

Rendered into English by
Shaikh Mir Asedullah Quadri

The Issue of Usury

WRITTEN IN URDU BY
HADHRAT MOHAMMED ABDUL
QADEER SIDDIQUI (رحمة الله عليه)

THE ISSUE OF USURY

سود کا مسئلہ

Written in Urdu By

**Hadhrat Mohammed Abdul Qadeer
Siddiqui (رحمة لله عليه)**

Rendered into English by

Shaikh Mir Asedullah Quadri

Under the guidance of

Hadhrat Ghouse Mohiuddin Siddiqui

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FOREWORD

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين ، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين

The issue of Usury has been misunderstood by many people. For instance, some people interpret the imperatives in Quran, trying to prove that Usury is permissible under certain circumstances. This is the result of their ignorance about the Islamic Law and the influence of western culture in their lives. Shaikh Mohammad Abdul Qadeer Siddiqui (رحمة الله عليه) has explained this issue in the light of Quran and Ahadith.

This is an interesting book recommended for reading by one and all. Mir Asedullah Quadri is undertaking a great job by translating the works of our great Shaikh. We are thankful to him for his efforts. I pray Allah (عَزَّ وَجَلَّ) to accept these efforts and let all of us benefit from them.

AL-FAQEER

Ghouse Mohiuddin Siddiqui, Son and successor of Shaikh
Mohammad Abdul Qadeer Siddiqui (رحمة الله عليه)

17th Muharram, 1423 AH (April 1st, 2002)

PREFACE

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين ، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين

"The issue of Usury, is the twentieth book translated in the series of English translations of Hadhrat Mohammed Abdul Qadeer Siddiqui's (رحمة الله عليه) works which were written in Urdu, Persian, Arabic and mostly published during his lifetime (1871 - 1962).

Shaikh has concentrated his entire work towards clearing the misconceptions about Islamic teachings and practices. The book in your hands, consists of the exegesis of 7 verses: 275 - 281 of Surah Al-Baqarah related to usury. It covers the issue of Usury in detail. It is recommended for reading by everyone who is interested in Islamic culture and jurisprudence.

I am greatly indebted to Hadhrat Ghouse Mohiuddin Siddiqui, the son and successor of Shaikh Mohammad Abdul Qadeer Siddiqui (رحمة الله عليه) for his support and encouragement in this task.

I pray to Allah (عَزَّ وَجَلَّ) and seek the Prophet's (صلى الله عليه وآله وسلم) blessing in letting me and its readers benefit from this endeavor.

Shaikh Mir Asedullah Shah Quadri

13th Moharram, 1423 H (28th March, 2002)

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THE ISSUE OF USURY

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الحمد لله رب العالمين ، والصلاة والسلام على سيدنا محمد وعلى آله وصحبه أجمعين

Gentlemen, usury has been mentioned in the following verses of Quran. We will discuss about it briefly in the light of these verses.

(i) It is in Quran - الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَٰلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ [They who take usury, shall not stand aright even as one afflicted by the touch of Satan (or by epilepsy). This is because they contend, "Trade is just like usury", and yet Allah has made trade lawful and usury unlawful. Then he who abstains after this advice has come to him from his Lord may retain what he has had in the past, and his affair shall lie with Allah. But they who resume (the practice) shall be the inmates of Fire; therein shall they dwell] **(Al-Baqarah - 275)**

(ii) It is in Quran - [Allah يَمْحَقُ اللَّهُ الرِّبَا وَيُزْبِي الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ] Allah desires abolition of usury and encourages spending for the good of others. Allah does not like any ungrateful sinner] **(Al-Baqarah - 276)**

(iii) It is in Quran - إِنَّ الَّذِينَ آمَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَآتَوُا الزَّكَاةَ لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ [They who believe and do what is right and observe salah and pay zakah, shall have their reward with their Lord; fear shall not come upon them, neither shall they grieve] **(Al-Baqarah - 277)**

(iv) It is in Quran - [يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ] O people of believe, fear your Lord and forgo all balances of usury, if you are indeed believers] **(Al-Baqarah - 278)**

(v) It is in Quran - فَإِنْ لَمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ وَإِنْ تُبْنُوا فَلَكُمْ رُغُوسٌ أَمْوَالُكُمْ لَا تَظْلِمُونَ وَلَا تُظْلَمُونَ [But if you do not do it, be prepared for war with Allah and His Apostle; but if you withdraw your claims, then, you shall have your principal amounts. Do not oppress others or get yourself oppressed] **(Al-Baqarah - 279)**

(vi) It is in Quran - وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ ۚ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ [But if the debtor is in straightened circumstances, then, let there be a respite (in the repayment of the loan) till things grow easy for him; but if you remit it by the way of charity, it will be good for you, if you but understand] (Al-Baqarah - 280)

(vii) It is in Quran - وَأَتَّقُوا يَوْمًا تُرْجَعُونَ فِيهِ إِلَى اللَّهِ ۖ ثُمَّ تُوَفَّىٰ كُلُّ نَفْسٍ مَّا كَسَبَتْ وَهُمْ لَا يُظْلَمُونَ [Beware of the day on which you shall return to Allah; then, everyone shall receive in full what he has worked for and no injustice shall be done to any] (Al-Baqarah - 281)

The discussion on Usury requires some understanding of the principles on which civilizations organize their economic affairs in the world. These are broadly divided into the following three categories; viz (i) Capitalism, (ii) Socialism and (iii) Islamic System.

CAPITALISM

It is evident that wealth and resources cannot be generated without hard work and diligence. The capitalist cuts short on his living expenses, eats less, wears ordinary clothing and refrains from other comforts of life and accumulate wealth. He invests his accumulated capital in various businesses and financial ventures to make more money. Then, he invests this generated money in financial products, like money lending, banking, etc. Small vendor, common man, business entrepreneur, agricultural farmer, etc., take benefit of this capital by way of loans. The capitalist considers it appropriate that his debtors not only return back the actual loan at an agreed time, but also give him some extra sum over and above the principal amount, as interest, as they have benefited from his money. If the money is not returned within the stipulated time, he adds some more amount to it and considers it to be a return on delayed payments. **This is known as usury.**

The capitalist point of view is that business should remain free. Since no one will work without profit, therefore, if we stop people from earning profits, the business activity will come to an end. If the loan is not returned for one financial year, the lender adds the interest into the principal amount and charges interest on the accumulated sum in the next financial year. This is known as '**compound interest**' or '**interest on interest**'. If, at the stipulated time, part of the principal amount is paid back, the interest is reduced

accordingly. This is known as **discount**. Some money lenders/financial institutions/banks do not reduce the interest rate and take the same amount of interest till the entire loan is paid back to them.

There are social, financial and psychological evils connected with usury. The money lenders are not concerned with what happens to their debtors; whether they are starving or dying. Their hearts become harsh and cruel as no human sympathy is left in them. When they get money without work, in the shape of interest, they become lazy and indolent. Their earlier hard work and labor changes into laziness. What could be the result of this, except wastage of wealth and destruction of society. All the wealth of the society gets squeezed into the hands of a few money lenders/Banks and others become poor and indigent.

Nowadays, the world has developed materialistically and capitalism is at its zenith which has resulted in the wealth of the whole world, accumulated into the hands of a few individuals of the industrialized nations and the rest of the countries of the world have become more or less their slaves. These industrialized nations have developed weapons of mass destruction and have become the landlords of this planet. New inventions in communications, transport, industry and the like have given birth to multinational companies in these industrialized nations who are virtually the owners of the entire wealth of this planet while most of the population has become destitute and jobless.

SOCIALISM

It is obvious that everyone works, but their level and standard of work is different from each other. Farmers and industrial laborers work very hard while the capitalist enjoys the comforts of life. The number of laborers are more; while the wealth of the capitalist is more. Multiplicity of the labor force is also a power to reckon with. The working class consider that God has created wealth for everyone, and it should not remain in the hands of a few. They see the capitalists, becoming rich on the strength of their hard labor. They get mad and sometimes the things, sometimes go beyond control. Laborers take to streets to snatch their right which has been denied to them all along.

It is also a fact that everyone has the right to live honorably irrespective of the industrialists or the laborers; rich or poor. The wealthy should not be allowed to be extravagant in spending for their comforts of life at the cost of the poor. The law of justice stops oppression and gives what is right to the rightful individual. Particularly the welfare of the nation is dependent upon its government, which should ensure that

the population below the poverty line, are well looked after. History shows, that there have been wars between the industrialists and their laborers and what was its outcome? You will know details if you study history of former USSR, Eastern Europe, China and some other socialist countries.

The laborers become so hostile to the capitalists that the Government comes to rescue the masses and all industries are transferred to the Government. Now, whatever belongs to the companies, belong to the Government. Wealth, resources, men, women and children, everything belongs to the Government. Everyone is treated as commodity. There is no religion and no society in the country. It looks as if equality is inflicted with leprosy.

If capitalism is a calamity, then socialism is a total disaster. Everyone is being driven using the same stick. Implementation of socialism was tried in Iran in the times of the Muzdakis, it was later tried in USSR, Eastern Europe, China and India. People have seen what happened. After the fall of socialism, capitalism is in increase nowadays. But the people are seeing what is happening now. One or two countries have become the owners of the fates of billions of people around the world and no one can dare displease them.

ISLAMIC SYSTEM

What is Islamic system? Islam removes the evils of both capitalism and socialism in such a way that every individual on the face of this planet, is free to earn but not at the cost of the poor. Every year fortieth part of the wealth of the rich is distributed among the poor. Those who do not participate in the country's security or military responsibilities ,are required to pay a tax, called 'war fund' (Jizya). In addition, some moral and statutory taxes are levied on all the subjects. When a man dies, all his wealth is distributed among his inheritors as per the Law of Inheritance. Islam always encourages the rich to take care of the welfare of the poor. If relatives are poor and unemployed, it is expedient on the rich relatives to help them by a maintenance allowance.

Islam never allows usury which is the 'life giving blood of capitalism' and 'mother of all oppression'.

What is the definition of usury in Islam? Preset interest on the principal amount for a preset period without consideration of the profit or loss. Islam does not allow money

lenders to earn without work. In Islam, Usury is related in two things in Islam, as follows:

(i) Wealth, like gold, silver; coins of copper and nickle are also included in it by some knowledgeable people.

(ii) The types of goods which are generally used for the purpose of 'interest'.

The behest of Prophet Mohammed (صلى الله عليه وآله وسلم) is that business should be done by barter in equal quantities; meaning, gold for gold; silver for silver; wheat for wheat; barley for barley, date for date, salt for salt, etc. If the items are different, business can be done in whatever way one would like to do it, but it should be by barter. Some trivial literates understood usury to be rested only in the above things. However, as per the analogy of some religious scholars, other things also are liable to be included in usury.

(i) With Imam Abu Hanifa (رضي الله تعالى عنه), all things which are measured and weighed are applicable to usury. However, for both these categories, homogeneity is compulsory. Meaning, for the purpose of usury, the things should be weigh-able (or measurable) and homogeneous (of the same kind). If the things are homogeneous and weigh-able, then credit and interest transaction are both prohibited. If they are not from the same kind, addition is allowed but credit is not allowed. Thus, the things which are countable do not fall under usury.

(ii) With Imam Shafa'i (رضي الله تعالى عنه) all food items, like eggs, apples, etc., are included in usury along with silver and gold. If the things are of the same kind, the addition and credit is prohibited.

(iii) With Imam Malik (رضي الله تعالى عنه), money, gold, silver and food items, including sugar and spices like salt, chilly, etc., are included in usury. Rules for homogeneous items are the same as mentioned above.

(iv) With Abdul Malik Ibn-e-Majshoon (رضي الله تعالى عنه), everything which carries profit falls under the category of usury.

Addition in a thing, which is subjected to a time frame is usury and therefore, its transactions are prohibited. The usurious (سود خوار) governments who contend that the business should remain free, have realized the oppressive tactics of some selfish businessmen in making huge profits and have entered into this field by establishing fair price shops to ensure supply of essential commodities to the poor people on reasonable rates. Now, coupons are supplied to all the needy people. When we look into it, we will realize that this welfare measure is the bestowal of Islamic civilization.

Looking at non-Muslims, who deal in usury, some trivial Muslim scholars' hearts have also trickled down to it. Therefore, they thought of devising some methods by which usury could be made permissible. The worst of their trials is to consider usury allowed in a Muslim country (دار الاسلام) in loan transactions. The irony of the fact is that most obvious kind of usury is glaringly prominent in loan transactions. They should know that lending money is a kind of business that transacts money with money. To consider usury not allowed in other transactions and allowed in loans is indeed a sorrowful thing.

Some of the above type of literate people have issued a religious edict (فتوى) saying that taking interest is allowed in an 'inimical country' (دارالحرب). Or whatever transactions take place in an 'inimical country' is not usury or interest. It is 'granted' (فئے). First let us determine what constitutes an 'inimical country' and then we will discuss the issue of usury in it.

There are differences of opinion in the determination of 'inimical country' as follows:

(i) Some people say that a government which stops people from the Islamic customs is an 'inimical country' (دارالحرب).

(ii) Some people say, that a government which stops people from not only the Islamic customs, but also from adhering to Islamic Law Sharia, is interference in the religion, therefore it is an 'inimical country'.

(iii) Some people say that if an Islamic country goes into the hands of non-Muslims, it will still remain an Islamic country.

(iv) In our view, the differentiation between an Islamic country or a non Islamic country (for the purposes of Usury) depends upon the army and might. If the king is a Muslim and has an army which is ready to fight, if asked, with a non-Muslim country, it is an Islamic country even though this country is allied with, or is faithful to non-Muslim countries or is a weak country.

(v) With some people, the distinction between an Islamic country or a non Islamic country is its supreme authority. If the authority rests in Muslims, it is an Islamic country, if it rests in the hands of the non-Muslims, then its not an Islamic country.

(vi) Some people say that the verse **فَمَنْ اعْتَدَىٰ عَلَيْكُمْ فَاعْتَدُوا عَلَيْهِ بِمِثْلِ مَا اعْتَدَىٰ عَلَيْكُمْ** [If they have done any overbearing to you then you behave with them as they have behaved with you] (**Al-Baqarah - 194**) is not exclusive with war and it is equally applicable with the people in peace time. The

expression about gifts is also mentioned - لَا رَبًّا بَيْنَ مُسْلِمٍ وَ ذِمِّيٍّ - [Muslims taking benefits under peaceful conditions with non-Muslim subjects of a Muslim country is not usury] by these people to support their argument. Some of them also bring this saying of the scholars of Delhi - لَا رَبًّا بَيْنَ مُسْلِمٍ وَ ذِمِّيٍّ [the addition in transactions with non-Muslims is not usury]. They say this addition is 'granted' (فئے). Their contention is that 'you treat the person in the same way as he treats you'.

Several questions arise because of the above contention. For instance, is giving of interest allowed on par with taking of interest? Is gambling and wine drinking in which money is given willfully, with mutual consent, allowed or is this argument only limited to usury? Or, are other prohibited things also included in their above contention? As per their contention, the change of name of usury to 'grant' (فئے), also changes the facts of the transaction. This is absurd. Does the change of the names of 'wine drinking' or 'gambling' also change their facts? With us, to believe in such things is indeed a disastrous boldness.

Often people put forward this lame excuse that if usury is not allowed in a non-Muslim country, the Muslims of that country will be ruined as all transactions are carried out on interest calculations. Thus, in place of a major evil, a minor evil is adoptable.

These people should know that Islam has prohibited only usury. Other types of business transactions are permissible in Islam. Sale transactions with advanced payment (بيع سيلم) for the supply of material after the crop has harvested are permissible in Islam. Partnership businesses are also allowed in Islam. The companions of the Prophet (صلى الله عليه و آله وسلم) were very successful by doing business within the Islamic parameters. In addition, other Islamic dignitaries were also involved in business. Hadhrat Imam Abu Hanifa (رضى الله تعالى عنه) himself did business as per the Islamic law and lived comfortably. Details about these can be found in the books of Islamic Jurisprudence.

Certainly, business can be done without taking interest. It is absolutely baseless notion that Muslims are becoming poor and impoverished because they do not take interest. Rather, the issue of Muslims is their extravagance and over spending.

It is in Quran - إِنَّ الْمُبَذِّرِينَ كَانُوا إِخْوَانَ الشَّيَاطِينِ - [The extravagant are the brethren of Satan] (Al-Isra - 27).

If someone seeks a loan for real need, Islam allows Muslims to give him loan without interest (قرضه حسنه).

It is in Quran - اقْرَضُوا اللَّهَ قَرْضًا حَسَنًا - [Giving loan to the needy (without interest) is like giving loan to Allah] (Al-Muzzammil - 20).

Shaikh stresses this point here by saying that "let anybody give me the statistics that how many people take loan to develop their business?" Most of the people spread their hands in front of non-Muslim lenders seeking loans for unreasonable customs, unrealistic fashions and unfounded show of prosperity. When Allah (عَزَّ وَجَلَّ) has not made 'zakat' or 'Hajj' obligatory on the poor, then what else could possibly be obligatory on him? One should refrain from bragging in society, false boasting, show put up and 'inappropriate display' of wealth. You should spread your feet according to the length of your blanket. Copying rich people and trying to equate with them in the eyes of the society by spending on useless customs is ruining your lives. Look at the improper customs in which money is being wasted. Twelve day celebrations on the birth of a child (چہٹی), Fortieth day celebrations on the birth of a child (چلہ), Celebration on the eve of child starting to read Quran (بسم الله خوانی) which is normally done when the child's age is 4 years and 4 months), Engagement celebration (منگنی), Betel box ceremony (رسم پاندان), extravagant spending on marriages, Five weekly celebrations after marriage (جمعگیاں), etc., why should a poor person get involved in these ceremonies. Which Imam or Wali has ordered you to perform these ceremonies by taking money on interest? You do it if you can afford within the limitations of your income. If you are moderate and take care of your economic transactions by spending some and keeping some for emergencies, you shall never become a victim of usury. Those who are careful, they never have to take money on interest.

ڈبویا رسوم و تکلف نے ہمکو

کہ جن کا نتیجہ قرضداریاں ہیں

We have been drowned by overspending in formal customs which has indebted us.

بکیں سود در سود میں جائدادیں

عدالت سے جاری گرفتاریاں ہیں

Our properties are being auctioned by the lenders as they win civil suits against us, and in case of non payment, they get arrest warrants from the courts.

یہ چلے ، یہ چھٹی ، یہ بسم اللہ خوانی

سب اسراف ہے جبکہ ناداریاں ہیں

Look at these formal child ceremonies of 'Chilla', 'Chatti'
and 'Bismillah khawani' which are all extravagance
especially when you are poor.

(Hasrat)

You watch movies in cinema theaters, involve in gambling, races, wine drinking, spend the wealth of your parents and grandparents indiscriminately, do not earn anything on your own and complain that Muslims are ruined as they are not allowed to take interest. You do not have any business, any industry, or profession with which you can earn money. Alas, you know money laundering, but do not know how to earn it. You should keep the honor of your religion and be steadfast in Islam as a practical Muslim.

Did the Muslims ever take interest when they were in the Makkan state? No, never! Allah (عَزَّ وَجَلَّ) has allowed business and prohibited usury. Who has the power of allowing a thing which has been forbidden by Him (عَزَّ وَجَلَّ)? Allah (عَزَّ وَجَلَّ) declares war on the people who dilute unlawful things into Islamic parameters and warns that they should prepare themselves to fight against Allah (عَزَّ وَجَلَّ) and his Apostle (صلى الله عليه و آله وسلم).

Gentlemen, usury is an evil attribute. Change of name does not change the fact of things. Your conscience is screaming at you for taking interest but you are trying to change the facts by unsound interpretations. Let Allah (عَزَّ وَجَلَّ) save Muslims from this self-inflicted destruction.
