



## **Application of Islamic Consumer Theory: An Empirical Analysis in the Context of Bangladesh**

<sup>1</sup> Basharat Hossain

<sup>1</sup> Lecturer in Economics, Department of Business Administration,  
International Islamic University Chittagong, Chittagong, Bangladesh,  
E-mail:m\_basarat06@yahoo.com,  
Phone:+8801822782524,+8801670909872

---

**Abstract:** One of the main goals of economics is to satisfy the wants of consumer. Like as conventional economics, Islamic economics has also its own law of consumption which is superior to that of conventional economics. This paper presents an empirical survey report on the application of Islamic consumer theory in Bangladesh. The survey is conducted on 184 graduate students of economics from university of Dhaka, Bangladesh. Besides, the consumption framework of Islamic economics has been discussed in this paper. The research finds that, the majority percent of respondents consider Halal (lawful), Haram (unlawful), economic disadvantages of other consumers, scope of reward and punishment in hereafter life (life after death) in their consumptions and other economic activities. The report explores that, though the wants is unlimited, the respondents are capable to control their wants and choose moderate and simple standard of living. In addition, they mentioned that, the use of interest is not essential to run economic activities and interest free economy is possible. It is found that, a large proportion of the respondents did not study Islamic economics due to unavailability of the reading materials in spite of having their interest while half of the respondents read it. Finally, the opinion is found that, religious and ethical instruments (Zakat, donation, hereafter life etc.) should be included in the syllabus of modern economics in school, college and university level. The findings satisfy the assumptions of Islamic consumption framework. Finally, it presents the problems, prospects and recommendations to apply the Islamic consumer theory in Bangladesh.

**Keywords:** Islamic Consumer Theory, Islamic economics, Consumption, Bangladesh

---

### **Introduction**

The evolution of economics describes that the prime goal of Economic theories is to fulfill the consumer's satisfaction regardless whether it is approved or not by the laws of the ethics or religion (Robbins 1935:148, Sen, 1988, Groenewegen, 1996, Peil and Staveren, 2009).

In conventional economics, "Economic man" is the appropriate name of consumer. While in Islamic economics, the consumer is known as 'Islamic man'. Ethics is absent in conventional economics (El-Gamal, 2006). Here, the term-'conventional economics' is used as synonymous to the 'Capitalist and socialist or communist' economic system. 'Capitalism' sponsors the consumer with endless freedom to maximize their utility whereas 'communism' handing over the all economic power to the bureaucracy and induces the imbalanced allocation of resources ((Rice 1998, Akhtar et al, 2011). Besides, conventional economic system is motivated by positive economics (explain the facts) and avoid normative economics (value judgments, ethical precepts and norms of fairness) (Friedman 1979:19, Chapra 1995:29).

In contrast, Islamic Economics includes both positive and normative economics on basis of religion, believe in "Islamic man" (El-Ashker, 2006). Consequently, Islamic economics

provide a unique consumption framework which is different than the conventional consumer theory.

However, there is a debate on whether Islamic consumer theory is applicable or not in a society or a country. This paper is nothing but an attempt to find the answer of this question by presenting an empirical survey report in the context of Bangladesh. The survey is conducted on 184 graduate students of economics from university of Dhaka, Bangladesh

Bangladesh is the 5<sup>th</sup> densely populated and 3<sup>rd</sup> largest Muslim country by population in the world with 1.37 percent population growth per year. Nearly 156.6 million people live in this country with 86.6 percent Muslim population (Islam, 2011, United Nation, 2012, and GOB, 2013). The current GDP of this country is \$116.4 billion with per capita GDP\$ 859. Moreover, it is a low income country with yearly 6.03 percent GDP growth and most of its income is generated from the industrial sectors followed by agricultural sector (GOB, 2013).

The main objective of this paper is to find out that, whether the Islamic consumer theory is applicable in Bangladesh or not? Besides, this paper explains the principles of Islamic consumption framework, problems and prospects of its application in Bangladesh. Finally, some recommendations have been presented in this paper.

## **Methodology**

This paper has been prepared by using both primary and secondary data. The primary data are collected through a sample survey (face to face) which is conducted on 184 students of Economics at undergraduate and graduate level in the University of Dhaka, Bangladesh. It should be mentioned that, all sample consumers were Muslim by religion. The sample questionnaire has given in the appendix of this paper.

The questionnaire comprises two parts and includes 10 questions in each where 10 questions are asked to know their thinking or opinion about current economic system as well as curriculum and 10 questions on their behavior and practices in daily life. Various types of question relating religion to economic life are asked in the questionnaire. In addition, relevant secondary data are collected from the websites, survey report and research paper etc. The computer program, Microsoft excel is used to analyze data.

## **Literature Review**

Each and every human behaves as a consumer to fulfill his wants (Smith, 1776, Fetter, 2003). Meaning of consumer varies in different economic doctrines. Conventional economics define a consumer as a utility maximizer of material wants and needs, while norms and religious value is absent here (Friedman, 1979). The behaviour of conventional consumer varies due to culture and character in different fields of life (weber, 1958). On the contrary, Islamic economics combines both positive and normative sights in its principles and define a consumer as a utility maximizer of material as well as spiritual wants and needs, where, norms and religious value is strong factor (Chapra, 1995). Mannan (1984) in his book calls for the presence of consumer as Islamic man. Besides value neutral factors (such as disposable income, wealth), the value loaded factors (such as beliefs, religions) are also important to determine the wants and demands of an Islamic consumer (Kahf, 1980, 1996). Hasan (1985, 2005) criticizes the consumption framework of Fahim khan (1984, 1995) and discusses that, Islamic consumer theory successfully modifies the conventional concept of scarcity; wants, need, demand, utility, and satisfaction, to meet Islamic norms and requirements. Al-Zarqa (1992) mentions 'the reward or penalty in hereafter life' as the key difference between Islamic and conventional consumer. Moreover, Islamic consumer must give up the consumptions of some goods and services which are harmful for the society (Siddiki, 1988, 2001). Hence, Islamic consumer model ensure social and economic justice (Haider Naqvi, 1997). In addition, khan (2013) describes that, the

framework of conventional theory of consumer behaviour is not enough to explain all aspects of behaviour of a consumer, so the Islamic theories are most important here.

However, after the designing an Islamic consumption framework, probably it is the mostly asked question that, whether Islamic consumer theory is applicable or not in a society or a country. Ashker (1985) in his empirical research finds the similarities in the behaviour of Muslim and non-Muslim consumer and says that, Islamic consumer theory is applicable in the society. Amin et al. (2014) discusses the empirical study report on Islamic consumer behavior to explain the factors that influence the Islamic mortgage industry in Malaysia. This paper presents an empirical analysis on the application of Islamic consumer theory in Bangladesh. The survey is conducted on 184 graduate students of economics from university of Dhaka, Bangladesh

## Islamic Consumer Theory: Framework and Discussion

### *Assumption of Islamic Consumer Theory*

Islamic consumer theory has designed some assumptions. A consumer who satisfies these assumptions will be considered as an Islamic consumer. More precisely, Islamic consumer refers to the consumer whose behavior is not against the principles of Islam (Hamid (2009)). The key assumptions are as follows.

- a) Consumer behavior is based on Economic Rationalism and fear of Allah. A consumer designs his consumption pattern to please Allah, the omnipotent. It is a matter of Gratefulness; it is also an act of worship (Ibadah).
- b) A consumer is regarded as economic and moral utility maximizer. He determines his consumption in terms of moral and ethical principles. Ethics can be defined as the moral principles that make a distinction between right and wrong and between good and bad (Beekun, 1997: P 2).
- c) He can control his wants as well as demand.
- d) Utility or Satisfaction derived from worldly (life before death) and Heavenly (life after death) consumption.
- e) He only consumes useful while avoid harmful goods and services, for himself and for whole society. Moreover, be co-operative and socially responsible, who always consider the disadvantages of other consumers in society.
- f) Spend in moderation neither as miser nor extravagant, both for here (worldly) and hereafter (Heavenly) life.
- g) Strictly consider Halal (legal) and Haram (illegal) in consumption
- h) He does not hoard his wealth.
- i) He preferred leading a simple as well as moderate life.

### Principles of consumption

- a) **Useful (goods and services) are Permissible (Halal) and harmful are Prohibited (Haram):**

Islam encourages the consumer to consume of good and useful things and discourages wasteful and unnecessary expenditure to insure good quality and purity (AL-Quran: 2: 172, 5: 4-5, 16: 114). In the Holy Quran, The word *Tayyeb* (*Best and useful*) is used to denote the good and pure things which means anything one finds pleasing, sweet, good, agreeable in sight, smell and eating and which is useful for health. As ALLAH says in the Holy Quran: *ye Messengers enjoy (all) things good and pure* (AL-Quran: 23: 51).

On the contrary, In the Holy Quran, the word *Khabaa-es* (bad and harmful) is used to represent the bad and impure things which means anything one finds displeasing, bad, disagreeable in sight, smell and eating and which is harmful for health. The verse of ALLAH is: *He makes lawful to them the good things and prohibits for them impure things*

(AL-Quran: 7: 157). Some forbidden foods are: dead meat, blood, the flesh of swine, and that on which has been invoked the name of other than Allah..." (Al-Qur'an 5:3). The prophet (pbuh) said, all drinks that intoxicate are Haram (unlawful) and every intoxicants are haram (Al-Bukhari: 492, Muslim: 4956).

Consumptions of impure, harmful and bad goods and services are strictly prohibited, which endanger the social security and welfare of the state and spending on that goods are considered as waste (AL-Quran: 2: 60, 6: 142, 2: 168).

**b) Consumption for Here (Worldly-life before death) or Hereafter (Heavenly-life after death) life**

A consumer, who follows Islamic and moral principles, usually believes in two periods, here and here after life for his consumption choices. For this consumer, life before death and life after death are closely interrelated in sequential Manner.

There are two effects of his choices. Firstly: It's immediate effect in this life and its later effect in the life to come. The utility derived from such a choice is the total of the present values of these two effects. Secondly: The number of alternative uses of one's income is increased by the inclusion of all the benefits that will be gained only in the hereafter. Some of such alternative uses are: Interest free loans, donation to the poor and needy, spending for the welfare of the future generation, improvement of the community life, propagation of the message of Islam, promotion of goodness and demotion of evils, time and effort for the improvement of the spiritual, moral and economic life of the community.

**c) Spending**

There is no difference between spiritual and worldly expenditure. It is considered as an act of piety and virtue to spend for worship of ALLAH and the welfare of people as well as the society, such as spending on religious activities, family and distressed people (Ibn-Mazah: 1844). This is proved by the verses of The Holy Qur'an: *They ask thee as to what they should spend. Say: whatever wealth you spend, it is for the parents and the near of kin and the orphans and the needy and the wayfarer. And whatever good you do, God surely is a knower of its* (Al-Qur'an, 2: 215). Holy Prophet (pbuh) says: ALLAH receives the donation from the lawful wealth directly. As a result, the wealth increases day by day even become the big more than the mountain (Al-Tirmidhi: 661).

**d) Unlimited Wants and Balanced Consumption**

Wants in economics refer to human needs plus the will and power to satisfy those needs (Rahman, 1975). Human wants are unlimited (Samuelson and Nordhaus, 1998). There is practically no end to human wants and it is also true that, a consumer is never being able to satisfy them all. As the Holy Prophet (pbuh) said; *if god were to give man a valley full of gold, he would ask for the second, and if he were given the second, he would ask for the third; man would never be satisfied until he was dead* (Al-Bukhari, 5992-5996).

According to Islamic economics, wants are consists of Four Types of necessities in life. These are Necessaries of life, Necessaries of efficiency, Comforts and Luxuries. Those want which are absolutely necessary for human life and man cannot survive without it, e.g. food, clothing and shelter etc. are called necessities of life. The necessities which are necessary for increasing the efficiency of work are called Necessaries of efficiency, e.g. good food, meat, milk, butter, good bed for sleeping, shoes, and fruits etc. Comfort includes those things whose utility in general is greater than their cost. Good and delicious food, good and expensive clothing and well-furnished buildings and mansion houses are his comforts. Excessive in personal gratification or excessive expenditure on unnecessary and superfluous wants is called luxury. The costs of luxuries are usually greater than the benefit, e.g. costly dress, wine, utensils of gold and silver etc.

Islam has forbidden the use of Luxuries as they encourage the growth of unproductive and immoral industries and spread mischievous and disruptive elements in

society which ultimately destroy the unity and integrity of the entire community. ALLAH says, *Eat and drink: but waste not by excess for, God loves not the wasters* (AL-Qur'an, 7:31). Besides, luxury may makes a man idle, wasteful and extravagant and promotes bad habits of ease loving, dependence on other, laziness, hatred for work, irresponsibleness.

He also may commit a crimes and thus spread bribery, corruption, nepotism; red-nepotism etc. It may create high economic inequality and thus makes an unrest society. In view of these evils, the holy prophet (pbuh) discouraged and prohibited the use of vessels of gold or silver, wearing of a golden ring and silken clothes, which were considered luxuries (Al-Bukhari, 5032). ALLAH says: And He enforced the balance. That, you do not exceed the bounds; but observe the balance strictly; and fall not short thereof (AL-Qur'an, 55:7-9).

#### e) **Standard of Living**

Standard of living refers to the mode of living and level comforts which a man considers necessary for his life and for the acquisition and maintenance for which he is prepared to make any lawful sacrifice (Rahman, 1975). Islam adopts a middle course between extreme views held by the spiritualists and the materialist respectively. Islam denounces asceticism as unnatural way of life. It leads the life to austerity and miserliness. While Condemns materialism as extravagance because it makes people prodigal and selfish. The Islamic scholars derive four types of living standard from the views of Holy Qur'an and Hadith. The holy Prophet (pbuh) preferred moderate and simple life standard.

**Living with Miserliness:** Miserliness occurs when one does not spend wealth on one's self and his family according to one's means and when one does not spend anything on good and charitable purposes. In Islam, Miserliness is crime. Because, it makes people ungrateful to God for not spending on themselves, their relatives or their friends (Al-Qur'an, 3: 180). As ALLAH says; *Surely God not loves such- who are niggardly and bid people to be niggardly and hide that which God has given them out of His grace* (Al-Qur'an, 4: 36-37).

**Living with Extravagance:** Tabzeer (squander) is used in Holy Qur'an to mean extravagance. It can be defined as, Firstly, spending wealth on unlawful things such as gambling, drinking, etc., even if the amount involved is insignificant. Secondly, excessive expenditure on lawful things, whether within or beyond one's means, Finally, Expenditure for good and charitable purposes merely for show (Al-Bukhari: 6055). Islam censures those who are extravagant and spend thrift (Al-Qur'an, 17: 26-27).

**Moderate life:** Islam encourages the Moderate living standard, because it's spending is neither extravagant nor niggardly but the balanced between them for consumer (Al-Qur'an, 17: 29, 65: 7). As Quran reveals; *and those who, when they spend, are neither extravagant not niggardly, but hold a just (balance) between those (extremes)* (Al-Qur'an, 25: 67). Besides, in the field of consumption, Moderation checks the evils of wrongful expenditure i.e. hoarding and extravagance and thereby saves the community from the hardships and evils of unemployment and corruption. ALLAH says: *Thus we have made you a justly balanced nation, that you be witnesses over mankind and the Messenger be a witness over you* (Al-Qur'an, 2:143).

Abu Darda reported that the Holy Prophet (pbuh) said, *It is a part of intelligence and wisdom of a man that he should adopt moderation in his economy, it is half of the happiness of economic life and the best course in everything* (Al-Bukhari: 470, 6019). Abu Saeed Khudri reported that, the Holy Prophet (pbuh) advised people to adopt moderation in consumption and said, *good comes out of good but wealth of this world is like green grass, if an animal eats it in excess, it kills him or brings him nearer to death. The animals which eat green fodder, walk in the sun, digest their food, pasture again, are perfectly well. So in the case of wealth, it is a sweet fodder, the best man is one who earns wealth lawfully and spends it on lawful (good) things. This wealth will bear witness against one (who has misused it) on the Day of Judgment* (Al-Bukhari: 5997).

**Simple Life:** Historically, simple living standard was one of the characteristics of the prophets (pbuh). The prophet Muhammad (pbuh), like many other prophets before him, always liked simple and moderate living. His four caliphs maintained his tradition of simple living after him. So it is the best policy for a Muslim consumer to lead a simple and moderate life.

The Holy Prophet (pbuh) once remarked: *“Successful is the man who has acted on the principles of Islam and lived on simple necessities of life* (Ibn-Mazah: 4934). Furthermore, The Prophet (pbuh) said: *“The rocky land of Mecca could be turned into gold for me if I had wished, but I said, O Lord! I wish I had enough to fill my stomach one day and remain hungry the other day, so that I might remember you when hungry and be thankful to you when my stomach was full* (Al- Tirmidhi:4935, Al-Bukhari:6001-2). Moreover, He said, *I saw that, most of the residents of heaven (Jannah) are poor* (Al-Bukhari: 6005).

A case study from the life of Omar, who was the second caliph of Islam. It is reported that Utbah-bin-Farqad, a governor of a province, once visited the Caliph while he was taking his meals. The governor seeing his coarse food, remarked, “Why don’t you take food made of fine flour”? Omar replied, “Ibn-Farqad! Is there anyone with greater resources than myself in the land of Arabia at present? Utbah said that there was none with greater resources you. Then Omar enquired from him saying, “Ibn-Farqad! Do all the Muslims get fine flour (to eat)? He replied in negative. Then Omar said, “I would be a bad ruler if I were to take nice (and good) things for myself and leave the bad ones for the people (Tabari, 1990).

**f. Hoarding**

An Islamic consumer does not hoard wealth. The people, who are hoarding, are responsible for lowering the level of consumption, production and employment in the community (Al-Qur’an, 102: 1). The verse of the Al-Qur’an is: *Woe to every slanderer, defamer, who amasses wealth and counts; thinking that his wealth would make him last forever* (Al-Qur’an, 104: 1-3). The prophet (pbuh) said: *He who hoards is a sinner. No one hoards but the sinner* (Muslim: 3910-12). *Do not withhold your money by counting it (i.e. hoarding it), (for if you did so), Allah would also withhold His blessings from you* (Al-Bukhari: 514). *Hoarding up food (to sell it at a high price) in the sacred territory is a deviation (from right to wrong)* (Abu-Dawud: 2015). *He who brings goods for sale is blessed with good fortune, but he who keeps them till the price rises is accursed* (Ibn-Mazah: 2153).

**g. Consideration of Halal (legal) and Haram (illegal):**

The consumption of goods and services, which are allowed in Islamic shariah, is called HALAL and which are not allowed is known as Haram. The Prophet (pbuh) warns that and said, *a time will come when one will not care how one gains one's money, legally or illegally* (Al-Bukhari-3:275). But the believer will follow the Halal (legal) and Haram (illegal) in their consumption.

**h. Consumption Pattern: Different from Capitalist/ Communist**

A capitalist passes his whole life to accumulate more and more wealth and believes that his wealth will make him abiding in prosperity which will never come to an end but will remain forever (Al-Qur’an, 89: 20). As ALLAH says, *He thinks that his wealth will make him abide* (Al-Qur’an, 104: 3). Similarly; a communist uses wealth in thinking that, there is no accountability in here and here after life and does not believe in ALLAH. On the contrary, an Islamic consumer consumes the resources of the world as a vicegerent of ALLAH and believes in dual accountability. As a result, though the utility from a certain goods or service is high to a capitalist or communist consumer, but an Islamic consumer may gain a zero or negative utility from the same goods or service, e.g. utility from consuming wine. Moreover, an Islamic consumer prefers hereafter life as a real and endless

life over worldly life (Al-Bukhari: 5971-5973). The prophet (pbuh) said: *Richness is not having many belongings, but richness is the richness of the soul (contentment)* (Al-Bukhari: 6002). The Prophet (pbuh) also said: *No human being has ever filled a container worse than his own stomach. The son of Adam needs no more than a few morsels of food to keep up his strength, doing so he should consider that a third of his stomach is for food, a third for drink and a third for breathing* (At-Tirmidhi-2380, Ibn-mazah-3349).

### **Analysis of the Survey Report**

In this part, the survey report scrutinizes the consumption choice of sample consumers in Bangladesh and shows the proportion of consumers who practice the principles of Islamic consumer theory. Basically, questionnaire includes two types of questions. The first one is on the consumer behavior and second one is consumers' thinking and opinion.

#### **Part-1: Behavior;**

In this part, 10 questions are related to the rules and regulation of Islamic Shariah such as consideration of Halal-Haram, Here and here after life in consumption, Donation, welfare activities etc. and whether they read Islamic economics or not.

**Q2.** A question is asked to the sample students to expose their opinion, what do they think, should a consumer consider Halal (lawful) and Haram (unlawful) in their consumption of goods and services? In response, 84.79 percent respondents say, yes, they should always consider while 6.52 percent respondents think it should for sometimes. Only 6.52 percent respondents responded negatively and 2.18 percent respondents did not respond.

**Q3.** The third question is asked 'are they consider Halal-Haram in the consumption of goods and services? In response, 73.92 percent respondents say, they always consider Halal-Haram in their consumption and 21.73 percent respondent say, they consider Halal-Haram frequently. 2.18 percent respondents don't consider it while 2.18 percent did not response.

**Q4.** It is asked to the same consumers about their preferences in choosing one kind of standard of living. Among them, 60.87 percent, the largest proportions choose the moderate lifestyle. 26.09 percent respondents choose simple life style and the lowest proportion 13.04 percent choose luxurious life style.

**Q6.** A question about donation (Sadaqah) is that, whether they give donation for poor people or not? In response, it is found that, 67.4 percent consumer donate poor people generally whereas 26.09 percent respondents donate frequently. Only 6.52 percent respondents don't donate poor and needy people.

**Q7.** Another question is that, whether they consider the disadvantage or problems of other consumers in their economic activities and in answer, 60.87 percent respondents say; they always consider it while 26.09 percent consider it occasionally. Only 6.52 percent respondents are found who do not consider problems of others.

**Q8.** It is asked that, should a consumer remember and consider hereafter life (life after death) in their economic activities? In response, 78.09 percent respondents say, it should be always considered while 15.21 percent say; it should be considered for sometimes. 6.52 percent answer negatively whereas the percentage of non-respondents is 2.18 only.

**Q9.** After that, it is asked to the same respondents whether they remember and consider hereafter life (life after death) in their economic activities or not? In response, 60.87 percent respondents said, they always consider it while 30.43 percent said, they consider it occasionally. 6.52 percent do not consider it and 2.18 percent are not responded.

**Q18.** A question about study is that, whether they studied Islamic economics or not? The report found that, 45.66 percent students read it whereas 54.34 percent did read it.

**Q19.** Those who answered yes in question no 18; they are asked about the sources from which they studied Islamic economics. It is found that, 66.67 percent read it from the books from self-

interest, 14.29 percent read from academic text book at educational institution such as School or Madrasah. 9.52 percent read from different types of Newspapers and journals, and 9.5 2 percent did not disclose their sources specifically.

**Q20.** Those who answered no in question no 18; they are said to explore the reasons behind that. Among them, 52 percent students said, they have interest but resources are not available while 12 percent respondents think that Islamic economics is not useful for academic and working life in Bangladesh. 36 percent did not disclose their reasons specifically. Moreover, no respondents choose option A: I have no interest.

### **Part-2: Opinion and Thinking;**

**Q1.** In the answer of a question related to wants, 56.52 percent respondents think that, wants are unlimited, but an individual can always control his demand and want. 36.95 percent respondents say, a consumer can control it for sometimes whereas 6.53 percent respondents disagree with it.

**Q5.** Another question is that, are they support the leading of a luxurious life, while his neighbor is poor? In response, 19.57 percent respondents answer yes and 78.25 percent respondents say, No. Only 2.18 percent did not respond.

**Q10.** In this question, 67.4 percent respondents think that, an excessive accumulation of wealth induces an individual to lead an unnecessary luxurious life and 13.04 percent think, it is partially responsible reason while 15.22 percent respondents disagree to this statement. On the other hand, only 4.34 percent respondents did not respond.

**Q11.** Among the same respondents, only 32.61 percent think that, the use of interest or usury is essential to run economic activities. Among them, 53.33 percent respondents marked it as useful while 46.67 percent think it has no alternative.

In contrast, the largest proportion, 60.87 percent respondents think that, the use of interest or usury is not essential to run economic activities. Among them, 50 percent think that it has alternative while 10.71 percent and 39.29 percent respondents consider it as harmful and religiously prohibited respectively. Only 6.52 percent did not respond to this question.

**Q12.** In the answer of this question, 54.34 percent respondents think that, that interest free economy is possible and 15.21 percent respondents think it is partially possible while 23.91 percent disagree to this statement. Only 6.53 percent did not respond to this question.

**Q13.** In response to this question, 84.78 percent respondents think that, absence of ethics (moral principles) or religious value is one of the key defects of modern economics whereas 8.7 percent don't agree to this statement and 6.52 percent did not respond.

**Q14.** In responses to this question, 76.09 percent respondents think that, modern economics should include religious or ethical tools (Halal, Haram, reward and punishment) permanently to get a better outcome and 10.87 percent say, it should include in some aspects while 8.70 percent respondents disagreed to this statement. Moreover, only 4.34 percent did not respond.

**Q15.** In another question, 95.65 percent respondents think that, to alleviate poverty, with other economic programs and instruments, social, moral and religious instruments (donation, Zakah, Sadaqah) are also important whereas only 2.18 percent respondents do not agree to this statement. Only 2.18 percent respondents did not give the answer of this question.

**Q16.** In response to this question, 65.22 percent respondents think that, religious tools (e.g. prize and punishment in business rule) should be applied in market permanently for better outcome and 17.4 percent say, it may be applied for sometimes. While 17.40 percent respondents disagree to it and only 4.35 percent did not respond.

**Q17.** In this question, 84.78 percent respondents agree that, economic analysis always should be in sights of positive and normative economics and 10.86 percent think, it should be occasionally while 2.18 percent disagreed to this answer. Only 2.18 percent did give answer of this question.



## **Findings and Implications**

### ***Findings:***

#### **Part-1:**

- a) The report finds that, the majority percent of respondents consider Halal (lawful) and Haram (unlawful) in their consumption and also think that other consumers should consider it (Q2, Q3). It satisfies the characteristics of Islamic Shariah and consumer theory.
- b) The largest proportions of respondents prefer moderate and simple life style (Q2). It fulfills the condition of Islamic consumption framework because Islam always encourages leading a moderate or simple life.
- c) The report depicts that, most of the respondents donate for the poor and needy people and also consider the disadvantages and problem of other consumers in economic activities (Q6, Q7).
- d) Majority percent of respondents remember and consider hereafter life (life after death) in their economic activities and also think that, other consumers should consider it (Q8, Q9). It meets the characteristics of Islamic Shariah and consumer theory.
- e) Most of the respondents did not study Islamic economics due to unavailability of the necessary materials in spite of having their interest while half of the respondents read it from different sources. Few numbers of the respondents think it is not useful for job in Bangladesh (Q18, Q19, and Q20).

#### **Part-2:**

- a) The report in part-2 shows that majority percent of the respondents gives their opinion to include religious and ethical instruments in the syllabus as well as applications of conventional economics and emphasizes on the normative study of economics.
- b) Furthermore, most of the respondents think that, the uses of interest is not essential to run economic activities and also think that, interest free economy is possible.
- c) It is worthwhile to mention that, most of the respondents said, they can be able to control their demand and wants, which fulfills the assumption of Islamic consumer theory. In contrast, comparatively a few numbers of respondents responded negatively.

### ***Implications***

#### **Part-1:**

- a) The first four findings (1-4) imply that, application of Islamic consumer theory in Bangladesh is possible and feasible. Because the practices of rules and regulation of Islamic Shariah is visible among the current generation which is partly proved by the sample survey report.
- b) The fifth finding (5) implies that, if the resources of Islamic economics would be available, then the influences of Islamic economics among the people will be more visible and effective. Thereby, it will be easier to apply the Islamic consumer theory in Bangladesh.

#### **Part-2:**

- a) The three findings (6-8) imply that, application of Islamic consumer theory is possible in Bangladesh due to practices of religion and having good knowledge of Islam among the literate people.

### **Causes Behind the Positive Findings**

#### **Influencing factor:**

- a) **Education system:** among 184 respondents, a few number of students studied Islamic economics at higher secondary level in Madrasah (religious institution) whereas the majority percent did not study it because it is not included in the syllabus of general educational institutions.
- b) **Family background:** the respondents are the member of traditional Muslim (by born) family, so intentionally or unintentionally, they follow some rules and regulation of Islam.
- c) **Failure of the conventional economics:** a large number of respondents support Islamic economics due to the failure of the conventional economics to control the world financial crisis. For instance, Islamic banks are not affected during world financial crisis.
- d) **Success of Islamic banking:** most of the respondents think that, interest free economy is possible and feasible due to the success of Islamic banking around the world during the global financial crisis.
- e) **Social factor:** some goods such as wine, alcohol, flesh of swine are not available or very rarely available and considered as a bad goods in this country. This is one of the main reasons associated with religion to avoid forbidden goods in Bangladesh.
- f) **Effective instruments of Islamic economics:** majority percent of respondents think that, instruments of Islamic economics such as Zakat, Sadaqah (Donation), Ushor (Zakat on crops), reward and punishment in hereafter life etc. should be used to eradicate poverty, reduce income disparity and to improve the whole economic conditions. The use of Zakat is officially recognized by the government. For instance, the Zakat collection program of Islamic foundation is running under the ministry of religion.

#### **Problems in Application:**

- a) **Education system:** education policy as well as education system may be the main obstacle to apply the consumer as well as other theories of Islamic economics in Bangladesh. Because, the policy of minimization of religious knowledge in academic level has been taken in the current education policy which may indirectly discourage new generation about their religion and its practices.
- b) **Social and cultural threat:** there is an increase in the availability of prohibited goods (wine; alcohol, Cigarettes etc.) and services (interest based financial system, obscene cinema, misuse of internet etc.) which may adversely worsen and loosen the social and moral behavior of the consumers. Practicing the unethical and non-Muslim's culture in dress, life style; cultural program, following the consumerism, materialism; capitalism and communism may ruining the character of a large number of populations while majority percent of them are youth.
- c) **Political reason:** it might be the strongest threat for application of Islamic economics. Any government based on secular ideology, highly discourages the people to learn religious education and in some cases harass the people who preach Islamic economics.
- d) **Inadequate institutions:** the academic as well as research institutions are not adequate to patronize the Islamic economics. Only one research organization on Islamic economics and many others on Islamic ideology is situated in this country

while at least one dozen research organization having sufficient manpower and materials is situated in here which patronize the conventional economics.

- e) **Financial limitation and other factors:** there are some limitations among the existed institution to promote the Islamic economics. such as lack of effective plan or in executions of effective plan, lack of potential manpower, inefficient officials or management, inactive EC member, Financial problems, political threat, lower level of monitoring or surveillance , lack of proper motivation and no research on Bangladesh economy etc.
- f) **Lack of resource or Intellectual persons:** it is alarming news that, there are no Islamic economists other than one or two in Bangladesh while more than 15 economists who promote the interest based economy are available in our country. But it is pleasures that, some Islamic banker are trying to promote the Islamic economics, finance and banking.
- g) **Lack of proper incentives:** there is a very few or no incentives for a students to be specialize in Islamic economics and banking. Out of national curriculum and limited job market may be reasons behind that.
- h) **Expensive reading materials:** there are limited researches on Islamic economics in this country whereas it is mostly developed in Pakistan, Saudi Arabia and in some of other Muslim countries. Some reading materials are translated from other languages to Bengali language which is usually available in high prices.

#### **Policy Recommendations:**

The following policies have presented to implement the Islamic consumer theory as well as Islamic economic principles among the people in Bangladesh.

- a) **Education system:** To implement the Islamic consumer theory as well as other theory of Islamic economics, we need an education system associated an education policy which will be the combination of general and Islamic knowledge. It will create mentality among the people to practices the principles of Islamic consumer theory.
- b) **Availability of the Resources of Islamic economics:** We should ensure the availability of reading materials and example on success of Islamic economics in real world among the people. Some steps such as lower price offer, free downloadable books and articles from different websites, free seminar and conference papers, may attract the students and general people.
- c) **Institutional power:** This is the high time to strengthen the institutions dedicated to Islamic economics and ideology such as Islamic Bank, Research institutions, University etc. and should publish various books and articles on contemporary issues mentioning the solution for consumer taken from Islamic Shariah and economics.
- d) **Incentive program:** Islamic institutions should take attractive incentive programs to induce students to acquire the knowledge of Islamic economics and to practices in real life. Such as examination or interview based scholarship program, special training programs, internship program, extended job market, part time job, and special scholarship program for university students, special prize and awards oriented programs for contribution in related field.
- e) **Publications on economic solution:** the academic and research institutions concerned to Islamic economics should publish policy suggestions on contemporary issues such as market policy for national economy, remedies for financial crisis, journals, pocket books on Islamic economics, books containing the successful history of Islamic economics, Islamic policies for market control, inflation, reducing unemployment and income disparity, trade and agriculture ,monetary and fiscal policy etc. and ensure availability of these materials.

- f) **Teaching of Islamic economics in educational institutions:** In Bangladesh, Islamic economics is not taught at college and university level except few institutions such as Rajshahi University and Madrasah (religious institutions). It is not included in the syllabus of public as well as private colleges and universities. The Islamic institutions and intellectuals may pressure the government to include it in the syllabus by showing its superiority in solving the economic problems through seminar and conference.
- g) **Propagation on media:** It is possible to arrange different programs such as Talk show, Question-answer session, Quiz competition, open discussion, case presentation, etc. on Islamic economics in TV channel in Bangladesh with the help of sponsors.
- h) **Removal of misconceptions:** There are many misconceptions about Islam and Islamic economics and banking among the economists, educated people, students and general people. For instance, some people think that there is no difference between ‘interest’ and profit. It is possible to remove these misconceptions by taking some steps such as distributing leaflet, booklet, advertisement, video documentary etc. associated with above mentioned steps.
- i) **Use online facilities:** it is possible to spread the knowledge of Islamic economics among the people by making many websites such as [www.islamonline.net](http://www.islamonline.net).
- j) **Special plan for college and university students:** special plan is needed for college and university students to induce them to acquire the knowledge of Islamic economics. It should be mentioned that, the leaders and thinker of a nation usually come from university level.
- k) **Use the current success of Islamic Economics:** it is a pleasure that, success of Islamic banking prove the superiority of Islamic economics over conventional economic system. So it is necessary to spread the idea of Islamic banking among the people by using the all available technologies.
- l) **Usefulness of Islamic instruments:** It is necessary to introduce people with the application procedure of Zakah, Sadaqah (Donation) by the books, articles, talk show, and open discussion on empirical example.

### **Conclusion:**

The pre-conditions for the application of Islamic consumer theory is to spread the idea or knowledge of Islam and Islamic economics among the people by steps such as students, educated as well as general people. If it gain successes, then it will be possible to apply the Islamic consumer theory in Bangladesh. Because, Bangladesh is a country of 86.6 percent Muslims. This paper is a result of small sample survey on economics students. For more precise result, it is necessary to conduct survey on the general household.

## References

- AL-Quran: 2:60,168, 172,215, 3: 180, 4: 36-37, 5: 3-5, 6: 142, 7: 31,157, 16: 114, 17: 26-27, 29, 23: 51, 25: 67, 55:7-9, 65: 7, 89: 20, 102: 1, 104: 1-3.
- Al-Bukhari, Sahih; Hadith book, Volume: 3, Hadith No: 275, 470, 492, 514, Vol: 9, Hadith No: 5032, Vol: 10, Hadith no: 5971-5973, 5992-5996, 5997, 6001-2, 6005, and 6019, 6055  
Abu-Daud, Hadith book, Hadith no: 2015
- Al-Tirmidhi, Ahmad, Hadith book, Vol. 2, Hadith No. 661, 4935.
- Ibn-Mazah, Hadith book, Vol. 2, Hadith No. 2153, 4934
- Muslim, Sahih, and Hadith book, Vol: 2, Hadith no: 3910-3912, 4956
- Al-Zarqa, Muhammad Anas (1992), A partial relationship in a Muslim utility function, in *Readings in Microeconomics in Islamic Perspective* edited by sayyid tahir, aidit ghazali, syed Omar and syed azil, chapter eight, pp.105-112, first edition, 1992, Longman, Malaysia.
- Akhter, W., Abbasi, A.S., and Umar, S. *Ethical Issues in Advertising in Pakistan: An Islamic Perspective*: World Applied Sciences Journal 13, No.3 (2011): 444-452
- Amin, Hanudin; Abdul-Rahman, Abdul-Rahim ; Abdul Razak, Dzuljastri (2014), Theory of Islamic consumer behaviour: An empirical study of consumer behaviour of Islamic mortgage in Malaysia, *Journal of Islamic Marketing*, Vol: 5, Issue:2, pp. 273 - 301
- Ashker, Ahmed El (1985), on the Islamic theory of consumer behaviour: an empirical inquiry in a non-Islamic country, centre for Middle Eastern and Islamic studies, university of Durham, U.K 1985
- Beekun, R.I (1997), *Islamic Business Ethics*, the International Institute of Islamic Thought (1997) pp.2-6
- El-Ashker, Ahmed Abdel-Fattah, and Wilson, Rodney (2006), *Islamic economics: a short History*, edition, 2006, pp.32, published by Koninklijke Brill NV, Leiden, The Netherlands
- El-Gamal, Mahmoud A. (2006), *Islamic Finance, Law, Economics, and Practice*, edition: 2006, pp.188, Rice University, Published in the United States of America by Cambridge University Press, New York
- Chapra, Muhammad Umer (1995), *Islam and the Economic Challenge*, The Islamic Foundation and the International Institute of Islamic Thought, edition: 1995, pp.29
- Fetter, Frank A (2003), *The principles of economics with applications to practical problems*, Online edition, (2003), PP. 25, by the Ludwig von Mises Institute, 2003, Cornell university, New York, the century co. 1905
- Friedman, Milton (1979). *The Methodology of Positive Economics*, in F. Hahn and M. Hollis, *Philosophy and Economic Theory* (1979: 19).

- GOB (2013), Bangladesh Economic Review 2013, chapter, 13, pp.; 183-189, 279-351, Ministry of Finance, Government of Bangladesh, Dhaka
- Groenewegen, Peter (1996), Economics and ethics? Edition: 2003, pp.34, Published in the USA and Canada by Routledge 29 West 35th Street, New York, NY 10001
- HaiderNaqvi, Syed Nawaz (1997), the Dimensions of AN Islamic Economic Model, Journal: *Islamic Economic Studies*, Vol. 4, No. 2, May 1997
- Hasan,Zubair (2005), Treatment of Consumption in Islamic Economics: An Appraisal, Journal of Islamic Economics, King Abdul Aziz University, Vol. 18, No. 2, pp. 29-46 (2005 A.D/1426 A.H)
- Hasan, Zubair (1985), Fahim Khan; Macro Consumption Function in an Islamic Framework – Comments, *Journal of Research in Islamic Economics*, Jeddah Vol. 2, No. 2, Winter,pp.79-81.
- Hamid .M.A (2009), Islamic Economics: An introductory analysis, pp.47, first edition: 2009, published by-Md.Iqbal Aziz Khan, CSE, Rajshahi University, Bangladesh.
- Islam, MD.Saidul (2011), The Violent Road to a New Brand of Secularism, Journal of Muslim Minority affairs,Vol.31,No.1,March,2011
- Kahf, Monger (1980) "A Contribution to the Theory of Consumer Behavior in an Islamic Society," in K. Ahmad ed., *Studies in Islamic Economics*, pp. 19-36. Jeddah, Saudi Arabia: International Center for Research & Islamic Economics, King Abdul-Aziz University, 1980.
- Kahf, Monzer (1992) The Theory of Consumption, *Readings in Microeconomics in Islamic Perspective* edited by Sayyid Tahir, Aidit Ghazali, Syed Omar and Syed Azil, chapter four,pp.61-68,first edition,1992,Longman, Malaysia.
- Kahf, Monzer (1996), The Demand Side or Consumer Behavior, *Principles of Islamic Economics*, Chapter four, Kuala Lumpur, Malaysia: International Islamic University of Malaysia (IIUM), 1996
- Khan, Fahim (1984,1995), *Macro Consumption Function in an Islamic Framework*, *Journal of Research in Islamic Economics.*, Vol. 1, No. 2, pp. 3-25, 1984 or (*Essay in Islamic economics. Islamic foundation, U.K, 1995*,
- Khan, M. Fahim (1992),*Theory of Consumer Behavior in an Islamic Perspective*, *Readings in Microeconomics in Islamic Perspective* edited by Sayyid Tahir, Aidit Ghazali, Syed Omar and Syed Azil, chapter five, pp. 69-80, first edition,1992,Longman, Malaysia.
- Khan, Fahim (2013), an Alternative Approach to Analysis of Consumer Behaviour: Need for Distinctive “Islamic” Theory, *Journal of Islamic Business and Management* Vol.3 No.2, 2013
- Mannan, M.A (1984), the making of Islamic economics society, Islamic dimensions in economics analysis, pp.24, first edition: 1984, published by-International Association of Islamic Banks, Cairo, Egypt.

- Peil, Jan and Staveren, Irene van ( 2009), Handbook of Economics and Ethics, edition:2009, pp.54-58, 283-287, Published by Edward Elgar Publishing Limited, Cheltenham, UK ,Northampton, MA, USA
- Rahman, Afzal-ur (1975), Economic Doctrines of Islam, Voll-2, pp.16.first edition, May-1975, published by Islamic publication limited, Lahore, Pakistan.
- Rice, G. (1998), *Islamic ethics and the implications for business*, Journal of Business Ethics 18(1998), pp. 345-358
- Robbins, L.C. (1932, 1935), An Essay on the Nature and Significance of Economic Science, pp.14, London: Macmillan.
- Samuelson, Paul. A., Nordhaus, William D. (1998), Economics, 16<sup>th</sup> edition, pp. 5, the McGraw-Hill companies Inc. USA
- Sen, A. et al. (1987), the Standard of Living, Cambridge: Cambridge University Press.
- Sen, A. (1988), On Ethics and Economics, pp. 2-10, Oxford and New York: Blackwell publishing.
- Siddiki, M.N (1988), Islam: source and purpose of knowledge: proceedings and selected papers of Second Conference on Islamization of Knowledge, 1982, PP. 170-171, published by International institute of Islamic thought (IIIT), 1988
- Siddiki, M.N (2001), Economics: An Islamic Approach, PP.71-81, Institute of Policy Studies, 2001, original from the University of Michigan, digitized 2009
- Siddiqi, M.N. (1992) Islamic Consumer Behavior, in Tahir et al: *Readings in Microeconomics in Islamic Perspective*, Longman Malaysia, pp.49-60.
- Smith, Adam (1776), An Inquiry into the Nature and Causes of the wealth of nation, Vol: 1, pp.14, edition: 1981, published by Liberty Press: Liberty Classics, 7440 N. Shadeland, Indianapolis, Indiana 46250
- Tabari (1990), The History of al-Tabari: Caliphate of Umar, edition: 1990, Vol. 2, P.-378 published by State University of New York Press
- United Nation (2012), World Population Prospects: 2012 revision, pp.; 41-51, Department of Economic and Social Affairs Population Division, United Nations
- Weber, Max (1958), the protestant ethic and the spirit of capitalism, New York: Charles Scribner's' Sons, pp.26