

## **Muhammad Abdul Mannan: Reading into His Contributions on Islamic Economics**

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**Abstract.** This paper examines the major theoretical and practical contributions of Muhammad Abdul Mannan (1938-2021) to Islamic economics. The paper uses primarily the library research method and some interviews. Muhammad Abdul Mannan was a pioneering figure who made enormous contributions to Islamic economics to establish it as a distinct social science and a separate discipline of study. His unique perspective on Islamic approaches to consumption, production, and distribution, as well as the state's role and the social security system in an Islamic economy, enriched theoretical knowledge in Islamic economics. In addition, as a visionary, lifelong educator, and philanthropist, he left his mark by establishing several institutions, including the Social Islami Bank Limited (SIBL), which continue to contribute to the socio-economic development of Bangladesh. He dedicated his talent and hard work to establishing SIBL to test his three-sector model (formal, informal, and voluntary) of reducing poverty and inequality in society. For the first time in Bangladesh, according to the best knowledge of the author of this paper, he introduced Cash-Waqf through SIBL as a new interest-free microcredit strategy for empowering poor families.

**Keywords:** Muhammad Abdul Mannan, Islamic Economics, Social Islami Bank Limited, Cash Waqf

**KAUJIE Classification:** D4

**JEL Classification:** B3, B2

## 1. Introduction

Although Islamic economics, banking and finance are very familiar terms in every corner of the world today, these terms were not even known in the 19th and early 20th centuries. Muhammad Hamidullah (1908-2002) arguably the first coined the term 'Islamic economics' in 1936 (Islahi, 2017). Since then, many scholars from different parts of the world have contributed to the establishment of Islamic economics as a separate discipline under social science. In this effort, Muhammad Abdul Mannan (1938-2021) was one of the pioneers. His book titled "*Islamic Economics: Theory and Practice; a comparative study*" was published in 1970 from a leading publisher called "*Sh. Muhammad Ashraf*" based in Lahore, Pakistan, when he was 32 years old. Arguably, this book is considered to be the first 'textbook' on Islamic economics (Aslam Haneef, 1995) used by students and scholars of Islamic economics across the world to understand the principles and foundations of the subject. Through this book, Abdul Mannan gained international recognition as an Islamic economist within a short span of time. Since its first publication, the book has been reprinted more than 20 times, revised in 1986 and 2014, and translated into a number of major languages, including Arabic, Turkish, Bengali, Bahasa Indonesia, and Malay. His comprehensive and integrated views and thoughts on the theory and practice of Islamic economics in this book and his subsequent works have certainly enriched the Islamic economics literature. As a world-renowned authority on Islamic Economics and a prolific writer, he has written almost all branches of Islamic economics including concepts, nature

and scope of Islamic economics, consumption, production and distribution, public Finance, international trade in the OIC context, Islamic corporate finance, the securities market, economic development and social peace, comparative economics and development of Muslim world and so on. Besides his scholarly works, as a visionary and a driven philanthropist, he has played a key role in the establishment of many institutions for the upliftment of poor people, including SIBL and House of Mannan Charitable Trust (HMCT), a charitable organization for creating enlightened human resources who are educated, humane, and imbued with values and ethics. Covering all aspects of his contribution to Islamic economics in one paper is a daunting task. Thus, this paper touches upon the life and major contributions of Abdul Mannan in Islamic economics.

The rest of the paper has been structured as follows. In section 2, a brief biographical note is presented. Section 3 discusses his journey to become an Islamic economist while Section 4 lists his major works in Islamic economics. Section 5 examines his theoretical contributions to Islamic Economics in three areas: philosophy and methodology; approaches to consumption, production, and distribution; and social security scheme and the role of state. Section 6 highlights his practical contributions to Islamic banking and Cash-Waqf certificate. In section 7, the paper concludes with a brief assessment of Abdul Mannan's significance.

## 2. Muhammad Abdul Mannan, the Person

In this section, a brief biographical note is presented in the following points:

**EARLY LIFE & EDUCATION:** M. A. Mannan was born on January 10, 1938 in an illustrious family at a village in the city of Sirajganj- a city

in north-central region in Bangladesh, lying on the west of Jamuna River, about 110 km northwest of Dhaka. His father late Khadem Ali was a famous homeopath doctor in Sirajganj. His mother, the late Syeda Rezia Begum was a housewife. He was educated at Gyandayini High School and BL Government High school. He passed his Matriculation Examination from Victoria High School, Sirajganj Sadar in 1954 and Intermediate from Sirajganj college in 1956. He then moved to University of Rajshahi, established in 1953 in Northern Bangladesh and completed his BA (Honours) in 1959, and Masters in Economics in 1960. In 1970, he proceeded to the United States where he enrolled at the Michigan State University for MA (Economics). In 1973, he obtained his doctorate from the same university, with interests in many areas of economics such as economics of education, development economics, industrial relations, and finance.

**WORKS:** M. A. Mannan's professional life began by joining Sirajganj College in August 1960 as a lecturer. Then he joined the East Pakistan Civil Service as deputy magistrate in 1963 and moved to the finance ministry in West Pakistan in 1965 as assistant finance advisor. In 1968, his book entitled *Economic Problems and Planning in Pakistan* was published by Ferozsons, founded in 1894, the oldest publishing house in Pakistan based in Lahore. The 423-page book was written for B.A., M.A., & C.S.S. examinees which not only gives a history of development of the country from 1947 to 1967 but also highlights economic disparity between the two wings of Pakistan. This book gained popularity among the target group so that the 4th edition was published in 1970 within 2 years. At the same time, the book brought success to his career by joining the fiscal monitoring section of the Pakistan Planning Commission as Assistant Chief Officer (ACO). Between 1974 and 1978, Abdul Mannan taught at the Papua New Guinea

University of Technology (Mannan, 2017, p.96).

1977 was a significant year for Abdul Mannan as he joined the International Centre for Research in Islamic economics (ICRIE) at the King Abdulaziz University (KAU), Jeddah, Saudi Arabia, as a research professor. ICRIE was then a prominent platform in the Muslim world in establishing Islamic economic theory and practice. In this Centre, Abdul Mannan had ample opportunities to flourish as an Islamic economist. He served there six years from 1977-1978 to 1983-84. In the meantime, in 1982, he joined the Islamic Research and Training Institute (IRTI), established as a subsidiary of Islamic Development Bank (IsDB) in 1981. He worked there for 13 years and then returned to Bangladesh with an early retirement from IsDB in 1995.

**A VISIONARY:** Abdul Mannan was not only an academic, but as a visionary he wanted to apply his theoretical knowledge of Islamic economics in the form of developing a socioeconomic programme for the progress of poor Muslim countries. He observed that development policies are designed in the third world Muslim and non-Muslim countries based on the western thoughts which is mainly aid-dependent development model having no connection with the local culture and social values. Instead of contributing to national building, foreign aid not only breeds corruption but also perpetuates a corrupt system. From a deep realization on this, he wanted to launch a socio-economic programme for the people of poor Muslim countries. It would be a laboratory of social development and above all, an economic movement which will be totally different than the western economics (Mannan, 2017, p.102). So, he established SIBL to eradicate poverty based on its three sectors (formal, informal, and voluntary) based banking model. Under his initiative, SIBL issued a cash waqf certificate for the first time

which is well-accepted by every Islamic Bank in Bangladesh. Until his death, he was trying for the establishment of the World Social Bank as a new strategy of interest-free micro-credit to the poor and profitable investment for the rich (Mannan, 2021).

**SOCIAL RESPONSIBILITY:** In 2000, he was removed from the post of SIBL chairman. (Mannan, 2017, p. 108). He sold a portion of his shares from the Bank and established HMCT as a non-profit and non-partisan organization in 2004 to empower people by emphasizing their mental, spiritual, moral, and material growth through educational, health, and socio-economic programs. So far, HMCT has established an English medium school at Raiganj Upazila of Sirajganj, a hospital titled 'Syeda Rezia Memorial Hospital' in Sirajganj. The physical infrastructure of the proposed Global University of Islamic Finance and Technology (GUIFT) as the first private specialized university to be in a rural setting of the district of Sirajganj has been constructed. Till now, the University could not get the final approval from the ministry of education for its operations. To ensure the financial flow for HMCT activities, he built a multi-storied building in the Baridhara area. 80 percent of the total income from the building will be used in various social welfare works by HMCT (Mannan, 2017, p. 111-115).

In a recent interview with the author of the paper, an official of HMCT mentioned that HMCT is completely a family trust. Almost all properties of Abdul Mannan have been donated to HMCT as trust, especially immovable properties. Objective of HMCT is to provide education and healthcare for the poor. His target was to develop a self-sustaining model to run HMCT activities by generating income from the properties of HMCT and using the income for the welfare of the poor people. His idea was different than the traditional NGO model which is highly dependent on donor

assistance (Personal Communication, October 26, 2022).

In replying to the future of the university for Islamic finance in the absence of Abdul Mannan, the official said that after his passing, the university project is not progressing well as his family members are also not at home. His wife, Nargis Mannan, a Sponsor Director of SIBL, also passed away on November 02, 2022. In this situation, from this existing HMCT set up, establishing a full-fledged university for Islamic finance is not possible. Hence, HMCT is now planning to establish a technical institute.

About the nature of charity works that HMCT is currently doing, the official said that one of the initiatives of HMCT is to organize eye-test programs for children in primary schools. For this, HMCT has an MoU with an Eye Hospital in Sirajganj. A team from the hospital goes to schools for eye test. Spectacles and medicine are freely distributed based upon the prescription. After the passing of Abdul Mannan, a diagnostic Centre after the name of his wife called *Nargis Mannan Diagnostic Centre* was built in the city of Sirajganj. It operates as a normal business. However, a profit-sharing agreement was signed between HMCT and the diagnostic Centre. HMCT provides physical infrastructures as well as medical equipment to the diagnostic Centre. According to the MoU, the diagnostic Centre will share a certain percentage of profit to HMCT. Thus, the diagnostic Centre is one kind of source of income for HMCT. Poor patients will get free treatments at the diagnostic Centre with the generous support from HMCT.

Apart from education and health sector, HMCT is also contributing to a wide range of social services. It provides accommodation support for the poor people. So far it has built 25 houses for the people in the rural area who have land but are not able to build houses or

cannot repair their dilapidated houses due to financial distress. HMCT has a design and budget for building such houses. In some places, at community level, HMCT has donated tube-wells to meet the demand of poor people's fresh drinking water. HMCT also provided wheelchairs for disabled.

### **3. Muhammad Abdul Mannan, the Islamic economist**

In 2010, Abdul Azim Islahi categorized Islamic Economists into four generations based on the nature of works on Islamic economics and general characteristics of the period. Since the beginning of the 20th century, he used a time span of 25 years for one generation of Islamic economists. According to Islahi, the first quarter of the 20th century may be considered a preparatory period, the First Generation from 1926 to 1950; the Second Generation from 1951 to 1975; the Third Generation from 1976 to 2000; the Fourth (new or young) Generation from the Beginning of the 21st Century (Islahi, 2010).

According to Islahi, first generation Islamic economists coined the terms like "Islamic Economics" and "Islamic Economic System". But they were mainly ulama (religious scholars) having some exposure to economics. So, their writings were limited to jurisprudential issues from the Qur'an, Sunnah and *fiqh*. Whereas the second-generation Islamic economists were professionally trained economists and most of them were well-versed both in conventional economics and Shariah sciences. Hence, their works are more analytical and modern in style. They guided Ph.D. scholars on Islamic Economics in Economics departments. Some of them started teaching economics and some others were involved in establishment of practical institutions. Islahi places Muhammad Abdul Mannan as one of this second generation (Islahi, 2010).

Abdul Mannan described himself as a 'Self-taught Islamic economist'. Although he was an economics student, he had no formal education in Islamic economics. Even in his PhD research, he did not work on anything related to Islamic economics. In fact, writing for newspapers inspired him to study Islamic economics. Which later determined his career path (Mannan, 2020, Sep 11). In this sense, he is an example of becoming an Islamic economics by writing in the newspapers.

He started writing for the newspaper in the 1950s. However, by the end of 1960s, he had become a fairly regular contributor to the sub-editorial page of newspapers. In the second half of the 60s, he was in West Pakistan for his profession and at that time, he used to write for famous newspapers such as Pakistan Times, Dawn, and Islamic Foundation publications. In his columns, he used to try to bring up those topics which are socially important but were neglected in the writings of traditional columnists. He also used to try to present the issues from the Islamic point of view. He used three words to describe the sixties: Disparity, Dictatorship and Distrust. These have influenced him and he has written columns on them. At that time, 22 families held most of Pakistan's wealth. He wrote that Islam does not allow wealth to accumulate in the hands of a few in this way. It is clear in Al-Qur'an that Islam does not allow disparity or discrimination. While in government service, he traced the causes of disparity between East and West Pakistan. As a result, his book *Economic Problems, A Planning in Pakistan* was published in 1968. In this book, he thoroughly analyzed the disparity between the two parts of Pakistan (Mannan, 2020, Sep 11). His journey into Islamic economics also began by reading newspapers. During his university life, between 1953 and 1960, he was a regular reader of 'the Pakistan Observer'. One day, he found an article on zakat in the newspaper. The

article discussed various aspects of zakat and analyzed eight areas of zakat spending. Due to family tradition, Abdul Mannan had primary exposure to reading of the Qur'an, Hadith etc. He, however, had no specific reading of the *Tafsir* (exegesis) of the holy Qur'an or the advanced study of Islam. Despite this limitation, he was very attracted to that article as he could link two aspects of spending zakat money with his study of public finance. Firstly, zakat money can be spent for poverty alleviation and secondly, the persons who collect zakat can be paid from this money as their remuneration. Based on his understanding, he wrote an article on zakat's role in public finance. Since then, his interest in Islamic economics has begun to gradually increase (Mannan, 2020, August 21).

His writings on Islamic economics began in the 1960s in response to a call for research by the Ministry of Information, the Government of Pakistan, which invited papers on various themes including interest-free banking, that attracted Abdul Mannan's attention (Mannan, 2020, Sep 11). At that time, he was teaching economics at the Sirajganj College. After writing on interest-free banking, he presented it at a seminar where his article received a very positive response. However, he noticed that there was no scope for teaching Islamic economics in his college, rather an unfavorable and unfamiliar environment was prevailing. In the 1960s, he observed that the idea of modern Islamic economics was spreading across the world, even though there was no institutional form of Islamic economics like banks or such institutions anywhere in the world (Mannan, 2020, August 21). Later he started publishing his economic columns in the Pakistan Times and other newspapers and journals when he was in Islamabad, Pakistan between 1965 and 1970.

He polished his article on interest-free banking written during his teaching career at the Sirajganj College and submitted to the

Pakistan Times, a newspaper based in Lahore. A few days later, the article appeared on the whole page in that sub-editorial section of the newspaper. The editor requested Abdul Mannan to write more on the Islamic economics issues. Since then, he started writing consistently by offering scientific explanations on different aspects of Islamic economics in many magazines and journals between 1965 and 1970 (Mannan, 2020, August 21). His award-winning book titled '*Islamic Economics: Theory and Practice*' was basically a compilation of his columns on economics published in the Pakistan Times. The book was published by Ashraf Publications. Until then, he did not know that Islamic economics was taught in any university in the world. The Pakistan Writers Guild nominated the book as the best book of the Year in Economics. Since then, his book started to be translated into different languages of different countries including Arabic, Turkish, German, Hausa, Bahasa Malaysia, Bahasa Indonesia etc. (Mannan, 2020, August 21). This book was instrumental in his joining King Abdulaziz University and the Islamic Development Bank (IsDB). His little acquaintance with the world of Islamic economics also started from that book (Mannan, 2020, Sep 11).

The year 1977 was a remarkable year for Abdul Mannan for his joining as a research professor in the International Centre for Research in Islamic economics (ICRIE) at the King AbdulAziz University (KAAU), Jeddah, Saudi Arabia. He served there six years from 1977-1978 to 1983-84. His joining at KAAU is very inspiring. Upon receiving a telex form IsDB to join the Bank, he landed in Saudi Arabia in 1977. He met Egyptian eminent Islamic banker Ahmad El Najjar and Turkish Islamic economist Sabahattin Zaim (1926-2007). Both recognized Abdul Mannan for his book's translation into Arabic and Turkish languages respectively. They advised Abdul

Mannan to join the university instead of IsDB to focus on serious research works. He appreciated their advice and accompanied them to meet the president of KAAU (Mannan, 2017, p.98-99). Thus, this erudite scholar joined KAAU with great commitment and zeal to research and advance the knowledge of Islamic economics.

During his tenure at the ICRIE, he worked sincerely and devoted himself to the development of academic, organizational and administrative structure of the Centre as stated by then Director of the ICRIE Omar Hafiz. Abdul Mannan's resignation was accepted in the greater interest of Islamic economics. In his letter to Abdul Mannan written on 12th February 1984, Hafiz remarked Abdul Mannan as the first full-time research professor since the establishment of the Centre (Mannan, 2017, p.181). Ghazi Madani, an esteemed colleague of Abdul Mannan at the ICRIE and Dean of the Faculty of Economics and Administration at KAU and Director of the ICRIE from 1979 to 1982, wrote: "Abdul Mannan's pioneering books on Islamic Economics have indeed widen the frontiers of knowledge in this area. Besides, his contribution towards the institutional and organisational development of the Centre is highly significant and praiseworthy. The University has also greatly benefitted by his other academic activities such as teaching, curriculum development, particularly in the Department of Socio-Technical Studies of College of Engineering" (Mannan, 2017, p. 182).

During his tenure at the ICRIE, he came in contact with a galaxy of Islamic economics like Muhammad Nejatullah Siddiqi (1931-2022), Muhammad Anas Zarqa and Rafic Yunus al-Masri (d.2021). In July 2022, the author of this research paper conducted an email interview with Anas Zarqa to comment on Abdul Mannan's contribution to Islamic economics. Anas Zarqa wrote: "thinking now about my

dear colleague and friend M.A. Mannan's contributions to Islamic economics, I deem his major impact took place before joining KAU Centre. It was his prize-winning book: *Islamic Economics: Theory and Practice*. It was translated to several languages, including Arabic in 1973, by Mansour Ibrahim al-Turki, later Rector of Riyadh University (now King Saud University). That Arabic translation had a big impact, because unlike most of the then available literature in Arabic, it was written by an economist, and presented many novel insights. In fact, it was this translation that led the newly established Centre for Research in Islamic Economics (ICRIE) at KAU to invite Mannan to join its team of researchers. I was then already working at the Centre, where they asked me to visit him while he was visiting Jeddah, and invite him to join."

Anas Zarqa feels, "while at the Centre, Abdul Mannan's unique operational contribution was his remarkable ability to write fast and good economic pieces on very short notice. His mythological contribution, as in his 1970 book, as well as his writings while at the Centre, is his consistence in connecting economics with social reality and real economic problems, which are never black & white. He refrained from adopting neat purely theoretical results. Thus, he was an early advocate of interdisciplinary approach to economics." (Email interview, July 2022).

About Abdul Mannan's move from the Centre to join IRTI, Zarqa thinks, "it was his personal decision and he filled a gap there. It was a sensible professional decision on his part. Centre and IRTI have always had many joint academic activities. So Mannan's joining IRTI was not really a break." (Email interview, July 2022)

While at KAAU, he contributed to various studies on Islamic economics. KAAU published the first professional journal in the field of

Islamic economics in 1403H (1983) under the title, “Journal of Research in Islamic Economics”. Over the years, this journal has been gained reputation for publishing many classical articles written by the pioneers of the newly emerging discipline of Islamic economics. Abdul Mannan was one of the contributors to the very first issue of the journal along with Zubair Hasan, F.R. Faridi, Volker Nienhaus, M.N. Siddiqi. In the Research in Progress section of the journal, Abdul Mannan’s thoughts on “*Islamic Economics as a Social Science: Some Methodological Issues*” was published. Since 1979, the Centre has been conducting and supporting theoretical and applied research in various fields of Islamic economics and allied areas. After joining the Centre, Abdul Mannan engaged in research on Islamic economics under this research programme and authored 4 research papers as follows:

- 1982: *Scarcity, Choice and Opportunity Cost: Their Dimensions in Islamic Economics* [ This paper was a slightly modified version of his paper originally published by "Journal of Social Sciences" (JSS), Kuwait University: Special Issue: on the fifteenth Hijra Century: 1981”. In this paper, he redefined Islamic economics as a composite social science which studies the problem of production, distribution and consumption through integrative system of exchange and transfer over time and their social and moral consequences in the light of Islamic rationalism. It assumes the presence of "Islamic person".
- 1982: *Why is Islamic Economics Important? Seven Reasons for Believing*. [Research Series in English No. 12.
- 1982: *Islamic Perspectives on Market Prices and Allocation* [ Research Series in English no. 11]. 1981: *Institutional Setting of Islamic Economic Order: A Comparative*

*Analysis of Economic Processes*. [Discussion Paper Series No. 2.]

Moreover, ICRIE, KAAU published his two works in 1984, namely, *Abstracts of Researches in Islamic economics*; and *Guidelines for Key Issues in Islamic economics*. In 1985, ICRIE, KAAU published his work on *Islamic Perspectives on Market Prices and Allocation*.

In 1982, He joined the Islamic Research and Training Institute (IRTI), which was established in 1981 as a pioneering hub of the IsDB to promote innovative knowledge solutions and research and substantive economic analysis in Islamic economics and development. At that time, he was working with both ICRIE, KAAU and IRTI, IsDB. Abdul Mannan (2017) explains why he joined IDB in his memoir.

Ahmed Mohamed Ali Al-Madani (b. 1934), the first President of the IsDB since 1975, told Abdul Mannan to do consultancy work on behalf of IsDB. Abdul Mannan replied affirmative if the university permits. Before assuming the position of IsDB president, Ali was the acting rector of the KAAU during the period 1967–1972. He also served as Deputy Minister of Education from 1972–1975. Ali requested Abdullah Omar Nasif, the then president of KAAU to allow Abdul Mannan to work for the IsDB as consultant. Though the charter of KAAU does not permit this, the president gave him permission upon the request from Ali for the greater interest of global Muslim ummah. Assuming the position of a consultant to IsDB, Abdul Mannan was assigned to prepare a report on the least developed Muslim nations. In the University, Abdul Mannan was busy developing the Research Centre and although he did not have any teaching responsibilities during his six years at the University, he taught ‘project evaluation from Islamic perspective for Engineers’ and provided various consulting services to the University. He was recruited to



IsDB with the highest pay scale P-5. The President of IsDB gave him various assignments and engaged him in report writing, project evaluation and academic evaluation. Once he was made the chairman of IsDB's prize preparing committee (Mannan, 2017, p. 100-102). Ali also asked him to do research on waqf in the Muslim world. Abdul Mannan's colleague, the Vice Chancellor of Marmara University in Turkey, shared to him the thoughts of Ottoman scholars about the cash waqf. He took an initiative of translating some works on cash waqf from the huge collection of Turkish texts in the Ottoman Archives into English. Later this study helped him to design a cash waqf certificate for financing social projects (Mannan, 2021, March 26).

During his tenure at IsDB, he has published several research works that are the testimony of his intellectual influence in the arena of Islamic Economics. These are, Islamic Economics: Theory and Practice (revised edition UK, (1986); The Making of Islamic Economic Society (Cairo, 1984); The Frontiers of Islamic Economics (India, 1984); Economic Development and Social Peace in Islam (UK, 1989); Understanding Islamic Finance (IDB, Jeddah, 1993); Structural Adjustments and Islamic Voluntary Sector with Special Reference to Awqaf in Bangladesh (IDB, Jeddah, 1995); The Impact of Single European Market on OIC Member Countries (IDB, Jeddah 1996); Islamic Socio-Economic Institutions and Mobilization of Resources with

Special References to Hajj Management of Malaysia (IDB, Jeddah, 1996).

Among these publications, the major scholarly contribution he made was the publication of his book entitled: "*The Making of Islamic Economic Society: Islamic dimensions in economic analysis*", published by International Association of Islamic Banks based in Cairo, Egypt. In this book, he provided a creative synthesis and an intuitive grasp of many developments in the field of Islamic economics, money, and banking at a level higher than his earlier book (Mannan, Interview, in Nisar, 2009).

#### 4. Major Works of Muhammad Abdul Mannan on Islamic Economics

Abdul Mannan was a prolific author. He has written on many socio-economic topics. Throughout the career, he has carried out his studies mainly in the English language. However, last few years of his life, he used to write weekly columns for a leading national daily newspaper in Bangladesh. In these columns in Bengali language, he used to highlight Islamic perspective on contemporary issues of Bangladesh economy. These articles reflected his latest position as far as Islamic perspective is concerned. Listing all his writings here may distract the audience from the main purpose of this paper. Therefore, in this section, some of his major works on Islamic Economics are listed below in Table-1:

**Table 1: Major works of M.A. Mannan on Islamic Economics**

Year of Publication	Titles of the Publications	Publishers	Print Length
1968	Economic problems and planning in Pakistan; for B.A., M.A., & C.S.S. examinees	Lahore: Ferozsons	423
1970	Islamic economics: Theory and Practice	Lahore: Shah Mohammad Ashraf	386
1982	Scarcity, choice, and opportunity cost: Their dimensions in Islamic economics.	Jeddah: International Centre for Research in Islamic Economics (ICRIE),	35

		<b>King Abdulaziz University (KAAU)</b>	
1984	<b>The making of Islamic economic society: Islamic dimensions in economic analysis.</b>	<b>Cairo: International Association of Islamic Banks</b>	531
1984	<b>The frontiers of Islamic economics</b>	<b>Delhi: IAD religio-philosophy (original) series</b>	207
1984	<b>Abstracts of Researches in Islamic economics</b>	<b>Jeddah: ICRIE, KAAU</b>	89
1985	<b>Guidelines for Key Issues in Islamic economics</b>	<b>Jeddah: ICRIE, KAAU</b>	24
1985	<b>Islamic Perspectives on Market Prices and Allocation</b>	<b>Jeddah: ICRIE, KAAU</b>	30
1987	<b>Workers' Participation in Managerial Decision-making: A Study in a Developing Country.</b>	<b>Daya Books</b>	208
1989	<b>Economic Development and Social Peace in Islam: An Analytical Study of the Process of Economic Development in the Muslim Community of Today (Islamic Society)</b>	<b>Dhaka: Ta-Ha Publishers and Bangladesh Social Peace Foundation</b>	126
1992	<b>Key Issues and Economic Implications of a unified European Market after 1992 for OIC member countries</b>	<b>Jeddah: Islamic Research and Training Institute (IRTI) Islamic Development Bank (IsDB)</b>	89
1993	<b>Understanding Islamic Finance: A Studies of the Securities Market in an Islamic Framework.</b>	<b>Jeddah: IRTI, IsDB</b>	115
1996	<b>Islamic Socioeconomic Institutions and Mobilization of resources with special reference to Hajj Management of Malaysia</b>	<b>Jeddah: IRTI, IsDB</b>	141
2011	<b>Cash Waqf: Living by Giving &amp; Sharing</b>	<b>Dhaka: House of Mannan Charitable Trust (HMCT) and Bangladesh Social Peace Foundation (BSPF)</b>	68
2013	<b>Understanding Islamic Corporate-Finance: Theory and Application.</b>	<b>Dhaka: Afser Brothers and HMCT</b>	208
2014	<b>Islamic economics: Theory and Practice (new revised version).</b>	<b>Dhaka: Afser Brothers and HMCT</b>	615
2017	<b>Cash-Waqf as a New Strategy for Interest-free Microcredit towards Empowering Poor Family.</b>	<b>Dhaka: Afser Brothers and HMCT</b>	47

Source: Compiled by the author

## 5. Theoretical Contributions to Islamic Economics

As we have said earlier that Abdul Mannan's notable contributions to Islamic economics are very comprehensive in terms of depth of analysis and coverage of topics, it is beyond the scope of the paper to discuss all the areas where Abdul Mannan left his thoughts. Therefore, we have selected some areas to commemorate and celebrate his great contributions to Islamic

economics. In this section, Abdul Mannan's theoretical approach is illustrated in the following 3 areas: Islamic economics as a distinct science; Islamic approaches to consumption, production, and distribution; and the role of state and social security scheme in an Islamic economy.

### 5.1. Islamic Economics as a distinct science

Abdul Mannan (2014) contends that the Islamic economic system is uniquely capable of explaining the economic problems of the Muslim community today. The social and economic ethics of Islam has the potential in the development of Islamic economics as a distinct discipline of knowledge. Hence, to explain the theoretical and practical policy implications of various Islamic socio-economic values, he suggests, it is needed to reconstruct Islamic thought processes as well as to reappraise old values in the light of new social and economic realities in order that a creative synthesis may emerge (Mannan, 2014, p.31). In fact, Abdul Mannan's research works aptly reflect his efforts to demonstrate Islamic Economics as a science and to formulate theories and practical policies based on Islamic socio-economic values.

Abdul Mannan argues that the neoclassical orthodox paradigm or the Marxist-radical paradigm is inappropriate, inadequate and incapable of explaining Muslim worldviews on economic matters. Though in every system of thought, there will be some assumptions and ideas in common with other systems of thought, it is only through emphasis or de-emphasis, modification or rejection that an identity is established (Mannan, 2014, p. 32). Islamic economics with its own identity has at least 7 steps in the formulation and development of Islamic economics as a science. They are interlinked with each other. The first step is to identify an economic problem or implicit guiding principles of the Shari'ah through which we should seek solution of the problems in question. These principles, which can be

derived or deduced from the Qur'an and the Sunnah, can be seen as timeless. But at operational level the knowledge on which on which these principles are based need to be formulated and conceptualized first. This is where a process of theoretical formulation of the problem begins: the starting point of Islamic economic science. They are relative to space and time. Because "why", "how", "what", "for whom" and "which" questions are to be linked to the principles so identified. These questions need to be examined in terms of available options and alternatives having space and time dimensions (Mannan, 2014, p.32). The second step is to seek solution to the problems from the fundamental principles governing these problems timeless Islamic perspectives rooted in the Shari'ah. For example, application of the principle of moderation in consumption. The third step is to start the development of theory where the choice of variables will be rooted in the Shari'ah. This theoretical formulation has a time dimension. It can be replaced or modified by superior theoretical formulations, which are value-loaded. The fourth step is to formulate policies based on the concepts in step (3). Its contents and composition changeable; it depends on the level of social and economic conditions of the society concerned. The fifth step is to implement the policy chosen in step (4). For the implementation of the policy, the development of institutions is needed. The sixth step is to evaluate the policies in terms of predetermined or perceived goals or targets of how to maximize welfare within the overall framework of principles as set out in step (2) as well as within the notion of return-- economic and non-economic, making the positive and normative considerations relatively

indistinguishable and unimportant. the seventh and final step is to give the result of the evaluation. This feedback is needed to determine the gap between actual implementation of policy in step (5) and perceived achievement. This is where the interpretation of the principles, as indicated in step (2), on which the Islamic economic theory, and development of policy and institution is based starts, as stated in step (3), (4) and (5) (Mannan, 2014, p. 36).

According to Abdul Mannan, any discussion on the methodology of Islamic Economics is surrounded by the three fundamental questions: (a) is Islamic economics a positive or a normative science or both? (b) do we need an Islamic economic theory in view of the absence of an actual Islamic economy? and (c) is Islamic economics a “system” or a “science” (Mannan, 2014, p.37).

Abdul Mannan said that any attempt to separate Islamic economics as a positive or normative science would be misleading and counterproductive as both aspects of science are interlinked in Islamic Economics. Qur'an and Sunnah are the two primary sources of knowledge from a methodological point of view in the development of any theory. Apart from the main focus on normative statements, both Qur'an and Sunnah contain many positive statements (Mannan, 2014, p.38). Abdul Mannan feels that theories need to be developed despite the absence of an actual Islamic economy. Thus, he opposes the positivists who argue that developing Islamic economic theory is an unnecessary exercise in the absence of an actual Islamic economy. The reason is that the theory must explain the facts

as they are. So, there is no case for Islamic economic theories as these theories cannot explain and predict the existing socio-economic reality of contemporary Muslim societies. On the contrary, Abdul Mannan believes that we need to appreciate the role of diversity arising from respective ideologies in the development of our economic society and institutions. He further said that it would be a mistake to assume that an Islamic economic system and science had never been implemented. Even in our contemporary societies, many economic theories such as the Islamic concept of Banking, Zakat etc. are being implemented. Abdul Mannan believes that Islamic economic theory has historical significance during our time, and it is much more important than the narrow view of economic theory as taken by the positivist. It is to be recognized very clearly that Islamic economic theory being a science, draws principles from the Islamic economic system. (Mannan, 2014, p. 37-46).

In the light of the preceding discussions, Abdul Mannan defines Islamic economics as “a social science which studies the economic problems of a people imbued with the values of Islam” (Mannan, 2014, p.51). Islamic economics is in striking contrast to the modern economics. Like modern economics, Islamic economics deals mainly with problems involving money, unlike modern economics, Islamic economics cannot remain neutral between different ends. For example, the activities concerning the manufacture and sale of alcoholic drinks may be good economic activities in the modern economic system. It cannot be so in Islamic states. (Mannan, 1970; 2014, p.54).

## **5.2 Islamic Approaches to Consumption, Production, and Distribution**

Abdul Mannan has had unique thoughts on the three common economic functions to all systems such as consumption, production, and distribution from an Islamic approach. He has written on these in his various publications. Key points from his ideas are displayed in the following sub-sections.

### **5.2.1 Consumption and Consumer Behavior**

According to Abdul Mannan, the difference between modern and Islamic economics in respect of consumption lies in the approach towards satisfaction of one's wants. Islam does not recognize the purely materialistic bent of the modern pattern of consumption. From an Islamic point of view, he talks about needs instead of wants and differentiates needs into two: excessive material needs and spiritual needs. He argues that Islamic ethics and values play an important role in conceptualizing life and progress in a way where an Islamic man will incessantly try to reduce his/ her excessive material needs to release human energy for spiritual pursuits. Here, progress never means higher and higher standards of living by just enlarging material wants (Mannan, 2014: p. 85-86).

Islam classifies human wants under three headings in terms of Islamic order of priorities: necessities, comfort, and luxuries. Abdul Mannan defines 'necessities' are usually all things required to meet which must be satisfied, while 'comforts' may be defined as commodities the consumption of which adds to the efficiency of the worker but not proportionately to the cost of such commodities. Lastly, he defines luxuries are the

commodities and services the consumption of which does not add to one's efficiency and might credibly diminish it. According to him, costly dress and ornaments, expensive motor cars, costly furniture are luxuries for most people (Mannan, 2014: p. 89-90).

M.A. Mannan further discusses five principles while analyzing the Islamic injunctions on food consumption. These are: Principle of (1) righteousness; (2) cleanliness; (3) moderation; (4) beneficence; and (5) morality. Principle of righteousness implies that an Islamic man never consumes any prohibited item explicitly mentioned in the Holy Qur'an and Sunnah. Principle of cleanliness implies that an Islamic man will not consume food and drink which is not clean even though it is not a prohibited item from the light of Shari'ah. The third principle, moderation, implies that no food and drink should be used to excess (Surah 7: 31; Surah 5:90). An able Islamic man will not underfeed or overload his/her stomach to build-up his/her mind and body harmoniously. The fourth principle, beneficence, implies that it is neither harm nor sin for an Islamic man in eating and drinking the good things provided by Allah SWT (p.88). The morality principle implies that promotion of moral and spiritual values is the ultimate purpose of taking food and drinking. (Mannan, 2014: p. 86-89). So, every Muslim needs to modify his/her consumption behavior in the light of these five principles, which will eventually help to practice Islamic economic in real life.

### **5.2.2 Production and Producer Behavior**

Abdul Mannan says, "the productive system in an Islamic state must be guided by both objective and subjective criteria: objective

criteria to be measured in material welfare, subjective criteria to be reflected in the welfare which should be judged in the light of economic ethics of Islam.” (Mannan, 2014: p. 120).

In Islam, the factors of production are not simply subject to a process of historic change, but also to a timeless moral and ethical framework as laid down in the Shari’ah. As a result, the factors of production especially labor are never divorced from social and moral life. Islam views land as a means of increasing productivity to be used for individual and community welfare. (Mannan, 2014: p. 120-21). Hence, the proper and efficient cultivation of land has been encouraged in both the *Qur’an* and *sunnah*. Wastage of land in any form is condemned. Land as a factor of production should be used in such a way that the objective of balanced growth is achieved. The prophet (PBUH) made a rule that a man should retain in his position as much of the land as he cultivates himself. (Mannan, 2014: p. 121).

Capital as a factor of production has occupied a special place in Islamic economics. Unlike modern economics, interest cannot be charged as cost of capital in an Islamic economics system as interest is prohibited in Islam. That does not mean that capital is costless in Islam. If a person does not invest from his savings, his wealth will not grow, but will reduce in real terms due to inflationary adjustment. Hence, Islam encourages investment in business to increase wealth by contributing to the real economy. Zakat is also levied on savings. So, if an individual does not invest in production activities, his wealth decline. Thus, zakat indirectly encourages a

person to invest and grow his wealth. In this background, Abdul Mannan holds that the cost of capital can be expressed in terms of opportunity cost in an Islamic framework. In modern economics, individual and institutional investors park their capital in joint-stock companies to earn profit or return on their investment. Islam also recognizes the earning profit by holding shares of capital. Thus, even in the interest-free economy of Islam, capital can grow from the element of profit as Islam allows capital to play its true role in the productive process (Mannan, 2014: p. 121).

Abdul Mannan observes that Islam motivates entrepreneurship through diverse forms of investment based on partnership in varying forms by involving the integration of human capital with non-human resources (Mannan, 2014: p. 121). According to him, Islam also does not support Marx’s analysis of classless society to protect labor from being exploited by capital and Islam does not approve of the elimination of the capitalist class from the social framework (Mannan, 2014: p. 150).

Rather, Islam safeguards the interests of both labor and capital within its framework of a self-contained distinct organism. In fact, Islam brings about a union of labor and capital by giving the whole problem a moral bent. He argues that the whole question of strikes and lock outs would be relatively unnecessary, once workers and employers adhere to the values of Islam (Mannan, 2014: p. 150).

### **5.2.3 Distribution of Wealth and Income**

Abdul Mannan has discussed the distribution of income and wealth from an Islamic perspective in his many research works. He is one of those scholars who believe that Islam encourages

spending more for greater social benefits rather than accumulating wealth in the hands of a few. Islam strongly condemns hoarding as it keeps wealth out of circulation. Although Islam encourages spending, it does not condone extravagance (Mannan, 2014: p.342).

He presented five arguments to discuss the rationale of the distribution of income among the various factors of production. Firstly, rent and interest are widely different. So, the payment of rent does not seem to be inconsistent with the spirit of Islam. (Mannan, 2014: p. 208). Secondly, wage differences resulting from differences in talents and capacities have been recognized by Islam. The fundamental conditions are that employers shall not exploit their laborers and must pay their “dues” and the workers shall not exploit their employers through trade unions and must do their job faithfully, sincerely, and honestly (Mannan, 2014: p. 208). Thirdly, if the meaning of *Riba* is viewed in its correct historical perspective, there appears to be no difference between *Riba* and interest. The Islamic theory of capital does recognize the share of capital in national wealth only to the extent of its contribution, to be determined as a variable percentage of profits rather than a fixed percentage of capital itself (Mannan, 2014: p. 209). Fourthly, Islam permits normal profit-not monopoly profit or profit arising from speculation. (Mannan, 2014: p. 209). Finally, Abdul Mannan has illustrated a few generally accepted principles of Islamic law of inheritance which is at present a fixed, scientific, and beautifully harmonious system. The most positive contribution of the Islamic law of inheritance is that it recognizes the

participation of women in the complex process of economic activity (Mannan, 2014: p. 209). Through the law of inheritance, Islam has given women an identity of their own. Women are able to own, possess, enter professions and services, join industry and enter into contracts in their own name (Mannan, 2014: p.207). Thus, the Islamic law of inheritance is another step towards the diffusion of wealth among various sections of society (Mannan, 2014: p.342).

### **5.3 Social Security Scheme and the Role of State in an Islamic Economy**

Abdul Mannan has touched upon the issue of role of state in designing social security scheme in an Islamic Economy in his research works. He broadly argues that the state should implement a very comprehensive social security scheme to ensure safety and fulfill basic needs of every individual. According to Mannan, the role of state is to establish a more egalitarian system of economic society based on Islamic values in production where the factors of production will not be employed to produce luxury goods, rather would be automatically directed to the production of useful goods and services (Mannan, 2014: p.91). He stresses on inculcating a deep sense of moral responsibility among the people of Muslim countries and supports the adoption of some coercive measures in the larger interests of the society if needed in the transitional period (Mannan, 2014: p.92).

Another very important observation of Abdul Mannan in the context of mixed developing economies such as India, Pakistan, Bangladesh etc., is that producers are more or less organized, but consumers are not. In this

situation, in majority cases, the producers are seen to exploit the consumers in variety of means. To stop this, as he argues, state should educate them and control with a view to harmonizing the dictates of Islamic social justice with the demand for producers' incentive. To keep the price level of the basic necessities of life within the reach of common man and the workers, he suggests a number of policy decisions for an Islamic state. In the short-term, the state needs to procure some cash and non-cash crops to ensure the due price for the farmers; to ration food grains of and supply of subsidized essential consumers goods; and to hold seminar/discussions between Producers and Consumers with the clear objective of imbuing them with an Islamic code of transactions. In the long-term, the state can set up a high-powered fair price authority, create a network of consumers' co-operatives on a no-profit-no-loss basis, and formulate comprehensive consumption planning within the framework of state planning (Mannan, 2014: p.227).

In the discussion of fiscal policy and budgeting in Islam, Abdul Mannan argues that unlike other religious books, the Holy Qur'an is perhaps the only one that has given very specific instructions on the state policy regarding expenditure of state revenue. For example, the Qur'an lists the items on which zakat revenue can be spent. He is one of those scholars who believe that although Zakat is collected only from Muslims, it can be used for the Welfare of non-Muslims (Hamidullah, 1955; Mannan, 2014: p.342). He suggests that the idea of zakat should not be linked to any secular taxes or to any proposal of imposing

separate taxes on non-Muslims. He thinks that the silence of the Qur'an as to the rates of zakat may be interpreted as revealing the great elasticity of the Islamic system of Public Finance and taxation. As the socio-economic condition has changed fundamentally, there is no reason to believe that items taxed and rates charged were meant to be unchangeable with changing circumstances, since the door of *ijtihad* is never closed in Islam. There is a need for the rationalization of the rules of zakat (Mannan, 2014: p.342-343). However, Abdul Mannan's view on zakat rates is not supported by the majority of Shari'ah scholars who convincingly argue that unlike taxes, the state has no authority to revise the rate of zakat from time to time and minimum level of it as these rates are spelled out in the Hadith which is a major source of religious law and moral guidance. In this regard, Monzer Kahf states that the authority of the state can use zakat as a tool of fiscal policy although it is not disputed that rates of zakat are fixed as described in the words of the Prophet (PBUH) (Kahf, 1991, p. 21). So, in the name of *ijtihad*, it is not supported to vary something that is clearly fixed by shari'ah. This author feels that since Abdul Mannan is not among the scholars who believe that zakat is the only tax in Islam, rather he mentions other sources of revenue/taxes, he should not have touched on the zakat rates.

About the budgetary policy, Abdul Mannan argues that Islam has no conflict with one of the accepted rules in public finance that says, the basis of budgeting is no longer revenue, rather the indispensable expenditure. According to him, an Islamic economy can finance the deficits using Mudarabah, Musharaka, and



Murabaha contracts. In addition, Islamic governments can raise fund by issuing investment bonds and certificates to the public based on profit and loss-sharing (Mannan, 2014: p.343). Abdul Mannan argues that the prime source of revenue for the Islamic state and an Islamic state is zakat. Apart from this, elastic and dynamic tax systems of early Islam had several forms of taxes: (a) jizyah; (b) Kharaj or land-tax; (c) spoils of war; d) tax on mines and treasure trove; e) custom duties and tolls (Mannan, 2014: p.351).

Abdul Mannan feels that the Institution of zakat even today contains enormous potential for communal betterment which we should utilize in a systematic manner through government agency, for financing the social welfare and social security schemes of the modern state such as poor-houses, centres for free medical treatment, schools to provide elementary, secondary and technical education or the indigent, money relief for the unemployed, aged, widows and orphans, and a beginning might be made with the grant of relief to the innocent dependents of persons who are suffering imprisonment for crimes etc. (Mannan, 2014: p.380).

*Jizyah* was a form of tax imposed on non-Muslims in return for the guarantee extended to them by an Islamic state for the protection of their lives, properties, religious rites, and for the exemption from military service (Mannan, 2014: p.352). On the other hand, *Kharaj* is a kind of tax imposed on lands whether the owner is a minor or an adult, free or slave, a Muslim or Non-Muslim (Mannan, 2014: p.355). Before the advent of Islam, victorious armies used to keep the entire spoils of the war for themselves.

On the contrary, Islam revolutionized the mental outlook of the Muslim army by keeping one-fifth of the spoils of war for the benefit of the community. Not only that, the spoils of war were one of the diminishing sources of revenue of the Islamic state (Mannan, 2014: p.356). There is some disagreement on the nature of the tax imposed on mines and treasure-trove. According to the Shafites and Hanbalites, this tax is considered as zakat while the Hanafites regard it as a case of spoils. Without entering into the controversy, Abdul Mannan considers mines and treasure-trove as a source of revenue and questions the today's practice of nationalizing mines and treasure-trove in view of their importance (Mannan, 2014: p.359). He opposes the complete nationalization on the ground of neglecting individual rights. He suggests that the Islamic state must make provision for proper and due compensation if mines are found in private lands. However, compensation varies based on the needs of the community and is to be decided keeping in view the inconvenience and distress of the owners and inhabitants of the land (Mannan, 2014: p.360). Historically, the concept of custom duties and tolls took a practical shape during the reign of the Caliph Umar. Abdul Mannan raises the question as to whether the modern system of custom duties and tolls is consistent with the spirit of Islam (Mannan, 2014: p.359-60). From the standpoint of the universal brotherhood of Islam, it may not be justified to have artificial barriers in the field of international trade, because basically Islam believes in one humanity and hence in free trade. But viewed from the standpoint of the survival of a poor but developing Muslim countries, the modern system of custom duties

and tariffs will stand up to reason. In the view of Abdul Mannan, the Islamic state is perfectly within its rights to impose any amount of customs duties provided that these revenues are used for the benefit of the community as a whole and that any of its objectives do not encourage the growth of a monopoly or the like (Mannan, 2014: p.360).

Trade and commerce as the legitimate activities are encouraged by Islam and are consistent with the spirit of Islam. A Muslim government should facilitate trade and commerce by formulating policies in line with the principles of trade and commerce in Islam. Abdul Mannan stated that Islam has allowed barter trade in a restricted way while strictly condemned all monopoly and speculative businesses because these activities stand in the way of the desired goal of Islamic economics, which is the attainment of maximum social advantage. Basically, Islam believes in free trade. Protective trade may be allowed in special cases, while dumping must be condemned in Islam. There is a fundamental difference between trade and interest. If Islamic principles of trade and commerce are adopted by the traders and industrialists of the world; the weaker groups of the community will be saved from the disastrous repercussions of trade cycles --a common feature of the modern economy. (Mannan, 2014: p.412).

## **6. Practical Contributions to Islamic Economics**

Abdul Mannan observed that the main obstacle to development of a Muslim country like ours or Third World is the uncritical adoption of Western development models and the pursuit of an aid-dependent development strategy with

which our society and culture do not match (Mannan, 2017, p.102). Foreign assistance is not only giving rise to widespread corruption, but also helping to perpetuate it. Deeply aware of these developments, he sought to conduct socio-economic programs, establish a laboratory for social development, and, above all, an economic movement where exchange of credit would be linked to the culture (Mannan, 2017, p.102). From this realization and his deep understanding of Islamic economics, M.A. Mannan sets his dream to implement some of his thinking on Islamic Economics at practical level. He has developed many hypotheses that have not been tested. So, he wanted to prove the effectiveness of this hypotheses. The basic guideline on Islamic economics has appeared in the Qur'an and Sunnah. Based on this guideline, through research, a framework of Islamic economics is ready. Now a sincere effort is needed to implement the framework. There is no work that analyses Islamic economics from a scientific perspective. Most of the works on Islamic economics have been conducted based on secondary data. He thought that his hypothesis should be examined through primary data. For this, he dreamt of establishing a bank or such an institution that can test this hypothesis (Mannan, 2017, p.103)

He wanted to make a scientific basis that Islam has humanity and spread this message around the world. This is not only for the interest of Muslims, but this also needs for the whole humanity. He wanted to keep a guideline for the next generation so that there is a continuity of this work. Poverty cannot be eradicated fully. But in our current

development model, poverty is encouraged as a lucrative business. (Mannan, 2017, p.103)

In this section, the establishment of the Social Investment Bank (later Social Islamic Bank) and subsequent offering of cash waqf and Islamic microfinance through banks will be seen as his practical contributions to Islamic economics.

### **6.1 The Social Islami Bank Limited (SIBL):**

#### **A Model of the Third Sector Economy**

Abdul Mannan was a child of a privileged family; poverty never touched his life. However, like Professor Amartya Sen, Abdul Mannan observed the Great Bengal Famine of 1943. He observed how mass migration impacted people's life and livelihood during the partition of the Indian subcontinent in 1940s and in 1960s, he was vocal through his writings against regional disparity between two wings of Pakistan, the East and the West. After 1971, he also observed glaring poverty in the newly independent Bangladesh where more than 80% people were in poverty by any standard. So, as a development thinker and action-oriented person, he felt an urge from his heart to do something to alleviate poverty in Bangladesh. From this feeling, he took the initiative to establish a bank with the participation of the people from all walks of life. He wanted to make the economic, financial, and banking system an integral part of life and above all a tool for family empowerment. Profit-loss sharing, mutual participation, and interest-free exchange would be the basis of the bank management.

Establishing the bank was not an easy matter for him as he was living in the KSA and often had to travel to Bangladesh in between his busy schedule at IRTI in the 1980s. In his meeting with the then President of Bangladesh Hussain Muhammad Ershad (1930-2019) in 1986, he proposed to establish a banking model that

would integrate three sectors (formal, informal and voluntary) and decided to name it “Islamic Ummah Bank”. Though the Ershad administration gave positive feedback about establishing the Bank in March 1987, he could not establish Islamic Ummah Bank due to internal non-cooperation. Afterward, he kept trying to establish “Bangladesh Social Investment Bank” (Mannan, 2017, p.105). Meanwhile, in 1989, he was invited to Bangabhaban, the official residence and principal workplace of the president of Bangladesh, where he presented a three-sector banking model. In this presentation, he showed that microfinance can be disbursed without any interest as a family empowerment program and banks can disburse microfinance at low profit. Again, the Ershad administration was very positive to allow him to establish this Bank in Bangladesh, but he could not establish the bank then due to the Fall of Ershad administration. Finally, through various efforts, he got the approval to operate as a “social investment bank” and the bank started its journey on 22 November 1995. Later the name of the bank was changed to Social Islami Bank Limited (SIBL) (Mannan, 2017, p.106).

Abdul Mannan's general assessment is that Islamic Banks have done little for the poor and he also claims that SIBL is the only Islamic Commercial Bank in Bangladesh, perhaps in the world which starts with the very phrase, “Targeting Poverty”, while stating its objects in Memorandum of Association for achieving a goal of participatory economy for a caring society (Mannan, Interview, in Nisar, 2009).

SIBL operates on the basis of a concept of 21st Century participatory three sector banking

model in one: Formal, In-formal and Voluntary sector of the economy. The formal sector works as an Islamic Participatory Commercial Bank with human face approach to credit and banking on the basis of profit & loss sharing. Non-Formal sector of the Banking deals with the poor in non-corporate sector by offering them informal finance. Through this sector, SIBL through its micro-credit and micro-enterprises programs are contributing to empower the family and create local income opportunities and discourage internal migration. The voluntary sector is committed basically to financing development and management of Waqf properties and Non-Muslim Trust properties. As part of the voluntary sector, Abdul Mannan established the first Cash Waqf Certificate in the world history at SIBL, which will be discussed in the next section.

Abdul Mannan introduced an alternative model of poverty alleviation called the “*Sabuj Haat (SH)*” [ Green Mart/ Market] project at SIBL in 1999. SH consists of two Bengali words; Sabuj means green while *Haat* is a market, especially one held on to a regular basis in a rural area. So, literally “*Sabuj Haat*” means green market. The SH project is an innovative banking product, involving integration of formal, non-formal and voluntary sector banking operations all at a time. Under this project, Abdul Mannan planned to establish a mini village Mall or Bazaar consisting of carefully planned ten to fifteen small shops, built preferably on Waqf or Trust properties. His idea was to build the SH Complex where small rural branch of SIBL, a community Centre, and Health Unit will be an integral part (Mannan, 2011, p.22).

According to M.A. Mannan, the SH project is based on a social revolutionary concept intended to extend credit to family and made it available at their doorsteps with the provision for non-formal training and marketing. It would start with micro-credit program of a cluster of family at the grass-root level. The graduates of such program, a first generation of small entrepreneurs will be given an opportunity to make a move upward on a social scale by allocating micro-enterprise shops of the SH to them mainly on rental basis. A credit line will be extended to them to finance their small businesses under the overall supervision of a local branch manager. These mini shops will sell the basic needs of village household based on a careful household survey which will be undertaken to determine their income, consumption pattern, credit need and occupational structure. So, a rural branch will be built preferably on a Waqf land and would extend credit to micro-enterprises as well as provide normal banking credit lines. This is how concept of SH would integrate formal, non-formal, and voluntary sector banking activities into one for reversing the process of current pro-urban operations, financing patterns, and anti-poor development strategies. The wheels of development would move forward from the grass-root levels (Mannan, 2011, p.22).

Based on some interviews with bankers and his staff, it can be said that Abdul Mannan could not materialize his three-sector model because of the challenges he faced mainly from administration. His SH project was very effective when he initially launched it. People accepted the model cordially. However,

observing the effectiveness of the project, some people from the bank resisted and spread wrong information that Abdul Mannan is running the project as making it a factory of producing Islamic terrorists and extremists. He is bringing money from the Middle East to do this work. He was eventually ousted from the chairmanship of the bank.

## 6.2 Cash Waqf Certificate

The positive of voluntary sector in Islam such as Waqf, zakat, and sadaqah in the socioeconomic development is a well-established fact. After establishing the SIBL, Abdul Mannan noticed that voluntary sector has always been neglected in the economy of Bangladesh despite it has the huge potential for economic prosperity. Abdul Mannan through SIBL introduced “Cash Waqf Certificate” scheme in 1997 as a new product for the first time in the history of banking in its voluntary sector banking for mobilization and capitalization of social saving (Mannan, 2011, p.7). Cash Waqf falls within the purview of on-going charity (Sadaqah Jariyah). As an instrument of Sadaqah Jariyah, buying a Cash waqf certificate, a person can bring good in his life here and hereafter (Mannan, 2011, p. 10). Cash waqf certificate is a unique opportunity to contribute something for the society. With the profit from cash waqf, valuable contribution can be made in establishing/ running different educational institutions including Mosque, Madrasha, School, College and University (Mannan, 2011, p. 11). Cash waqf certificate is also an opportunity to participate in permanent social investment. As deposit of cash waqf is made once for all, banks can safely invest it in various short, medium- and long-term

investment. These investment activities can create employment opportunities. A large number of unemployed shall have the opportunity for earning their livelihood and thus making their contribution to social progress. Thus, a person can contribute to the society by purchasing cash waqf certificate (Mannan, 2011, p. 13).

In his book “*Islamic Capitalism and Finance*”, Turkish scholar Murat Çizakça described the introduction of Cash-waqf Certificate by SIBL as “The Mannan Model ” (Çizakça, 2011). The uniqueness of Mannan’s model, according to the observation of Çizakça, is that it broke the age-old monopoly of the rich for waqf establishment by creating an avenue for the first-time for the small savers to contribute to the social welfare activities in the form of cash waqf. It is observed that Cash waqf has become a movement in the last quarter of a century and it is expected that over time this movement will only accelerate (Çizakça, 2011).

## 6.3 Islamic Microfinance

Abdul Mannan contends that the high interest-bearing micro-credit program as practiced by Grameen Bank is not an answer to the reduction of poverty, rather it just helps poverty to continue (Mannan, 2011, p.43). In a study, Mannan (2011) gives a comparison pertaining to micro-credit operations of Grameen Bank (established by Nobel laureate Professor Muhamamd Yunus in 1983) and SIBL. Abdul Mannan claimed that Grameen Bank does not have any built-in mechanism to upscale micro-credit borrowers to break the vicious circle of poverty as an individual loan limit of BDT 10,000 (USD 142) can only make marginal

contribution to poverty alleviation. Whereas, micro-credit model of SIBL has a built-in mechanism for graduation process, where poor borrower can move beyond poverty from micro-credit to market through micro-enterprise after its successful graduation process starting from an individual loan limit of BDT 30,000 (USD 428) up to BDT 1 million (USD 14,285). Grameen Bank model of micro-credit does not cover hardcore poor as the bank maintains a ceiling on land holding and floor on the level of income while disbursing loan. Whereas, SIBL's micro-credit operation covers the hardcore poor of both rural and urban areas as it imposes no condition on land holding and level of income. Grameen Bank imposes interest rate on its loan as high as 54 % per annum on its micro-credit operation. Whereas, SIBL offers micro-credit on a flat expected profit rate of 8% to 10% only and calculation of installment payment made in reducing method. Grameen Bank intends to empower women as opposed to men as over 95% of its clients are women, delinks credit from culture. As such micro-credit operation of Grameen Bank can eventually disintegrate a family, whereas SIBL intends to empower family by ensuring joint liability of families. Thus, it represents a paradigm shift in micro-credit operations, linking credit to culture in a predominant Muslim society and the family remains a bedrock of a society (Mannan, 2011, p.41-42).

### **7. Concluding Remarks**

This paper is devoted to the life of Muhammad Abdul Mannan and his contributions to Islamic economics at theoretical as well as practical level. He was one of the most distinguished researchers who played an important role in building the Islamic economics as a separate discipline

of study. In his writings, Mannan has touched upon numerous issues in Islamic economics. Out of these, this paper has discussed selected issues from his theoretical as well as practical contributions to Islamic economics. On the theoretical front, his attempt to establish Islamic economics as a distinct science/discipline, his views on Islamic approaches to consumption, production, and distribution and the role of state and social security scheme in an Islamic economy have been discussed. On the practical front, his contributions in the establishment of the Social Islamic Bank Limited and subsequent offering of cash waqf and Islamic microfinance through banks have been gratefully acknowledged. Based on any assessment of the significance of Mannan's work in the larger canvas of Islamic economics, it would not be an exaggeration to say that he was a leading light of the contemporary Islamic economic thought and global Islamic Economic movement as well who invested almost his entire professional life in the development of Islamic economics as a distinct discipline. Thus, throughout his life and works, he inspired generations of Islamic economists, bankers and financial experts as their mentor, guide, philosopher, and friend. Generations of scholars will benefit from the rich legacy of his intellectual contributions. Since this paper generally discusses his life and his major contributions to Islamic economics, it has not been possible to critically review each of his ideas. Therefore, further research on his specific ideas in the advancement of Islamic economics is suggested.

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## محمد عبد المنان: قراءة في إسهاماته في الاقتصاد الإسلامي

فيصل خان

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المستخلص. تُقدم هذه الورقة قراءة في أهم الإسهامات العلمية والعملية لمحمد عبد المنان (١٩٣٨-٢٠٢١) في الاقتصاد الإسلامي اعتمد البحث بشكل أساسي على منهج البحث المكتبي، بالإضافة إلى بعض المقابلات. إذ يُعتقد أن محمد عبد المنان كان شخصية رائدة قدمت إسهامات معتبرة في ظهور الاقتصاد الإسلامي كعلم اجتماعي متميز، وتخصص دراسي مستقل. لقد أثرت نظريته الفريدة في معالجة بعض الظواهر الاقتصادية، كالاستهلاك، والتوزيع، ودور الدولة ونظام الضمان الاجتماعي من منظور اقتصادي إسلامي في إثراء البناء النظري للتخصص. علاوة على ذلك فبسبب اتصافه ببعض الصفات العلمية والأخلاقية؛ كامتلاك رؤية ثاقبة، وكمعلم وفاعل للخير، فقد ترك بصماته في إنشاء العديد من المؤسسات؛ من ذلك البنك الإسلامي الاجتماعي المحدود الذي ما زال يواصل إسهامه في التنمية الاجتماعية والاقتصادية في بنغلاديش. فقد كرس محمد عبد منان مواهبه وعلمه لتأسيس هذا البنك كنموذج لما أطلق عليه القطاعات الثلاث (الرسعي وغير الرسعي، والطوعي أو الخيري) للتخفيف من حدة الفقر، والحد من عدم المساواة في المجتمع لأول مرة في بنغلاديش- في حدود علم واطلاع مُعد هذه الورقة-، وقدم من خلال ذلك وقف النقود كأحد المنتجات المالية المهمة التي تبناها البنك الإسلامي الاجتماعي المحدود بغرض تقديم التسهيلات التمويلية المناسبة للمنشآت المتناهية الصغر بدون فوائد من أجل تقديم الدعم الاقتصادي للأسر الفقيرة.

الكلمات الدالة: محمد عبد المنان، الاقتصاد الإسلامي، البنك الاجتماعي الإسلامي المحدود، وقف النقود

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