

The Ruling of the Shari'ah Concerning Loans on Interest

Q: Ilm-20:

The questions are:

1. What is the ruling of the Shari'ah concerning taking loans on interest?
2. Is it permissible to use the profits of the society after separating the interest and not using it?
3. Are the administrators of the society sinful for dealing with interest with the bank?
4. No interest will be charged if the society pays the government back within a year. Is it then permissible for them to take the loan? Can they then invest the money from the loan?

Answer: The transaction as a whole is one of interest and therefore not permissible. Since there are lawful ways of earning a living, there will be no permission to indulge in any interest based venture since interest is declared Haraam by explicit verses of the Qur'aan and Ahadeeth.

Rasulullaah SAW. said that for a man to knowingly consume a single Dirham of interest is worse than committing fornication thirty six times. Another Hadith states that Rasulullaah SAW. cursed the consumer of interest, the payer of interest, the one who writes down the transaction and both its witnesses. He also added that they all share equally in the sin.² Rasulullaah SAW. also said, "Interest is equal to seventy three sins, the lightest of which is committing incest with one's mother."

Whoever keeps these statements of Rasulullaah SAW. in mind will never indulge in interest. Hadhrat Umar RADI. said, "The last verses revealed to Rasulullaah SAW. concerned interest, so we did not get the opportunity to ask him the details of it. We therefore avoided all interest and everything that we suspected could be interest."

It is regrettable that we should see the materialisation of Rasulullaah SAW.'s prophesy when he said that a time will come when no person will be able to avoid interest. This means that every person will share in the sin of interest because he will either be a witness to it, a scribe of the transaction, an accessory or something else. If the society abstains from the loan on interest, does not have to pay the four and a half percent interest and neither has to involve themselves in the interest of the bank, there will be no harm in taking the loan. And Allaah knows best what is most correct.

Fatawa Rahimiyyah vol.1