USURY / INTEREST

Usury is one of the oldest and the most complicated aspect of economy. Its existence can be traced as far back as the ancient civilizations: Indian, Egyptian, Greek and Roman when the laws pertaining to usury had been evolved. Besides the Quran, scriptures like vedas, and Bible also speak about usury. Plato and Aristotle have their own views on the matter in their discourses.¹

The economists of the past have deliberated over this issue and formed their opinions either supporting it or condemning it as an inhuman and exploitative measure. It has been viewed as an evil-practice not only by Islam but also by others such as Aristotle, Roman scholars, Hindu and Jewish reformers, as well as some well known modern western scholars, who are all of the opinion that usury should be banned. In the following pages an effort will be made to define how the Islamic ruling on 'Riba' has an edge over all other views and also articulate as to why the modern economic philosophy is gradually turning to the Islamic way of looking at interest.²

Issue of 'Riba' and Islam:

In Arabic the term used for usury is 'Riba' which literally means 'surplus'. The Quran has used the word in this literal sense:

O mankind! If you are in doubt about the Resurrection, then verily We have created you (i.e. Adam) from dust, then from a Nutfah (mixed drops of male and female sexual discharge i.e. the offspring of Adam), then from a clot (a piece of thick coagulated blood) then from a little lump of flesh – some formed and some unformed (as in the case of miscarriage) – that we many make (it) clear to you (i.e. to show you Our Power and Ability to do what We will). And we cause whom We will to remain in the wombs for an appointment term, then We bring you out as infants, then (give you growth) that you may reach your age of full strength. And among you there is he who dies young is brought back to the miserable old age, so that he knows nothing after having known. And you see the earth barren, but when We send down water (rain) on it, it is stirred (to life) and it swells and puts forth every lovely kind (of growth).

(Quran, XXII:5)

And among His Signs (in this), that you see the earth barren; but when We send down water (rain) to it, it is stirred to life and growth (of vegetations). Verify, he Who gives it life, surely, is Able to give life to the dead (on the Day of Resurrection). Indeed He is Able to do all things.

(Quran, XLI:39)

And be not like her who undoes the thread which she has spun, after it has become strong, by taking your oaths as a means of deception among yourselves, lest a nation should be more numerous that another nation. Allah only tests you by this (i.e. who obeys Allah and fulfils Allah’s Covenant and who disobeys Allah and breaks Allah’s Covennat). And on the Day of Resurrection, He will certainly make clear to you that wherein you used to differ (i.e. a believer confesses and believes in the Oneness of Allah and in the Prophethood of Prophet Muhammad (S.A.W.) which the disbeliever denies and that is their difference amongst them in the life of this world).

(Quran, XVI:92)
Its technical meaning refers to the extra amount of wealth in any form whatsoever received by the moneylender from the borrower on the borrowed money. Mufassir al-Tabari defines the term in these words. "Riba is that 'surplus' which the capitalist adds to the principal money borrowed by the borrower who gets stipulated time to make the payment."^3

Abu Bakr B. Al-Arabi defines the term in these words: "Riba refers to anything extra in monetary transaction."^4

**Riba-transaction in pre-Islamic Arabia:**

Riba formed the backbone of the old Arab economy which was very complicated and highly exploitative in nature. The borrower had to pay back several times the amount he borrowed from the creditor, at the expiry of the granted time.^5 The poor people were disorganized with no association or body to look after their economic interest; and the rich were fully organized,

Farmers were also among those who needed financial help to ensure profitable yield. At the time of harvesting the dates, the Arabs used to entreat the money-lender to extend his helping hands by accepting only half of the payment against the borrowed money, and deferring the rest to be paid at a later stimulated time, when he had to

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^3 Al-Tabari, *Tafsir al-Bayan*, vol III, p 64
^5 Al-Razi, *Al-Tafsir Al-Kabir*, p 260
pay off much more than the principal amount. Al-Baydawi says that the poor who once got involved in usury-transaction would become entangled in the mesh-trap laid by the rich only to see all of his moveable or immoveable property destroyed.

Return of Riba:

Riba was in return for the time given to the debtor. In modern terminology Riba was the price of waiting. Mujahid says that in pre-Islamic period a man while requesting for loan used to promise to pay back extra in exchange for the expected period of waiting. Abu Bakr al-Jassas says that the Arabs entered into an agreement of making an extra payment for a certain period allocated as grace one. Al-Razi unveils another dimension of Riba-practice, which allowed the creditor to receive the Riba money every month from the borrower, who, at the end of the stipulated time, had to pay back the principal amount failing which he had to pay back extra interest in exchange for another grace-period. The Quran has declared all kinds of transaction involving Riba as Haram and unlawful:

"Allah has made trade lawful and Riba unlawful."

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6 Tafseer Khazin, p 203
7 Tafsir Baydawli, vol I, p 154
8 Ibid
9 Al-Tabari, op cit, vol III, p 62
10 Al-Jassas, Ahkam al-Quran, vol I
11 Al-Razi, op cit, vol II, p 351
Those who eat Riba (usury) will not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaitan (Satan) leading him to insanity. That is because they say: ‘Trading is only like Riba (usury),’ whereas Allah has permitted trading and forbidden Riba (usury). So whosoever receives an admonition from his Lord and stops eating Riba (usury) shall not be punished for the past; his case is for Allah (to judge); but whoever returns [to Riba (to judge)], such are the dwellers of the Fire- they will abide therein.

(Quran, II:275)

According to Fuqaha trade is to exchange wealth for wealth willingly.\(^1\) Transaction between the seller and the buyer is trade in which the commodity to be traded is to be agreed of certain value which is to be paid by the buyer to purchase the thing. In this case the thing either has been produced by the seller himself with his own labour and wealth being involved, or has been bought by him from someone else. In either of the two situations he simply adds the labour charge to the original expense to earn profit. Whereas, in Riba-transaction there is involved the principal amount of wealth which is to be returned by the borrower, and the grace-period agreed upon earlier for which the money lender has to receive some price in the form of surplus money, which is charged not as the value of any wealth or asset but only as the value of time of waiting.

If the trade also involves the same kind of agreement, it will turn into Riba-transaction.\(^2\)

\(^1\) Al-Hadayah, vol III, Kitab al-Bu’yu’
There are three elements in usury-transaction:

1. Addition on the principle amount of wealth,

2. Calculation of surplus money according to the agreed time involved,

3. The whole agreement being conditioned to the time and surplus amount already fixed. Any transaction involving these three elements is Riba transaction.¹⁴

Trade or sale makes both the seller and the buyer to equally enjoy the profit or the result as the former charges for his labour, and time devoted in providing the thing and the later benefits from its use. But the transaction involving Riba is not based on the exchange of profits equally distributed among the parties. The money-lender gets back the entire amount comprising the principal sum and the interest, which is a certain profit for him, but the borrower is given, in return, only time which is not necessarily beneficial for him, who borrows money either for his personal expenditure or for investment in business or agricultural undertaking. As regards the former situation there is no benefit at all but rather harmful and as for the latter one, it carries the possibility of both profit and loss. He is liable to pay back to the creditor no matter whether he has suffered loss or gained some profits. It means that usury-transaction is based either on one's

¹⁴ Maududi, Syed Abul A'la, *Sud*, vol I, pp.35-36
profit and another's loss or one one's certain and known gain and
another's uncertain and unknown advantage.

In trade or sale transaction comes to an end once the
exchange of the article and money takes place, but in Riba system
the transaction continues until the borrower pays back the borrowed
amount of property or money along with already fixed sum of interest.
It is these factors that Allah has declared Riba unlawful.  

It generates in the money-lender various negative and inhuman
traits such as selfishness, miserliness, harsh-heartedness,
mercilessness and money worship; it hits the human relationship of
cooperation and generosity among individuals and society; it instills
the attitude of wealth-amassing and spending for personal interest; it
blocks the free flow of wealth in the society, but rather it reverses the
direction of flow of money to the rich. It all culminates into the
destruction of the social fibre. That is why the Quran vehemently
condemn the Riba:

O you who believe! Be afraid of Allah and give up what
remains (due to you) from Riba (usury) from now onward), if you are (really) believers.

(Quran, II:278)

And if you do not do it, then take a notice of war from
Allah and His Messenger but if you repent, you shall
have your capital sums. Deal not unjustly (by asking
more than your capital sums), and you shall not be
dealt with unjustly (by receiving less than your capital
sums).

(Quran, II:279)

15 Maududi, Sud, vol I, p 37
Gradual Promulgation of Ban on Riba:

On the eve of the Prophet Muhammad’s "bi’thah, several harmful and invcum practices who prevalent among the Arabs. Riba was one of such practices which Allah phased out in a gradual manner.\textsuperscript{16}

In Arabia, Riba - transaction was quite rampant. Capitalist were of the view that interest is also like a sale involving money. The Quran refers to their claim “Riba is like a trade” – in the following words:

\textit{Those who eat Riba (usury) will not stand (on the Day of Resurrection) except like the standing of a person beaten by Shaitan (Satan) leading him to insanity. That is because they Say: 'Trading is only like Riba (usury),' whereas Allah has permitted trading and forbidden Riba (usury). So whosoever receives an admonition from his Lord and stops eating Riba (usury) shall not be punished for thepast; his case is for Allah (to judge); but whoever returns [to Riba (to judge)], such are the dwellers of the Fire- they will abide therein.}

(Quran, II:275)

Arab traders and Jewish moneylenders dominated the economy of Arabia, who subjected the poor to their unjust and cruel mode of transaction.\textsuperscript{17}

In the process of prohibiting Riba first of all reference was made to the financial dealing of Jews who were depriving the people of their rightful wealth. The Quran says:

\textsuperscript{16} Muhammad Yusufuddin, \textit{Islam Key Maashi Nazaryey}, vol II, p 395
\textsuperscript{17} \textit{Ibid}
For the wrong-doing of the Jews, We made unlawful for them certain good foods which had been lawful for them – and for their hindering many from Allah’s Way;

(Quran, IV: 160)

And their taking of Riba (usury) thought they were forbidden from taking it and their devouring of men’s substance wrongfully (bribery). And we have prepared for the disbelievers among them a painful torment.

(Quran, IV: 161)

It has already been mentioned that the rate of interest was very high as well as complicated which was declared as unlawful.

“O you who believe! Eat not Riba (usury) doubled and multiplied, but fear Allah that you may be successful”.

(Quran, III: 130)

Even after this instruction Riba transaction remained in place, though at a lower scale because what had been forbidden was the compound interest, not the simple one. The Prophet’s dealings with the people of Taif shows that the latter had been granted a limited period of relaxation regarding Riba-based trade.\(^{18}\)

All Kinds of Riba-based transactions were prohibited at the third stage vide the above quoted of the Quran (II: 275) and the following:

Allah will destroy Riba (usury) and will give increase for Sadaqat (deeds of charity, alms, etc.) And Allah likes not the disbelievers, sinners.

(Quran II: 276)

\(^{18}\) Al-Razi op.cit., vol.II, p.60.
At the fourth stage Muslims were given the clear picture of Riba vis-a-vis Zakat:

“And that which you give in gift (to others), in order that it may increase (your wealth by expecting to get a better one in return) from other people’s property, has no increase with Allah; but that which you give in Zakat (sadaqa-charity etc.) seeking Allah’s Countenance, then those, they shall have manifold increase”.

(Quran, XXX: 39)

In the last year of the Prophet’s mission the following Ayat:

O you who believe! Be afraid of Allah and give up what remains (due to you) from Riba (usury) (from now onward), if you are (really) believers.

(Quran, II. 278)

And if you do not do it, then take a notice of war from Allah and His Messenger but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums).

(Quran, II. 279)

And if the debtor is in a hard time (has no money), then grant him time till it is easy for him to repay, but if you remain it by way of charity, that is better for you if you did but know.

(Quran, II. 280)

Abdullah b. Abbas says that the last ayah revealed on the Prophet was the one concerning Riba. Umar is reported to have said that “the Ayah concerning Riba came down in the end and

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19 Al-Bukhari, op cit., Kitab Tafsir al-Furqan, also Al-Tabari, op cit., vol. III, p 70
before it was explained, the Prophet passed away, hence the doubtful aspect of Riba or anything be avoided"\(^{20}\)

**Ruling on Riba In Ahadith:**

The Prophet (S.A.W.) held the position of the interpreter of the Quran. So, he has also explained the matter, in his own words, related to usury-transaction. He declared every actor in Riba, the remitter and the payee of the interest, accountant looking after this trade, and the witness to the transaction, are equally responsible offenders. Abdullah b. Masud says:

"The Prophet (S.A.W.) has condemned the receiver of the interest, payer of the interest, its scribe and the one who stands witness to the transaction involving Riba".\(^{21}\)

In his farewell sermon during his last Hajj, among other things, the Prophet (S.A.W.) said:

"All kinds of interest is waived from you now onward. The principal amount of wealth you have forwarded as loan be certainly returned to you. Neither you suffer any loss nor others are wronged by you. Allah has decided that Riba be totally banned. I begin with the interest of Abbas b. Abdul-Mattalib, and put it all under my feet."\(^{22}\)

\(^{20}\) Al-Tabari, *op cit*, vol III, p 70

\(^{21}\) Bhukhan, *op cit*, Kitab-al-Buyu, also Al-Tirmidhi, *op cit*, vol V, p 207

\(^{22}\) Al-taban, *op cit*, pp 1753-55
Abbas b. Abd al-Muttalib had floated a large amount of money among the people and had setup a trading company meant for Riba-based financing.\(^{23}\)

**Barter System and Usury:**

Arabs practiced barter system in which exchange of things, in place of cash took place.\(^{24}\) Riba-dealing in such exchange demanded double payment in return. Borrowed, for instance 100 kilogram of wheat, he had to return 200kg at the expiry of the tenure agreed upon. This is exactly like paying Rs. 200.00 in cash for the loaned amount of Rs. 100.00. How could it have remained hidden from the Prophet with his keen and wide vision? He announced that Riba was not confined to cash exchange only, but it also covered transactions involving other things, valuable or edible. The Prophet is quoted to have said:

"Exchange of gold with gold is Riba except in the same weight; that of silver with silver is Riba save in the same value; that of wheat is riba but in the equal amount; that of dates is Riba except in equal weight."\(^{25}\)

The Prophet (S.A.W.) elaborates further stating that the exchange of gold with gold, that of silver with silver, that of wheat with

\(^{23}\) Ibid.

\(^{24}\) Muhammad Yusufuddin, *op.cit.*, vol.1, p.25.

\(^{25}\) Al-Bukhari, *op.cit.*, Kitab al-Buyu.
wheat that of dates with dates, and that of salt with salt are all lawful provided that the values or weight is equal and it takes place hand in hand.26

This kind of barter system got included into the list of Riba first of all under Islamic system of economy, whereas Riba had always been considered confined to the exchange involving money Fuqaha, who have the authority to further explain and elaborate Islamic provisions, have, upon their deliberation, included many other things used in barter into Haram transactions. Al-Shafii and Malik b. Anas have both given rulings that everything which is used for barter comes under the above-referred ruling of the Prophet (S.A.W.). The thing could either be any valuable like gold and silver or anything edible like wheat or dates, so the barter of either of these two categories be determined in the light of the same ruling.

According to Abu Hanifah the surplus exchange of anything which is weighed or measured is Riba and hence unlawful.

Riba - Condemnation In old societies:

Even before Allah sent down the commandments of Islam, human societies in the past also looked down upon Riba as harmful and anti-human acts. Aristotle is said to have described money as a

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26 Al-Bukhari, op cit., Kitab al-Buyu, also Malik b Anas, Al-Muatta, Kitab-Buyu, Muslim, op cit., Kitab al-Buyu, Abu Daud, Sunan, Kitab al-Buyu,
hen incapable of laying eggs, hence the money-trading undesirable.\footnote{Aristotle, \textit{The Republic}, vol. I, Chapter 10}

Plato also never entertained the idea of interest as good.\footnote{Plato, \textit{The Law}, vol. V.}

Roman jurists,\footnote{Henne Lewis, \textit{History of Economic Doctrines}} Hindu reformers and Jewish scholars\footnote{Manu writes in his \textit{Manu-Smiriti} that the Barahmin who takes interest be treated as Shudra, the untouchable. See, \textit{Manu Smiriti}, Chapter Manter 102 p.268, published by Nawal Kishore.} have all condemned usury as an evil. Even some Arabs during the pre-Islamic period considered Riba unholy and dirty.\footnote{Please refer to the first chapter of the thesis \textquote{Old Economic System of Arabia}.}

\textbf{Usury and European Countries:}

Although \textit{Injeel} (the four Gospels) is silent over usury, Christian scholars and bishops in the light of \textit{Torah} and \textit{Zabur} have declared interest unlawful.\footnote{Encyclopaedia of Religion, The Topic \textquote{usury}.} Europe saw for centuries usury as religiously illegal. A famous Christian theologian Aquinas (1227-1274 A.D.) supported the ban on Riba-transaction as an official stand of the church. Jews had dual policy concerning interest which was allowed to be charged on non-Jew but totally banned if the participants in the transaction were co-religionists. In 1390 A.D. the mayor of London had issued a very strict order against Riba.\footnote{Milton Bergs & Purse Jordan, \textit{Economic History of England}, Chapter III, p.73, IV edition.}

During the crusades persecution of Jews was quite common due to their economic exploitation of the general public particularly poor Christians who were charged high rates of interest, sometimes
compound ones. But the Jewish traders and financiers enjoyed the patronage of the England’s King who used to receive huge amounts of wealth in homage or gift. Religious violations and economic exploitations had both triggered the people's hatred against the Jews who were isolated from the Christian localities and forced to live in ghettos, which were targeted many times by victims of Jews' economic policies. Riots against Jews were followed by social boycott which forced the Jews to decide to commit suicide enemas by setting their fortress on fire and then jumping into the inferno.\(^34\)

King Edward, following the general public's demand, had put many constraints on Jewish money trading and at last slapped total ban on interest.\(^35\) Like many other European nations England also expelled Jews from the land because of their usury-transaction. In the middle ages Christians detested usury. Jews caused their Christian neighbours to turn power. In 1290 A.D. Edward Dowell banished the Jews who dared not to return before Oliver Cromwell’s reign.\(^36\)

**The Attitude of Islamic state towards Riba:**

The Islamic state established by the Prophet (S.A.W.) had put total ban on usury - transaction encompassing both Muslim and non-

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\(^{35}\) Ibid.

\(^{36}\) Ransom, *op.cit.*, vol. IV, p.276
Muslim subjects. There used to be special provision in the agreement between the non-Muslim subjects and the government, according to which the former pledged not to transact in Riba.37

Yahya b. Adam reports that he obtained a copy of the Prophet's directive sent to the Christians of Najran, from someone who had owned it from Hasan b. Salih. The text is reproduced below:

"In the name of Allah, the Beneficent, the most Gracious.

This writing is from Muhammad the Prophet of Allah to the people of Najran.

If someone demands of you his right, justice will be ensured for both of you. Neither you will be wronged by anyone nor will you be allowed to mete out any injustice on anyone. Whosever from among you eats Riba will get expelled from my protection.38

In his period, Abu Bakr maintained the same agreement but during the second caliph's time the Najranese resorted to usury-transaction a large scale causing concern for the caliphate lest the practice harm the Islamic system. Umar, at last, banished the natives of Najran.39

This expulsion of interest-based money-traders is not something new or strange. In the forties of the twentieth century thousands of Jews who expelled from Germany due to their Shylock

37 Abu Obayd, Kitab al-Amwal, p.187; also al-Baladhuri, Futuh al-Buldan, p.64.
38 Abu Yusuf, Kitab Al-Kharaj, p.41.
character. In communist Soviet Union the usury - trade had been outlawed. And it has already been mentioned that Jews had been forced to leave the Christian majority England because of their cruel money-trading.\textsuperscript{40}

Here arises a question. When the Islamic state has the policy of non-interference in the affairs of the people of other religions why, then, Islamic prohibiting of Riba is imposed on non-Muslim citizens who are privileged to sell and buy even Islamically unlawful things such as wine. \textit{Fuqaha} put forward two reasons for this exceptional ruling: 1) Riba - transaction is a criminal offence like theft, robbery and murder, and 2) non Muslim citizens are not free to do anything but are governed by their personal religious law. It is a known fact that almost all religions ban the Riba-transaction. So, imposition of Islamic law concerning Riba on non-Muslim subject is not an interference in their religion.

\textbf{Loan Facility and the Islamic State:}

For a long time interest-based trade remained religiously prohibited and legally unlawful in Europe. But since loan was an inevitability for the needy, Jews were given exception from the usury law with a view to achieving both the ends: availability of loan facility for the people and protection of Christians from the sin of usury. This

\textsuperscript{40} A M Chambers, A short constitutional History of England Chapter – VI Encyclopaedia Britanica , Vol-13, p 653
limited relaxation also encouraged Christians who instead of directly charging interest on loaned money started accepting gifts in kind. By the end of the 16th century A.D. when the church faced decline in its authority, Europe found itself fully in the grip of usury-based trade. The situation could be assessed from the opinion of Bacon who can be seen pleading for interest-based money-lending on the ground that without the guarantee of some gain money-lender, who is usually hard-hearted, will never lend his supposedly hard-earned money, and so the needy will get deprived of the facility of loan.41

Despite the ban, usury got rooted in European societies because there was no institution, either private or officially sponsored, that could meet out people's need for money. Islamic state demolished on the one hand, the entire system of economy based on usury, and arranged on the other for loan facility from the official treasury or the public fund organized by the state, which extended monetary help to the bonafide needy people, without any extra amount being added to the principal amount of money.42

Availability and utilization of loan facilities are shining features of the Islamic state's finance policy particularly during Umar's caliphate when the needy borrowed money from the Bait al-Mal for both personal expenses and trade purposes. There was a special

41 Bacon, Discourse on usury.
42 Public Finance, Chapter-VII
office assigned to lend as well as receive back money, in the Islamic state.

A famous western scholar Geoffrey Mark has outlined in his book *Modern Idol-worship*, his scheme of economy, which resembles in certain respects to the Islamic framework. His theory carries three main features: 1) total ban on private banking, 2) absolute prohibition of interest, and 3) taxation on all kinds of properties. It seems he was unaware of the fact that Islam had, fourteen centuries ago abolished usury transaction and exacted 2.5 per cent' on money surplus wealth items, as Zakat.

**Al-Razi on Riba:**

Almost all *Fuqaha* and many of the *Mufassirun* such as al-Tabari, al-Zamakhshari, al-Baydawi, al-Suyuti have discussed at length the issue of Riba but only from legal point of view. It is Fakhruddin al-Razi (D - 606 AH) who is distinguished for his explanation of the issue from the economic point of view. He says:

"The word Riba means surplus, but not all kinds of surplus obtained is unlawful, what is unlawful is the surplus known in Arabia as Riba which the creditor and the debtor agree to give and take in loan transactions. It is this Riba that is declared by Allah as Haram."\textsuperscript{43}

He has brought out various arguments against Riba as unlawful.

\textsuperscript{43} Al-Razi, *op. cit.*, vol II, p 60
1. In Riba transaction the borrower’s wealth is taken with nothing in return. The Prophet (S.A.W.) had once likened wealth to human blood. So, taking of anyone’s wealth without anything in return is prohibited. It is said that the Riba is actually the return of the time of waiting which the money lender grants to the borrower who gets the opportunity to use the money which if remained in the hands of the owner, could have been invested into any business and thereby earned more profits. But the owner by lending his money to others gets deprived of the expected gains. This expected profit is uncertain; it may and may not be achieved, but the gain of Riba is certain. So what is certain is more afflicting than what is uncertain.

2. Riba transaction generates lethargy and causes the people to keep away from the painstaking process of undergoing other lawful means of earning such as business, industry, manufacturing, mental or physical labour. These are all sources of benefit for the people, who will get deprived of these facilities if the trend of looking for some easier ways of earning money prevails.

3. Riba-based lending undermines the honour of those involved. If Riba remains Haram people will abstain from taking loans, but if it is declared Halal the needy’s need will force him to borrow
money even at a high rate of interest. It will adversely affect the human values of sympathy, cooperation, generosity and righteousness.

4. It is very much likely that the money-lender turns richer and the borrower poorer, due to unfair distribution of wealth through Riba practice.

5. The Quran, which is the word of All-Wise and All-Knowing, declares Riba as unlawful. Its wisdom may not necessarily be in the knowledge of the man.

When discussing Sadaqat and Riba, al-Razi says that both of them are opposed to each other. In the former a person hands out a portion of his surplus wealth to another one, and in the latter one obtains surplus from the other. How, then, can a law which encourages its upholders to give ‘Sadaqat’ allow Riba to be practised?

Riba appears to be a profit but it is ultimately a loss; whereas sadaqat seem to be a source of loss but it is actually that of gain. Money - lender in Riba - based system considers his money to be increasing but the ultimate result of his approach is poverty, because the divine blessing is lifted from his earnings. The Prophet (S.A.W.) says: "the more the Riba, the less the wealth."

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45 Ibid.
Even if the amount of wealth appears to be increasing, the standing of the money-lender in the society gets affected; he is widely condemned, denied justice, and he develops inhuman attitudes like ill-will and hard-heartedness. With death, the money-lender’s huge fortune becomes useless for him but he amasses the burden of sin on his shoulder, which is the greatest loss.\textsuperscript{46}

**Difference Between Riba-based lending and Trade:**

People in the pre-Islamic period made no distinction between Riba-based money-trading and trade. Al-Razi says that the people of Jahiliyyah period considered Riba like sale. The argument was that if it is *Halal* for a person to sell a parchment of cloth, which he buys in 10 Dirham only, at the price of 11 Dirham, it should also be lawful that one sells one’s 10 Dirham for 11 Dirham. There seems to be no difference between them from rational point of view. If trade is lawful because it necessitates mutual consent of both the parties, Riba also deserves to be accepted as lawful as it also involves the agreement arrived at by both the participants. It is also emphasized that ban on Riba creates difficulty for both the money-lender who stops lending because of no gain and the borrower who does not get help in time of need. Riba was deemed as a facility for the needy. Al-Razi further says that Allah has put total ban on Riba-trading, which goes

\textsuperscript{46} Al-Razi, op.cit., vol.II, p.64.
against popular concept which arises from mere speculation, whereas the Islamic provision is entirely based on the divine directives enshrined in the Book. In order to differentiate trade from Riba Al-Razi has quoted the argument of al-Qaffal:

"When one sells a piece of cloth worth 10 Dirhams at the price of 20 Dirhams, he considers it as valuable as 20 Dirhams so there is an equal exchange of kind and cash based on mutual agreement but if he sells out 10 Dirhams cash for 20 Dirhams in cash this is an unequal exchange in which the seller gives nothing in return of the extra 10 Dirhams. The seller might consider the time given to the buyer as return but time is neither wealth nor anything useable, hence no substitute for the Riba charged."

Manazir Ahsan On Riba:

Maulana Manazir Ahsan Gilani, a well known Islamic scholar of the current century, has explained the difference between Riba and trade in another way.

"In almost all the business in the world the participants sacrifice one thing or the other for each other. A cloth merchant, for instance, gives a piece of cloth to the buyer who sacrifices money for this. A

\[\text{\footnotesize{47 Al-Razi, op cit, vol II, p 61}}\]

\[\text{\footnotesize{48 Al-Qaffal was a reputed theologian of his time. He wrote a Tafseer from rational point of view. Another work for which he is still known is Mahasin al-Shari'ah. Al-Razi has extensively quoted him over a wide range of issues in his Tafseer}}\]

\[\text{\footnotesize{49 Al-Razi, op cit, vol II, p 62}}\]
taxi driver receives fare from the passenger who uses his taxi which undergoes the process of wear and tear effecting its performance.

A rented house does not remain in the same condition after its one-year use by the tenant, as it was the first day of the tenancy period. In this case the house-owner gets back his house with many of its original qualities being diminished. But if you lend Rs. 2000/= to someone, you will take it back, even after ten years, with its original qualities and value without being effected. None can says that the money would become old and used one because every rupee is the substitute of another rupee of the same denomination, referring to the fact that the money-lender sacrifices neither the original amount of money nor its value of qualities. If you impose a monthly service charge on the money lent out for ten years, you are making no sacrifice, on the one hand, and putting the borrower, who gains nothing if the money was for personal expense, and faces uncertainty if it was invested into business, at a disadvantage, on the other by ensuring the safety of the money alongwith the Riba levied. Could the position of the money borrower compared in anyway with the money-lender upon whom all the exits of losses are closed with all the doors of profits (several times bigger than the principal amount) being wide open? One who never falls ill can never be compared to the health of
the one who occasionally becomes victim of one or the other disease.\textsuperscript{50}

Riba transaction, undoubtedly results in the wealth being concentrated into a few hands, and also puts both the poor and the rich on a collision course, plunging the nation into a state of chaos and disorder.

**Use of saved money:**

In this situation where Islam roots out all kinds of Riba - transaction, a question concerning how to invest the saved wealth to ensure gain may be raised. Another observation may also be forwarded, that with the imposition of ban on Riba the modern times' comprehensive progress, technological advancement, industrial growth, which all owe their fast movement to the Riba - based economy, will come to a halt and man will once again go back to the age of kerosene lamp for light, and the man or animal driven cart for travel. It could have been correct to make such observations or raise questions, had the Islamic economy been designed on the basis of fatalistic outlook or monasticism. Islam teaches the man to benefit from the world and its lawful facilities. What has been prohibited in Islam is only Riba but not other means and modes of transactions to increase wealth, such as Bai ‘Salam, that is investment of money for the benefit deferred, Musharikah which involves one's labour and the

\textsuperscript{50} Manzir Ahsan Gilani, *Islami Maashiyat* (Masalae Sud)
other’s money. Many Sahabah had turned rich through these principles.\(^{51}\)

During the Prophet's period the business on the principle of Shirkah-wa-Mudaribah was very popular underpinning all kinds of investment, agricultural as well as capital-intensive, in which both the laborer and the capitalist received their profits. In this kind of transaction neither the loss and its amount nor the gain and its extent are fixed in advance, hence the gain lawful; where as in Riba transaction the borrower's loss and the lender's gain is hundred percent certain and already fixed, hence the gain unlawful.

It is quite possible to run the business even at larger scales without any provision of Riba being involved. Today there are companies and business concerns whose turnover runs into billions of rupees without any interest-transaction, in which all the parties share in both the loss and the profit. It is a very strong basis for all kinds of trade and industrial development. Share holding could be the best replacement of pre-fixed interest rate and amount. Research and analysis and pragmatic approach have proved that the former is not only the best alternative but also a result-oriented provision.\(^{52}\)

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\(^{51}\) Maulan Abdul Qadir Siddiqui, *Tafsir al-Quran*

\(^{52}\) For more details please see Muhammad Ilyas Barni, *Maesshat Al-Hind* (Urdu), Chapter III, p-299