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### A STUDY ON: "PHILOSOPHY IN PROHIBITION OF RIBA&SOME SCHOLARS' VIEWS REGARDING INTEREST"

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#### ABSTRACT

This paper investigates about the old term Riba /usury and interest. In this different types of Riba and Interest with reasons behind its prohibition is also presented in it Islamic point of view and regarding philosophy of prohibition of interest and some scholars views are discussed in brief manner. Furthermore, from some scholars' views, it has been cleared that interest giving and taking are not same matter in prohibition. Interest bearer has no compulsion in bearing interest. While the poor or person who pays interest with money, he has to take money in compulsion from the rich. The wisdom behind the prohibition is that it encourages idleness and earning money with money rather than doing hard working. The philosophy of declaring interest as Prohibited is that it is against justice and spirit of Islam. Moreover, this paper presents clear and vivid commandments with logic for understanding that in presence of interest rate, hoarding of money, preservation of money and monopoly system may be seen in the society.

#### INTRODUCTION

Riba was the broad term used in the early Islamic sources for "increases" learned but specific ancient type of usury/ money lender's capital in lending and for "increases" charged in barter and sales of commercial capital which according to the QURAN and Hadith particularly pre-valued in the pre-Islamic Arab Society. (Zia-ul-Haque Dr. 1985)

The Islamic doctrine of the prohibition of riba has recently acquired great importance because of the fact that the problem of riba forms the core of the problem of distribution of wealth. As all incomes are portioned in the modern capitalist society according to the relative services of the factors of

production in the production process, the rewards and prices of these resources in the forms of rent interest wages and profit are ultimately approximated by distinct social classes. Production and distribution of wealth are therefore interdependent and interconnected. This means the problem of Riba is at the same time the problem of the overall economic political system.(Zia-ul-HaqueDr., 1985)

Lexically, Riba means increase Allah Most High says`` But when we pour down rain on it, it is stirred (to life) it swells (rabat)`` (Al-Quran, HAJJ 22:5). Meaning: it increases and grows. In Shariah riba (interest) means an increase in things specified by the Revealed Law.

### *Objectives of Study*

To study about interest rate system;  
 To analyze scholars' views about interest rate;  
 To differentiate scholars' views about interest rate system  
 To know about types of interest rate;  
 To present the philosophy of prohibition of interest /riba.  
 To present importance of Islamic teachings for improvement of economic activities;  
 To describe drawbacks of interest in Islamic countries.  
 To know about the reasons of difference about interest/ riba.  
 To encourage interest free system according to the Islamic norms in practical life of Islamic societies.

### *Hypothesis*

This research is based on the following hypothesis:  
 The philosophy in the prohibition of interest is encouragement for investment and productive activities.

### *Basic Question of Research*

The research is based on following question:  
 "Why interest/ riba were declared as prohibited?"

### **METHODOLOGY**

In this, analytical and descriptive methodology will be used for conclusion/findings.

### *Literature Review*

In literature review, different books, research journals and electronic material were reviewed in which you tube videos regarding prohibition of interest. In scholars' views different scholars' videos were analyzed, e.g. Dr. ZakirNaik's; Dr. Israr Ahmed's views; Maulana Tariq Jameel's views. In books, 1-"Interest in Islamic economics understanding",2-"Islam and Feudalism",3-'Sood',4-"Islam mey halal aourharam" and 5-" Islamic Fundamentalism",

etc. are important. Besides these few research journals are also analyzed. As concerned article published related to topics, these are as under:

Muhammad Zakir Hussain wrote article on, "Why is interest prohibited in Islam?", published in *Humanomics* 25(October),2009.

Dr. Mohd. Haider Kamar Zaman wrote article on, "Ethics of halal earning in Islam" published in *International journal of Islamic Thought*, Volume 12, and December 2017.

James E. Payne wrote article on, "The effect of money- growth and interest rate variability upon inflation," published in *Journal of Economics & Finance*, Issue 17, 1993.

Roger N. Craine & James L. Pierce wrote article on, "Interest rate risks", published online by Cambridge University Press, Volume 13, issue 4, 2009.

Ishtiaq Ahmad, Kashif-ur-Rahman & Asad Afzal Humayoun wrote article on, "Islamic banking & prohibition of riba/ interest" *African Journal of Business Management* Volume 5(5), published in 2011.

Ibrahim L. Awad wrote article on, "The Islamic rate of return versus nominal rate of interest: A macro- economic model", published in *Eastern Economic Journal*, published on May 2020.

Islahi Abdul Azim wrote article on, "An Analytical study of al-Ghazali's thought on money & interest", presented to international conference on Al-Ghazali's legacy: its contemporary relevance, organized by international institute of Islamic Thought & civilization, Kuala Lumpur Malaysia, during 24-27 October, 2001.

### ***Importance of research***

As concerned importance of topic, the following points describe as under:

Interest rates are one of the most important aspects of conventional banking system of Western and Eastern societies.

Business men, bankers and other financial institutions calculate profits on the base of future interest rate.

In present time, every economy, interest rate system is present, even in the Islamic countries it is termed as profit & loss sharing instead of interest.

In every economy, interest rate differs from the other because interest rate is based on role of supply and demand of the market.

All the conventional banking system & credit card system is based on interest rate. Therefore, in the present era, role of interest rate in any economy, whether it is capitalistic, communist, mixed economy, or economy of Islamic state, cannot be ignored.

### ***Limitation of Research***

This research has been restrained to some Muslim Scholars' views regarding philosophy of prohibition.

### ***Discussion & Presentation***

In early Islamic history, riba was used but after some years it was declared as prohibited by Holy verses of Quran. Then Holy prophet (P.B.U.H) also declared its prohibition and all business dealings in which interest were involved, declared as forbidden for the Muslims. Riba is defined in the Hanafi work *Kanzal-ammal-as* surplus of commodity without counter value in a commutative transaction of property for property.

The intent of such a transaction is a surplus of commodities, even if only legally ; thus the definition includes both credit riba and invalid sales,since postponement in either of the indemnities is a legal surplus without perceivable material recompense the delay usually being giving have an increase in compensation. (Abdul kader Thomas (Editor), 2006)Riba also forms a major cause of the invalidity of contracts. It operates mainly in the contracts of loan and surf (money barter)

As concerned literal meanings of "riba", these are as under:

Riba literally means increases addition and augmentation. The Quran has used the word riba in its literal meaning in surat al- Rum. Technical meaning of riba, means an increase in the principle amount stipulated to loan transaction. (TahirMansuri Dr. 2005)

As concerned types of riba, these are considered as under:

#### ***RIBA AL –FADL***

This occurs when one type (Jins) of mal ribawi is exchanged for an unlawful excess of the same type of mal ribawi. In order to be lawful,the exchange must occur immediately and there must be no disparity in amount. If however,the two mal ribawi terms are of different types there is no riba and the exchange is permitted with or without excess.

#### ***RABI AL NASI'A***

This occurs when there is delay in completely the exchange of ant two types of mal ribawi. For one another whether or not there is an increase in profit, the exchange is permitted with delay however if one type is currency and other is not.(Abdul kader Thomas, Editor,2006)

The riba which is forbidden in Islam is of two types:

Credit Riba which was the only type known by the pre- Islamic Arabs. This type is taken against a delay in settlement of a due debt regardless whether the debt is that of goods sold or a loan.

Surplus Riba If the sale of similar items with a disparity in an amount in the six chronically- forbidden categories of goods: gold, silver wheat barley, salt and dry dates. This type of riba is forbidden in order that it does not become a pre text for committing forbidden acts that is in order to prevent it being used a pretext to committing credit riba. (Abdul kader Thomas (Editor) (2006) In the above views, Thoms points out about six forbidden things, these are declared haram in case of Riba or taking excess in exchange of goods.

Before advent of Islam and after the Islam, the interest was used in Ancient Arabs. Islam disliked interest in the business activities. After this, Islam prohibited interest in business activities. And after all, all types of interest were condemned in business activities whether it is single interest or compound interest, all were declared haram. In the Holy Quran Allah declared that trade is developed while interest is eliminated. By declining interest haram, the business activities were made pure. So, the Islam condemns accumulating of wealth and it encourages distribution of wealth. (SiddiquiM. Yaseen Mazhar (1994) Siddiqui points out that the hikmah of trade permitted is that it is useful for the individual as well as for collective level.

While the harmful effects are for individual and for societies are vivid so it is declared as haram in Islam and before Islam also.

Interest is against a system of economy based on interest. In 1981, a beginning was made in this respect by starting interest free counters in all the branches of the nationalized commercial banks. As a further step of advance in the direction, instead of interest, profit and loss sharing basis has been introduced.

### ***Hudud Laws***

Besides interest, Masood-al-Hassan, presents his views about the offences that are declared as huddud according to shariah laws in Pakistan. But with sorrow, it may be stated all types of theft, robbery and drinking wine all are being used. Similarly, interest is declared prohibited by all schools of thoughts in religion Islam but it is being used in the all banking systems in conventional and Islamic banks.

As an essential step, towards the introduction of the sharia, the government of Pakistan has promulgated the hudud laws. By these laws, the existing laws relating to the offences of theft, robbery, dacoity, adultery, false accusation of adultery and wine drinking have been replaced by the Islamic provisions of hudud. (Masoodul Hasan Prof., 1988). As Hasan declares that ruling authorities of Pakistan has taken shariah steps against crimes as hudood laws but unfortunately in the societies, still all crimes are being committed due to practically not implanting hudood laws.

### *Prohibition of interest*

Islamic justice law of trade has commanded to abolish all types of interest from business activities & transactions. Islam declared the interest as the worst shape of economic exploitation which has been dangerous effects on economic cooperation and in result on economic welfare. The indulged persons of this crime have been strictly warned of strict punishment, in actual interest bearer person's income and resources. (Ghaffari Noor Muhammad Dr., 1989) In the above views of Ghafari, also shows that besides prohibition of hudood laws, still interest is being used in our country especially in conventional banks.

The second purely Islamic innovation as far as economic behavior was concerned was the abolition of usury; usury is abolished in favor of trade and alms –giving. ‘‘Allah has laid his curse on usury and blessed alms giving with increase,’’ or , that which you seek to increase by usury will not be blessed by Allah, but the Alms which you give for the sake shall be repaid to you many times over .’’(Al-Baqarah& Al-Rum) Usury is regarded almost equal to kufr and shirk. Muslims are enjoined to wage war against those who do not give up usury.(AskariHasan, 1979)Askari's points shows that Allah favors alms giving because in this way wealth is delivered to the poor section of society. While interest concentrates wealth in few hands, this is why it is against justice and the more members of societies.

The following paragraph declares the views of those people that considers only double or redoubled interest as prohibited, while they think less ratio is permitted so this view is refuted by Siddique's statement as follows:

Some people while discussing the verse of the Holy Quran(3:130-132)opine that it is only the compound interest (doubled & redoubled) which is prohibited. It is obvious that these people do not take into consideration other injunctions of Holy Quran on the subject and also seen to ignore the accepted principle of interpretation of the Holy Quran that firstly the Holy Quran should be interpreted by various other verses in the HOLY Quran itself.It is therefore, essential that for clear understanding of a verse of Holy Quran the other verses on the subjects are also studied and taken in consideration to perceive the real meaning of conveyed in the Holy Quran. Further, inIslam, the Ahadith are also the basic source of jurisprudence and are in fact, the most important source Of Islamic Law after the HOLY Quran.(SiddiquiShahidHasan Dr., N/M)Shahid Hasan, declares that as the Holy Quran and hadith sciences both are basic sources of Islam, and both declares that interest is prohibited due to its multi - dimensional side effects.

In the views of Siddiqui, interest is prohibited without fixing its ratio because with the passage of time and with economic conditions, these may be change, so for easiness, Islamic teachings has banned interest by declaring its limits otherwise with economic conditions less money has become more and more becomes less in terms of inflation and deflation, so Quranic words prohibited riba (interest) in a vivid manner so that any type of confusion might not arise.

In the Holy Quran, trade is declared as permitted while interest dealings are prohibited. The reason behind this is elaborated by Madoodi in given words:

“In selling and buying, seller got profit at what extent from the buyer, in actual, he gets only in one time but in the nature of interest lender gets profit continuously on his money, And with speed of time his profit increases, borrower of money gets profit within the limits but lender gets that profit which has no limitation.”(Madoodi Syed Abu Al- A’ala, 1997)Madoodi declares that business and interest is different because in interest money lender again and again with passage of time ignoring the situation of business, this is the main reason and wisdom behind prohibition of interest for the societies and different nations.

### *Some Hadith Sciences about prohibition of interest*

As Holy Prophet (PBUH) said in these words:

عن عائشة قالت لما نزلت آيات الربا قام رسول الله ﷺ على المنبر فقرأهن على الناس، ثم حرم التجارة  
- في الخمر -

(Imam Nasai, Abu Abdul Rehman Ahmad bin Shuaib, Hadith 4669)

It was narrated that Aishah said, “When the verses of Riba were revealed the messenger of Allah (P.B.U.H.) stepped up on the minber and recited them to the people, then he forbade dealing in wine”.

In this hadith, it may be stated that as prohibition of interest revealed then trade of wine also declared as prohibited. It is sorrowful that in present era in both societies whether Eastern or Western, interest rate is used in all financial organizations to some extent. Even in Islamic countries some banks used terms for itself as Islamic Banking or interest free banking but these are indulged in interest rate indirectly. Besides this, some banks used terms as Profit and loss sharing but these are also involved in interest. Therefore, necessity to mold this interest based into an Islamic based system is still required even in those societies those are called itself an Islamic state.

Furthermore, it is bright aspect for Muslim societies as there are such organizations are being set up those are free from interest. In this way, it is hoped that in near future, real Islamic system may be implemented. In this matter, the empirical evidence of ‘Ukhawat’ banks and welfare organization may be quoted as its Managing Director and founder Prof. Saqib described in media interview that Ukhwat is providing interest free loans to the needy and the poor for their business set up. And in the whole country, its loan returning ratio is 99 percent than any other loan provider agencies or financial organizations. This thing denotes and verifies the validity of divine commandments in practical life also. The meaning of divine commandment is presented here, “Allah eliminates and diminishes the interest and while HE increases the bounty.

In another hadith, Holy Prophet (PBUH) also that in future, people will not imagine about their earnings. This means they will not take care about the

source of earnings whether it is from halal sources or haram sources. As Holy Prophet the tradition is as under: "It is narrated that Abe Hurairah said: "The messenger of Allah (P.B.U.H.) Said: There will come a time when a man will not care where his wealth comes from, whether (the source is Halal or Haram)". (Imam Nasai, Hadith 4459)

Imam Nasai's narrated Holy Prophet's saying notifies that the period has come in which people will prefer earning without considering its source. Now in Muslim societies very few people who consider and prefer halal earnings. Otherwise earning more has become the main purpose rather than halal and permitted earning. Simplicity is ignored in practical lives of people therefore for meeting un-necessary expenditures of snobbery and fashion; head of family are bound to earn more whatever the source he applies. In this way corruption, dishonesty and laziness in performing their duties emerge, that creates another evils. This is why, in govt. offices, some persons are doing their duties to do hurdles in completion of works rather than facilitating the people in their works. But if someone gives bribe then their works are completed as quickly as concerned person also becomes astonished. This is why in Hadith, both persons who gives bribe money and who takes bribe money both are condemned due to it long term side effects.

In another hadith, it is narrated that people will involve in the earnings of usury in so much number that in coming days, there will become difficult to find the persons who are not involved in usury and interest based business. From this, it becomes clear that now the banking system and credit cards system are all based on interest. As in other tradition, it is narrated:

عن ابي هريره قال: قال رسول الله ﷺ: ياتى على الناس زمان ياكلون الربا....-  
(Imam Nasai Hadith 4460)

It is narrated that Abe Hurairah said: "The Messenger of Allah said: There will come a time when there will be no one left who does not consume riba and whosever does not consume it will nevertheless be affected by residue".

From the hadith, every sensible can know that now days, due to banking system and interest spread is so vast that nobody remain safe from its effects. Imam Nasai's presented hadith also refers the period and age of present time. As all government organizations have their bank accounts and the employees have also bank accounts and salaries are transferred through bank accounts. If someone want to eat interest or not, his money is being used by banks and financial institutions, If someone have satisfaction that he is not getting bank interest as he has not saving account for gaining banks' interest rate on deposited money. In opening and maintaining current account, persons are not getting profit but banks are utilizing their deposited sum in interest based lending. Therefore, no one is safe whether he is earning profit or not if he has account in banks, then he is involved. And in present scenario, no one can remain free from this interest based system if he is trader or employee.

In another hadith, Holy Prophet (PBUH) clarified about the matters that are free from interest. If someone do transaction hand to hand then there will be

no interest in these matters but if someone delays transaction and gets more, this will be involving in interested based earnings. As it is narrated in the following words:

حدثني اسامة بن زيد: ان رسول الله ﷺ قال: لا ربا الا فى النسئته-

(Imam Nasai Hadith# 4584)

Usama bin Zaid narrated that the Messenger of Allah said: "There is no riba (interest) except in credit."

Explanation: From the above mentioned Ahadith, it may be clearly stated that about interest is only in matters of delaying payments, if hand to hand transaction, then there will be no riba/ interest.

In the following paragraph, Dr. Hameedullah points out the philosophy behind the interest in these words:

"Perhaps,there is no religion in the world which did not prohibit the interest. Uniqueness of Islam is that it does not compare the interest but it provides us a correct system that removes this curse in the society. The base of prohibition of interest is that in this transaction risk is one sided. Because when someone gets money as a loan for earning profit then it is possible that he did not earn profit due unsuitable conditions. And he did not earn such profit so that he might return the money with interest. But the lender wants to take his profit because he is not shareholder in profit and loss situation".

(Hameedullah Muhammad Dr., 2010) From the above views, it may be clear that wisdom behind prohibition of interest is also this behind other effects that in it risk is one sided that is always for the lower and poor as compared to the rich. And this thing also concentrates wealth in few hands of society which is against to the real development.

Dr. Yousaf Al-Qardawi's views are strict than Dr. Hameedullah regarding prohibition of interest as they consider forbidden in all those matters in which interest is involved directly or indirectly, his views are:

"Islam eliminated every way of profitable dealing through interest. Therefore, the quantity of interest whether it is less or more has forbidden. And it has been condemned to Jews because they have been eating the interest after its prohibition. Holy Prophet (P.B.H. U) has done the announcement of war against the interest and the persons who are bearing or eating interest and Holy Prophet (P.B.H. U) declared that interest is severely dangerous to society.In the Semitic religions,Islam is not the first religion who made interest prohibited. But interest was also haram Judaism which was also mentioned in Old Testament". (Al-QardawiYousaf Dr., 1980) This is clear that prohibition of interest is not new but prohibition of interest was found in ancient divine religions but it was always adopted by the rich members due to its one sided advantages that are always gotten to the rich people ignoring the economic conditions, these are better or not for the poor members of societies.

It is fact that the about the prohibition of interest, there is difference of opinion found by some scholar's views. For example, some opine that less money over money is not prohibited but greater money over money or doubling or redoubling is prohibited. But mostly scholars opine that interest is prohibited whether it is less or more just the wine whether it is less or more in quantity. Similarly, Dr., Mansour Ahmad opine as under:

‘Now-a-days, the problem of interest is being discussed in shariah courts. The main decision about interest is that interest is prohibited in Islam, but some advocates that more interest or interest on interest money is haram while little interest is not haram. While according to some other advocates whether it is interest of every time more or less is haram while some opine that the interest of banks did not equal under definition of riba.’ (ManzoorAhmad Dr., 2005) Dr. Manzoor Ahmad declares that there is different of opinions in the jurists' point of view regarding quantity of money in consideration of prohibition while the theme of Islamic teachings declares riba as prohibited without considering quantity of money in agreement.

As concerned the socio economic evils of interest, Dr. Sadeq, points out about following four evils:

First, it is an injustice for capital to receive the benefit only and not to share in any losses; second, it is a big source of gross inequalities of income. In the modern world, the industrialists borrow capital from banks and make huge profits but pay only a small part to the depositors through the banking system. This is an indirect transfer of income from the masses of depositors to the industrialists. This leads to concentration of income and wealth in society; Third interest limits investment, while profit sharing increases it; fourth, interest is considered as cost of production and hence the price of the produce is adjusted to it so that the consumers are affected because of the higher prices of goods and services.(Sadeq A.H.M.Dr., (1989)Furthermore, these influences of interest on the societies are discussed by khan abdulrahman, these are as follows:

Influences of prohibition of interest are very long term and useful on the distribution of wealth. The simple effect of prohibition of interest is that due to these prohibitions it creates the balance and equality among system. The mandatory trial of interest based system is that in this capital of one sided, person is safe while on other side, the profit of other side is in danger. Due to this, interest is prohibited. With the prohibited of interest, Islam has eliminated all the weaknesses of trade. In Islamic system, every person that invests his capital in some business, he holds the responsibilities of profit and loss. In this way, business does not remain uncontrolled. (Khan Abdul Rahmanmunshi, edit. 1983)

Interest creates monopoly in the economy and it assures the profit of capitalist. And loss is given to the worker only. This is source of creating sectional jealousy and injustice. Islam declared not only prohibited but interest is as expressed as announcement of war against God and his prophet(P.B.U.H.)

Therefore, Islam does not bear this troublesome act in Islamic society for a moment also. (Gilanisyedas'ad, 1989) In Gilani's views, it clarifies that interest is prohibited without considering it is less or more, doubled or redoubled because it is only sin that is declared war against Allah.

Due to interest, wealthy and capital holders become more rich and wealthy. In this way, they rule on the market with own will. In its result, the supply of goods and price system becomes artificial rather than natural. In its results, the supply of goods and price system becomes artificial rather than natural. And no sector of society remains safe from economy or morality to domestic politics also. Due to prohibition of interest only two things will be used generally for the partnership of capital. These types will be shirkat and muzarbat. In these types both will be shared in case of profit or loss. Both groups get profit according to certain ratio. (Khan Abdul rahmanmunshi, edit. 1983) This is fact that if in Muslim countries business is promoted on the basis of shirkat and muzarbat, this thing will promote not only economic activities but improve the standard of living of the people.

### ***Riba/ Interest in Scholars' point of views***

The fuqahas (jurists) divided riba into two categories; the first is riba al-jahiliya or riba an-nasiha. Intriguingly, the door to permitting riba in Egypt was opened by the creation of a distinction between these two terms. Yet, a close analysis based on the classical juridical analysis as presented by Sh. Zuhaili, shows that riba was common prior to the revelation of the Quran and has always been closely analogous to modern bank interest. In this category the lender does not commit to any business risk and asks for an increase in amounts based upon the mere passage of time. The second category is riba al-fadl, this type of riba may entail keeping a counterpart out of the market. And this is prohibited to make riba al-nasiha less possible. (Abdul kader Thomas (Editor) (2006)

Interestingly enough some have used this complete understanding of the prohibition of riba to argue that interest charged and paid by commercial banks today is not prohibited riba. They have argued (e.g. the controversial fatwas of Sheikh Dr. Tantawi, the past mufti of Egypt and current sheikh al-Azhar, and similar fatwas by sheikh wasil (the current mufti of Egypt) that conventional banking interest is share in the profit of growth inducing investments and not the forbidden riba. Islam forbids charging such interest for delays over payment. (Abdul kader Thomas, Editor,2006) In the above statements, it may be stated that there is still difference of opinion among the different jurists and scholars about the prohibition of interest. It is reality still among the Muslims; there are some modern people or such educated people that do not consider interest of conventional banks as riba. Therefore, they consider it as permitted because of difference from riba of past Arabs.

Moreover, those modern scholars who define riba simply as excessive interest ignore two factors. The first is the opinion of the classical jurists an opinion which was not shaped in a vacuum. The second is that in modern times, consumption lending is a big business. The lender is neither the producer nor

the seller in most cases. Whether or not one uses a loan for the stated purpose, and from the first moment of the loan, interest is due and payable. The lender claims a utility for his money only because time has passed. And this is precisely the nature of *riba al-nasi'a*. (Abdulkader Thomas Editor,2006).

### *Qutb's views regarding interest*

Liberating the economy from usury, Qutb points out a continual cycle of productive activities, guided by divine laws would follow. Capital in itself is not the root of the problem; it is rather, the method and the system which decide its use in usurious transactions. By placing capital within its comprehensive view of life, Islam restores its productive and useful function in society; man becomes a trustee of God delegated to undertake certain activities and refrain from others; interest earning in all its forms and methods is forbidden in binding Quranic injunctions. (Yousaf M. Churi, (edit.)1990). In his views, It may be stated that with declaring interest as prohibited, this means actually, productive activities must be encouraged in the societies. These activities not only eliminate unemployment but circulate the wealth in different sections of society. This is the essence of Islamic guidelines regarding encouraging trade and discouraging interest.

### *Al-Qardawi's views regarding prohibition of interest*

In the declaration of interest as haram, Islam has declared the betterment of mankind in moral, collective and economic sense also. Following are the key points behind the prohibition of interest:

In Interest, person gets money over money from the other person without any hard work. The wealth of the Muslim is just like honor for another. So, it should haram for another Muslims.

Due to interest, people will not do work hard for earning income. But the benefit of people is in trade, industry and in doing constructive matters.

By doing interest prohibited, the people will give loan without interest. But the interest is made legal then nobody will give loan without interest.

Borrower is generally poor and lender is rich then with giving interest, he become richer while poor became poorer. So, Allah will accept this thing in what way? (Al-Qardawi Yusuf Dr.1980) In Al-Qardawi's views, the interest is useful for wealthy persons and it is not useful for poor and for borrower. Money makes money more without considering the borrower's conditions and his business status, this is why interest is declared as prohibited haram as with interest very few people get advantage while majority remain in loss or not as lender gets profit. This is main theme Islamic teachings discourage interest based transactions so that *muzarbat* and *sharakat* may develop in Islamic societies which provides profit to both partners in case of profit. Furthermore, due to the *muzarbat* and the *sharakit* based business, economic activities and chances of employment develop; due to this members of Islamic societies

improve their economic condition. This is the main purpose of Islamic teachings that wealth should be divided in the society rather than concentrated in few hands of society.

### *Sir Sayyed Ahmad Khan 's views about riba*

It should be kept in mind that Sir Syed Ahmad Khan was not the first person who has deviated from the traditional thinking. Before him Shah Abdul Aziz in his fatawa had been allowed the Muslims of India that they can engage themselves in interest transaction with non-Muslim with exception of Hindu. It was valid in the eyes of Maulvi Abdul Hai Farangi Mehli, Allama Syed Abu Ishaq Hanfi, Maulana Syed Nasir Hussain and Syed Nasam-ul- Hassan Lakhnavi etc. (Farooq Aziz, Muhammad Mahmood & Emadul Karim, 2008) Anyhow, as concerned sir sayed's views, these were limited with condition of compulsion or when Muslims are under the non-Muslim Govt. In an Islamic state these; views cannot be implanted without any kind of compulsion. As some scholars and jurist have given permission to deal interest based matters to save his honor and life, but in normal conditions this permission of interest cannot be considered.

Both traditional and non-traditional schools are agreed that riba is restricted to debt, and it is an excess amount on loan subject to time and agreement. But the main difference is that, former is not ready to accept any increment on loan and treated it as riba. Whereas, the later demand sum space for that, but none of them do have any logical base for their claim. (Farooq Aziz, Muhammad Mahmood & Emadul Karim, 2008)

### *Madoodi's views regarding interest*

According to Madoodi's views, there is not same matter in interest taking and giving because interest based loan is taken in case of compulsion or need. But the person who gives money on interest to the poor or needy, he has no compulsion in giving money for interest. Therefore, only wealthy man will give money on interest without any compulsion and need. (Madoodi Abu Al'aala syed, 1988) In these lines, Madoodi also declares that there is difference between interest bearing and interest earning because one is poor and have compulsion to pay excess while other is rich and have no compulsion.

### **CONCLUDING REMARKS**

In nutshell, it may be stated that usury/ riba is older term while interest is term of present age widely used in financial & banking system. The philosophy behind prohibition of interest is vivid because in it poor becomes poorer while rich becomes richer. This thing exploits the poor and discourages hard work becomes by interest money earns money without the conditions and the skills of the rich people. Unfortunately, this sin is being used by individuals as well as by the organizations also. In the present era, ignoring the prohibition, many developing Islamic countries are also taking money on interest for the survival of their policies. The fact is that this only one sin that is declared as war against Allah and the Holy Prophet (P.B.U.H). But, in the case of interest

involvement, there is no difference in the developed countries and the developing countries whether these are Muslim countries or not Muslim countries. In present era, poor is becoming poorer because of interest based loans and transactions. If we want to gain real development in our societies, then eschew from interest is mandatory, otherwise, the wealth of society will remain continuously in few hand of societies.

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