

What is bank interest and Riba?

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What is bank interest and riba?

Is interest prohibited in Islam? This question is often repeated at different social and political forums and gatherings because some people tend to argue that it is Riba which has been prohibited by Islam and that Riba is not equivalent to interest. In order to understand what is what in an unbiased and objective manner let us try to understand what the Quran details for us.

Riba is prohibited!

There is no doubt that what has been prohibited by both the Quran and the hadith is Riba. The Quran has prohibited it in four different revelations, the first of which (30:39) was revealed when the Prophet pbuh was in the early period of his Prophethood, in Makkah, and the other three (4:161, 3:130-2 and 2:275-81) were revealed after he migrated to Madina. The last of these (2:275-81) came towards the end of Prophet's life, peace and blessings of God be on him. It severely censured those who took Riba, and declared them to be at war with God and His Prophet. It also established a clear distinction between trade and Riba, and enjoined Muslims to forego all outstanding Riba, enjoining them only to take the principle amount, and to remiss even this in case of the borrower's hardship.

The Prophet, peace and blessings of God on him, also prohibited Riba in the most unambiguous words, and condemned not only those who take it, but also those who give it, those who record the transaction, and those who act as witnesses to it. He even equated the

wilful taking of Riba with committing adultery thirty-six times or being guilty of incest with one's own mother (Reported by Ahmed)

Since Riba has been censured severely by both the Quran and the Sunnah it is difficult to believe that it would be left so undefined that even after fourteen centuries some people would fail to understand its meaning clearly. Hence, it is necessary to go back to the classical sources of Islam to determine what the term Riba really stands for.

Meaning of Riba in Quran

(Rabá” بـير) “yarbu means: to exceed, to be more, to be in excess, to increase, to swell. The Quran uses it in

“So that the people’s wealth grows” (30:39)

Other meanings of the root word are:

(Raab) with its feminine form Raabiah means that which climbs to the top.

(Zabadar raabia): the scum that comes up on top (13:17).

(Arba): too much, very wealthy {16:92}

(Ar-riba): interest which is received on a loan. To take more than the capital (by Ragib)

“Believers! Do not consume interest, doubled and multiplied, and be mindful of God so that you may attain true success” (3:130)

The economic system proposed by the Quran has no place for interest. When in this system, the accumulation and concentration of

wealth is forbidden. Islam wants the money and wealth to flow freely between the individuals of the society by means of trade and support structures for those less able. The Islamic economic system is based on “Eeyta Zakah” that is, to provide the means for others’ development and nurture. That is why in 30:39 Zakah has been used opposite to “البرء” “riba as interest. The Islamic economy is in stark contrast to any form of usury and interest.

Here is the verse:

“Whatever you pay as interest so that it may increase the wealth of people does not increase in the sight of God. As for the Zakah (Charity) that you give, seeking with it God's pleasure, that is multiplied manifold” (30:39)

This is the first verse revealed in the Quran that condemned interest. It only says this: “You pay interest thinking that it will cause an increase in the wealth of the money-lender. But actually, in the sight of God, interest does not increase the wealth, but the wealth is increased by the payment of the Zakah.” Later on, when the commandment prohibiting interest was revealed at Madina, it was said:

“God deprives interest of all blessing and nurtures and develops charity.” (2:227)

The question is what Riba or interest is? Riba according to the Quran is the opposite of business and trade. Whatever we get or take from others can be many different things as gift, remuneration, interest, and profit in

A business or a win on gambling. Let us see how they are different.

Gift: One has to do no labour or employ any capital for it. The giver gives it without any thought of getting anything in return. Thus, it cannot be brought under the category of give and take. Therefore, it is out of category of interest or Riba.

Remuneration: This is the payment for labour. No capital is needed to employ in it.

Interest: In this, capital is provided to somebody and something more than the capital given is received. There is no employment of labour in it.

Profit (in business and trade): In this, capital as well as labour is employed.

Gambling: Neither capital nor labour is employed in it. The principle as related by the Quran is:

“For a man there is nothing but the fruit of his labour” (53:39)

That is, only the compensation for labour is permissible while the compensation for the use of mere capital is not permissible. Since at that time this principle was not in vogue the people were unable to understand what the difference between profit and interest was.

A man purchases something for a hundred bucks, sells it for ten bucks more, and earns a profit of ten bucks. Another man lends a hundred bucks to someone and receives back a hundred and ten. He too receives ten bucks more. They argued that ten bucks were

received by both over the principal amount. So where is the difference?

“They used to consider both Bai (Trade) and Riba (Interest) as the same” (2:275)

But the Quran said that they are not the same. In Bai, i.e. trade and business, both capital and labour are employed, the capital is returned and the profit in the form of compensation for the trader comes back. This is permissible. But in Riba (interest) only capital is employed. There is no labour required from the investor. Therefore, whatever more is received back is the compensation for the capital which is forbidden. Therefore, according to the Quran, remuneration for labour is permissible but it is Haram to take back more than the capital.

If in trade too, one takes more than the compensation for his labour then that is interest (Riba) which is forbidden. As to what is the correct remuneration for his labour, will be decided by the society. One cannot take above that. Therefore, any trade or business in which somebody only by employing capital gets back more than the capital is Riba and according to the Quran it is forbidden, this is called un-earned income. That is, the income which is received without any labour or efforts being employed.

Another aspect of business is that the partners are equally responsible for the risk benefit ratio. Generally, it is thought that business involves risk. That is, both profit and loss can be expected and all parties involved share equal responsibility and benefit.

In trade or business, capital plus remuneration for labour is received back. And in Riba capital plus the remuneration on the utilization of capital is received. The remuneration for capital is forbidden, whether it is called interest or profit. According to the Quranic economy, remuneration for capital can in no case be allowed because all surplus wealth is considered a blessing of God and should be utilized to help society grow and not create haves and not-haves!

Let's Examine details:

As we have seen above, Riba literally means increase, addition, expansion or growth. It is, however not every increase or growth which has been prohibited by Islam. Profit also leads to an increase in the principal amount, but it has not been prohibited. So what has been prohibited?

The best person to answer this question is the Prophet himself, pbuh He prohibited the taking of even a small gift, service or favour as a condition for the loan. The Prophet pbuh said:

“If a man extends a loan to someone he should not accept a gift”
(Bukhari)

In another hadith the Prophet said:

“When one person grants a loan to another and the borrower offers him a dish [of food] or a ride on his camel, he should not accept unless the two of them have been previously accustomed to the exchange of such favours mutually” (Bayhaqi)

Is it possible to conceive a lower rate of interest than a plate of food or a ride in one's car?

This answer of the Prophet equates Riba with what is commonly understood to be interest. This meaning of Riba has become reflected in the writings of all scholars in Muslim history. There is hardly any classical Qur'an commentary or Arabic dictionary which gives a different meaning. For example, al-Qurtubi indicates that:

“Muslims are agreed on the authority of their Prophet that the condition for an increase over the amount lent is Riba, irrespective of whether it is a handful of fodder, as indicated by Ibn Masud, or a particle of grain”

Ibn Manzur clearly states in his dictionary (lisan al-‘Arab) that

“what is prohibited is the extra amount, benefit or advantage received on any loan”

The term Riba has, thus been understood from the earliest times to stand for the ‘premium’ that the borrower is required to pay to the lender along with the principal amount as a condition for the loan or for an extension in its maturity. This is also the unanimous verdict of a number of international conferences of fuqaha’ held in modern times to discuss the question of Riba, including the Mu’tamar al Fiqh al-Islami held in Paris in 1951 and in Cairo in 1965, and the OIC and the Rabitah Fiqh Committee meetings held in 1985 and 1986 in Cairo and Makkah respectively (See al-Sanhuri, 1953, Vol.3, pp.241-2 and al-Qaradawi, 1994, pp.129-42).

In the presence of such an overwhelming consensus there is no room for arguing that interest is not prohibited in Islam? A few isolated opinions expressing a different view do not, therefore, create a dent in the consensus.

Why the Confusion?

This gives rise to the question of what is it that confuses some people about its meaning. The reason may perhaps lie in the terms Riba being used in the Shariah in two different senses, and the difficulty of some people in clearly understanding the meaning and implication of both. The first is Riba al-nasi'ah and the other is Riba al-fadl.

Riba al Nasi'ah

The term nasi'ah comes from the root nasa'a which means to postpone, defer, or wait, and refers to the time that is allowed to the borrower to repay the loan in return for the 'addition' or the 'premium'. Hence Riba al-nasi'ah is equivalent to the interest charged on loans. It is in this sense that the term Riba has been used in the Qur'an in verse 2:275, which states that "God has allowed trade and forbidden Riba (interest)." This Riba is termed as Riba al-Qur'an (Riba specified in the Qur'an) or Riba al-duyun (Riba on loans).

The prohibition of Riba al-nasi'ah essentially implies that the fixing in advance of a positive rate of return on a loan as a reward for waiting is not permitted by the Shari'ah. It makes no difference whether the rate of return is small or big, or a fixed or variable per cent of the principal, or an absolute amount to be paid in advance or on maturity, or a gift or service to be received as a condition for the loan. The point in question is the predetermined positiveness of the return. It is important to note that, according to the Shari'ah, the waiting involved in the repayment of a loan does not by itself justify a positive reward.

There is no room even for arguing that the prohibition applies only to the consumption loans and not to business loans. This is because the borrowing during the Prophets' times was not for consumption purposes but rather for financing long distance trade. Accordingly, the late Sheikh Abû Zahrah, one of the most prominent Islamic scholars of this century, has rightly pointed out that:

There is absolutely no evidence to support that the Riba of al-jâhiliyyah [re-Islamic days] was on consumption and not on development loans. In fact the loans for which a research scholar finds support in history are production loans. The circumstance of the Arabs, the position of Makkah and the trade of Quraysh, all lend support to the assertion that the loans were for production and not consumption purposes.

Even Professor Abraham Udovitch, Ex-Chairman of the Department of Near Eastern Studies at the Princeton University, has clarified that

“Any assertion that the medieval credit was for consumption only and not for production, is just untenable with reference to the medieval Near east.”

There is, thus, absolutely no difference of opinion among all schools of Muslim jurisprudence that Riba al-nasi'ah stand for interest and, is Haram or prohibited. Then nature of the prohibition is strict, absolute and unambiguous. However, if the return on the principal can either be positive or negative, depending on the final outcome of the business, which is not, known in advance, it is allowed provided that it is shared in accordance with the principles, laid down in the Sharia.

Riba al-Fadl

While Islam has prohibited interest on loans and allowed trade, it has not allowed everything in trade. This is because it wishes to eliminate not merely the injustice that is intrinsic in the institution of interest on loans, but also that which is inherent in all forms of dishonest and unjust exchanges in business transactions. Anything that is unjustifiably received as ‘extra’ by one of the two counterparties to a trade transaction is Riba al-fadl, which may be defined in the words of Ibn al-‘Arabî as “all excess over what is justified by the counter-value.”

The prohibition of Riba al-fadl is intended to ensure justice, to remove all forms of exploitation through ‘unfair’ exchanges, and to close all back-doors to Riba because, according to the unanimously accepted legal maxims of Islamic jurisprudence, anything that serves as a means to the unlawful is also unlawful. Since people may be exploited or cheated in several different ways, the Prophet warned that a Muslim could indulge in Riba in seventy (= several) different ways (Ibn Majah). This is the reason why the Prophet, peace and blessings of God on him, said:

“Leave what creates doubt in your mind in favour of what does not create doubt”

Caliph ‘Umar was inspired to say:

“Abstain not only from Riba but also from ribâh.” (Ibn Majah)

Ribâh is from rayb which literally means “doubt’ or ‘suspicion’ and refers to income which has the semblance of Riba or which raises

doubts in the mind about its rightfulness. It covers all income derived from injustice to, or exploitation of, others.

The Prophet, peace and blessings of God be on him, has indicated, by way of example, at least four different ways of indulging in Riba al-fadl. The first of these is the exploitation that may take place in trade through the use of unfair means even though trade is by itself allowed. He equated with Riba even the cheating of an unsophisticated entrant into the market (ghabn al-mustarsil) and the rigging of prices in an auction with the help of an agent (al-najash). *(The first hadith is reported by al-Bayhaqi and al-Suyutî (al-Jâmi' al Saghîr) from Anas ibn Mâlik. The second hadith is reported from Abdullah ibn Abî Awfâ by al-'Asqalanî in his commentary on al-Bukhari and by also al-Bayhaqi in his Sunan from Anas ibn Mâlik)*

Analogically one may conclude that the extra money earned through such exploitation and deception falls within the ambit of Riba al-fadl.

Another way of being guilty of indulging in Riba al-fadl is by accepting a reward in return for making recommendation in favour of a person. This implies that the performance of an apparently charitable act with the intention of making money surreptitiously is also prohibited. The rationale behind this may be that such money-motivated recommendation might give benefit to a person who does not deserve and, thereby, indirectly deprive others who are more deserving. (Abu Dawud)

A third way of indulging in Riba al-fadl is through barter transactions because of the difficulty of measuring the counter-values precisely in such transactions. The Prophet, peace and blessings of God be on him, therefore encouraged barter in a monetized economy and

required that the commodity to be exchanged on the basis of barter be sold against cash and the proceedings used to buy the needed commodity.

This leads to the fourth way of indulging in Riba al-fadl which has received the maximum attention of the fuqaha'. A number of authentic Ahadith stipulate that if the same genus of commodity is exchanged against each other than the same weight of the commodities should be exchanged (sawa'an bi sawa'in and mithlan bi mithlin or equal for equal and like for like) hand-to-hand (yadan bi yadin). If the commodities exchanged are different, it does not matter if there is difference in weight and quantity, provided that the exchange takes place hand to hand.

One of the implications of this requirement is the elimination of the backdoor to Riba (which is referred to in Fiqh as sadd al-dharî'ah). Another implication of these Ahadith, as understood by the fuqahâ', is the prohibition of future transactions in foreign exchange. However, whether hedging, which is one way of managing the risks involved in exchange rates fluctuations, is possible within the constraints of the Sharia is a question which need the attention of the modern jurists so that no undue constraints are placed on public.

Riba al-nasî'ah and Riba al-fadl are, thus, essentially counterparts of the verse

“God has allowed trade and prohibited Riba” (2:275).

While Riba al-nasiah relates to loans and is prohibited in the second part of the verse, Riba al-fadl relates to trade and is implied in the first part. Because trade is allowed in principle, it does not mean that

everything is allowed in trade. Since the injustice inflicted through Riba may also be perpetuated through transactions in commodities and currencies, Riba al-fadl refers uncertainty and speculation. It demands a fair knowledge of the prevailing prices and the quality of goods being purchased or sold on the part of both the buyer and the seller. It necessitates the elimination of cheating in prices or quality, and in measures or weights. All business practices which lead to the exploitation of the buyer or the seller must be effectively eliminated. *(Several types of sales have been prohibited in the Shariah with the objective of safeguarding the right of both buyers and sellers. Examples are: najash (rigging and collusion), ghabn al-mustarsil (cheating of an unsophisticated entrant into the market), bay' al-hâdir li al-bâdî and talaqqî al-rukbân (either implying monopsonistic or monopolistic collusion or exploitation to munâbadhah, mulâmasah and muzâbanah (sales involving uncertainty and speculation or gambling)).*

It is true that the Prophet specified only a few ways of indulging in Riba al-fadl and did not indicate all the different ways, as one may have desired. However this was not necessary and not even feasible. Forms of injustice and exploitation in trade and exchange of currencies have changed over the centuries and it was not possible for anyone to foresee and specify them all 1400 years ago. The Quran and the Sunnah are there to provide the principles on the basis of which people can do so. This is the ongoing challenge to all Muslims – to examine their economic practices continually in the light of Islamic teachings and to eliminate all shades of injustice. This is a more difficult task than eliminating Riba al-nasî'ah. It requires a total commitment and an overall restructuring of the entire economy within the Islamic framework to ensure justice. This was, and is, the unique contribution of Islam. While Riba al-nasî'ah was well-known in the Jâhiliyyah (period before Quran was revealed), the

concept of Riba al-fadl was introduced by Islam and reflects the stamp of its own unflinching emphasis on socio-economic justice.

The principal reason why the Quran has delivered such a harsh verdict against interest is that Islam wishes to establish an economic system where all forms of exploitation are eliminated, and particularly the injustice perpetuated in the form of the financier being assured of a positive return without doing any work or sharing in the risk, while the entrepreneur, in spite of his management and hard work, is not assured of such a positive return. Islam wishes to establish justice between the financier and the entrepreneur.

The difficulty, sometimes, to understand the prohibition comes from lack of appreciation of the whole complex of Islamic values, and particularly its uncompromising emphasis on socio-economic justice and equitable distribution of income and wealth. Any attempt to treat the prohibition of Riba as an isolated injunction and not as an integral part of the Islamic economic order with its overall ethos, goals and values is bound to create confusion.

Interest throughout History

Interest emerged due to lending in ancient times. Excavations carried out in Turkey have shown that Assyrian merchants sold tin and wheat to Anatolians on an interest rate of 100% with borrowed golden and silver coins, in 2000's B.C. Interest, which is almost as old as the history of humankind, has always been a focus of attraction for philosophers and ecclesiastics. It has always been subject to governmental intervention in all religions and all law systems. It has always been seen disadvantageous both morally and socially because it provides lender with dishonoured income and

causes borrowers financial hardship as an amount of money which results from lending agreements or other kinds of contracts is added to the debt. Since ancient times, interest has been evaluated as a doctrine, a matter of justice and morality.

Aristotle, the well-known Greek philosopher, states the following in his famous book named “Politics”:

*“The most hated sort (of wealth getting) and with the greatest reason, is usury, which makes a gain out of money itself and not from the natural object of it. Money was intended to be used in exchange but not to increase at interest. ... **Amongst all modes of getting wealth, it is the most unnatural.**”*

Thomas d’Aquino states:

*“It is impossible to sell money and the use of money separately. As it is impossible to separate the use of something from the thing itself and to sell it in this way, it is unfair, it is even theft to charge interest on the use of something because it would be selling the same thing twice (the use of the thing and the thing itself). If interest is a price for time, nobody can demand it; because time is common to everyone and it only belongs to God. **Therefore, charging interest is both theft and also a crime committed against God who gives time freely to people.**”*

Both in Roman law and ancient Greek law, interest was restricted and even banned, with different approaches though.

In original Judaism, interest was prohibited. Later, this prohibition was distorted on behalf of relations amongst Israelites and it was

concluded that this prohibition was valid only amongst Israelites and it was permissible to charge non-Jews with interest.

Attitude against interest in Christianity went through various stages. Prophet Jesus pbuh indirectly rejected the utilization of interest and suggested his apostles to perform good deeds by donating and helping others without expecting any return. Though the Church persisted on the prohibition of interest for a long time, it happened to accept interest gradually because of the oppression by social and financial life and especially due to the emergence of capitalism. Jean Calvin permitted the utilization of interest as he considered it not only a means of consumption but also production.

According to mercantilists, interest is the rent of the capital. Considering interest the same as the lease of land and the rent of real estates, Mercantilists said, "Interest is the rent of the capital". And according to physiocrats, interest on an amount of lent money cannot be less than the income return which a land bought with that amount of money would provide. Classical economists such as Adam Smith and David Ricardo considered interest as the return the borrower pays to the lender in relation to the profit the borrower will make from the money he borrowed. **In classical economy, which is based on the view of financier-entrepreneur, interest and profit are evaluated and mixed together.** Karl Marx, who is known to have read the Quran, characterized interest as unnatural and immoral. Keynes, unlike other classical economists, defended that interest is not essential for investments. According to him, interest does not encourage investments; contrarily, interest hinders it.

Prohibition of Interest in Islam

Interest was prohibited gradually in the Quran and it was stated in various verses. 279th verse of the chapter al-Baqarah is short yet comprehensive:

“...if ye repent, ye shall have your capital sums; deal not unjustly and ye shall not be dealt with unjustly”

Moreover, the Prophet said in his Farewell Sermon:

“God has forbidden you to take usury (Riba); therefore all Riba obligations shall henceforth be waived. Your capital, however, is yours to keep. You will neither inflict nor suffer inequity.”

The message of the verses and the Ahadith is, in short, as follows: One cannot take back more than what one lent. The lender has got the right to collect the whole capital he has lent. According to the primary and direct meaning here, lending process is not made for making profit out of it. When considered together with other Ahadith, we understand that the extra return does not have to be of the same kind with the lent item. That is to say; for instance, if the lent item is of A kind, interest on it is still prohibited even if it is of B kind. The other meaning in the verses and the Ahadith is that the lender has got the right to collect the whole capital he has lent. Although it seems quite natural, it is not always possible to collect the whole capital as exact. For instance, money on deposit in European banks is reduced because it is saved and protected by the bank; let alone increasing.

In Former Soviet Union countries including Turkic republics and today's Russian Federation, money deposited in a bank is paid back to the owner after reducing it by 10-15%. Although this treatment to the depositor may be based on mutual agreement, it is not so indeed. As a matter of fact, it is indisputable that banks – which are both respected and awed – have got an influential power which persuades their customers to accept their conditions. Another business field of the investment banks, which are the giant foundations of the current economic system, is the management of the wealthy people's personal funds and the accumulation of the interest. However, in times of economic depression, those banks return less than the money they receive, declaring losses. It is known that investment funds, which are wide-spread in banking, sometimes cause harm to investors, who count on them. However, in Islam, investors, depositors and lenders are protected by the right of them to collect their capital as exact. In this sense, one who does not pay his debt back in due time is regarded to have oppressed. According to the interpreters of the Quran, a lender/depositor/investor cannot be forced to take his money back incomplete in amount. Besides, there are interpretations which state that a lender/depositor/investor can ask for the compensation of his loss in addition to the capital when he is not paid back in due time, on condition that it is recorded in agreement at the beginning.

Reasons why Interest was Forbidden

The secondary vital meaning of the verses and the Ahadith recorded above is that interest (Riba) results in unfairness. It is indisputable that either the lender or the borrower will be treated unfairly when interest is charged on lending. Financial life both in our country and

all over the world is full of examples which prove the issue right. As a matter of fact, banks are defined as “foundations which put umbrellas over their customers on sunny days and take it back when it starts to rain”. Our recent history is full of lots of dramatic cases in which both lenders and borrowers infringed the rights of each other and eventually the rights of many innocent people were infringed. Retirement pensions and salaries were deposited to those bankers with the hope of gaining interest return. And the bankers have been seen multiple times to disappear with the whole money they collected and none of them were even charged or caught and yet nothing could be taken back from them. Public was robbed in broad daylight in the name of banking; before the very open eyes of government during these events which were recorded as a disaster of bankers in history of economics. All of the loss of the crisis was put on the public. In short, the wisdom behind the prohibition of interest is that either lenders or borrowers, or both of them as mentioned above will be wronged and eventually the rest of the public will also be harmed although they are not involved in the case. We come across interest hidden behind different masks in every economic issue due to the abundance and variety of financial instruments and foundations today. In our opinion, when concluding, if any financial process is included in the scope of prohibition of interest today, our criterion must be whether the financial processes in question can cause any unfairness or harm to the borrower, the lender or the public!

Islamic Economy

From a study of the Islamic teachings in the economic field we come to the conclusion that this divine system has paid profound attention

to the effective role of economic questions in human life and has taken precautionary measures against the harmful effects of economic injustice.

Before entering on the detailed discussion of Islamic economy, we would like to draw your attention to a few points deduced from the Islamic texts:

The Qur'an says:

"Surely God enjoins justice, kindness and giving to kindred, and He forbids indecency, wickedness and oppression. He exhorts you so that you may take heed". (16:90).

The ownership is the key to understanding the issue of economic system in Islam. God is the owner of all wealth therefore no one has the right-neither an individual nor a society- to impose any restrictions or cause harm and decrease to people's properties in the name of interest!

Absolute ownership is that bond which entitles the owner to do whatever he likes with his property without any restriction or restraint.

From the Islamic point of view this kind of ownership belongs to God only. He alone can do whatever He likes with all the existing things of this world. He can bring and can take away. He can give life and can take it. He can make ill and can cure. He can give and can take. He can punish and can forgive. And so on and so forth. No external restriction exists in His case, for everything rightly belongs to Him.

The Qur'an says:

"Whatever is in the heavens and the earth belongs to God ". (53:31).

The earth and all that is in it belongs to all the people and not to any particular group or class.

The Qur'an says:

"He has laid the earth for His creatures. On it there are fruit and blossom-bearing palm trees, chaff-covered grain and fragrant herbs". (55:10 - 12).

God has entrusted the task of reclaiming the land to human beings:

"He brought you forth from the earth and has made you its keeper". (11:61).

God does not like that the economic benefits may be monopolized by a particular class or that wealth may circulate only among the affluent:

"So that the wealth may not circulate, exclusively, between the rich amongst you ". (59:7).

To live on the labour of others and to be a burden on them debars one from the favour of God:

The Prophet pbuh said:

"Accursed are those who put their burden on the people".

Wealth should be acquired by lawful and not by unlawful means:

The Qur'an says:

"Do not usurp one another's property by unjust means". (2:188).

The profit of an individual or a group should not involve the loss to others:

The Prophet pbuh said:

"In Islam there is nothing causing damage to the people or allowing anyone to cause damage to others".

These are some of the general principles which should always be kept in mind while identifying practical systems of Islam including its economic system.

Society based on Riba:

The Quran makes a profound statement:

"Those who consume interest cannot establish themselves except like the one who is being beaten by Satan into insanity. That is because they say, "Trade is [just] like interest." (2:275)

The Arabs used the word majnun (possessed by the jinn) to characterize the insane. The Qur'an uses the same expression about those who take interest. Just like an insane person, unconstrained by ordinary reason, resorts to all kinds of immoderate acts; so does one who takes interest. He pursues his craze for money as if he were insane. He is heedless of the fact that interest cuts the very roots of human love, brotherhood and fellow-feeling, and undermines the

welfare and happiness of human society, and that his enrichment is at the expense of the well-being of many other human beings. This is the state of his 'insanity' in this world: common masses can quite easily ascertain this fact by looking at the state of the lives in UK. An honest and hard working person is left high and dry by the banking and social system based on Ribs. Each month the family has to fork out money in the name of mortgage, insurance, unending taxes and other methods that these corporate companies invent. People are forced out of homes if they fail to meet these requirements. Most of the time people are paying more and more as interest and never seem to get on top of the principal amount. The corporate sector creates such a constricting set up for common masses that on one end the public cannot do without subscribing to these needs whilst on the other end there is no leeway or flexibility for the masses should they default even once!

The fact that the money belongs to the public does not make a dent to these corporations. The banks invest whichever way they want and decide whatever rates they want for public. They give out the least rates to people for banking with them and charge the maximum rates for borrowing from them! They can declare themselves bankrupt any time and literally walk away with hard earned public money with complete impunity as revealed recently when the UK government bailed out the banks. This kind of unjust system and set up leads to a tiny group of greedy and ruthlessly materialistic group called the capitalists-or those with wealth and power- and the common masses who are exploited to the max by the first group and the first group is seen squeezing every penny out of the public pockets. It is for this reason the Quran has stated that such a society can never establish

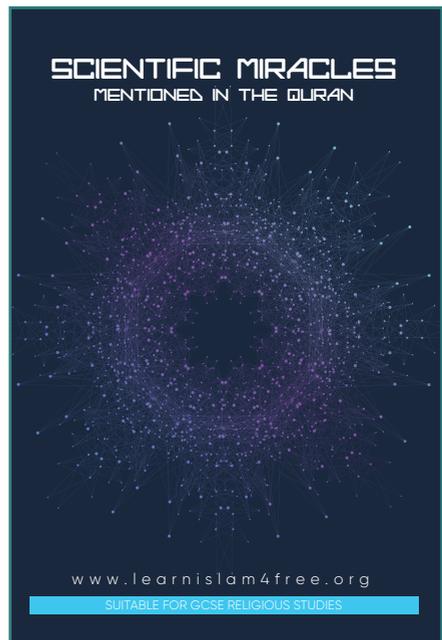
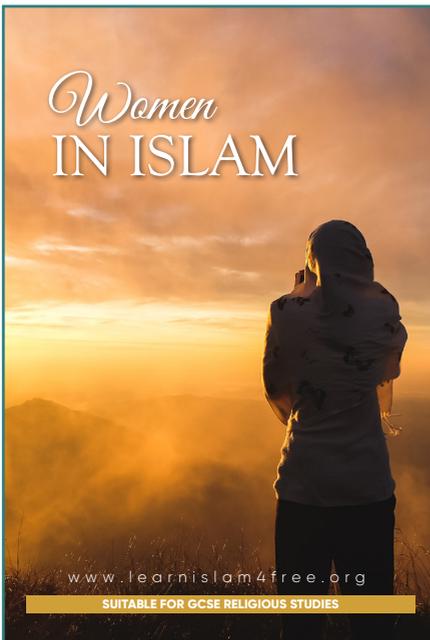
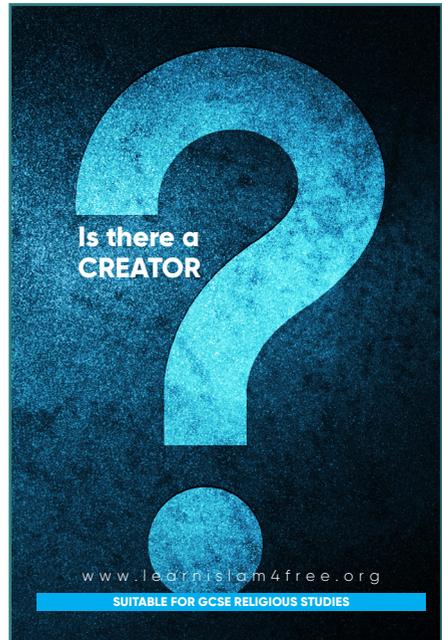
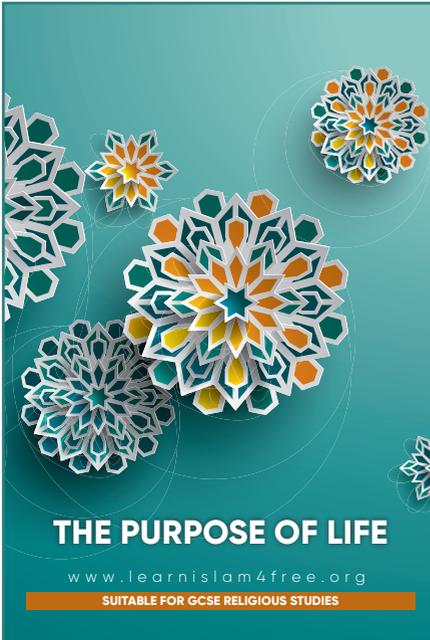
itself, it will be a mere illusion to call such a society as developed and civilised for there are only materialist bankers and establishment runners on one end and the public that is in debt to these corporate on the other. It's a just a different way of enslaving people-modern slaves are not in chains but in debt!

The Quran calls this kind of throttling and oppressive lifestyle as “Maeshatan Zanaqa” (a very constrained and restrictive economy) in Chapter 20 verse 24:

“God said: "Get down, both of you, (man and Satan), and be out of it; each of you shall be an enemy to the other. Henceforth if there comes to you guidance from Me, then whosoever follows My guidance shall neither go astray nor suffer misery. But whosoever turns away from this Admonition from Me shall have a “Maeshatan Zanaqa” (a restrictive economic condition in life) & We shall raise him blind on the Day of Resurrection” (20:23-24)

Indeed the “life of restrictive economic hardship” does not mean a life of poverty. It means that such a one shall be deprived of the peace of mind, even though he may be a rich person or a man of average means. For, the one who will turn away from the admonition will be either of the two groups-those who may gain all the worldly successes by unlawful means and, therefore, will always be suffering from pangs of a guilty conscience and deprived of the peace of mind and real happiness. The other group will be those upon whom the first group preys and exploits- thus the whole society will suffer from oppression and constriction-yearning and gasping for a fresh lease of life!

OTHER ESSENTIAL READINGS



Booklets

1. The Quran
2. The Book That Shook The World
3. World's First Written Constitution
4. The Sharia Law
5. The Purpose Of Life
6. The People Of The Book
7. What Is Islam?
8. The Concept Of God In Islam
9. Jesus In Quran
10. Did Jesus Predict Coming Of Muhammad?
11. Common Misconceptions About Islam
12. Is There A Creator?
13. Women In Islam
14. The Hijab
15. Scientific Miracles Mentioned In The Quran
16. Message To Mankind
17. Islam's Solution To Terrorism
18. Islam For The 21st Century
19. Muhammed pbuh The True Role Model
20. Muhammed pbuh As A Teacher
21. Morals And Manners Of Muhammed pbuh
22. Marriage-Relevance And Importance
23. For Those Who Reflect
24. Salah-Islamic Prayer
25. Fasting In Islam
26. Hajj-The Islamic Pilgrimage
27. Islam Has No Clergy
28. Islam Against Sectarianism
29. Concept Of Halal & Haram In Islam
30. What Is Bank Interest And Riba?
31. Is There Life After Death?
32. What Is Zakah?
33. Role Of Masjid And Imam
34. What Is Shahdah?
35. The Wakeup Call
36. Islam Against Racism
37. Remembrance Of God
38. The Book Of Prayers
39. Etiquettes In Islam
40. The Rights Of Parents And Children
41. Beautiful Stories Of Prophet Muhammed pbuh For Children - Book 1
42. Moral Stories For Children - Book 2
43. The Book Of Manners For Children - Book 3
44. Islam For Children
45. The New Muslim Book

