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# Gold is a Suitable and Stable Money: An Analytical Study

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## Abstract

Background: Economic functions can not run without money but money remained an element of debate in all the times. Stability in economy is crucially associated with the nature and value fluctuation in money. Metallic money regarded as real form of money because of its content value. Dirham and dinar has not faced critical devaluation in comparison to modern paper currency. On the other side modern Fiat and Fiduciary currency are not fulfilling the requirement of stability because of their face value. Fluctuation in the value of money resulted to critical religious and financial complexities i.e. unfair social dealings, interest and devaluation. Clarification and fixation of the nature of currency is demanded since confusion and use of novel forms of money leads to injustice in Muamalat while all these are strictly prohibited in Islamic injunctions.

Methods: Descriptive and analytical Research methodology will be adopted. What is the status, nature of currency and *Shariah* rulings regarding the currency in contemporary time and how it can be cured in the light of *Maqasid al Shariah*. Analyzing all these will be the intent of current research article. Conclusion and suggestions: Restoration of the dinar in comparison to paper content will be recommended since its stability is recognized. Historically metallic content was adapted as currency on the basis of its compatibility to most suitable money i.e. Portable, high commodity value, uniformity and finesse in production, divisibility with no loss in value, storable without deterioration and limited supply. Although its reinforcement primarily will be hard but over a course of time will be productive for financial system. Significantly research will help in construction of shariah based financial infrastructure.

**Key words:** Fiat money, Fiduciary Money, Value, Dirham, Dinar

## Introduction

Money and its different forms remained vital in the civilized societies from the beginning. It always formulizes monetary policies of the state and symbolizes power in all the ages. For long ago economist disagreed about the definition and still there is no consensus on the conclusive definition of currency. Different terms like *Naqd*, *Zar*, *Nomisma* etc were applied linguistically for the phenomenon. In Arabic lexicon term *Naqd* refers to

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currency or cash. Term specified for distinction and determination of the reality of any thing<sup>1</sup>. Generally it refers to a standard used in face to face financial dealings. The accurate dirham interm of weight were also represented as Naqd<sup>2</sup>. Classically gold, silver, its coins and all other forms were categorized in the jurisdiction of currency.

إذا وجد معدن ذهب أو فضة وهو المراد بالنقد<sup>3</sup>

“If a gold or silver metal is found that means the Money”

In the next stage these metallic contents were converted into some representatives of money. Dirham and dinar were specifies in the jurisdiction of money.

النقد دراهم و الدنانير<sup>4</sup>

“The currency is Dirham and al Dananeer”

Mostly and principally, functions of currency illuminate its definition. In this relation Justice Taqi Usmani confined currency as commodity in relation with the performance as media of trade, measure and store of value.<sup>5</sup> In classical times variant articles were used in this sense and financial dealings were concluded with shells, cigrete, salt, fur, spices, precious minerals etc in different parts of the world. Usually, money is stock of valuable goods readily used in the conduction of material transactions. Generally, any popular thing can be opted as money which gain acceptance as tool of exchange in all situations and conditions. Finally, definition of money asserted the following characteristics in this regard.

1. Medium of trade
2. Unit of value
3. Value to store
4. Generally accepted in public<sup>6</sup>

Current Fiat currency is expected to perform three fundamental functions, unit of numeria, tool of financial exchange, and store of worth. The assessment of the price of any product in term of number refers to the unit of numeria. Second purpose of currency is to creat ease in sale and purchase in response to a value. Thirdly, store of worth specifies money or value gained through trade for the satisfaction of the future needs in reserves. In relation to this function money also facilitate the effects of time delay in payments and loan process without any negative impact on the parties<sup>7</sup>. The modern monetary setup fails in this situation as its value is subject to fluctuation. To keep the stability in the value of currency is hard even on monthly bases or on sometime weekly is not possible. The following dangers will be seen in the case of devaluation of currency.

1. Legalized but unjustly taking up the assests of others
2. Difficulty in the reversal of Riba based loan. Even sometime states would paralyze to payback its financial burden because of its confused nature. In current scenario Pakistan is also the victom of

same and country is bound to accept the conditions of IMF in response to its failure in lifting up its financial load.

3. Properties and valuable assets of the jurisdiction of cheap currency also got cheapen and their residents were bound to follow lowest livelihood.
4. Ultimately financial slavery is also seen at the end of the situation as one extreme in the world.
5. In the domain of cheap currency inconsistent development is visible. This material slavery is associated with the schem of Jews and Christian especially in relation to Islamic world<sup>8</sup>.

### **Literature Review:**

One aspect of gold and silver is highlighted in Quran as measure of value. Gradually money converted into paper currency and used as a standard measure. Quran gives detailed description about the standard measures and use of false and short measures for gaining profit are strictly prohibited in Islamic *Shariah*. In the present research fluctuation in the value of money is the one form of using short measures. "Ahkam al Quran" by Al Jassas relates the behavior of nation of *Shuaib* A.S. with this phenomenon. Similarly books of *Ahadith* and legal opinions are also giving number of references where this unfair attitude is marked as injustice and eating property of others through unlawful means. Many books and articles are written on this issue and claimed about the need of some tools for measuring currency i.e. yard or pound. Abdul Gafoor, (2002) in "Money, Gold and Inflation: Some history and observations" discussed about the evaporation of gold as money from the whole thing to nil. This situation is highly critical for Muslims especially because they are *Shariah* bound. Paper currency as subject to fluctuating face value raise the catastrophe of budgetary shortfall and inflation. Consumer price index can be applied to measure inflation rate but rod to measure currency is needed to design. Abdullah Bin Sulayman bin Mani (1984), Dr. Justice Mufti Muhammad Taqi Usmani (1993), Dr Asmat Ullah (2009), Dr. Noor Ahmed Shahtaz and Dr. Usman Gilani (2014), in their works provide detail discussions about the currency as measure of value. Its nature, forms and some *Shari* aspects attached to it but still the nature of money remained controversial.

"Implementation of the gold dinar: is it the end of speculative measures?" by Dr. Abu Bakar et.al (2002). Here author discussed about gold dinar and universal currency and highlighted the possibility of controlling speculation in dinar as currency. In fact gold does not inflate because of its intrinsic value. "Seinorage of Fiat money and *Maqasid al Shariah*: the compatibility of gold dinar with *maqasid*" by Ahmed Kameel and Moussa Larbani (2006) asserted that the realization of *maqasid al Shariah* is not possible with the use of paper currency especially the protection of

wealth. And gold is argued as best compatible money to *Shariah*. Sheikh Imran Hosein (2007) in “Islam and future of money” declared system of paper currency is as new a result of judo Christian conspiracy. It is strategically used to enslave the Muslim states economically. This system is declared as un-Islamic and need to be replaced with proper shariah base just system of currency. Salmay Edawati et.al (2012) in “Gold dinar as supreme currency: Review based on history of Islamic civilization” identifies the supremacy of gold dinar, symbol of strength and identity in all the eras of Islamic democratic state. Those ages were marked as golden because of the application of stable measure. Gold has tendency to prevent economic crises. Ahmed Kameel (2018), in his article “Gold Dinar: The Historical Standard” demanded the purity in a measure of value. Throughout in the classical history of Islam the use of currency with standard weight and measure is evident. Historically Dinar was used as stable one measure. He also suggested the use of gold based interest free electronic currency. Legally Paper currency is declared as legal tender but naturally it is not able to fulfill the criteria of a standard measure because of its instable face value. Dr. Mohy ud din Hashmi (2014) has addressed the *Shariah* opinion regarding the effects of inflation on deferred payments. Criticality marked in deferred payment and devaluation as a result of variability in the value. It not only influences the economic movement but also creates confusion in the performance of religious obligations, and due rights. Islamic scholarship is disagreed on the nature and its compensation over change in time. This is also one factor of the failure of the scientific solution of Riba. Researcher will focus to locate those measures compatible to the objectives of *Shariah* that can preserve the consistency in the purchasing power of currency. So that financial consistency can be achieved.

### **Historical Perspective:**

Universally gold and its denomination were accepted as currency. Ancient societies were operating their economic activities on mutual exchange named as barter system. System was much intricated and time consuming where the satisfaction of the involved parties was still not assured in single exchange. And some time it prolonged to a series of exchanges for finding the desired merchandise. All these complications directed mankind to the invention of numerical measure. From birth of civilization gold was used as numeria and priceless belongings were charged in its price. Initially, gold and silver were used as legal tender with the diverse forms, the standardized weight and accuracy. Standardization of the weight and accuracy remained a challenge for day to day trade. Resultantly gold pices were introduced<sup>9</sup>. The weight was considered only reliable exchange rate in the transaction based on bimetallic parameters. Sealed pices were commenced as a sign of validity and acceptability. Their face value

remains standard to their actual content. The system was marked as “Gold Specie Standard” and Chinese were its pioneer in 700 BC<sup>10</sup>. Bimetallic currency was introduced in some part of the world on a fixed interchange rate. This variation in exchange rate of bimetallic coins increased the interest of people in trading with currency<sup>11</sup>.

With the increase in trade with coins also increase the chance of theft and robbery. Practice of depositing metallic coins to the jewelers and money changers in exchange of receipts became common. Gradually, as confidence on money changers were affirmed, their issued receipts were exercised as currency in mutual trade on the place of payments. This was the symbolic beginning of paper currency and its acceptance and rejection dependent on trust in its issuing jeweler.<sup>12</sup> In early seventeenth century these cash memos were more prominent in markets, took a formal shape, called banknote<sup>13</sup>. In first half of eighteenth century, with the popularity of the bank money in the financial dealings state declared it as legal tender by the law reforms<sup>14</sup>. And only the bank of the state was authorized to issue such tender on behalf of their government<sup>15</sup>. Every one was assured about the acceptance of paper content in response to his borrowed money on the same grounds of metallic content. In 650 to 800 AD paper capital was practiced in china<sup>16</sup>. Gradually, for the fulfillment of the state obligations printing of paper capital was accelerated and it crossed the limit of its standard proportion. This stage is “Fiduciary Money”. Till the time metallic coin were impaired in term of their worth and quantity. As a result of the situation face value increased many times than its actual value. This phase was of “Token Money”. With the increasing practice of monetary matters through fiduciary contents the rate of exchange between paper and metal were limited to 1700 pounds. Now paper capital gained the public confidence as legal tender and practiced in all the domains of life smoothly. So limiting the value or even its complete null state did not affect the public since paper substituted the metallic in all domestic and financial matters. In 1931, public conversion of currency notes into gold was absolutely forbidden only this conversion is allowed internationally under the umbrella of “Gold Exchange Standard”. Conversion of fiat contents to gold was completely removed by united state in seventies as a result of shortness of metallic reserves for conversion. With the enforcement of the law solidity of legal tender with gold was completely distorted. Now the novel monetary structure is free from the gold standards. System is still in the phase of change and now new offshoots like plastic and electronic money are seen. In start money system has some relation with bimetallic contents but gradually it achieved the reflection of just promissory papers without any security of reversal. Situation promoted financial and religious complications and their redressal on the religious grounds is

indispensable. These ills not only confused the religious obligations but also created the atmosphere of fear and uncertainty even sometime assets in safe custody got worthless. It compelled the humanity and economist to rethink and reconsider the measuring parameters and their consistency. Again states are rethinking about the solid currency financial setup. On the same grounds states are not independent from gold thoughts and still trying to collect it in reserves.<sup>17</sup>

### **Purpose of creation of Money**

To evaluate the value of merchandise in transactions is the main concern of money. So gold in domain of money have the ability of stability in assessing the value, exchange and storability of worth. It also facilitates the communities to have good way of living through positive gain from trade. Imam Ghazali asserted that creation of gold dirham and silver dinar is a blessing of Allah Almighty. Humanity is in dire need of these since man is a social animal and always remained interdependent for the satisfaction of their living standards. In the process of exchange a standard criterion is demanded for just exchange. In joint transactions this role of "Decider" can be completed through *dirham* and *Dinar*. Price of dirham can estimate through dinar in this sense<sup>18</sup>. As it involves the business and trade even at international level so the selected standard has to be pure and stable which is lacking at the part of paper currency<sup>19</sup>.

Above mentioned metallic coins are terminologically taken up by the community in the correspondence of their *Mua'malat*. Ibn e Taymiyyah specifies the objective of transaction is to find a proper evaluator or standard for it not the specific substance, term, coins or papers. In his opinion *naqdeen* gold and silver coins were agreedably affirmed as standard means of financial dealings and then perform in the place of money.

والدراهم والدنانير لا تقصد لنفسها ، بل هي وسيلة الى التعامل بها ، ولهذا كانت اثمانا -<sup>20</sup>

"Durham and Dinar is not self intended, but they are a means of mutual transactions. So that they are money"

Their use for the purpose or benefit other than currency would disturb the whole balance. Metallic contents have specifically created by Allah Almighty for circulation as currency and to create just measure of pricing. Wisely their use as interest free medium of exchange is affirmed otherwise it would be disobedience of Allah and his blessing. As their creation is for the benefits of others their personal trade will remove its insight.

"اذطلب النقد لغير ما وضع له ظلم"<sup>21</sup>

"Because taking money for something that is not created for this purpose is oppression."

Treating money as other tradeable commodities is zulm and justice lies in its function specified in its creation. Dirham and dinar are just tools, arbitrator and canon for assessing the value between the two odd objects. All others uses of these markes against their hikmah.

Ibnkhuldoonalso opine about these two metals as valuable capital<sup>22</sup>. Al-Maqrizi only confined dirham and dinar as pricing determinant for goods and services<sup>23</sup>. Ahmed Miskawayh<sup>24</sup> associated and added the feature of stability with gold in this regad. In his jurisdiction it is an instrument used in mutual transaction for ascertaining parity between goods and servives. Gold as best form of money in term of its function is declared by Miskaway.

### **Revisiting the Gold Standards**

Modern fiat money fails in fulfilling the criteria of stable measure after the fall of Breton wood agreement. As a result of loss of interest of general public excessively paper notes are printed. With over circulation of paper cash economic crises are common in all around the world. And globally all rich and poor countries are failed in controlling it. Islam at large discusses about social justice and paper content is also against these principles of shariah. Destability in the face value of paper money leads to very critical economic problems. Depreciation in currency value, unemployment, gradual increase in prices, poverty, disbalanced economic growth and shattered peace of mind are some of them. All these economic ills can not be appropriated, treated and even controlled in the modern monetary system. In this situation a constant and appropriate monetary standared is required to control the global economic crises otherwise survival of developed Islamic countries will be in dangered.

In this research article on the base of historical precedence and proposal of dinarists, theoretical feasibility and application of gold currency will be discussed.

Isamic economic framework is principally associated with Adl and all unfair dealings and unjust matters are condemned and banned in Islamic teachings. Money is the major aspect of financial matters and in all the stages of monetary settlement until the conclusion of payments needs care in dealings. In the case of fluctuating fiat currency during all the stages any unusual change in the numeria of money will be against the intrest of the contractors. In this regard depreciation is identified as injusticeand corruption, as value is confused through mixing, changing in price and weight etc. State authorities for the betterment of their public are responsible to stabilize and limitize the currency value. Therefore, the prices of things remained in the access of general public and people should enjoy the benefits of their efforts.



## Gold and Holy Quran

In the text of Holy Quran too many *ayat*<sup>25</sup> are present on the affirmation of gold and silver as numeria and wealth. Here two metals mark as valuable capital as ayah relates gold and silver as treasures<sup>26</sup>. In the Quranic injunctions valuable metals are specified as tool for satisfaction, development, enjoyment and even punishment. Metallic coins lexically are nouns historically used as currency in all around the world before and after the advent of Islam. Dirham and dinar<sup>27</sup> comes single time in Quran in the meaning of currency. In Surah al Yousaf<sup>28</sup> Allah has specified about dirham as in exchange of Yousaf. It narrated that dirham here used as currency.

”وَشَرَوْهُ بِثَمَنٍ بَخْسٍ دَرَاهِمَ مَعْدُودَةٍ”<sup>29</sup>

“The (Brethren) sold him for a miserable price, for a few dirhams counted out: in such low estimation did they hold him!”

In the above verse of the Holy Quran gold coin is specified in term of its function as medium of purchase. Literally the verse of the Holy Quran identifies these coins in the activity of mutual trade. Tafsir Qurtabi interpreted *dirham* or diraham as alternative to *Thumman*<sup>30</sup>. Thuman is characterized as counted one similarly being an expensive metal only few coins were structured and dealt in term of counting instead of weight. Any form of corruption i.e. dabasing the metal or reduction in its standardized weight is not approved. All these attitudes are categorized under mischief on the earth.<sup>31</sup> Purpose of such hard jurisdiction from the shariah perspective is to streamline the purity and use of monetary measure. Whole universe and its treasures are created and given in the vicegerency of man as trust by Allah almighty. Benificent use of theses treasures is the prime responsibility of man. So distruction to these valuable resources in any case not approved by the mighty creator. Finally, the last revelation of the Holy Quran<sup>32</sup> finalization of Deen and its jurisdiction is acknowledged by the Law giver. Since during the ages of revelation gold was in practice and it is also concluded on it. Ayah can be considered as supporting argument of gold as currency. It is also supporting the validity of gold as currency because at the time of finalization of *Deen* only availed currency were Dirham, Dinar and their metallic content.

## Gold Currency and Khatam-un-Nabiyeen ﷺ

Before the invention of the modern paper currency metallic currencies were practiced by ancient Arabs. After the advent of Islam in the prophetic era Prophet Muhammad (ﷺ) has not introduced new form of currency but he adopted already existing currency in his financial dealings. Roman and Byzantine coins were practiced in trader of His time<sup>33</sup>. The Prophet (

ﷺ) did not make any change in them. He adopted Roman dinar because of its purity i.e. 99% fine gold<sup>34</sup>. Transactions continued with the solid gold along with coins. As supported by Hadith;

الذَّهَبُ بِالذَّهَبِ وَزَنًا بِوَزْنٍ مِثْلًا بِمِثْلٍ وَالْفِضَّةُ بِالْفِضَّةِ وَزَنًا بِوَزْنٍ مِثْلًا بِمِثْلٍ فَمَنْ زَادَ أَوْ اسْتَرَادَ فَهُوَ رِبَاً<sup>35</sup>

“Gold is to be paid for by gold with equal weight, like for like, and silver is to be paid for by silver with equal weight, like for like. He who made an addition to it or demanded an addition dealt in usury.”

After the advent of Islam all available good along with metallic content were practiced as currency in the process exchange and jurisdiction about the domain of these merchandise is personally specified by the commander of Islam. As reported in the Book of Imam Muslim on the authority of Abu Ubaida (R.A)

from Prophet Muhammad (ﷺ);

“Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, and salt by salt, like for like and equal for equal, payment being made hand to hand. If these classes differ, then sell as you wish if payment is made hand to hand.<sup>36</sup>”

In this narration some merchandise are identified from the early Islamic and pre Islamic age. These includes some valuable metals, agri products, mineral and fruit. These six goods were used in the domain of currency in al around the Arabia. Locally their rules and terms were decided. Decision and option about the use as currency were remained subject to the availability or scarcity of the murchandis.

In hadith literature the detailed rulings and domain of use about bimetallic coins in the exercise of medium of trade are elaborated and confined. In this scenario two principles were issued by the leader of Islam;

1. Meccan were practiced the standard of weight (Mawazanat) for currency
2. Ahl al Madina were used to deal it in term of mass (Mikyalat)

Prophet (ﷺ) personally processed his financial dealings with the same metallic parameters and also directed to his followers to use metallic measures in exchange of other merchandise as currency instead of barter exchange. Since gold and silver are weighable and valuable metals and very straight rulings about their used are clarified in Islamic injunctions. Riba is also applied in the unequal exchange exchange in weight and number of dirham and Riba is strictly dislikedby Shariah. Careful and strict behaviour of last prophet ﷺ refers to the appropriate and accurate use of monetary measures.

Almost all social and public duties are concluded in the rate of gold and silver. Payment of *zakat*, dowery of women in marriage, payment of *Diyya* in case of murder, and any other financial obligation of shariah all are associated with the rate of gold. All this approve the weightage of above mentioned metals as a reed or canon.

1. Zakat as annual compulsory tax is payable on the savings of 71/2 tola gold and equalente amount of silver
2. Blood Money (*Diyyat*) in murder is fixed to 800 dinar

### **Gold and Early Rulling Authorities**

In an Islamic state caliph, sultan or ameer were authoritative to deal all the functions of the state in line. Similarly, decision about the currency, its control and maintenance is also in his responsibility or duty<sup>37</sup>. Circumstantially, declared that Muslim state rulers during their ruling age remained authoritative in all the steps of issuing pure and accurate monetary parameters. Provision of corruption free financial environment remained prior in their objectives. Hazrat Umar has issued first Islamic coin. Officially in 75AH Islamic coin was minted by fifth Umayyad ruler Abdul Malik. His rule remained remarkable and he institutionalized a proper system of accuracy of currency. A proper code of punishment was designed and applied against the violators in his age<sup>38</sup>. With the passage of time leniency in the rulings of currency leads to the over circulation of corrupted measures and at large trend open the rooms for devaluation and questionable measures of exchange.

### **Maqasid al Shariah**

In Islamic Financial setup Maqasid al Shariah has involved at large. Basicly the purposes of Shariah recommended the application of justice in all values. There are two main concerns of this domain security of universal benefit and removal of hazard. Falah of general community should be focused especially in the design of financial engineering<sup>39</sup>. Similarly, the principle to opt product with more benefit than harm is highly recommended in this area e.g. prohibition of intoxication and sood etc. Interest free gold currency is compatible with the purposes of the *Shariah*. It can save from the crises raised by governments and the central banks created paper. It includes:

1. Unstable jumping in the prices of property
2. The increase in debt is harmful for the firms and governments
3. Decreased economic function
4. Increased Rate of unemployment
5. Increased class difference leads to higher poverty ratio

The concept of *maslahah* meaning universal welfare is the underlined as umbrella principle by Shatibi in purposes. There are five offshoots i.e. Din, Nafs, Nasal, Aql and Mal of maqasid. With the preservation all these in financial setup can structured in the best intrest of common public.

Complete protection of the principles lies in the domain of *maslah* and *mafsadah* will be its other side even lacking in the preservation of single principle<sup>40</sup>. Discussed economic issues raised as a result of paper currency are against the maqasid also. Protection of wealth is the one of the main objectives its destruction directly impacted the belief. Request to the protection from faqr always remain in the main prayers of the leader of Islam.

Another tool for the derivation of the law in Islam is *Qawaid al Fiqqiyah* literally translated as general principle. These techniques remained in the

practice of Holy prophet ﷺ and his companions<sup>41</sup>.

“الاصل فى الاشيا الاباح ما لم يرد دلائل التحريم.”

“The Origin Law (status) of all matters other than rituals is permissible, until evidence is given that certain matter is prohibited”.

Principally all the matters other than Ibadat are treated as allowable until and unless a sound argument against its prohibition is firmed by the law giver. Purposively such techniques were applied in jurisdiction for creating ease in the harsh situation for the community and giving solution to the directly unaddressed issue rose with the change in time and situation since Shariah is finalized about fourteen hundred years back while ages are subject to continuous change. Introducing paper money is the impact of time and created hardness for the society. It's lifting and preservation of the society from it is the collective responsibility of the government, subject and religious scholars. Removal of hardness is greatly stressed by Holy Quran. Principally under these commandments gold standards are ease promoting against the hardness of modern fiat measures. So its application will lead to solve economic disbalances.

### **Most suitable and Stable Money**

Any widely accepted commodity in the payments of goods and in the exercise of other financial obligations is claimed to be money from definition side<sup>42</sup>. Naturally gold is an expensive metal and remained valuable in all the ages. Its function as money has not specified its preciousness even it is deseated from this duty. Its worth lies in its substance so it is a natural form of money. Its coins remained in practice as measure of purchase for a long course of history. Islamic scholastics acknowledged the creation of the gold for the service as money. Classically the capacity of the metallic money has proven. In comparison to the paper content gold has tendency to maintain stability in the measure and reduce the extreme devaluation. Monetary framework of Quran and *Sunnah* is also compatible to bimetallic currency contents. Additionally bimetallic measures have tendency to perform the functions of currency outlined by the economists in all the ages.

There will be no major change visible in the purchasing value of gold from the Prophetic era till dated. Payment of Blood money was associated with gold on the authority of prophet in his time and its ratio was decided as 800 dinar in term of gold and 100 camel otherwise. In researches 25.2 grams weight is specified for Islamic dinar. Classically in the time of prophet one camel is costed for 34 grams. Currently the same measures and values are applied for gold while on the other side higher decreasing trend were seen in the value of silver<sup>43</sup>. Worldwide the demand of the application of hard currency system is increasing day by day. Quite a suitable and stable monetary design is indispensable for the approaching justice in financial matters. Hence gold is more appropriate in this scenario<sup>44</sup>.

### **Requisite Traits of Valid Money**

Real money should carry the following traits for coping up the hazards of novel paper money.

1. **Standardization:** it applies in the accurate assessment of the value. Gold being a natural worth and carries substantial worth. Since forces of supply and demand determine its price.
2. **Wide acceptance:** it applies for the confidence of public on currency. Bimetals for long ages played as legal tender and in contemporary critical scenario again the quest to revitalize gold in fiscal system as real legal tender.
3. **Divisibility:** it refers to be divisible in desired ratio. Gold being a soft metal also fulfill this trait.
4. **Mobility:** it refers to be mobile from one place to other.
5. **Stability:** refers to be unchanged in all the circumstances. Circumstantially only gold among merchandise show this feature for 400 years.<sup>45</sup> Also researches approved the stability of the value of it in by last 1400 years<sup>46</sup>.
6. **Durability:** refers to unchanged physical and chemical properties. Gold in this regard also approve itself like mineral.

### **Gold & Recent Monetary Scenario**

Naturally, gold achieved the wide acceptance in the community as legal tender. Being a monetary measure it is proved as an exceptional standard since it carries a real value. In reaction to the contemporary economic arrangement gold have all those traits and characteristics of the best monetary measure for the execution of economic objectives.

1. In recent days inflation is adopted as a device to produce excessive cash in the state of deficit financing. Accelerated circulation of currency resulted in monopoly of good currencies at one side and poverty on the other side. Gold can not be taken up for the monopolious purpose as its value is subject to its jinus. Gold is the best tool in controlling economical giants and secondly it secures

the dominance of the territory. Crime ratio is also reduced and minimized by the proper circulation.

2. Current currency problem is the issue of exchange rate. When gold is declared as worldwide currency the problem of exchange rate will be cancelled. It will lead to the speculation free muamalat. Resultantly financial and economic crises minimize to a limit<sup>47</sup>
3. Gold being intrinsic merchandise and its price is not the subject to determination or the discretion of external authority or government. Forces of demand and supply play their role in its part of value. In this sense price stability is the ideal feature<sup>48</sup>.
4. Free from change and permanence is also the feature of this form of money. Long time availability without destruction controls the cost of day to day mintage.
5. Its homogeneity and softness is also positive in term of low cost of mintage and ease in assessment of ratio because its smallest particle is also with the same feature of whole.

### **Conclusions**

The following conclusions are drafted from the present research. Current currency crises all around the world can only be controlled through the revival of gold standards. Gold as monetary measure is also acknowledged in Islamic primary sources. Because of the application of proper monetary measures Islamic civilization was marked as golden civilization. Historically gold contents were approved as precious merchandise and consistent measure in term of price. Its tendency to control and limitize the economic crisis world widely is also affirmed. Its value remained unchanged in the case of depreciation since it is naturally precious and its value is not subject to estimation. On the same grounds religious obligations were associated with gold and in current time women dowery payment in marriage is also attached to it to secure her rights<sup>49</sup>. Fiat money as under the fluctuatory parameters needs to over creation and caused inflationary flood while gold standards triggered by the natural economic forces of demand and supply. In this regard it also gained the confidence of public because of its portability, uniform finess in production, rational divisibility without loss to value and long term preservation. Most vital character of this metallic parameter is its limited supply as it is costly for extrinction and coining. As in this case annual addition to world reserves remained controlled so, surely it will lead to control inflation.

### **Recommendations**

1. Universal currency or currency alliance of the the Islamic countries is recommended to cope up the scarcity of the content for currency creation.

2. Naturally things are aided for the ease of human beings and their good or bad does not lies in their substance or nature but in human intentions towards it. So a well equipped and authoritative institution for the supervision and accuracy of money is recommended.

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