



MUḌĀRABAH IN ISLAMIC BANK BANGLADESH
LIMITED: ANALYSIS OF APPLIED PRINCIPLES

BY

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A dissertation submitted in fulfilment of the requirement for
the degree of Master of Islamic Revealed Knowledge and
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﴿ يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ
مِنْكُمْ ۗ ﴾ [النساء: 29]

“O you who believe! Eat not up your property among yourselves unjustly except it be a trade amongst you, by mutual consent.” (Al-Nisā’:29)

﴿..... وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا ۗ ﴾ [البقرة: 275]

“.....Whereas Allāh has permitted trading and forbidden Ribā (usury).....” (Al-Baqarah: 275)

ABSTRACT

Muḍārabah is one of the techniques which a large number of Islamic banks have adopted to finance their customers' business requirements all over the world and it is an old banking technique approved by Islamic *Shari'ah*. Since the very beginning, Islami Bank Bangladesh Limited (IBBL) has been facing some challenges to make successful practices of two very important modes, *muḍārabah* and *mushārahah*. To ensure that *muḍārabah* is free from *ribā* and in line with the Islamic laws, the current application of *muḍārabah* in IBBL needs careful scrutiny, and all existing deposits and investments should be examined. This study has investigated these needs from the *Shari'ah* perspectives. It adopts the qualitative research methodology. However, this study has also utilized the analytical method to critically analyze the principles of *muḍārabah* as discussed by classical scholars as well as the opinions and views of contemporary Muslim scholars to determine the preferable views related to *muḍārabah* issues. Moreover, it has examined *muḍārabah* principles in IBBL to identify issues and challenges, using the data collected from consultations. This research has arrived at certain findings. Most important of them are as follows: IBBL fixes a minimum balance in savings accounts. On the other hand, according to the classical *fiqhī* rules, the Islamic bank should not fix a minimum balance in any account that is based on *muḍārabah* contract. The depositor has limited power on his own wealth due to determination of the minimum balance. All *muḍārabah* deposit accounts are secured and guaranteed in IBBL. It is confirmed that the depositors will not lose their asset, even in the case of bank's business crisis and insolvency; which contradict the ethics of Islamic commercial law. Temporary profit distribution and the Profit Equalization Reserve (PER) policy are also against the rules mentioned by classical jurists. Hence, all *muḍārabah* contracts' operations in IBBL should be reviewed and tailored under *Shari'ah* principles. Moreover, research on Islamic economics, banking and finance should be expanded by IBBL's *Shari'ah* board and research center. All experiences, thoughts and research findings of bankers, experts and researchers should be harmonized and united.

ملخص البحث

المضاربة هي إحدى الأدوات التي اعتمد عليها عدد كبير من البنوك الإسلامية لتمويل متطلبات الأعمال التجارية لزيائتها عبر العالم بأسره، وهي أداة مصرفية قديمة وافقت عليها الشريعة الإسلامية. فمنذ البداية، إسلامي بنك بنغلاديش المحدود (IBBL) كان يواجه بعض التحديات لجعل الممارسة الناجحة في طريقتين هامتين جدا؛ وهما المضاربة والمشاركة. ولضمان أن المضاربة تخلو من الربا وأنها توافق مع القوانين الإسلامية؛ الوضع الحالي لتطبيق المضاربة في IBBL يحتاج إلى تفحص دقيق وينبغي تحقيق جميع الودائع والاستثمارات الموجودة فيه. وأن هذه الدراسة قد استقصت هذه الاحتياجات من منظور الشريعة. وتعتمد هذه الدراسة على منهج التحليل النصي. وإضافة إلى ذلك، فإن هذه الدراسة قد استخدمت المنهج التحليلي لتحليل مبادئ المضاربة كما نوقشت من قبل العلماء القدماء، وكذلك قامت بفحص نقدي لآراء العلماء المسلمين المعاصرين وذلك لتحديد الرأي الراجح المتعلق بقضايا المضاربة. وكذلك هذه الدراسة قد فحصت مبادئ المضاربة المستخدمة في IBBL لتحديد القضايا والتحديات، وذلك باستخدام البيانات التي تم جمعها من الاستشارات. وقد وصل هذا البحث إلى بعض النتائج أهمها مايلي: IBBL يحدد الحد الأدنى للرصيد في حسابات الودائع للمضاربة؛ ولكن وفقا للأحكام الفقهية القديمة، لا ينبغي للبنك الإسلامي أن يحدد الحد الأدنى للرصيد في أي حساب استند إلى عقد المضاربة. وأن لرب المال سلطة محدودة في ماله بسبب تحديد الحد الأدنى للرصيد. وجميع حسابات الودائع للمضاربة آمنة ومضمونة في IBBL. ومن المؤكد، أن أرباب المال لا يفقدون أصول أموالهم، حتى في حالة الأزمة التجارية والإعسار للبنك؛ وهذا يتناقض مع أخلاقيات القانون التجاري الإسلامي. وأن نظام توزيع الأرباح المؤقتة والمال الاحتياطي لمعادلة الأرباح (PER) أيضا ضد الأحكام التي ذكرها الفقهاء القدماء. ومن ثم، ينبغي إعادة النظر في جميع عمليات العقود للمضاربة في IBBL وتصميمها وفقا لمبادئ الشريعة. وإضافة إلى ذلك، ينبغي توسيع نطاق البحوث في الاقتصاد الإسلامي والخدمات المصرفية والمالية من قبل هيئة الرقابة الشرعية ومركز البحوث التابعتين لإسلامي بنك بنغلاديش المحدود (IBBL). وينبغي أن تكون جميع الخبرات والأفكار ونتائج البحوث من المصرفيين والخبراء والباحثين مواءمة وموحدة.

APPROVAL PAGE

I certify that I have supervised and read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a thesis for the degree of Master of Islamic Revealed Knowledge and Heritage (Fiqh & Uşul-al-Fiqh).

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Supervisor

I certify that I have read this study and that in my opinion it conforms to acceptable standards of scholarly presentation and is fully adequate, in scope and quality, as a dissertation for the degree of Master of Islamic Revealed Knowledge and Heritage (Fiqh & Uşul-al-Fiqh).

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Dean, Kulliyah of Islamic
Revealed Knowledge and Human
Sciences

DECLARATION

I hereby declare that this dissertation is the result of my own investigation, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Muktar Hossain

Signature..... Date.....

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ANALYSIS OF APPLIED PRINCIPLES**

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I dedicate this dissertation to my beloved late mother Rahima Khatun, and to my beloved late father Sadek Mia for their love, patience, endless support and encouragement. “May Allāh Ta‘ālā bless and reward them in His Paradise”.

This dissertation is also dedicated to my beloved wife Jasmin Akter, my brothers & sisters, relatives, teachers, lecturers, friends for their love, support, sacrifice, inspirations & constant prayers (Du‘ā) and to all those who have been serving the Muslim Ummah since the early age of Islam through contributing deeply in their writings and knowledge in the various fields of wisdom.

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*I seek refuge with Allāh from the accursed Shayṭān (Satan).
In the Name of Allāh, the Most Gracious and the Most Compassionate.
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TRANSLITERATION TABLE

CONSONENTS			
Arabic	English	Arabic	English
ء	'	ض	Ḍ
ب	B	ط	Ṭ
ت	T	ظ	Ẓ
ث	Th	ع	ʿ
ج	J	غ	Gh
ح	Ḥ	ف	F
خ	Kh	ق	Q
د	D	ك	K
ذ	Dh	ل	L
ر	R	م	M
ز	Z	ن	N
س	S	و	W
ش	Sh	ه	H
ص	Ṣ	ي	Y

Short Vowels		Long Vowels	
أ	A	آ	Ā
إ	I	إي	Ī
أ	U	أو	Ū

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Muḍārabah is one of the techniques which many Islamic banks have adopted to finance their customers' business requirements all over the world and it is an old banking concept approved by Islamic *Sharī'ah*. It is one way to grow capital or to have a value added to the capital or asset. People who try to grow their asset use it in trade or in business. Generally, owners who do not have the capability to manage their funds need the help of other parties to manage their funds by way of establishing mutual cooperation. Both parties have a common understanding in an effort to make profit for both sides. One such type of cooperation in Islam is known as *muḍārabah*.

The establishment of Islami Bank Bangladesh Limited (IBBL) in 1983 was the first step of the Islamic banking system in Bangladesh and has sustained the vision of having an Islamic financial system operating side by side with the conventional interest-based system in the country in achieving the nation's socio-economic development goals. Islam encourages savings which is the prerequisite for any sustainable economic development. The sayings of Prophet Muhammad (PBUH) suggest that poverty leads to disbelief and, therefore, people are encouraged to save a portion of their earnings to protect themselves from unexpected financial setback in near future. Islam emphasizes on the cycling of surplus capital by investing funds in productive economic activities that will pave the way for employment, development, and progress. IBBL maintains some *muḍārabah* savings accounts for deposits. Most

of the customers exercise the system of *muḍārabah* without real understanding of *ribā* issues; which is also the subject of analysis of this study.

The early theoretical models of Islamic banking were based on the concept of profit and loss sharing (PLS) through *muḍārabah* and *mushārahah* modes of finance. In practice, on the liability side of Islamic banks, interest has been replaced by PLS while on the asset side the alternative modes of financing being used by these banks are dominated by fixed-return modes such as *murābaḥah* and leasing. Nevertheless, some criticisms have been expressed by some researchers in their writings. For instance; a financial system built solely on these modes of financing can hardly claim superiority over an interest-based system on grounds of equity, efficiency, stability, and growth. This is the main problem of contemporary Islamic banking, so much so that it can be characterized as a crisis of identity of the Islamic financial movement.¹

Since the very beginning, IBBL has been facing some challenges to make successful practices of two very important modes, *muḍārabah* and *mushārahah*. To ensure that *muḍārabah* is free from *ribā* and in line with the Islamic law, the current application of *muḍārabah* in IBBL needs a careful scrutiny and all existing deposits and investments should be examined. To provide IBBL a complete shape, there is no other alternative but to implement, practice, and popularize the *muḍārabah* and *mushārahah* modes.² This research focuses on an analytical discussion of *muḍārabah* practices of IBBL from *Sharī'ah* perspectives based on contemporary jurists' opinions.

¹ Mahmood Ahmed, Md. Habibur Rahman, & Masuma Begum, *Practice of Mudaraba and Musharaka in Islamic Banking* (Journal of Islamic Economics and Finance. Dhaka: IBTRA Press, 2006), p. 59-60.

²Ibid., p. 60.

1.2 STATEMENT OF THE PROBLEM

Since the emergence of Islamic banking in the 1970s, Muslim scholars have proposed the application of equity financing using *muḍārabah* and *mushārah* as the main modes of transaction. However, reality shows that globally Islamic banks heavily rely on debt financing mostly on a *murābahah* contract basis. Nevertheless, *muḍārabah* is still applied in some banks including IBBL for deposit as well as financing. *Muḍārabah* had been discussed by classical scholars within the prevailing circumstances of their time. With reference to the application of *muḍārabah* in our modern time, some *muḍārabah* principles need to be adjusted to suit the current situation of modern financing. In this regard, there are some *Sharī'ah* issues which might occur due to the application of *muḍārabah* within the framework of modern banking. This research will identify *Sharī'ah* issues in the application of *muḍārabah* in IBBL, in its deposit and financing products, and propose solutions to those problems.

1.3 RESEARCH QUESTIONS

1. What are the *Sharī'ah* issues related to *muḍārabah* application in IBBL?
2. What are the policies of IBBL with regard to implementation of *muḍārabah* modes?
3. What are the problems of implementation and practices of *muḍārabah* modes in IBBL?
4. What kind of deposit and investment of *muḍārabah* modes does IBBL apply?

5. To what extent is *muḍārabah* used for deposit and financing products in IBBL?

1.4 OBJECTIVES OF THE RESEARCH

The following are the main objectives of the research:

1. To examine the concept of *muḍārabah* according to Islamic commercial law and *Sharī'ah* issues related to *muḍārabah* application in IBBL.
2. To analyze the policies of IBBL with regard to implementation of *muḍārabah* based products.
3. To identify the problems of implementation and practices of *muḍārabah* modes in IBBL.
4. To assess the practices of *muḍārabah* modes of investments and deposits in IBBL and their compliance with *Sharī'ah* principles.
5. To ascertain the *muḍārabah* based products in IBBL, how it is used for deposit and financing and to provide some recommendations for their improvement.

1.5 SCOPE OF THE RESEARCH

This study will focus on analyzing *Sharī'ah* issues involving the application of *muḍārabah* mode. In order to provide a clear understanding of the implementation of *Sharī'ah* principles, this study will evaluate *muḍārabah*'s current applications and practices in the Islami Bank Bangladesh Limited (IBBL) as a case study. This research work will be done in order to provide possible comments and suggestions for the betterment of *muḍārabah* mode in IBBL.

1.6 JUSTIFICATION OF THE STUDY

Nowadays, the *muḍārabah* mode is practiced and used by Islamic banking and financial institutions in both Muslim and non-Muslim countries. The researcher of this thesis has chosen the topic because it has not been dealt with comprehensively in any previous studies. In addition, the researcher has surveyed the terms and conditions mentioned in the literatures and reports in this area and found that most of them discuss the fundamental rules of *muḍārabah* and its contract. This study will analyze *Shari'ah* issues regarding *muḍārabah's* applications and practices in the Islami Bank Bangladesh Limited, and such a study was not done in the past. This research will hopefully add a new perspective to the body of literature on Islamic finance.

1.7 METHODOLOGY OF THE RESEARCH

The researcher primarily uses qualitative method based on library research which includes the study of books, articles, and journals related to *muḍārabah* in Islamic banking and finance. The opinions and views of contemporary Muslim scholars are analyzed critically to determine the preferable views related to *muḍārabah* issues. This method also includes the collection of information from both primary and secondary sources. As the research includes the practical dimension of *muḍārabah* in IBBL, field research is also used to collect data. Thus, the researcher aims to consult experts of *muḍārabah* and officers who deal with *muḍārabah* contracts as applied in IBBL. To achieve the objectives of this research, the researcher first analyzes the principles of *muḍārabah* as discussed by classical as well as contemporary scholars. Next, the application of *muḍārabah* principles in IBBL is thoroughly examined to identify issues and challenges, based on the data collected from the consultation.

Finally, the researcher attempts to provide suggestions and recommendations to overcome those *Shari'ah* concerns.

1.8 LITERATURE REVIEW

The system of *muḍārabah* contract is very old; developed in the context of pre-Islamic Arabian caravan trade.³ Since then, *Muḍārabah* contract has been exercised until today in several ways in the trading field in Muslim as well as non-Muslim countries. The researcher has made some observations and literature review on the proposed topic. The books and articles about *muḍārabah* are available in Arabic, English, and Bengali. Most of the books discuss the fundamental rules of *muḍārabah* and its contract. The researcher has not found any specific detailed writing discussing the analytical *Shari'ah* issues on *muḍārabah* applications and practices in the Islamic Bank Bangladesh Limited. However, some of the literatures have been found to be helpful and informative, they are discussed next.

“*Partnership and Profit-sharing in Islamic Law*⁴” written by Muhammad Nejatullah Siddiqi is a reference book which discusses the distribution of profit in *muḍārabah* business between *rab al-māl* and *muḍārib* according to Islamic law. The author generally explains the rules and regulations about how *rab al-māl* and *muḍārib* should behave with loss and profit of *muḍārabah* contract. But, this is not a practical study of any Islamic bank. This present research focuses on the applications of *muḍārabah* particularly in IBBL.

³ Abraham L Udovitch, *Partnership and Profit in Medieval Islam* (Princeton N.J: Princeton University Press, 1970), p.172.

⁴ Muhammad Nejatullah Siddiqi, *Partnership and Profit-sharing in Islamic Law* (London: The Islamic Foundation, 1985).

“*Al-Muḍārabah wa Taṭbīqātihā al-‘Amaliyyah fil-Maṣārif al-‘Islāmiyyah*”⁵ written by Muḥammad ‘Abd al-Mun‘im ‘Abū Zayd is an important book for this study. This book is a research work on *muḍārabah* and its practical usage in Islamic banking and finance. The author draws attention to past and present situations of *muḍārabah* system in Islamic banking and finance. He highlights some problems that exist in *muḍārabah* contract and suggests some *fiqhi* solutions for them. According to the researcher, the author does not address the practical side of the application of *muḍārabah* in any particular bank but the present study provides a thorough discussion on the application of *muḍārabah* in IBBL.

The book “*Al-‘Uqūd al-Shar‘iyyah fil-Mu‘āmalāt al-Māliyyah al-Maṣrafiyyah: (al-Murābaḥah, al-Muḍārabah) Dirāsah Muqāranah*”⁶ written by Dr. Maḥmūd Muḥammad Ḥasan is also useful reference on this concept. In the second part of his book, the author has discusses all rules and conditions related to *muḍārabah* contract and in conclusion he gives a short description on the proposal of using the *muḍārabah* mode in Islamic banking and finance. But, there is no practical discussion from the *Shari‘ah* perspectives on running *muḍārabah* contract in any Islamic bank but in this study the researcher discusses current practices of *muḍārabah* contract in IBBL.

“*Al-Muḍārabah fil Shari‘ah al-‘Islāmiyyah: Dirāsah Muqāranah bayna al-Madhāhib al-‘Arba‘ah*”⁷ written by ‘Abdullah bin Ḥamd bin ‘Uthmān ‘Al-Khuwayṭir; is an important book on the issue of *muḍārabah*. This is a comparative study from the viewpoints of four *fiqhi* schools (*Ḥanafī*, *Shāfi‘ī*, *Mālikī*, and *Ḥanbalī*) on the rules

⁵ Muḥammad ‘Abd al-Mun‘im ‘Abū Zayd, *Al-Muḍārabah wa Taṭbīqātihā al-‘Amaliyyah fil-Maṣārif al-‘Islāmiyyah* (Cairo: Al-Ma‘had al-‘Ālamī lil-Fikr al-‘Islāmī, 1996).

⁶ Dr. Maḥmūd Muḥammad Ḥasan, *Al-‘Uqūd al-Shar‘iyyah fil-Mu‘āmalāt al-Māliyyah al-Maṣrafiyyah: (al-Murābaḥah, al-Muḍārabah) Dirāsah Muqāranah* (Kuwait: Kuwait University Press, 1997).

⁷ ‘Abdullah bin Ḥamd bin ‘Uthmān ‘Al-Khuwayṭir, *Al-Muḍārabah fil-Shari‘ah al-‘Islāmiyyah: Dirāsah Muqāranah bayna al-Madhāhib al-‘Arba‘ah* (Riyadh: Dār al-Masīr, 1999).

and conditions of *muḍārabah* contract and business in Islamic law. The author focuses on much evidence for all rules and conditions based on his own evaluation of the *muḍārabah* system. However, this book does not discuss nor evaluate practices of *muḍārabah* modes in any Islamic bank. The present research provides an exhaustive delineation of *muḍārabah* modes especially in IBBL.

“*Islamic Law of Business Organization: Partnerships*”⁸ written by Imran Ahsan Khan Nyazee is another valuable book on partnership as well as *muḍārabah*. The author discusses all sources, rules and regulations of business partnership in Islamic banking and finance from the *fiqhi* and contemporary *fuqahā*’s perspectives. In Chapter 17 of his discussion on *muḍārabah* he has demonstrated complete *muḍārabah* investment and deposit concepts from the *Sharī‘ah* perspective. It can be helpful for discussing primary rules and conditions of *muḍārabah* contract in the research. But discussion on the practical aspect of present-day *muḍārabah* has not been found in this book. The current study however, discusses the present situation of *muḍārabah* and its practical modes in IBBL from the Islamic perspectives.

The book “*An Introduction to Islamic Finance*”⁹ written by Mufti Muhammad Taqī Usmani is notable in this regard. In Sections 3 and 4 of this book, he has defines *muḍārabah* as a special kind of partnership where one partner gives money to the other to invest in a commercial enterprise. Furthermore, he mentions the differences between *muḍārabah* and *mushārahah*, and discusses the rules of *rab al-māl* and *mudārib*, distribution of profit, termination of *muḍārabah*, combination of *muḍārabah* and *mushārahah*, and *muḍārabah* and *mushārahah* as modes of financing. All these elaborations and illustrations have covered the rules and regulations of *muḍārabah*

⁸ Imran Ahsan Khan Nyazee, *Islamic law of Business Organization: Partnerships* (Islamabad: Islamic Research Institute Press, 1999).

⁹ Mufti Muhammad Taqī Usmani, *An Introduction to Islamic Finance* (Karachi: ’Idaratul Ma‘ārif, 1999).

and *mushārah* but not the analytical discussion on the current exercises in any Islamic bank. This research provides an analytical discussion on the current exercises of *muḍārah* contract in Islami Bank Bangladesh Limited.

The article “*Practice of Mudaraba and Musharaka in Islamic Banking*”¹⁰ written by Mahmood Ahmed, Md. Habibur Rahman, and Masuma Begum is more useful for this study. The objectives of the article are (1) to identify the problems of implementation and practice of *muḍārah* and *mushārah*, (2) to develop an operating model of *muḍārah* mode of investment and (3) to analyze the prospects of practicing *muḍārah* and *mushārah* modes of investment. The authors say, “Though both growth and popularity of Islamic banking in Bangladesh is remarkable, two very important modes of Islamic investment i.e., Mudaraba and Musharaka are yet to be practiced. To give the Islamic banks a complete shape, there is no other alternative but to implement, practice and popularize the Mudaraba and Musharaka modes”¹¹. The authors elaborate on some practical problems of *muḍārah* contract related to partners, shares, loss, and profit, and provide some solutions. The weakness of this article is that the analytical explanation of exercising *muḍārah*'s running system in any specific Islamic bank in Bangladesh is not included in it. The present study attempts to provide a thorough discussion on possible *Shari'ah* issues of *muḍārah* modes, particularly in IBBL.

The book “*Al-Muḍārah Kamā Tajrīhā al-Maṣārif al-'Islāmiyyah wa Taḥqīqātihā al-Mu'āṣirah*”¹² written by ‘Abd al-Muḥṭalib ‘Abd al-Rāziq Ḥamdān is a useful writing on this issue. The writer gives a comprehensive description of the

¹⁰ Mahmood Ahmed, Md. Habibur Rahman, & Masuma Begum, *Practice of Mudaraba and Musharaka in Islamic Banking* (Journal of Islamic Economics and Finance. Dhaka: IBTRA Press, 2006).

¹¹ Ibid., p. 60.

¹² Dr. ‘Abd al-Muḥṭalib ‘Abd al-Rāziq Ḥamdān, *Al-Muḍārah Kamā Tajrīhā al-Maṣārif al-'Islāmiyyah wa Taḥqīqātihā al-Mu'āṣirah* (Alexandria: Dār al-Fikr al-Jāmi‘ī, 2008).

definition of *muḍārabah* and its implementation in Islamic banking and finance with all rules and conditions from the *Sharīʿah* perspectives. He also elaborates contemporary applications of *muḍārabah* contract in banking systems. But, he does not evaluate the applications of this issue in any specific Islamic bank. Hence, this research will discuss applications of current practices of *muḍārabah* systems in IBBL.

“*Islamic Banking: Theory, Application and Systems*”¹³ written by Abdur Rakeeb and Shekh Mohammad is a valuable Bengali book in this regard. In Chapter Four the authors give a meaningful description of nine modes of deposits of *muḍārabah*, the *muḍārabah* cash *waqf* certificate and the *fiqhi* rules of distributing *muḍārabah* profit in Islamic banking in general but especially in IBBL. In Chapter Six they have provided a delineation of *muḍārabah*’s general *Sharīʿah* laws related to contract, *muḍārib*, *rab al-māl*, conditions, right and power of *muḍārib* and *rab al-māl*, etc. However, this book does not address the reasons for the problems and challenges faced by customers and bankers in applying the *muḍārabah* system nor does it give any logical *Sharīʿah* solution. The present study will do this; providing possible solutions to the problems from the viewpoint of Islamic commercial laws on *muḍārabah* modes.

The book “*Islamic Economics and Banking*”¹⁴ written by Iqbal Kabir Mohan in Bengali generally discusses the rules and some conditions of Islamic economics and banking. He also mentions some preliminary rules and conditions of *muḍārabah* deposits and investments in Chapters 9 and 15 which can be helpful for this research. But, the author does not explain nor analyze the running practices of *muḍārabah* and

¹³ Abdur Rakeeb & Shekh Mohammad, *Islamic Banking: Theory, Application and Systems* (Dhaka: Al-Amin Prokashan, 2008).

¹⁴ Iqbal Kabir Mohan, *Islamic Economics and Banking* (Dhaka: Principal Publishers, 2009).

other Islamic banking systems in Bangladesh from the *Shari'ah* perspectives. This present study analyzes the running exercises of *muḍārabah* modes especially in IBBL.

In order to get some beneficial primary information about *muḍārabah* in Islamic banking especially in IBBL, the book “*Islamic Banking Processes*”¹⁵ written in Bengali by Muhammad Abdul Mannan would be the most useful. The author of this book mentions the rules and conditions for practical use of *muḍārabah* mode in Islamic banking systems especially in IBBL. He illustrates in Chapter 10 and 11 all *muḍārabah* systems from the *fiqhi* perspective in the light of the *Qur'ān* and *Hadīth*. However, his writing does not focus on the problems and solutions for using the *muḍārabah* contract in IBBL. This current study provides possible solutions to the problems in the application of *muḍārabah* mode in IBBL.

The dissertation “*A Study on Muḍārabah in Islamic Law and its Application in Malaysian Islamic Banks*”¹⁶ written by Amir Shahrudin is the most related PhD. thesis in this regard. The author analyses *muḍārabah* issue by examining the application of *muḍārabah* rules in Malaysian Islamic banking practices. It evaluates the extent to which the current practices fulfill the principles and the ethical framework of the *muḍārabah* contract as propounded by classical jurists. The study also analyses the justifications of Malaysian *Shari'ah* scholars for modification of the doctrine and adapting it to the modern banking business. This study has found that the local *Shari'ah* scholars have adopted an incoherent legal methodology when making their *ijtihād*. Therefore, some of their resolutions could be seen as contradictory to the rulings found in classical *fiqh*. The researcher also discusses the same issues but with regard to IBBL.

¹⁵ Muhammad Abdul Mannan, *Islamic Banking Processes* (Dhaka. IBBL Press, 2010).

¹⁶ Amir Shahrudin, *A Study on Muḍārabah in Islamic Law and Its Application in Malaysian Islamic Banks* (London: University of Exeter, 2010).

“*Manual for Investment under Mudarabah Mode*¹⁷” by Islami Bank Bangladesh Limited (IBBL) Dhaka is an important document in this regard. In this manual, IBBL’s *Shari’ah* board has given details of *muḍārabah* deposits and investments, and rules and conditions related to *rab-al-māl* and *muḍārib* from *Shari’ah* perspectives. According to the researcher, it is an important reference for the research on IBBL’s *muḍārabah* mode. It covers rules and regulations but not the analytical discussion of the current practices of *muḍārabah* systems in IBBL. This present study focuses on current practices of *muḍārabah* systems in IBBL.

Although some books on *muḍārabah* are available, no exact writing on “*Muḍārabah* in Islami Bank Bangladesh Limited: Analysis of Applied Principles” is found specifically. It is hoped that this research would be an important contribution in the field of Islamic banking and finance.

¹⁷ Islami Bank Bangladesh Limited, *Manual for Investment under Mudarabah Mode* (Dhaka: IBBL Press).