

# **Jamal Mohamed College (Autonomous)**

COLLEGE WITH POTENTIAL FOR EXCELLENCE

Accredited (3<sup>rd</sup> Cycle) with 'A' Grade by NAAC

DBT Star Scheme & DST-FIST Funded

(Affiliated to Bharathidasan University) TIRUCHIRAPPALLI-20

## **Jamal Institute of Management**

(Approved by AICTE, New Delhi)



## **PGDIBFM**

*(Semester Pattern)*

*Curriculum & Syllabi*  
*(From 2017-18 onwards)*

**POST GRADUATE DIPLOMA IN  
ISLAMIC BANKING AND FINANCIAL MANAGEMENT  
(PGDIBFM)**

(Semester Pattern)

**Programme Objectives**

This PGDIFM is structured to enable undergraduate students of any discipline to carry out their Master Degree as well as PGDIBFM simultaneously. This programme gives an exposure about banking, Islamic finance and Islamic Insurance and Portfolio Management. This programme will provide adequate knowledge of the operations and functions of interest free banking in the present scenario.

**Programme Outcomes:**

- The students will acquire knowledge about Islamic banking and individual financing models.
- The students will also gain knowledge on specific aspects of managing of Islamic banking institutions, as well as the risks that appear in the operations of Islamic banks and other Islamic financial institutions.

**JAMAL INSTITUTE OF MANAGEMENT  
JAMAL MOHAMED COLLEGE (AUTONOMOUS)  
TIRUCHIRAPPALLI**

**POST GRADUATE DIPLOMA IN ISLAMIC BANKING AND FINANCIAL  
MANAGEMENT (PGDIBFM)**

**COURSE STRUCTURE (Effective from 2017-2018 Batch onwards)**

Semester	Subject code	Course	Subject Title	Hours/ Week	Credit	Int. Marks	Ext. Marks	Marks
<b>I</b>	17PGDIBFM1C1	CORE I	Managerial Economics	2	2	25	75	100
	17PGDIBFM1C2	CORE II	Financial, Cost and Management Accounting	4	4	25	75	100
	17PGDIBFM1C3	CORE III	Banking and Islamic Law	2	2	25	75	100
	17PGDIBFM1C4	CORE IV	Islamic Economics	2	2	25	75	100
	17PGDIBFM1C5	CORE V	Islamic Banking and Finance	2	2	25	75	100
	<b>TOTAL</b>				<b>12</b>	<b>12</b>	<b>125</b>	<b>375</b>
<b>II</b>	17PGDIBFM2C6	CORE VI	Principles of Islamic Shariah	3	2	25	75	100
	17PGDIBFM2C7	CORE VII	Financial Management	3	2	25	75	100
	17PGDIBFM2C8	CORE VIII	Islamic Insurance	3	2	25	75	100
	17PGDIBFM2C9	CORE IX	Islamic Investment and Portfolio Management	3	2	25	75	100
	17PGDIBFM2C10	CORE X	Project work – 4 weeks	-	4	25	75	100
	<b>TOTAL</b>				<b>12</b>	<b>12</b>	<b>125</b>	<b>375</b>
<b>GRAND TOTAL</b>				<b>24</b>	<b>24</b>	<b>250</b>	<b>750</b>	<b>1000</b>

**SEMESTER I: CORE I  
MANAGERIAL ECONOMICS**

**Course Code: 17PGDIBFM1C1**  
**Hours/week : 2**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks: 25**  
**External Marks: 75**

**OBJECTIVES:**

This paper will provide a basic idea of managerial Economics and also Macro Economics.

**OUTCOMES:** After having learned this course the students will be able:

- To understand basic concept of economics
- To assimilate monetary and macro economics
- To familiarize market structure and pricing decisions
- To expose about international trade and impact of globalization

**UNIT - I      MANAGERIAL ECONOMICS      (6 Hrs)**

Managerial Economics-Definition-nature-features-scope-uses- Goals of business firms- Law of Demand-Demand analysis- Elasticity of Demand, Demand Estimation & Forecasting, Cost and production Analysis, Economies of Scale & Scope, Supply Analysis.

**UNIT - II      THEORY OF FIRM      (6 Hrs)**

Theory of firm, Market structure and Pricing Decisions under Perfect Competition, Monopoly, Monopolistic competition, and Oligopoly Pricing policies, methods, and problems-price discounts and differentials.

**UNIT - III      MACRO ECONOMICS      (6 Hrs)**

Nature and scope of Macro Economics -Differences between Micro and Macro Economics -National Income Concept and Difficulties in measurement -National Income and Business cycle – Business cycle – Peak – Recession – Trough - Recovery – Unemployment – Types – Cost of Unemployment Strategies.

**UNIT - IV      MONETARY ECONOMICS      (6 Hrs)**

Fiscal Policy – Expansion of Fiscal Policy – Contraction of Fiscal Policy – Monetary Policy – Expansion Contraction – Aggregate Demand and Aggregate Supply for Monetary and Fiscal Policy – Stabilization Policy – Policy Mix.

**UNIT - V      INTERNATIONAL TRADE ECONOMICS      (6 Hrs)**

International Trade – Foreign Exchange Market – Balance of Payment-rate of Exchange – #Inflation – Types of Inflation - Exchange Rates – Globalization and Indian Business.

**Teaching Pedagogy:** Lecture

**REFERENCES BOOKS**

1. Varshney, R.L., Maheshwari, K.L., Managerial economics, Sultan Chand and Sons
2. Dwivedi, D.N. Managerial Economics, Vikas Publishing House
3. Yogesh Maheswari – Managerial Economics, Prentice Hall of India Private Ltd 2006.
4. Mithani, D.M., Micro Economics, Theory and Application, Himalaya Publishing House.
5. Joel Dean- Managerial Economics-Prentice Hall

**SEMESTER I: CORE II**  
**FINANCIAL, COST AND MANAGEMENT ACCOUNTING**

**Course Code : 17PGDIBFM1C2**  
**Hours/week : 4**  
**Credit : 4**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVES:**

- To familiarize students with basic of financial, cost and management accounting.
- To equip them techniques of business decisions based on accounting information.
- To use financial data in decision making.

**OUTCOME:-**Students will be able to familiarize and versatile from the journal, book of prime entry to preparation of final account. Various tools for analysis and interpretation of financial statement like fund flow statement and cash flow statement, unique norms for accenting of Islamic financial products are also exposed

**UNIT - I FINANCIAL ACCOUNTING (12 Hrs)**

Financial Accounting: - Principles - Accounting Concepts and conventions – Journal – Ledger-Trial Balance-Preparation of Trading, Profit and Loss account and Balance Sheet of a sole trader concern and a Joint Stock Company – Introduction to IFRS (International Financial Reporting System)

**UNIT - II FINANCIAL STATEMENTS ANALYSIS (12 Hrs)**

Accounting for decision making. -Management accounting - Definition-functions-Financial Statements - nature – limitations - Financial Statements Analysis – Tools - Comparative Financial Statements - Common size statement - Trend percentages-Ratio analysis

**UNIT - III FINANCIAL ANALYSIS TOOLS (12 Hrs)**

Funds Flow Statement-Cash Flow Statement

**UNIT - IV ISLAMIC ACCOUNTING NORMS (12 Hrs)**

Objectives of financial accounting in Islam. Basic assumptions and criteria for Islamic accounting. The prescribed general layout of the balance sheet in Islamic banks, Accounting Standards of Islamic Financial Institution: Analysis of the Balance Sheet Structure.

**UNIT - V AAOIFI NORMS OF ISLAMIC ACCOUNTING (12 Hrs)**

AAOIFI Norms for accounting of Islamic financial products; mudaraba, musharaka, murabaha, ijarah, salam, istisna. Norms of Islamic corporate governance.

**(40% Theory and 60% Problems)**

**Teaching Pedagogy:** Lecture

**REFERENCE BOOKS**

1. AAOIFI (Accounting and Auditing Organization of Islamic Financial Institutions), Accounting and Auditing Standards for Islamic Financial Institutions, Manama, Bahrain, 1997.
2. AAOIFI, Accounting Auditing and Governance Standards for Islamic Financial Institutions, Manama, Bahrain, 2002.
3. Dearden L and Bhattacharya SK, Accounting for Management - Text and Cases, Vikas Publishing House Private Ltd., New Delhi, 2005.
4. Hingorani, Ramnathan and Grewal, Management Accounting, S. Chand & Sons, New Delhi, 2005.
5. Pandey, I.M. Management Accounting, Vikas Publishing House Private Limited, New Delhi, 2007.

**SEMESTER I: CORE III  
BANKING AND ISLAMIC LAW**

**Course Code : 17PGDIBFM1C3**  
**Hours/week : 2**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVES:**

This paper will give an overview of General Banking and also relative to Shariah Standard of Business Contract and Comparative Analysis between Shariah Standard of Business Contract and Contract under common law.

**OUTCOME:** The students will be able to know the evolution of bank and Islamic bank, the role of central bank, world bank and an overview of business contract. An exposure is also given Islamic law pertaining to loan transaction, the main theme of SHARI'AH standard of business contract and various perspectives of SHARI'AH standard business contract are also enlightened

**UNIT – I EVOLUTION OF BANK (6 Hrs)**

Origin and Nature of Banking - History and Development of Banking - Reserve Bank of India – Commercial Banks - Non Banking Financial Corporation (NBFC) - Nature and History of Islamic Banks. - Glossary of terms in Islamic Banking and Law.

**UNIT – II CENTRAL BANK (6 Hrs)**

Central Bank - The World Bank - Affiliates of the World Bank - Concept of Banking in Islam - Islamic Society - Rule of Necessity and Need - Mudharaba - Islamic Law Relating to Loan Transactions - Islamic Bank - Loans and Securities – Discounting - Central Bank of the Muslim State – AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions) – IDB (Islamic Development Bank) .

**UNIT – III SHARI'AH STANDARD OF BUSINESS CONTRACT: CENTRAL IDEA (6 Hrs)**

Meaning of The Term 'Contract' – Shari'ah Basis of Business Contract - Meaning of Business Contract - Development of Shari'ah Standard of Business Contract - Principles And Practices of The Shari'ah Standard Of Business Contract: A Justification From Various Authorities - Quranic Doctrines - Doctrines of The Sunnah - Foundation Of The Shari'ah Standard Of Business Contract - Subject Matter Of Contract - Rational Behind The Shari'ah Doctrines of Contract - Relationship Between Contract And Religious Belief And Practices - Idea of Contractual Terminologies - The Nature of Law of Business Contract - The Scope of Shari'ah Standard of Business Contract.

**UNIT – IV ELEMENTS OF BUSINESS CONTRACT (6 Hrs)**

Offer – Meaning - Offer And An Invitation to Treat Or A Mere Inquiry – 'Counter Offer' - Modes Of Offer - Verbal – Written - By Agent/Representative - Acceptance - Parties To The' Contract - Impediments of The Parties To The Contract – Consideration - Possibility of Performance#. – Conclusion.

**UNIT – V SHARIAH STANDARD OF BUSINESS CONTRACT AND ITS DIMENSIONS (6 Hrs)**

Comparative Analysis Between Shari'ah Standard Of Business Contract And Contract Under - Common Law - Problems Of Application Of The Shari'ah Standard Of Business Contract In Modern Society - Possible Solutions And Prospects Of Islamization Of The Shari'ah Standard Of Business Contract..

**Teaching Pedagogy:** Lecture

**REFERENCES BOOKS**

1. Banking and Islamic Law - Dr. M.Musledeen.
2. Shar'iah Standard of Business Contract - Mohamed Ma'sum Billah.
3. S & P CNX Shariah indices.

**SEMESTER I: CORE IV  
ISLAMIC ECONOMICS**

**Course Code : 17PGDIBFM1C4**  
**Hours/week : 2**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVE:**

- To define the scope and significance of Islamic with special reference to the central problems of economic choice.
- To explain the ethical character of Islamic Economics within the context of the current debate on economic methodology, particularly the positive/normative characterization of Islamic Economics.
- Islamic critique of conventional economic thought and processes.

**OUTCOMES:** Students will be able to aware of one's of god its implication for man, environment relations. An overview of riba, bank interest and rationale of its prohibition principles of Islamic economics consumer behavior distortion of Islamic economics are enlightened. A special attention is also paid relating to zakat Awqaaf, international economic cooperation and the role of Islamic Development bank.

**UNIT - I INTRODUCTION (6 Hrs)**

- Faith in One God and its implications for man-man and man-environment relations
- Freedom of choice with accountability an essential feature of the Islamic view on life
- Islam's view of property as a trust
- Freedom of enterprise
- Role of state in ensuring a minimum realization of norms

**UNIT - II PRINCIPLES OF ISLAMIC ECONOMICS (6 Hrs)**

- Riba, bank interest and rationale of its prohibition
- Gharar (hazard) and the prohibition of gambling
- Competition and cooperation, their relative scopes
- Risk sharing verses risk shifting
- Economic stability and the role of abolition of interest

**UNIT - III PRINCIPLES OF ISLAMIC CONSUMER BEHAVIOR (6 Hrs)**

- Consumer behavior: self interest with ethical constraints
- Producer behavior (theory of the Firm): the possibility of taking social good into consideration
- Role of co-operative ventures at the industry level
- Public sector policy goals
- Environmental protection, equitable distribution of income ,wealth and peace

**UNIT - IV PRINCIPLES OF DISTRIBUTION IN ISLAMIC ECONOMICS (6 Hrs)**

- Universal need fulfillment, social solidarity and economic strength, major goals of public finance in Islam
- Zakaat, and the share of the have-nots in national product
- Awqaaf, their emergence in early Islam and their role in modern economy

**UNIT - V PRINCIPLES OF UNIVERSAL BROTHERHOOD AND ISLAMIC COOPERATION (6 Hrs)**

- International Islamic Cooperation
- Institutional infrastructure supporting Islamic finance
- Role of the Islamic Development bank in economic cooperation and Development institutions

**Teaching Pedagogy:** Lecture

**REFERENCE BOOKS**

1. Ahmad, Habib (eds), Theoretical Foundation of Islamic Economics, Islamic Research and Training Institute, Islamic Development Bank, 2002.
2. Chapra, M.U. What is Islamic Economics, Jeddah, IRTI, IDB, 1996. Leicester, UK: The Islamic Foundation, 1985.
3. Siddiqi, M.N. Some Aspects of Islamic Economy, Delhi, M.M.I. Publishers, 2002.
4. Comparative Economics of some Islamic financing techniques - M.Fathima. Khan
5. Introduction to Islamic economics system

**SEMESTER I: CORE V  
ISLAMIC BANKING & FINANCE**

**Course Code : 17PGDIBFM1C5**  
**Hours/week : 2**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks: 75**

**OBJECTIVES:**

- To familiarize students with basic concepts used in Islamic finance
- To provide basic understanding of working of Islamic banks and financial institutions
- To introduce Islamic finance instruments used in shariah compliant transaction

**OUTCOMES:**

Students are able to familiarize the concept of shariah and fiqh, various types of Islamic financial contract, Islamic commercial bank and evaluation of Islamic capital market. There are also able to understand about Islamic insurance takaful and reinsurance (re takaful)

**UNIT - I INTRODUCTION (6 Hrs)**

Introduction to financial markets; types of markets and profiles; financial instruments: Islamic financial system: an overview;

- Shariah & Fiqh: Sources and Development
- Important concepts and principles of Fiqh
- Major norms in Islamic finance;

**UNIT - II ISLAMIC FINANCIAL CONTRACTS (6 Hrs)**

Conditions of contract: Waad, Muwaada, Aqd

- Elements of contract: Contracting parties, subject matter, offer and acceptance.
- Types of contracts

**UNIT - III ISLAMIC COMMERCIAL BANKING (6 Hrs)**

Islamic appraisals of conventional banking

- Operating structure of Islamic banks
- Models of Islamic banking; Sources and application of funds

**UNIT - IV ISLAMIC CAPITAL MARKET (6 Hrs)**

Introduction to capital market

- Types of market & kinds of products
- Islamic appraisal of capital market
- Stock market: shariah screening methods, purification and zakat
- Islamic securities (Sukuk)

**UNIT - V ISLAMIC INSURANCE (TAKAFUL) (6 Hrs)**

Islamic appraisal of conventional insurance.

- Structure and models of Islamic insurance.
- Types of insurance products. General and family Takaful. Reinsurance and re-Takaful

**Teaching Pedagogy:** Lecture

**REFERENCE BOOKS**

1. Islamic banking : Answers to some Frequently asked questions - Al-Jarhi & Munavar Iqbal
2. Contemporary practices of Islamic financing Techniques - Ausaf Ahmad
3. Hedging in Islamic finance - Sami Al - Suwailem
4. Islamic micro finance Theory, policy & Practice - Ajaz Ahmad khan
5. An introduction to Islamic banking & finance - Abdel Fattah M.Farah



**SEMESTER II: CORE VI  
PRINCIPLES OF ISLAMIC SHARIAH**

**Course Code : 17PGDIBFM2C6**  
**Hours/week : 3**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVE:**

To Familiarize the Fundamental Principles and Sources of Shariah and Rules Interpretations.

**OUTCOMES:**

- At the end of the course the student will have an a conceptual understanding and the knowledge pertaining to practical application of the sunnah and managing in Islamic banking
- The student will have an understanding of the theoretical and conceptual of Islamic shariah and apply them to real life marketing situations and practices.

**UNIT - I INTRODUCTION TO USUL AL-FIQH (9 Hrs)**

Definition and Scope – Two Approaches to the Study of usul-al-fiqh – Proof’s of Shariah – Al Adillah - Al-Shariyyah. THE FIRST SOURCES OF SHARIAH - Quaran Characteristics of Quaranic Legislation – The Definitive (qat’i) and Speculative (zanni) – Brevity and Detail (Al-Jimal Wal-Tafsil) – The Five Values – Ratiocination (talil) in the Quaran – Inimitability (ijaz) of the Quaran Occasion of Revelation (asbab-al-nuzul)

**UNIT - II THE SUNNAH (9 Hrs)**

Proof – Value (Hujjiyyah) of Sunnah Classification and Value I : Quran and Sunnah Distinguished – Priority of the Quaran over Sunnah – Is Sunnah an Independent Source – Distortion and Forgery – Classification and Value II : The Continuous Hadith – The Mutawatir – The Mashhur (Well Known) Hadith The Ahad (Solitary Hadith) – The Discontinued Hadith (al-Hadith ( Ghayral – Muttasie) Sahih , Hasan and Daif)

**UNIT - III RULES INTERPRETATION I (9 Hrs)**

Deducing the from its Sources Tawill (Allegorical Interpretation) Classification I : Clear and Unclear Words 1&2 – The zahir and Nass 3&4 – Unequivocal (Mufasar) and Perspicuous Mukkas – Unclear Words (al-alfaz Ghayr-al Wadihah) – The obscure (Khafi) – The Difficult (Mushkil) – The Ambivalent (Mujmal) – The Intricate (Mutashabih) – Classification II : The ‘Amm (General) and Khass ( Specific) Conflict between Amman and Khass – Classification III : The Asolute (Mutiaq) and Qualified (Muqayyah) – Classification IV : The Literal (Haqiqij and the Metaphorical) Majazl – The Homonym (Mushtarak).

**UNIT - IV RULES OF INTERPRETATION II (9 Hrs)**

Al-Dalalat (Textual Implication) – The Explicit Meaning ( Ibarah Al-Nass) – The Alluded Meaning (Isharah Al-Nass) – The Inferred Meaning (Dalalah Al-Nass) – The Required Meaning (Iqtida Al-Nass) Divergent Meaning (Mafhum Al-Mukhalafah) #and the shafi’ Classification of Al-Dalalat. Commands and Prohibitions – Commands – Prohibitions – Value of Legal Injunctions. Nash (Abrogation) – Types of Naskh – Abrogation Specification (Takhsis) and Addition (Taz’id) – The Argument Against Naskh.

**UNIT - V NASS, LJMA, QIYAS (9 Hrs)**

Ljma’or Consensus of opinion – Essential Requirements (Arkan) of ljma – Proof (Hujjiyyah) of ljma – ljma in the Quran : The Sunnah on ljma – Feasibility of ljma – Types of ljma – Basis (Sunad) of ljma – Transmission of ljma – Reform Proposals – Conclusion. Qiyas (Analogical Deduction) – Conditions Pertaining to the Original Case (ASL) – Conditions Pertaining to the Hakm – The new Case (Far) – The Effective Cause (‘illah) – Identification Qiyas – The Argument Against Qiyas – Proof (Hujjiyyah) of Conflicts between Nass and Qiyas.

**Teaching Pedagogy:** Lecture

**REFERENCE BOOKS**

1. M.H. Kamali Principles of Islamic Jurisprudence.
2. Imran Ahsan Khan Nyazel, Islamic Jurisprudence, International Institute of Islamic Thought.

**SEMESTER II: CORE VII  
FINANCIAL MANAGEMENT**

**Course Code : 17PGDIBFM2C7**  
**Hours/Week : 3**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVES:**

The purpose of this course is to acquaint the students with the broad framework of financial decision-making in a business unit.

**OUTCOMES:**

The students will be able to understand the concept of financial management, time value of money, calculate the cost of primary sources of capital and incorporate their cost when making investment decisions, to determine the firm's capital structure and evaluate the dividend policies. They are also able to understand the global financial management and exposure and risk

**UNIT – I INTRODUCTION (9 Hrs)**  
Financial Management scope, nature and objective; Time value of Money – Discounting and Compounding, Computation of Cost of Capital - Cost of Equity, Debt, Preference Share Capital, Retained Earnings & Weighted Average Cost of Capital.

**UNIT – II CAPITAL MANAGEMENT (9 Hrs)**  
Working Capital Management – Nature and Need for Working Capital, Operating Cycle, Estimation of Working Capital requirements, Financing Working Capital Requirements; Management of Accounts Receivables, Inventory and Cash; Factoring.

**UNIT – III CAPITAL STRUCTURE (9 Hrs)**  
Capital Structure – Theories – Leverage - Operating, financial and composite leverage - Dividend policy.

**UNIT – IV GLOBAL FINANCIAL MANAGEMENT (9 Hrs)**  
The International monetary system; Balance of payments, exchange rates; the basic equations; foreign exchange markets; Exchange Rate Quotations & Arbitrage; Forward Quotations; definitions of foreign exchange risk; Exchange Rate Regimes and Foreign Exchange Market in India

**UNIT - V EXPOSURE & RISK (9 Hrs)**  
Exposure & Risk: A Formal Approach; Classification of Foreign Exchange Exposure and Risk; Measuring and Management of Transaction, Translation and Economic Exposure; Exchange Rates, Interest Rates, Inflation Rates & Exposure; Currency Trading

**(40% Problem and 60% Theory)**

**Teaching Pedagogy:** Lecture

**REFERENCE BOOKS**

1. Prasanna Chandra, Financial Management, Theory and Practice, Tata McGraw-Hill Publishing Company Ltd, 5th Edition, 2001.
2. I.M.Pandey – Financial Management, Vikas Publishing House Pvt. Ltd., 8<sup>th</sup> Edition, 1999.
3. James C Vanhorne - Financial Management and Policy – Pearson Education Asia (Low priced edition) 12<sup>th</sup> edition 2002.
4. Dr.S.N.Maheswari – Financial Management - Sultan Chand.
5. Khan and Jain – Basic Financial Management & Practice – Tata McGraw Hill – 5<sup>th</sup> Edition 2001.

**SEMESTER II: CORE VIII  
ISLAMIC INSURANCE**

**Course Code : 17PGDIBFM2C8**  
**Hours/week : 3**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVES:**

- To provide students with a knowledge and understanding of the development of Islamic insurance and its modern day use and application.
- To Explain concepts associated with insurance as discussed in shariah such as Riba, gharar or juhala, qimar or maysir.
- To Describe the difference models of Islamic insurance services.

**OUTCOMES:**

The students are able to familiarize the evolution and nature of takaful(insurance),salient features of takaful, different models of takaful,effective management of takaful and retakaful (reinsurance)

**UNIT - I INTRODUCTION (9 Hrs)**

Position of Islam regarding insurance. The Origins of Islamic insurance; The nature of a Takaful undertaking and the need to avoid gharar (uncertainly) through Tabarru' (donation) and riba(interest) through the use of non-interest bearing assets. The structure of Takaful undertakings: non-profit and commercial.

**UNIT - II BASIC CHARACTERISTICS (9 Hrs)**

Types of Takaful: general and life (family) including the nature of Family Takaful using endowment' type policies - Differences between conventional proprietary insurance, conventional mutual insurance and Takaful - The structure of Takaful:( Separation of participants' funds from those of the Takaful operator - The role of Qard (interest free loan).

**UNIT - III TAKAFUL MODELS (9 Hrs)**

Mudaraba – Wakala - the combined model.

**UNIT - IV MANAGEMENT OF TAKAFUL (9 Hrs)**

Underwriting and managing the investments. - Distribution of underwriting surpluses in Takaful - The definition of an underwriting surplus -The nature and allocation of technical provision - The rules for distributing underwriting surpluses - Risks associated with Takaful claims and their mitigation.

**UNIT - V REINSURANCE (RETAKAFUL) (9 Hrs)**

How reinsurance operates in Islamic insurance - The funding of reinsurance, The Place of Re-Takaful - Responsibility of the Takaful operator for Shariah compliance.

**Teaching Pedagogy:** Lecture

**REFERENCE BOOKS**

1. Ahmed, Salahuddin, Islamic Banking, Finance and Insurance : A Global Overview, Kuala Lumpur 2006.
2. Aly, Khorshid, Islamic Insurance: A Modern Approach to Islamic Banking London, Routledge 2004.
3. Jaffer, Sohail, Islamic Insurance : Trends, Opportunities and the Future of Takaful, Euro money Books, 2007.

**SEMESTER II: CORE IX**  
**ISLAMIC INVESTMENT AND PORTFOLIO MANAGEMENT**

**Course Code : 17PGDIBFM2C9**  
**Hours/week : 3**  
**Credit : 2**

**Max Marks : 100**  
**Internal Marks : 25**  
**External Marks : 75**

**OBJECTIVES:**

- To provide students with a knowledge and understanding of Islamic bonds.
- To highlight issues involve in structuring and shariah compliance of sukuk.
- To enable and encourage students develop different types of sukuk meeting various economics requirements.

**OUTCOME:**

Students will be able to familiarize about sukuk,types of sukuk(alternative of bond)capital market risk and return principles in islam,management of Islamic stock and wealth, and various norms for Islamic investment criteria in different countries.

**UNIT - I INTRODUCTION**

**(9 Hrs)**

Sukuk the alternate of Bonds.

- Principles of securitisation: Conventional and Islamic.
- Overview of sukuk market.
- The shariah requirement of securitisation.
- AAOIFI standards of Sukuk.
- Role and importance of Sukuk in Islamic Capital Market

**UNIT - II SUKUK IN ISLAM**

**(9 Hrs)**

Types of sukuk

- Sukuk al Ijarah (\*english terms to be added)
- Sukuk al Salam
- Sukuk al Istisna
- Sukuk al Mudaraba
- Sukuk al Musharaka
- Sukuk al Morabaha

**UNIT - III CAPITAL MARKET**

**(9 Hrs)**

Introduction

- The Capital market: Functions and objectives
- The Capital market in India
- Risk Return principle in Islam
  - Cost of Capital
  - Choice between Capital and Debt financing-Agency problem(moral hazard and adverse selection )
  - Shariah principles for Capital Market

**UNIT - IV ISLAMIC MANAGEMENT**

**(9 Hrs)**

Islamic Stocks and Wealth Management

- Equity Shares and equity funds
- Business and structure of Islamic enterprise
  - Indebtedness of the enterprise
  - Earnings from impermissible activities
  - Cash and receivables / payables

**UNIT - V ISLAMIC SHARIAH**

**(9 Hrs)**

Norms for shariah screening in Islam

- Dow Jones Islamic investment criteria
- Securities Commission Malaysia norms
- FTSE and TII Norms
- Norms used in India, Pakistan and Middle East

**Teaching Pedagogy: Lecture**

**REFERENCE BOOKS**

1. Adam, J. Nathif and Thomas, Abdulkader, Islamic Bond: Your Guide to Structuring, Issuing and investing in Sukuk, Euromoney Publications, 2005.
2. Ayman H.Abdel-Khaleq and Christopher F. Richardson, "New Horizons for Islamic Securities: Emerging Trends in Suku Offerings". Chicago Journal of International Law, Vol 7 No.2,2007.
3. Ayub, Mohammaed, Securitisation, Sukuk and Fund Management Potential to be Realized by Islamic Financial Institutions, State Bank of Pakistan, 2005.
4. Ahmed, Osman Babikir, Islamic Equity Funds: The Mode of Resource Mobilization and Placement, Islamic Research and Training Institute, Islamic Development Bank, 2001.
5. Ali Salman, Syed, Islamic Capital Market Products: Developments and Challenges, Islamic Research and Training Institute, Islamic Development Bank, 2005.