DegreeLive

B.Com Honours

Semester VI

Calicut University

ISLAMIC INVESTMENT AND INSURANCE

Course Code: COM6EJ312 • Module 1 Notes

Module I: Capital Markets in Islamic Perspective

Covers capital market fundamentals, Islamic Capital Market (ICM) core Shariah principles, key market players, Shariah Advisory Councils, and market growth drivers.

Unit 1: Introduction to Capital Markets

Capital Market Scope: Financial market channel facilitating long-term equity & debt capital mobilization between investors & corporate/government issuers.

Unit 2: Islamic Capital Market (ICM) & Core Shariah Principles

ICM Foundations: Operating strictly within Islamic jurisprudence. Prohibition of *Riba* (Usury/Interest), *Gharar* (Excessive Uncertainty), *Maysir* (Gambling), & investments in Haram sectors (Alcohol, pork, adult entertainment, conventional banking/insurance).

Unit 3: Key Players in Islamic Capital Markets

Market Stakeholders: Shariah Advisory Council (SAC), Shariah Screening Agencies (AAOIFI, S&P, MSCI), Islamic Investment Banks, Takaful Operators, & Institutional Islamic Fund Managers.

Unit 4: Factors Influencing Islamic Capital Market Growth

Growth Drivers: Regulatory support in GCC & Malaysia, rising global demand for ethical/ESG investments, cross-border Sukuk issuances, & digital Islamic fintech platforms.

Practical Case Framework 1 (Islamic Capital Market vs Conventional Capital Market Matrix): Compare market attribute, conventional capital market practice, and Islamic capital market Shariah rule.

Islamic vs Conventional Capital Market Comparison Table:

Capital Market Attribute	Conventional Capital Market	Islamic Capital Market (ICM)
Primary Fixed Income Security	Interest-bearing corporate/government bonds	Asset-backed Sukuk (Trust Certificates)
Derivatives & Speculation	Options, futures, & short selling permitted	Speculative trading (Maysir/Gharar) strictly banned
Industry Screening	Any legal profitable business activity	Strict Shariah business & sector screening

Practical Case Framework 2 (Core Prohibitions in Islamic Finance Architecture): Detail Islamic prohibition term, literal meaning, financial transaction impact, and Shariah alternative.

Core Shariah Prohibitions Reference Table:

Shariah Prohibition	Literal & Legal Meaning	Shariah-Compliant Investment Alternative
Riba (Usury / Interest)	Unjustified gain on pure money loans	Trade-based profit (Murabahah / Mudarabah)
Gharar (Deceptive Risk)	Ambiguity in contract subject or price	Transparent asset-backed contracts with full disclosure
Maysir (Gambling)	Acquiring wealth by chance without productive effort	Real economic risk sharing (Musharakah equity)