury, replied, 'Were usury to be permissible, people would abandon their trading and other necessities, so Allah prohibited usury in order that man may flee from the unlawful [means of earning] to

¹⁸Greater Sins Vol 2, The Twenty-Fourth Greater Sin, page 149; Iqaabul Aamaal

¹⁹Nahj al Fasahah; Tradition No. 589; Page No. 86

²⁰Wasael al-Shi`aah, v. 12, p. 4, no. 6; Mizan ul Hikmah, page No. 193

²¹Nahj al-Balagha, Letter 53; Mizan ul Hikmah, page No. 405

²²Bihar al-Anwar, v. 103, p. 102, no. 44; Mizan ul Hikmah, page No. 592

²³Ghurur al-Hikam, no. 3942; Mizan ul Hikmah, page No. 134

trade, and resort to buying and selling, and this in turn facilitates borrowing from each other.²⁴

- ❖ “Allah will make three types of people enter Paradise without any accounting – a just leader, a truthful trader and an elderly person who spent his life in Allah’s obedience.”²⁵
- ❖ Allamah Hilli says that a man asked Imam Jaffer ibn Muhammad al-Sadiq (peace be upon him), “If a person has two types of goods one is of a superior and expensive quality and the other is of inferior and cheap quality, can he mix these two and sell at a special rate?” Imamreplied, “It is not correct for him to sell the adulterated goods to Muslims. However (there is no harm) if he informs them (of the adulteration).”²⁶

Thus, the above sayings are a few examples from a whole lot of sayings from these personalities who alongside the Qur’aan guided humanity in various walks of life including economics and trade.

Islamic Economists and Jurists

In the light of such verses and sayings, various scholars of Islam derived laws from these sources with respect to all walks of life include trade as well as economics and banking. Scholars from every century since the time of the prophet, deduced laws from these sources on matters which did not exist in those times or there were no clear verses or sayings with the respect to the pertinent issue. There existed laws related to conduct of different types of transactions like:

- Buying
- Selling
- Lawful and Unlawful transactions
- *Naqd*(Cash) and *Nasi’ah*(Credit) transactions
- *Salaf*(Prepaid)transactions
- *Shirkah* (Partnership)
- *Sulh* (Settlement)
- *Ijarah*(Hiring/Renting)
- *Muzarabah* (Sleeping Partnership)
- *Ju’alah* (Reward)
- *Muzara’ah* (Sharecropping)
- *Musaqah* (Tree tending contract)

²⁴Bihar al-Anwar, v. 103, p. 119, no. 24; Mizan ul Hikmah, page No. 970

²⁵Sawab al-A`amal, Page 179

²⁶Greater Sins Vol 2, The Twenty-Fourth Greater Sin, page 150; Iqaabul Aamaal

- *Mugharasah* (Tree planting contract)
- *Wikalah* (Agency)
- *Qarz* (Loan)
- *Hawalah* (Transfer of Debt)
- *Rahn* (Security)
- *Damaan*(Suretyship)
- *Kafaalah* (Surety for the appearance of debtor)
- *Wadi'ah*(Deposit)
- *Amanah* (Trust)
- *Aariyah* (Gratuitous Loan)

These are some of the types of transactions as mentioned in the book 'Islamic Laws' written by Grand Ayatollah Sayed Ali al Hussaini Sistani, popularly known as 'Ayatollah Sistani.'

Over the centuries, various Islamic scholars provided guidance to the rulers on Islamic Economic point of view while dealing with the economic issues of their nations. Khan, M. L. (2011). Economic Thought of Muhammad Baqir al-Sadr: A Study of Iqtisaduna (Our Economics) discusses that post the Russian Revolution as well as post the events of the 20th century, a batch of scholars emerged who formulated the policies of Islamic Economics based on Qur'aan, Sayings of the Prophet as well as the views and opinions of Islamic scholars of previous centuries. Besides, with the emergence, formalization and development of the Banking System in the world, the Islamic Scholars realised the need for a Banking System based on Islamic Law, so that Muslims can be at par with the world within the boundaries of the Islamic Law. One of the prominent of those scholars was Ayatollah Baqir Sadr.

A brief history of Ayatollah Baqir Sadr

There were a few in the Islamic history who did some work on the theory of Islamic Economics, but one of the most recent and prominent of them was a Twelver Shia Muslim scholar, jurist, economist, philosopher, Grand Ayatollah Sayed Muhammad Baqir Sadr. (Ayatollah is a title given to high-ranking jurists in Twelver Shia Islam).

Ayatollah Muhammad Baqir Sadr was born on 1st March 1935 in a family of high-ranking jurists in Iraq. His lineage traces back to the Holy Prophet Muhammad (Peace and blessings be upon him and his progeny) and hence he has the prefix of 'Sayed' ahead of his name.

Ayatollah Sadr was a child prodigy who, at 10, was delivering lectures on Islamic history, he wrote a book on materialistic philosophy at 24, and starting teaching in the Islamic Seminary at Najaf, Iraq at the age of 25.

Ayatollah Sadr penned many books on varied subjects ranging from Economics, Philosophy, Jurisprudence, Law, Fundamentals of Law, Logic, Theology, History, Qur'aanic commentaries and Islamic culture. Almost all of his books were penned in Arabic, later translated to various languages, including English.

As far as Economics is concerned, he penned 3 books namely 'Iqtisaadunaa' (Our Economy), 'Al-Bank al-la Ribawi fi al-Islam' (Usury-free banking in Islam) and 'Maqalat Iqtisaadiyyaah' (Essays in Economy).

His most popular book has been '*Iqtisaduna*' meaning 'Our Economy.' Originally written in the Arabic language, it was translated into the English language by World Organisation for Islamic Services (WOFIS) in 2 Volumes, consisting of 2 parts each.

Ayatollah Muhammad Baqir Sadr and his sister Aminah Sadr, known as 'Bintul Huda' were tortured for a long time by the Ba'athist regime under dictator Saddam Hussain and on 9th April 1980, Ayatollah Sadr and his sister were brutally martyred by Saddam Hussain. Ayatollah Sadr left this world at the age of 45 years leaving behind a strong legacy of knowledge.

Ayatollah Sadr was a strong supporter of a democratically elected government in the absence of a divinely appointed leader (the Imams).

Books on Islamic Economics by Ayatollah Muhammad Baqir Sadr

Ayatollah Muhammad Baqir Sadr's *Iqtisaduna* has been a masterpiece in the field of Islamic Economics. It has been used as a guide to Islamic Economics as well as Islamic Banking System. In *Iqtisaduna*, Ayatollah Sadr first discusses doctrines of Marxism/Communism and Capitalism and discusses its pros and cons. Post that, he lays a foundation and introduces Islamic Economics in a deep manner. Khan, M. L. (2011). Economic Thought of Muhammad Baqir al-Sadr: A Study of *Iqtisaduna* (Our Economics) is one of the many research papers which one can refer to read its summary.

His other book, *Al-Bank al-la Ribawi fi al Islam* (Interest-free Banking in Islam) has also been translated in the English language and is a practical guide in conducting operations and transactions of an Islamic Banking System.

A brief discussion from *Iqtisaduna*

In *Iqtisaduna*, Ayatollah Sadr differentiates between Economic Doctrine and Economic Science.

The science of the economy deals with exposition of economic life, its events and its outward signs and connection of those events with reasons and general factors which control them.

The economic doctrine of a society is an expression of the course which society prefers to follow in its economic life and solving its economic problem.

While progress of economic science began with Adam Smith, the economic doctrine was always present in every era of human existence.

Thus, by Islamic Economics, we do not mean the scientific study of economics, rather, it means the economic doctrine of Islam which embodies the Islamic system in the organization of economic life on the strength of the balance of thought. This doctrine possesses and denotes, and which is made up of the moral idea of Islam and the scientific, economic or historical ideas which are linked with the problems of economics or the analysis of the history of human society.

The way capitalist economy is a part of the capitalist democracy, Marxist economy is a part of Marxist doctrine, in a similar way, Islamic economy is a part of the religion of Islam which covers various branches of life.

A scientific theory of economics can be achieved by either collecting of economic events from the realistic experience of the life and arranging them scientifically in such a way as may reveal the laws effective in the field of that life OR starting scientific research from particular admitted facts.

As for the capitalist and Marxist-socialist economists, it was easier for them to put their theories on the basis of experience of social reality in which they lived. But for an Islamic economist, they cannot have experiments from day-to-day life about the Islamic economy during its implementation.

Thus, science of Islamic economy cannot possibly take real birth unless this economy is incarcerated in the entity of the society, with all its roots.

Economic doctrines differ from one another in their basic ideological seeds and the main roads where from they derive their spirit and their entity and consequently, they differ in their characters.

The Marxist economy, in the opinion of Marxism, carries a scientific character, as it is regarded, in the opinion of its supporters, an inevitable result of the natural laws which control and influence history.

Contrary to this, the Capitalist doctrine, because its components did not formulate it as a necessary result of the nature of the history and its law, but they had adopted it only as an expression of the social form which agrees with the practical values in the ideas they embrace.

But the religion of Islam does not claim to have the scientific character like Marxist doctrine, nor is it without a certain basis of conviction and main view about life and existence, like capitalism.

Further, Ayatollah Sadr discusses a brief framework of Islamic Economics

General Edifice of Islamic Economics:

The general edifice of Islamic economics comprises of three main elements according to which its doctrinal content is defined and whereby it is distinguished from all other economic doctrines in their broad lines. These elements are as follows:

1. The principle of Double - ownership:

Islam differs from capitalism and socialism substantially in respect of the nature of ownership which it allows.

The capitalist society believes in private individual form of ownership, that is private ownership, as a general rule, allowing individuals to have private ownership of various kinds of wealth in the economy according to their activities and circumstances. Public ownership is an exception to it, in particular circumstances.

The socialist society is entirely contrary to it. Common ownership constitutes the general principle in such a society which is applicable to all kinds of wealth in the country while private ownership is an exception.

As for Islamic society, the basic attribute of each of these societies is inapplicable thereto and hence it establishes various forms of ownerships at one time. Islamic economy believes in private ownership, public ownership and state ownership and provides for each of these forms of ownership a particular field to work in. It does not regard anything thereof of as an exception or a temporary treatment necessitated by circumstances.

2. The principle of economic freedom in limited sphere:

The second element of the Islamic economy is constituted by the limited freedom allowed to the individuals in the economic field which is restricted by moral and spiritual values in which Islam believes.

In this element too, we find the glaring difference between the Islamic economy on one hand and those of capitalism and socialism on the other. Thus, while individuals enjoy unrestricted freedom under the shadow of the capitalist economy, while the socialist economy confiscates freedoms of all, Islam adopts an attitude which is in consonance with its general nature. Thus, it allows the individuals to enjoy their freedoms remaining within the sphere of the values and

ideas which refine and allow freedom and thereby make it a means of welfare and good for the entire humanity.

Islam's restriction of the social freedom in the economic field is of two kinds:

First, the personal restrictions bringing from the depth of one's self deriving strength from the spiritual and ideological content of the Islamic personality or individuality. It is constituted naturally, and the shadow of a special training and education given to an individual in a society in which Islam dominates in all walks of life. The ideological and spiritual frameworks in which Islam moulds the personality by affording an opportunity to lead life and make history on its basis, have a man's moral power greatly and great influence is limiting the freedom which is granted to the individual of the Islamic society and directing it in a proper and refined manner, without letting them feel that anything of their freedom has been arranged, because the limitations springs from the spiritual and ideological reality, and therefore, they do not find there in a curb on their freedom. That is why the personal limitation does not in reality mean a curb upon the freedom. It only means an operation of letting the internal content of man in a proper and spiritual way so that freedom conveys its right message under the shadow thereof.

Although a long time has elapsed since the experiment and leadership took place and although Muslim society have gone away there from, still this personal restriction has represented in the fact, that millions of Muslims with their full freedom shining in the framework of that limitation, come forward to pay off the religious tax (Zakaat) and other rights of God and participate in the materialization of the meanings of Islam about social justice.

Second, the objective restriction, which constitutes an expression of an external power which defines and regulates the social behaviours. The objective limitation of the freedom in Islam is based on the principle which says that there can be no freedom for an individual in respect of such kind of activities which according to the Islamic law (Shariah) run contrary to the ideals and objectives in whose necessity Islam believes in. The implementation of this principle was materialised in Islam in the following way:

First, is the Islamic law (Shariah) in its general sources, banned certain economic and social activities which in the opinion of Islam stand in the way of materialising the ideals and values adopted by Islam such as Usury and monopolisation.

Secondly, the Islamic law (Shariah) has laid down the principle of 'Wali e Amr' (literally translated to, 'the one in authority') who supervises the general activities of the people in the country and the states intervention with the view to safeguard and promote general public interest by means of restricting the freedom of individuals in their activities.

Although Wali e Amr has been interpreted in different ways by different sects of Islam, but the general fact is that the Wali e Amr has to work within the framework provided by Islamic law (Shariah).

3. The principle of social justice:

The third element of the Islamic economy is the principle of social justice, embodied by Islam in the system of distribution of wealth in the Islamic society, having such elements and guarantees which enable the system to enforce the Islamic justice and make it consonant with the values on which it is based. While including social justice in its basic principles which constitutes its economic doctrine, Islam did not adopt social justice in its general sense, nor did it call for it as being open to every interpretation, nor did it leave to the human societies which differ in their views about social justice with the difference in their ideas about civilization and their understanding about life, but Islam has defined its meaning and crystallised by means of a certain social plan and has been able to embody this planning in a living social reality, all of whose arteries and veins pulsate with the Islamic concept of justice.

The Islamic form of social justice comprise of two general principles each having its own lines and details. The first one is that of general reciprocal responsibility and the other one is that of social balance. It is through the reciprocal responsibility and the balance with the Islamic sense that just social values are materialised, and it is therewith that Islamic ideas of social justice come into existence.

- **Part of a whole:**

To understand the Islamic economy, we must not study it as one part thereof excluded from others, rather, we must understand the Islamic economy, as a part of the general system of Islam, which organises different aspects of life in the society. It is evident that the Islamic economics is interlinked in its lines and details, and that it plays its role as a point of a general system of life which has a ground peculiar to it. A complete Islamic society is materialised only when the form and the ground are achieved together and when the vegetation and soil both are obtained. The Islamic economy could be discussed properly only when it is studied as a part of the general way of life of the real Islamic society. Belief, concepts and sentiments participate in making of the basis of an Islamic society.

Thus, this was a brief introduction to *Iqtisaduna* of Ayatollah Muhammad Baqir Sadr

Current scenario of Islamic banking globally

The global Islamic Finance market size was valued at USD 2503600.0 million in 2022 and is expected to expand at a CAGR of 12.67% during the forecast period, reaching USD 5122800.0 million by 2028. Global Islamic Finance Report 2023 is spread across 100 pages and provides exclusive vital statistics, data, information, trends and competitive landscape details in this niche sector.²⁷

In addition to an appealing theme of investing in infrastructure to create more resilient economies following the COVID-19 pandemic, the IFN 2023 Annual Guide emphasises the numerous opportunities and initiatives that have emerged over the previous year. It lists down various articles by eminent market players, having deep understanding of the Islamic Financial Sector, on the Islamic Capital Markets, Islamic Banking and Accounting Standards, Agriculture, ESG, Sukuk Market (Islamic equivalent of Bond market) and much more.

Current state of Islamic banking in India

The above mentioned IFN Report 2023 also has articles on the status of Islamic Banking in various countries across the world. It lists down articles on more than 50 countries including one on India. As per this report, world-renowned esteemed economist, Dr. Raghuram Rajan, ex-RBI governor, during his tenure as RBI Governor, pushed for steps towards creating an environment for the introduction of Islamic Interest-free banking. As per reports, he had proposed to initially open a window for such activities in the conventional banking system as first steps towards introducing the system. But post his tenure, there has been not much of a progress towards it, although, with the increasing financial literacy amongst citizens at large and specifically Muslim societies, the voices for support of establishment of such system has been increasing, but no concrete steps taken. Although, the Islamic Finance is active in various Non-Banking Financial Institutions (NBFCs) and various co-operative societies. Besides banking, Shariah compliant Mutual Funds, Stocks, Smallcases, as well as index fund exists in other financial sectors.

With 142.86 crore people, India has overtaken China to become the most-populous country in the world.²⁸ Muslims account for at least 14% of India's population. Thus, catering to the needs of such a huge population is not only beneficial for the community, but it also has other benefits like such huge market potential as well as the benefits of Islamic Banking which include its interest-free nature to all the citizens of India, irrespective of their faith.

Thus, establishment of the Islamic Banking system has a lot of benefits, if it is established in the Indian Banking System.

²⁷<https://www.globenewswire.com/news-release/2023/03/14/2626372/0/en/Islamic-Finance-Market-2023-Exploring-the-Growing-Trend-Regional-Analysis-Competitive-Scenario.html>

²⁸<https://www.indiatoday.in/india/story/india-population-2023-most-populous-in-world-land-per-capita-cricket-pitch-2362073-2023-04-19>

Review of Literature:

There have been multiple research papers and articles written on the topic of Islamic Banking. With Muslims accounting for 25% of the global population, and the benefits of interest-free Islamic Banking not restricted to just Muslims, the global economic experts and the economic community are aware of the amount of market potential of the Islamic Financial Sector, there are hundreds of such research papers and articles which have been written on the topic, of which some of them have been referred to for the purpose of this study.

Vora, D., & Ketkar, M. (2021) is one of the closest research papers on the same topic available in the public domain. It was published by Dhvani Vora and Manisha Ketkar in Indian Journal of Applied Economics and Business, Vol. 3, No. 2, (2021), pp. 231-248 by ARF India. The topic of this research paper was Study of Awareness of Islamic Banking and Opportunities and Challenges for Operation of Islamic Banking in Mumbai. For their research paper, they gathered a primary data of 223 respondents where they enquired about different types of questions to understand the general awareness about the topic of Islamic Banking.

Though the topic might seem similar but there were some stark differences between both the papers which are highlighted as follows:

- ✓ The Participants of the study by Vora, D., & Ketkar, M. were different from the participants of this study and thus, the results will vary too.
- ✓ Most of the participants of the study by Vora, D., & Ketkar, M. were non-Muslims (around 80.27%) as compared to this study where the Muslim participants are more (around 66.9%).
- ✓ Vora, D., & Ketkar, M. took the primary data from amongst the citizens of Mumbai. This study expanded its horizon and conducted the study not just amongst the citizens of Mumbai city, but also its suburban areas as well as the surrounding areas of Navi Mumbai, Thane, Panvel and Mira-Bhayender. The purpose of including these areas was that many of the residents of these areas work in Mumbai, including in the financial sector and thus the responses from the residents of these areas too would have a significant impact on this study.

The hypotheses of Vora, D., & Ketkar, M. (2021) were as follows:

- Hypotheses 1: Muslims will have a better understanding of Islamic terms used in Islamic Banking than non-Muslims.

- Hypotheses 2: There is a difference in the value of means calculated for awareness in regards to Islamic Banking over religion in Mumbai.
- Hypotheses 3: There is a difference in the value of means calculated for attitude in regards to Islamic Banking over religion in Mumbai.
- Hypotheses 4: Muslims exhibit different behaviour and reactions to the start of operation of Islamic Banking in Mumbai than non-Muslims.

The summary of hypotheses testing of Vora, D., & Ketkar, M. (2021) was as follows:

<i>Sr. No.</i>	<i>Hypothesis</i>	<i>Result</i>
Hypotheses 1	Muslims, in contradiction to Non-Muslims, will have a better understanding of Islamic terms used in Islamic Banking and Finance.	Rejected
Hypotheses 2	There is a difference in the value of means calculated for awareness in regards to Islamic Banking over religion in Mumbai.	Accepted
Hypotheses 3	There is a difference in the value of means calculated for attitude in regards to Islamic Banking over religion in Mumbai.	Accepted
Hypotheses 4	Muslims, in contradiction to Non-Muslims, exhibit different behaviour and reactions to the start of operation of Islamic Banking in Mumbai.	Accepted

Amongst the other papers which were referred for the purpose of this study, include Khan, M. L. (2011). *Economic Thought of Muhammad Baqir al-Sadr: A Study of Iqtisaduna (Our Economics)*. Masters diss., University of Kashmir. As mentioned earlier in our introduction, the book *Iqtisaduna* is one of the masterpieces in the field of Islamic Economics and thus it was necessary that the book was referred as well as some readings were done where scholars have dissected the book in great length. Khan M. L. (2011) is one such paper which not only gives a deep insight about the book ‘*Iqtisaduna*’, but also gives an in-depth introduction and history of Islamic Economics since the time of the Holy Prophet Muhammad (peace be upon him and his pure progeny) till date. It starts with the brief introduction of the life of the writer of ‘*Iqtisaduna*’ Ayatollah Sayed Muhammad Baqir Sadr. Then further, he writes about the introduction to Islamic Economics and Banking System and what does it mean. Post-that, he takes the journey from the time of the Holy Prophet Muhammad (peace be upon him and his pure progeny). He lists down various verses of the Holy Qur’aan and the sayings and anecdotes of the Holy Prophet Muhammad (peace be upon him and his pure progeny) which deal with finances, trade, commerce and economics. Post-that, he mentions various Islamic thinkers, philosophers and

economists who have, in his study, contributed to the Islamic Economic Science and have written books on it. He divides these thinkers into different eras. Finally, coming to the modern era of the 20th Century, he describes the life of Ayatollah Sayed Muhammad Baqir Sadr and his book 'Iqtisaduna' and thus begins with the introduction of the book. While going further, he explains various insights of Ayatollah Sadr's views on Marxism/Communism and Capitalism. After that, as in the book, there is the laying of foundation of Islamic Economic System. Finally, Khan M. L. (2011) provides final notes and conclusion.

Besides this, IFN (Islamic Financial News) Guide 2023 was referred for the current state of Islamic Financial System in the world. In this report, various Islamic Financial products are discussed with its current status and future prospects. Also, the current status of Islamic Banking in more than 50+ countries across the globe has been discussed in length as well as its future prospects.

The Holy Qur'aan was referred to look for various verses related to the trade and commerce.

The hadees (sayings) literature was accessed and various sayings were extracted which related to the Islamic Finance and Economics.

The English version of the celebrated book of Ayatollah Sayed Muhammad Baqir Sadr, 'Iqtisaduna' (Our Economy), published by World Organisation for Islamic Services (WOFIS) was studied and referred to for the purpose of this study.

Various books written by Ayatollah Sayyid Ali al-Hussaini Sistani, popularly known as 'Ayatollah Sistani' were also referred. These books included the following:

- Islamic Laws
- A Code of Practice For Muslims in the West
- Jurisprudence made easy

These books were accessed through the website of his eminences' office on www.sistani.org

Research Methodology:

For the purpose of this study, primary data was gathered through a questionnaire which was prepared with a set of 17 questions (16 compulsory and 1 optional). This questionnaire was prepared in an online format through Google Forms and the link was circulated amongst contacts and through multiple social media platforms. The link was active for 2 weeks and 239 people responded. These responses were stored in an excel sheet and then on the results were drawn from it.

The questionnaire was prepared in 5 sections. Each section had different types of questions.

- The first section had questions asking for general information about the participants which would help in differentiating and categorizing the responses. The questions included the following:
 - The first question was related to the Area of residence to which options given to choose between were Mumbai City, Mumbai Suburban, Navi Mumbai, Thane, Panvel and Mira-Bhayandar.
 - The second question asked the Age (in years) to which option given to choose were the age brackets 0-18, 18-22, 22-28, 29-40, 40-50, 50-60, >60
 - The third question enquired about the gender of the participant and the options provided were Male and Female
 - The fourth question dealt with the religion of the participant and the options were Muslim and Non-Muslim, to understand the difference of responses between Muslims and Non-Muslims
 - The fifth question was with respect to the Occupation of the participant and the options mentioned were Student, Self-Employed/Business, Service and Unemployed.
- The second section had questions with respect to general awareness about Islamic Banking in general.
 - The first question enquired if the participant had a bank account.
 - The second question enquired if the participant had a general awareness about Islamic Banking
 - The third question enquired if the participant had the information that the Islamic Banking was interest-free.
 - The fourth question was checking the knowledge of the participant with respect to various Islamic terms of Riba, Wikalah, Muzarabah, Ijara, Ujrah
- The third section had questions pertaining to the choices of participant by presenting various scenarios and the choice been given between conventional and Islamic Banking
 - The first question gave the participant the choice between conventional and Islamic banking if the benefits were to be the same.
 - The second question gave the participant the choice between conventional and Islamic banking if the benefits were more in an Islamic Bank
 - The first question gave the participant the choice between conventional and Islamic banking if the benefits were more in a conventional bank

- The fourth section dealt with the questions pertaining to the future aspects of Islamic Banking in Mumbai.
 - The first question posed was if the participant, as an individual, wished that Islamic Banking should be operational?
 - The second question was to know the opinion of the participant on the success or failure of an Islamic Bank in the current Indian Banking scenario.
- The fifth section dealt with further question on future prospects of an Islamic Bank in Mumbai
 - The first question enquired the reason for the participant to participate as a customer in Islamic Banking. The options provided to choose from were:
 - For Profit Only
 - For Supporting New Venture
 - For religious reasons (supporting an Islamic Bank) only
 - For Interest-free offerings
 - All of the above reasons
 - Won't participate
 - The Second question enquired about the participants willingness to participate as a customer in Islamic Banking by asking the question as to when the participant would be ready to participate in Islamic Banking, if it starts today. The options provided to choose from were:
 - Immediately today
 - Wait for a month
 - Wait for a quarter (3 months)
 - Wait for 6-months
 - Wait for a year
 - Wait for more than 1 year
 - Never
 - The last question which was an optional one was 'Share your thoughts on Islamic Banking, if any!'

Thus, in this manner, the questionnaire was sent, and responses collected. The responses, once recorded, were exported in an Excel file and were analysed further.

The hypotheses which were planned to be tested were as follows:

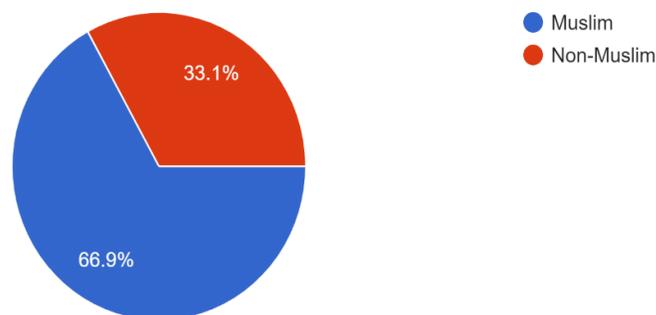
- There is no awareness regarding Islamic Banking amongst people.
- There is a difference between Muslims and Non-Muslims with respect to awareness regarding Islamic Banking.
- Muslims are more receptive towards supporting Islamic Banking in near future.
- Non-Muslims too have a keen interest in Islamic Banking.
- Interest-free nature of the bank is the prime attraction towards Islamic Banking.

Thus, to test these hypotheses, the above primary data was collected. The data was analysed through various functions of Excel and the results are displayed in the next section.

Data Analysis, Interpretation & Presentation:

Following is the presentation of the primary data collected:

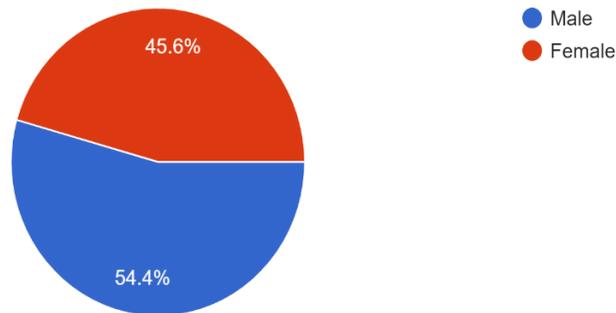
Religion
239 responses



Religion	Count of Religion
Muslim	160
Non-Muslim	79
Grand Total	239

Interpretation: The above data clearly indicates that the majority of respondents of the questionnaire sent for this research, were Muslims.

Gender
239 responses



Gender	Count of Gender
Female	109
Male	130
Grand Total	239

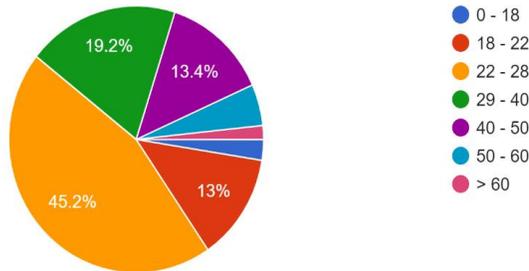
Interpretation: The above data clearly indicates that the of respondents of the questionnaire sent for this research, belonged to both the genders, though the count of males is slightly higher than the females.

Religion	Gender		Grand Total
	Female	Male	
Muslim	58	102	160
Non-Muslim	51	28	79
Grand Total	109	130	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research were Muslim males, followed by Muslim Females, followed by Non-Muslim Females and the least category of respondents were Non-Muslim Males.

Age (in Years)

239 responses

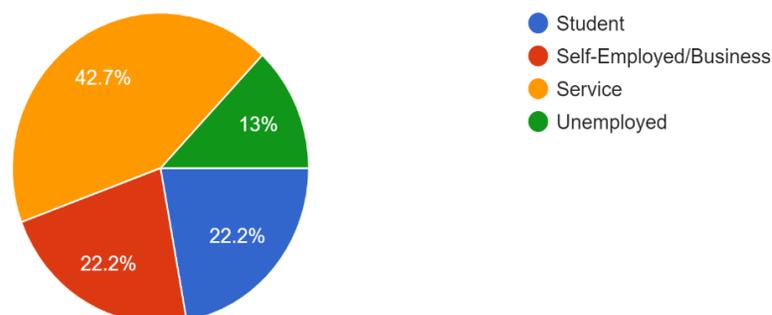


Count of Age (in Years) Age groups	Gender		Grand Total
	Female	Male	
0 - 18	0	6	6
18 - 22	15	16	31
22 - 28	45	63	108
29 - 40	24	22	46
40 - 50	15	17	32
50 - 60	7	5	12
> 60	3	1	4
Grand Total	109	130	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research belonged to the age group of 22 – 28, followed by the age group of 29 – 40.

Occupation

239 responses

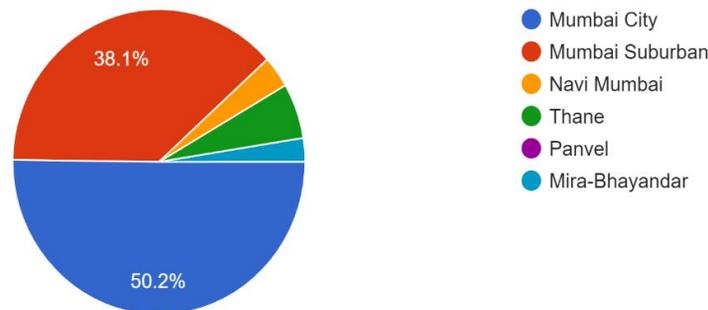


Occupation	Gender		Grand Total
	Female	Male	
Self-Employed/Business	20	33	53
Service	41	61	102
Student	19	34	53
Unemployed	29	2	31
Grand Total	109	130	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research are from the service field followed by self-employed and the students.

Area of Residence

239 responses



Areas	Count of Area of Residence
Mumbai City	120
Mumbai Suburban	91
Navi Mumbai	8
Thane	14
Mira-Bhayandar	6
Panvel	0
Grand Total	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research are from Mumbai city, followed by its Suburban areas.

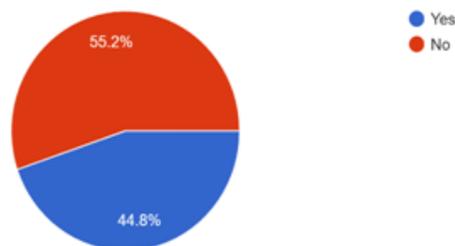
Do you have a bank account?
239 responses



Do you have a Bank Account?	No	Yes	Grand Total
Muslim	7	153	160
Female	1	57	58
Male	6	96	102
Non-Muslim	1	78	79
Female	1	50	51
Male	0	28	28
Grand Total	8	231	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research do have a bank account and are thus already participants of the banking system.

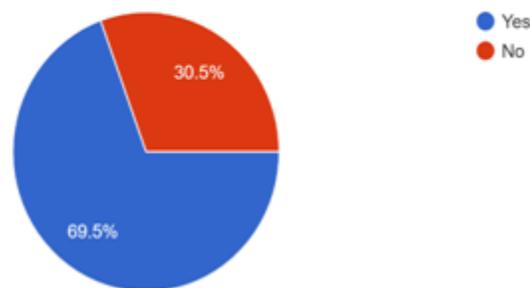
Are you aware of an Islamic Banking System?
239 responses



Are you aware of an Islamic Banking System?	No	Yes	Grand Total
Muslim	78	82	160
Female	34	24	58
Male	44	58	102
Non-Muslim	54	25	79
Female	39	12	51
Male	15	13	28
Grand Total	132	107	239

Interpretation: The above data clearly indicates that the respondents of the questionnaire sent for this research are divided equally between those who are aware and unaware, though the numbers of the lateral are much higher.

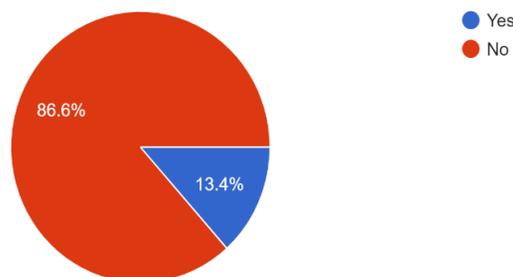
Are you aware that one of the key highlights of Islamic Banking is that it works on the principle of Interest-free banking?
239 responses



Are you aware that one of the key highlights of Islamic Banking is that it works on the principle of Interest-free banking?	No	Yes	Grand Total
Muslim	27	133	160
Female	13	45	58
Male	14	88	102
Non-Muslim	46	33	79
Female	32	19	51
Male	14	14	28
Grand Total	73	166	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research are aware of the interest-free nature of Islamic Banking.

Are you aware of various terms of Islamic Banking, namely, Riba, Wikalah, Muzarabah, Ijara, Ujrah?
239 responses

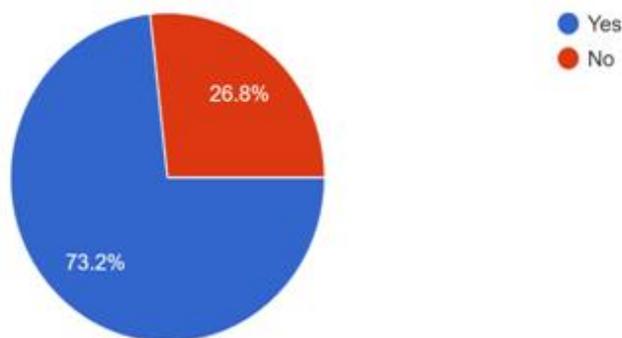


Are you aware of various terms of Islamic Banking, namely, Riba, Wikalah, Muzarabah, Ijara, Ujrah?	No	Yes	Grand Total
Muslim	130	30	160
Female	52	6	58
Male	78	24	102
Non-Muslim	77	2	79
Female	50	1	51
Male	27	1	28
Grand Total	207	32	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research are unaware of various terms of Islamic Banking.

If given a choice between conventional banking and Islamic banking, assuming the benefits to be the same, Do you wish to be a customer of an Islamic Bank?

239 responses

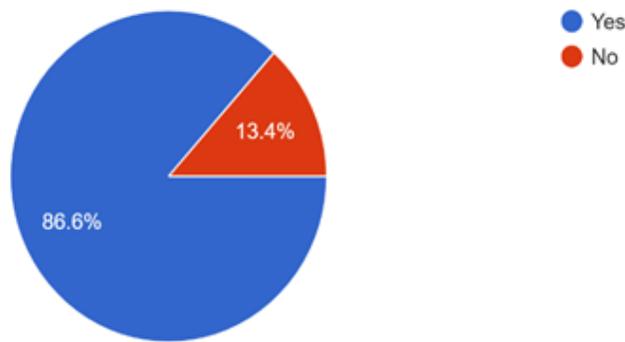


If given a choice between conventional banking and Islamic banking, assuming the benefits to be the same, Do you wish to be a customer of an Islamic Bank?	No	Yes	Grand Total
Muslim	6	154	160
Female	1	57	58
Male	5	97	102
Non-Muslim	58	21	79
Female	35	16	51
Male	23	5	28
Grand Total	64	175	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research, if given a choice between conventional and Islamic Banking, would choose Islamic Banking, assuming the benefits to be the same in both the systems.

If given a choice between conventional banking and Islamic banking, assuming the benefits to be more in Islamic Banking, Do you wish to be a customer of an Islamic Bank?

239 responses

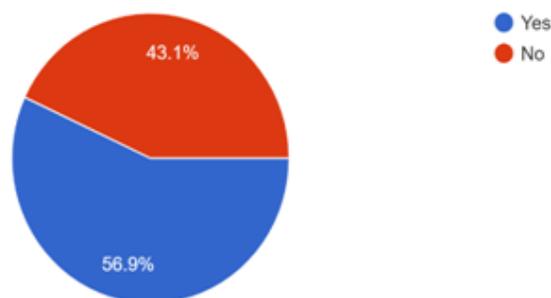


If given a choice between conventional banking and Islamic banking, assuming the benefits to be more in Islamic Banking, Do you wish to be a customer of an Islamic Bank?	No	Yes	Grand Total
Muslim	3	157	160
Female	0	58	58
Male	3	99	102
Non-Muslim	29	50	79
Female	19	32	51
Male	10	18	28
Grand Total	32	207	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research, if given a choice between conventional and Islamic Banking, would choose Islamic Banking, assuming the benefits to be more in the Islamic Banking System.

If given a choice between conventional banking and Islamic banking, assuming the benefits to be more in the conventional banking, Do you wish to be a customer of an Islamic Bank?

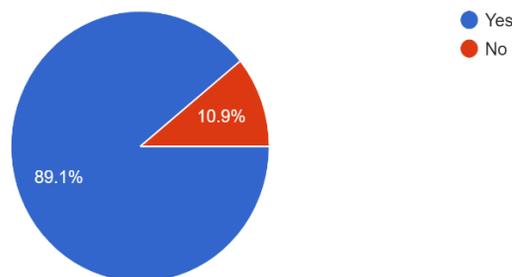
239 responses



If given a choice between conventional banking and Islamic banking, assuming the benefits to be more in the conventional banking, Do you wish to be a customer of an Islamic Bank?	No	Yes	Grand Total
Muslim	32	128	160
Female	8	50	58
Male	24	78	102
Non-Muslim	71	8	79
Female	45	6	51
Male	26	2	28
Grand Total	103	136	239

Interpretation: The above data clearly indicates that the respondents of the questionnaire sent for this research, if given a choice between conventional and Islamic Banking, are equal in choosing between conventional and Islamic Banking, assuming the benefits to be the same in both the system, though the numbers of those choosing Islamic Banking is slightly higher.

Would you want an Islamic Bank to start as a full-fledged bank in Mumbai with its interest-free offerings?
239 responses

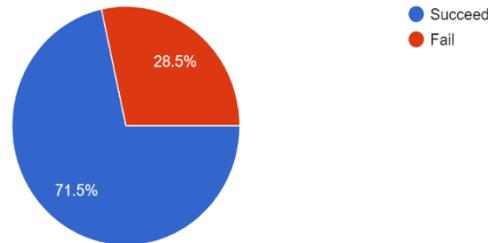


Would you want an Islamic Bank to start as a full-fledged bank in Mumbai with its interest-free offerings?	No	Yes	Grand Total
Muslim	4	156	160
Female	0	58	58
Male	4	98	102
Non-Muslim	22	57	79
Female	14	37	51
Male	8	20	28
Grand Total	26	213	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research, want an Islamic Bank to start as a full-fledged Bank in Mumbai.

According to you, if an Islamic Bank operates in Mumbai in the current banking scenario, will it succeed or fail?

239 responses

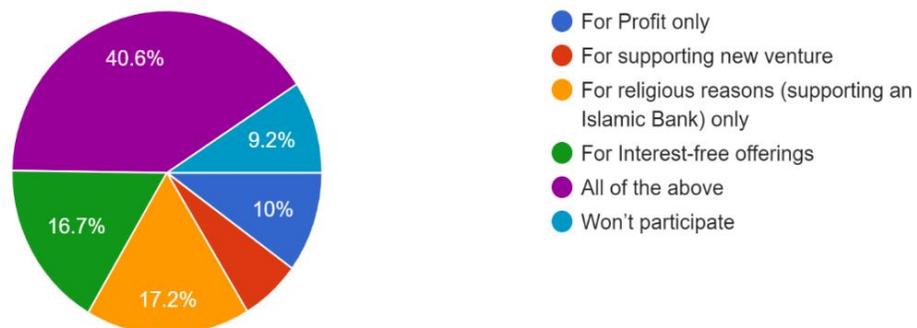


According to you, if an Islamic Bank operates in Mumbai in the current banking scenario, will it succeed or fail?	Fail	Succeed	Grand Total
Muslim	43	117	160
Female	12	46	58
Male	31	71	102
Non-Muslim	25	54	79
Female	11	40	51
Male	14	14	28
Grand Total	68	171	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research, believe that an Islamic Bank would succeed if it is started in the current scenario of the Indian Banking System.

If you participate in Islamic Banking as a customer, tick the reasons why would you do that?

239 responses

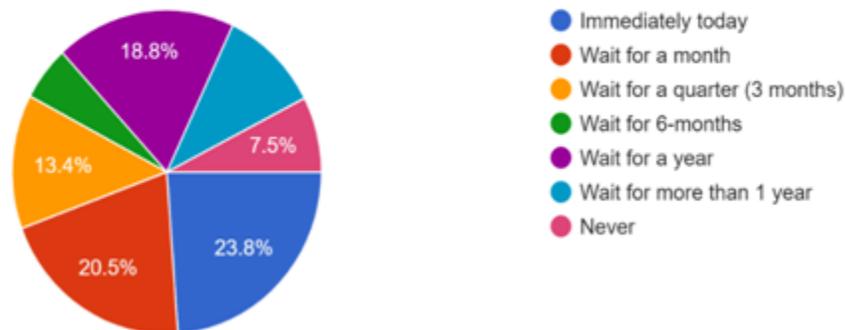


If you participate in Islamic Banking as a customer, tick the reasons why would you do that?	All of the above	For Interest-free offerings	For Profit only	For religious reasons (supporting an Islamic Bank) only	For supporting new venture	Won't participate	Grand Total
Muslim	89	20	4	41	5	1	160
Female	29	9	1	18	1	0	58
Male	60	11	3	23	4	1	102
Non-Muslim	8	20	20	0	10	21	79
Female	7	16	10	0	5	13	51
Male	1	4	10	0	5	8	28
Grand Total	97	40	24	41	15	22	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research, have multiple reasons to choose Islamic Banking, and interest-free offerings too is a prime reason.

If an Islamic Bank starts today, when would you participate in it?

239 responses



If an Islamic Bank starts today, when would you participate in it?	Immediately today	Wait for 6-months	Wait for a month	Wait for a quarter (3 months)	Wait for a year	Wait for more than 1 year	Never	Grand Total
Muslim	56	6	43	27	21	6	1	160
Female	20	1	24	9	3	1	0	58
Male	36	5	19	18	18	5	1	102
Non-Muslim	1	7	6	5	24	19	17	79
Female	1	5	5	5	14	11	10	51
Male		2	1		10	8	7	28
Grand Total	57	13	49	32	45	25	18	239

Interpretation: The above data clearly indicates that the majority of the respondents of the questionnaire sent for this research, would participate in Islamic Banking within a month of the

start of Islamic Banking as the numbers of immediately today (23.8%) and within a month (20.5%) amount to a total of 44.3% of the total respondents.

Findings, Suggestion & Conclusion:

With the above data analysis and interpretation, following findings can be concluded:

1. The majority of the respondents are Muslims (66.9%), and thus it can be understood that the data might be a little skewed towards a Muslim perspective rather than a general perspective at large. Due to limitations of time and other resources, the study could only be conducted on a sample of respondents and not the whole population. Also, due to those limitations, though an effort was made, but an exact representation of the total population could not be created and thus it is a limitation of this study. Yet, the study has more than 40% of non-Muslim respondents and thus, a fair representation and responses are gathered from a non-Muslim perspective as well and thus the study is not completely skewed on a particular perspective.
2. The gender gap in this study has been very less with an effort being made to gather responses from both the genders and thus there is only a little gap between the two genders in terms of responses gathered for this study.
3. The age groups in this study give a future perspective of the research as most of the respondents are a young population and have an eye on the future and thus the relevance of this study increases with this fact. 13% of the respondents belong to 18 – 22 age group, 45.2% of the respondents, which forms a major part of respondents, belong to the age group of 22 – 28 and 19.2% of the respondents belong to the age group of 29 – 40, the total of all being 77.4% of respondents. Since such a huge number of respondents belong to the age group of 18 – 40 gives a clear proof of the future vision of the respondents for Islamic Banking.
4. Around 96.7% of the respondents have a bank account and thus, it shows that almost all respondents are participants of a banking system and thus should be aware of the basic banking knowledge.
5. Around 55.2% of respondents acknowledged that they are unaware of an Islamic Banking System, but a whopping 69.5% said that they are aware that Islamic Banking was interest free. This shows some contradiction. Besides, 86.6% of the respondents said that they were unaware of various terms of Islamic Banking. It can be concluded thus that for the first question, many respondents might have had misconstrued it as the question asked if the respondents knew the Islamic Banking System in-depth, although what the question

actually means to ask is that if the respondents were aware that there existed an Islamic Banking System.

6. When the benefits for the conventional and Islamic Banking were assumed to be same, 73.2% of the respondents (of which around 8.7% were non-Muslims), said that they would participate in the Islamic Banking. When the benefits were more in Islamic Banking, a whopping 86.6% of the respondents agreed to participate in Islamic Banking of which 20.9% are Non-Muslims Even when the benefits were more in conventional banking, around 56.9% of respondents yet are ready to participate in the Islamic Banking System. All of these points conclude the following points:

- Firstly, when the benefits are same, many Muslims are ready to participate in Islamic Banking
- Secondly, when the benefits are more in the Islamic Banking System, many Non-Muslims are ready to participate in Islamic Banking which shows that there is a preference to profit over religious bias.
- Thirdly, even when the benefits are more in conventional banking, still many Muslims are ready to participate in Islamic Banking, even though they get lesser benefits, as for many of them, avoiding interest as part of their religion, is more important for them. Thus, if Islamic Banking is started in India, specifically in Mumbai, even if at start the benefits might be less, still it would receive a good response, especially from the Muslim community as many of them would eagerly participate to avoid the interest and follow the edicts of the religion of Islam even in their financial life.

1. Around 89.1% of the respondents want an Islamic Bank to start as a full-fledged bank and around 71.5% of the respondents feel that if an Islamic Bank starts in the current scenario of the Indian Banking System, it will succeed. Thus, the above 2 results conclude that there is a wave of acceptance of Islamic Banking and that too not just amongst Muslims but amongst non-Muslims as well, be it for any reason whatsoever.
2. Only 7.5% of the respondents said that they will not participate in Islamic Banking, while the rest of them have variety of reasons, with 40.6% of respondents having multiple reasons to do so. The data also shows that 58 of 79 non-Muslim respondents, which account to around 73.4% of the total non-Muslims, said that they would participate in Islamic Banking, and have cited multiple reasons for the same.
3. With 23.8% of respondents agreeing to participate in Islamic Banking as soon as it starts and 20.5% of the respondents participating within a month, which amounts to a total of 44.3% of respondents, who are ready to participate within a month. Further, 13.4% of the

respondents agree to participate within a quarter takes the count to 57.7% who are agreeing to participate within a quarter gives quite a positive outlook for Islamic Banking.

With the above findings in mind, let us have a look at the 5 hypotheses which we proposed to test.

1) There is no awareness regarding Islamic Banking amongst people.

This hypothesis can be rejected on the basis that many respondents are aware of the concept of Islamic Banking although not in-depth.

2) There is a difference between Muslims and Non-Muslims with respect to awareness regarding Islamic Banking.

This hypothesis cannot be completely rejected as Muslims and Non-Muslims alike are unaware of Islamic Banking as a concept as illustrated above in the findings.

3) Muslims are more receptive towards supporting Islamic Banking in near future.

This hypothesis has to be accepted on the basis of the responses to the question that when the benefits are equal or more than the conventional banking, still a lot of Muslims are ready to participate in Islamic Banking.

4) Non-Muslims too have a keen interest in Islamic Banking.

This hypothesis too cannot be completely rejected as many of the non-Muslims have shown a keen interest in participating in Islamic Banking. This can be concluded from the results of the questions where the respondents are asked if they would like an Islamic Bank to start and function as a full-fledged bank and if the bank starts in the current scenario, it will succeed or fail. The results, especially from the non-Muslims clearly indicate that non-Muslims too have keen interest in the Islamic Banking System.

5) Interest-free nature of the bank is the prime attraction towards Islamic Banking.

This hypothesis cannot be rejected as 16.7% of the respondents said that they would invest solely for its interest-free nature while 40.6% have opted for all the reasons which include interest-free offerings as well. Thus, more than 50% of respondents seem to be attracted to the interest-free offerings.

Limitations:

Though all efforts were made to conduct this study as perfect as possible, but there were some limitations which had an impact on the study:

- The time to conduct this study was limited and hence, it could not be put to perfection, though all efforts were made towards it.
- The resources at disposal were limited considering this was a self-initiated study.
- The demographics of this research were a little skewed towards Muslim population, though an effort was made to achieve a true representation of the population.
- The data was just a sample of 239 individuals from a vast population and thus would not provide an exact picture of the actual opinions of the entire population, yet it has tried to provide an initiation of the study and opinion of people towards the subject.
- The income of the participants was also missed, and it would have provided an understanding about the subject based on income of the people.
- The educational qualification of the participants was also missed, and it would have provided great insights on the views of the participants on the subject based on their educational qualification.

Acknowledgement

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