

THE GLOBAL ECONOMIC CHALLENGES AND ISLAMIC EQUITY FINANCE: AN ANALYSIS IN ITS IMPACT FROM 1975-2010

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Abstract

The geo-economic challenges of the present century persistently influenced the realm of studies in Islam and reallocated Islamic economics with much wider dimensions. The researches in the Islamic equity finance revealed the option of inclusion of the equity models in the commercial sector. From 2005, its application and effective mechanism is becoming more competitive with its conventional counterpart with more than \$1000bn. Altogether with the global assets and a healthy growth rate of 10-15% per annum (Rated 2010), Islamic banking and finance is being practiced in more than 78 countries with 550 Islamic financial institutions actively participating in the global commercial industry. The discipline has taken a new direction as the experts are involved to concentrate upon the subject along with fresh researches for the economic mobility. Muslim intellectuals and the financial experts delved deep into the socio-economic themes of *Quran* and *Sunnah* and approached the presidencies from *Fiqh al-Ma'amalat* (Financial jurisprudence) to reorient equity financing as per the current geo-economic challenges. The Islamic equity models have made a considerable growth and impact over the world economy since 2000. In 2004 the proportion of assets of the region was 29% of the world wide Islamic banking assets which grew to 50% in 2008 of the worldwide share. The present paper, therefore is an attempt to discuss and analyze the impact of Islamic finance viz a viz the current geo-economic challenges worldwide. The study will also highlight the efficacy of Islamic equity finance and the possibility of its future expansion in the corporate sector.

Key Words: *Islamic Equity Model (IEM), Products and Services, Shari'ah Complaint, Project financing, PLS Scheme, Shirkah (Partnership), Shari'ah Advisory Board*

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