

THE ADVERSE IMPACT OF *RIBA* ON INDIVIDUAL AND SOCIETY: A CONCISE AND COMPREHENSIVE STUDY

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Abstract

There is no difference of opinion among Muslims that *Riba* i.e. interest or usury is *Haram* i.e. unlawful under the *Shari'ah* i.e. Islamic Law principles. This has been confirmed in the Holy Qur'an, in the *Sunnah* i.e. tradition of Prophet Muhammad (S.A.W.) and the Muslims consensus agreement since the early stage of Islam until today. The aim of this article is to explain why Islam has prohibited business and transactions that involve *Riba* and how Muslims are urged by Islam to engage in business and trade which are ethical in nature and character. The *Arabic* word *Riba* linguistically means increase and growth. It means increase in anything, or addition to anything. In other words, increase in capital at the expense of the wealth of others through means which are false and wrong. Hence, any addition however slight, over and above the principal sum lent that is, *Riba*. This evil activity i.e. *Riba*, no doubt creates selfishness, money-worship, cruelty, hard-heartedness and kills the spirit of fellow feeling and co-operation, it is therefore, ruinous for society spiritually, morally and economically. Islam has prohibited *Riba* in order to protect the property of the Muslims and not to be eaten unjustly, to encourage and direct Muslims to invest their money through *Halal* i.e. lawful channels and block anything that will generate hatred, evil and envy among the Muslims. Because if *Riba* is made permissible the needy person will be required to pay back more on loans and from the moral aspect this will weaken his feelings of good will and friendliness toward the lender. Hence, if *Riba* is prohibited in a society, people will lend to each other with goodwill, expecting back no more than what they have loaned, so that the spirit of mercy and charity among Muslims will be more firm and strong.

Keywords: Impact of *riba* on society, Lawful, *Haram*, Injunctions, *Riba* ingredients,

1.0 INTRODUCTION

There is no difference of opinion among Muslims that *Riba* i.e. interest or usury is *Haram* i.e. unlawful under the *Shari'ah* i.e. Islamic Law principles. This has been confirmed in the Holy Qur'an, in the *Sunnah* i.e. tradition of Prophet Muhammad (S.A.W.) and the Muslims consensus agreement since the early stage of Islam until today.

Access to *Riba* has many ways and doors. Prophet Muhammad (S.A.W.) had mentioned that they are more than seventy doors. One may say it includes in this era, banks *Riba*, loans with *Riba*, deposits with *Riba*, credit cards with *Riba* and so on.

Riba is considered to be one of the greatest sin in the Islam, that is not only because Allah Almighty has described in the Holy Qur'an those who have insisted of eating/taking *Riba* as declaration of war against Him and His Messenger, but for the harms in it that affect the whole community's social and economic structure.

Those who deal in *Riba* are indeed committing a grave serious mischief when they employ their money to get benefits for themselves without any considerations for the economic basis and their nation's goals and without any deliberation in their countries demands for the investment of these moneys for the welfare of the whole nation.

No doubt that the needy people were the most victims in this evil process by exploiting them, and deterring them with manacles of *Riba* rate accumulating it over them on the extent that they could not get rid of this debt, and this would probably lead to social unrest.

Therefore, Islam has not only forbidden dealing in *Riba* but also remedied the causes leading to the existence of this evil and cruel nature institution in human society. Islam permits increase in capital through genuine trade, and blocks the way for anyone who tries to increase his capital through lending on *Riba* whether it is at a low or a high rate, in order to protect helpless persons from the exploitation of the money-lender who the holy Qur'an likens to a madman as Allah Almighty said:

"Those who eat *Riba* will not stand (on the Day of Resurrection) except like the standing of a person beaten by *Satan* leading him to insanity". *Al-Baqarah* (2) 275.

Hence, all *Riba* based transaction whether giving or receiving, dealing with Muslim or non-Muslim is unlawful in Islam. It is noteworthy to mention that the system of *Riba* is not only forbidden in Islam, but it's also considered unlawful by Christianity and Judaism.

In sum, the main reason of forbidden *Riba* is the realization of overall socio-economic justice and the welfare of the people in this world as well as the Hereafter.

This welfare lies in complete justice and mercy, hence, anything that departs from justice to oppression, from mercy to harshness, from welfare to misery and from wisdom to folly, inconsistent with people's interest has nothing to do with the *Shari 'ah* objectives. It is for this reason that Muslim jurists unanimously held that catering for the people's interest and relieving them of hardships is the basic objective of the *Shari 'ah*.

After assertion that *Riba* is forbidden in Islam, it is worth mentioning here that Islam recognizes the human instincts of safeguarding one's future and making a lawful, reasonable provision for the maintenance of one's family members and dependents in order to live in peace and security. Islam has also maintained and acknowledges the rights of ownership for individuals within the bounds of the spiritual and Islamic moral values. For these reasons, Islam encourages people to engage in legitimate business etc and opposes any means which aim is only to make profit and exploitation of the human need.

This article aims to achieve the following objectives:

1. To explain why Islam has prohibited business and transactions that involve *Riba*,
2. To explain how Muslims are urged by Islam to engage in business and trade which are ethical in nature and character.

3. To explain how Islam has urged Muslims to work hard and enjoy the bounties provided by Allah the Exalted within the framework of values for righteous living through which Islam seeks to promote human welfare.

2.0 THE MEANING OF *RIBA*

The *Arabic* word *Riba* linguistically means increase and growth. It means increase in anything, or addition to anything.

In *Sahri 'ah*, *Riba* refers to the additional sum of money that must be paid by the borrower to the creditor along with the principal amount as a condition for the loan or for an extension in its maturity. In other words, increase in capital at the expense of the wealth of others through means which are false and wrong. Hence, any addition however slight, over and above the principal sum lent that is, *Riba*.

It is noteworthy to mention here that not all increase in the capital would be considered *Riba*, as it might be increased through a lawful business (i.e. *Halal*).

Islam has only forbidden an increase in capital through *Riba*. This is because during the pre-Islamic period (It's termed *Jahiliyyah* period) the 'Arabs do not differentiate in their dealings between an increase in the capital through a lawful trade and an increase in the capital through *Riba*, rather, they claimed that there is no difference between the two as it has been illustrated by the Holy Qur'an in the saying of Almighty Allah:

"That is because they say trading is only like *Riba*, whereas Allah has permitted trading and forbidden *Riba* (interest)" *Al-Baqarah*, (2) 275.

3.0 INJUNCTIONS FROM THE HOLY QUR'AN REGARDING *RIBA*

'Arabs in the pre-Islamic period had suffered a lot from *Riba* whereby the money lenders enslaved the poor and needy. *Riba* was the main cause of mischief and chaos among the 'Arabs in that period of ignorance that is why Islam forbids it in a very strong and harsh manner from the beginning of its emergence as mentioned earlier.

The prohibition of *Riba* has been proven in the Holy Qur'an, the sayings of the Prophet Muhammad (S.A.W.) and the Muslim consensus. Allah Almighty for His mercy has prohibited *Riba* gradually in four different verses in the Holy Qur'an. The first revelation on the issue of *Riba* was received in *Makkah al-Mukarramah* whereas Allah Almighty said:

"And that which you give in (to others), in order that it may increase (your wealth by expecting to get a better one in return) from other people's property, has no increase with Allah; but that which you give in charity seeking Allah's Countenance, then those they shall have manifold increase" *Ar-Rum* (30) 39.

This verse is considered to be the first verse to point out the real social life of the people of *Makkah* during the pre-Islamic era, as people of *Makkah* during that time were *Mushrikun* i.e. idolaters and hostile to the Messenger of Allah (S.A.W.), hence, the verse did not forbid directly the *Riba* system as the idea will not be accepted by them at all. But it indicates that the increment that they intended to take from other people's property Allah

Almighty will not accept it, unlike the charity in which they seek Allah's countenance. The second verse revealed on the subject after the first one was the saying of Almighty Allah:

“And [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And we have prepared for the disbelievers among them a painful punishment” Annisa (4) 161.

The third verse was the saying of Almighty Allah:

“O you who believe! Eat not *Riba* doubled and multiplied, but fear Allah that you may be successful” *Aal- 'Imran* (2) 130.

And finally it was prohibited in the following verses:

“Those who devour interest become (on the Day of Resurrection) like the one whom Satan has bewitched and maddened by his touch. They have been condemned to this condition because they say, “Trade is just like interest”, whereas Allah has made trade lawful and interest unlawful. Henceforth, if one abstains from taking interest after receiving this admonition from his Lord, no legal action shall be taken against him regarding the interest he had devoured before; his case shall ultimately go to Allah, but if one repeats the same crime even after this he shall go to Hell, where he shall abide forever. Allah deprives interest of all blessing and develops charity; and Allah does not like an ungrateful sinful person” *Al-Baqarah* (2) 275-276.

“O Believers, fear Allah and give up that interest which is still due to you, if you are true Believers; but if you do not do so, then you are warned of the declaration of war against you by Allah and His Messenger, but if you repent, you shall have your capital sum. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums). And if the debtor is in a hard time (has no money), you grant him time till it is easy for him to repay, but if you remit it by way of charity, that is better for you if you only knew it” *Al-Baqarah* (2) 278-280.

3.1 Injunctions From The Prophet Muhammad (S.A.W.) Traditions

The forbiddance of *Riba* due to its evil and cruel nature to individuals and societies has been illustrated in many authentic reported sayings of Prophet Muhammad (S.A.W.) as follows: In his famous sermon on the occasion of the farewell pilgrimage, Prophet Muhammad (S.A.W.) had defused the delay *Riba* system in the following *Hadith*:

Narrated by *Sulaiman b. 'Amra* (Allah be pleased with him) that I heard the Messenger of Allah as saying: “All the usury of pre Islamic period must be entirely abandoned, you are entitled to recover your principal sums only, deal not unjustly and you shall not be dealt with unjustly”. (*Sunan Abu Dawud*, the Book of Sales).

This is the usury system which was then widespread among the 'Arabs community, whereby the money lender will lends money to a debtor provided that he return the lent money at a fix period of time, and if he fails to return the lent sum at due date, the money lender will double the amount and extends the due date.

Jabir (Allah be pleased with him) said that Allah's Messenger (S.A.W.) "Cursed the acceptor of interest and its payer and one who record it, and the two witnesses; and he said: They are all equal". (*Sahih Imam Muslim*, the Book of Sales).

'*Abdullah bin Mas 'ud* (Allah be pleased with him) reported that Allah's Messenger (S.A.W.) said: "Whenever adultery and usury appears amongst a community then already this community has brought to themselves Allah's torment". (*Musnad Imam Ahmad*).

Abu Hurayrah (Allah be pleased with him) reported Allah's Messenger (S.A.W.) as saying: "*Riba* is of seventy different kinds, the least grave being equivalent to a man marrying (i.e. having sexual intercourse with) his own mother". (*Sunan Ibn Majah*).

3.2 Business Transactions and *Riba*

The Jurists of the famous Islamic schools of thought have classified usurious transaction into two categories as follows:

Riba al-Nasi'ah (It's also known as *Riba al-Jahiliyyah*) refers to interest on lent money. *Nasi'ah* means delay granted to the debtor to repay the loan in return for the addition on the premium.

Riba al-Fadl refers to excess usury. This signifies the excess charged in the exchange or sale of things of the same kind. For example, exchange of a weight of wheat for a larger weight of wheat, etc.

It was reported that some of the Prophet (S.A.W.) companions have said that restriction of *Riba* is confirmed in the delay *Riba* only i.e. *Riba al-Nasi'ah*. This is because Prophet Muhammad (S.A.W.) said:

3.3 "There Is No Usury Except In The Delay". (Agreed Upon).

Among those companions who have adopted this point of view are, *Ibn 'Abbas*, *Usamah Ibn Zayd* and *Ibn al-Zubayr* (Allah be pleased with them). But the tracing of the companions traditional history has indicated that *Ibn 'Abbas* has reversed from this opinion after he came to know about the *Hadith* of *Abu Sa'id al-Khudri* and *'Ubadah b. al-Samit* (Allah be pleased with them).

The above mentioned classification of *Riba* is mainly focus on the usurious transactions or interest based transactions due to the fact that credits normally come true business transactions. Therefore, limiting the area of *Riba* in business transactions will result in preventing credits with *Riba*. However, It's appeared in the verses mentioned earlier that the Holy Qur'an has only stressed and emphasized generally on the prohibition of *Riba* without specifying the area of *Riba* in business transactions or in other things. But, the scholars of *tafsir* or the Holy Qur'an commentators have translated these verses in a clear manner that *Riba al-Jahiliyyah* is the prohibited one in these verses.

Riba al-Jahiliyyah or *Riba al-Nasi'ah* is well-known among 'Arabs in the pre-Islamic period i.e. *Jahiliyyah* period. They used to give loans which accrued interest and could either be paid back as a whole or installments. If the loan matured and the borrower was unable to clear his debt, the amount owing was raised and the period of payment extended. This is the

Riba that was practiced in pre-Islamic times, and is called *Riba al-Jahiliyyah* as mentioned earlier. Islam has prohibited this *Riba* due to its evil and cruel nature to individuals and societies.

The *Sunnah* i.e. tradition, of Prophet (S.A.W.) has added a wide meaning of *Riba* and that is *Riba al-Fadl* i.e. excess usury. Barter transactions were also common in the 'Arabian society during that time whereby people used to exchange goods for goods. Prophet Muhammad (S.A.W.) therefore, did not confine the application of *Riba* to credit transactions for cash only but to all forms of barter.

Riba al-Fadl is prohibited by Prophet Muhammad (S.A.W.) as a precautionary and a preventive measure lest it should lead to *Riba al-Nasi'ah*. The following *Hadith* of *Abu Sa'id al-Khudri* and many similar *Ahadith* of the Prophet (S.A.W.) have shown how far the *Sunnah* of Prophet Muhammad (S.A.W.) is concern in keeping people away from *Riba* even if it is for personal need.

Narrated by *Abu Sa'id al-khudri* (Allah be pleased with him): Once *Bilal* (Allah be pleased with him) brought *Barnii* (a kind of dates) to the Prophet (S.A.W.) and the Prophet asked him "From where have you brought these?" *Bilal* replied "I had some inferior kind of dates and exchanged two *sa'a* (i.e. measure) of it for one *sa'a* of *Barni* dates, in order to give it to the prophet to eat, thereupon the prophet (S.A.W.) said: Beware! Beware! This is definitely *Riba*, This is definitely *Riba* Don't do so, but if you want to buy (a superior kind of dates) sell the inferior kind of dates for money and then, buy the superior kind of dates with that money. (*Sahih Imam al-Bukhari*, the Book of Sales).

3.4 Ingredients of Usurious Transaction

Abu Sa'id al-Khudri (Allah be pleased with him) reported Allah's Messenger (S.A.W.) as saying: Gold is to be paid for by gold, silver is to be paid by silver, wheat by wheat, barley by barley, dates by dates, salt by salt, like by like, payment being made hand to hand. He who made an addition to it, or asked for an addition, in fact dealt in usury. The receiver and the giver are equally guilty. (*Sahih Imam Muslim*, the Book of Sales).

'Ubadah b. al-Samit (Allah be pleased with him) reported Allah's Messenger (S.A.W.) as saying: Gold is to be paid for by gold, silver by silver, wheat by wheat, barley by barley, dates by dates, and salt by salt, like for like and equal for equal, payment being made hand to hand. If these differ, then sell as you wish if payment is made hand to hand. (*Sahih Imam Muslim*, the Book of Sales).

Muslim Jurists have agreed unanimously on the affirmation of usury in the six articles mentioned in the above Prophet's (S.A.W.) sayings. But they differed about it in the other items into two groups:

Al-Zahiriyyah the rejecters of *al-Qiyas* or analogy as a way of determining and legislating the Islamic Law, assume that the prohibition of *Riba* applies only to the six items mentioned in the Prophet's (S.A.W.) sayings and cannot be extended by a way of *al-Qiyas* to other items. And they have permitted the dealings with other items because the basis is the permission of trade as Allah the Almighty says: "... Allah has made trade lawful and interest unlawful" *Al-Baqarah* (2) 275.

The majority of jurists see that the affirmation of usury in these six articles was justified by abnormal reason or *'illah* (i.e. efficient cause) in them, so whichever item proof having this abnormality in it then there is usury in it. Therefore, any object of the same kind or quality could be considered usury if it is accompanied by accession in return; for example, gold with gold, silver with silver, wheat with wheat, dates with dates, like for like. In our today's term that is to say *Ringgit* with the same *Ringgit*, Dollar with the same Dollar, *Dinar* with the same *Dinar* and any addition or excess in return is considered *Riba*. All Jurists have agreed that *Riba al-Nasi'ah* and *Riba al-Fadl* are *Haram* i.e. unlawful and banned in Islam. *'Uthman b. 'Affan* (Allah be pleased with him) reported Allah's Messenger (S.A.W.) as saying:

“Do not sell a *dinar* for two *dinir* and one *dirham* for two *dirhams*”. (*Sahih Imam Muslim*, the Book of Sales).

It should be noted that this rule mentioned in the above *Hadith* does not apply to the currency notes of different denominations, such as Dollar with Ringgit etc, as these are not identical or similar because their denominations are different from one another. In other words, if the quality of thing or item differs then there is no prohibition in that. For instance, one can sell wheat with barley, dollar with the *ringgit* or *dinar* with the dollar and so on.

It's worth to briefly mention in this context the wisdom behind the prohibition of *Riba* in Islam. *Riba* has been prohibited in any business transaction in order to achieve the following objectives:

1. To protect the property of Muslims and not to be eaten unjustly.
2. To encourage and direct Muslims to invest their money through approved lawful channels (i.e. *Halal* channels).
3. To block anything that will generate hatred, evil and envy among Muslims. Because if *Riba* is made permissible the needy person will be required to pay back more on loans and from the moral aspect this will weaken his feelings of good will and friendliness toward the lender.
4. To encourage people to do good to one another as required by Islam. Therefore, if *Riba* is prohibited in a society, people will lend to each other with goodwill, expecting back no more than what they have loaned, so that the spirit of mercy and charity among Muslims will be more firm and strong.

3.5 Distinction between Commercial Gains and *Riba*

Certainly, Islam has made a very clear distinction between *Halal* i.e. lawful commercial gains and *Riba*. If we look at the procedures for the profit settlement between the buyer and seller in a *Halal* business arrangement, we clearly find that it is made on an equal footing and terms, whereby the buyer purchases the commodities/goods he needs and the seller gets profit for the time, work, effort and expertise he employs in providing that commodities/goods to the buyer. In contrast to this, in the case of *Riba*, obviously the debtor cannot settle the transaction on an equal footing and terms with the creditor because of his weaker position. Because as far as the money lender is concerned, he gets that fixed sum of *Riba*, which he considers as his profit. For instance, If the debtor spends the borrowed money in fulfilling his

personal needs, the time factor definitely does not bring any profit at all. And if he invest that money in any trade venture etc., then there are equal chances of profit or lose. Thus, lending money on *Riba* basis might bring a guaranteed and fixed profit to one party and loss to the other, or a guaranteed and fixed profit to one party and uncertain and indefinite profit to the other.

Any one engaged in a proper business which is *Halal* in order to earn a profit in that business he will need to spend time, put effort and other sacrifices. In contrast to this, in the case of money-lender he does not have to spend any time or work and yet he will be entitled to a fixed guaranteed interest in the earnings of the debtor, whether there is any profit at all or loss. Based on this, it can be said with all contentment that, there is no doubt that *Halal* business/trade helps to build and construct society but *Riba* leads to its destruction and suffering.

3.6 The Adverse Impact of *Riba* on Society

This can be discussed from the spiritual, moral, economic and social angles. It has been established in Islam beyond any reasonable doubt that *Riba*, for its very evil nature, is an obstacle to the spiritual, moral, social and economic prosperity of society, but *Shari 'ah* compliant business and transaction as well as charity indeed help society to develop and prosper in a high quality manner. This has been indicated in the Holy Qur'an by Allah Almighty as He said in the following verses:

“And that which you give in (to others), in order that it may increase (your wealth by expecting to get a better one in return) from other people's property, has no increase with Allah; but that which you give in charity seeking Allah's Countenance, then those they shall have manifold increase” *Ar-Rum* (30) 39.

“Allah deprives interest of all blessing and develops charity; and Allah does not like an ungrateful sinful person” *Al-Baqarah* (2) 276.

3.7 *Riba* from The Spiritual and Moral Angles

Looking at *Riba* from these angles, it becomes obvious that this evil institution is based on greed, selfishness, stinginess, hard-heartedness, narrow-mindedness. Also, it creates by its evil nature, cruelty, money-worship, and kills the spirit of fellow-feeling and co-operation among the society. For all these reasons and others, one can say confidently that *Riba* is destruction for society spiritually, morally and economically.

But if one looks at the transactions and dealings conforming to *Shari 'ah* principles and charity one can say confidently as well that it help in the development of the society, because it is based on mercy, fellow-feelings, generosity, sympathy and broad-mindedness.

As for those who receive an admonition and warning from Almighty Allah to stop dealing in *Riba* and did not obey the command of Allah Almighty are the dwellers of the fire. But as for those who engaged in *Halal* i.e. lawful transaction, give charity for the sake of Almighty Allah and do deeds of righteousness indeed they will have their reward with their Lord and on them shall be no fear, nor shall they grieve in this world and the Hereafter.

***Riba* from The Social Angle**

No society or community can ever become stable and strong if its individual members base their mutual dealings on selfishness and self-interest. If the rich people in any society believe that poor people exist merely to afford them an opportunity for exploitation, sure there will be a clash of interests which will result in the disintegration of that society or community; no doubt this will surely produce class struggle. On the other hand, if the individual members of a society or community base their dealings on mutual mercy and sympathy and treat each other with generosity, they will surely strengthen it.

If everyone in a society or community tries to help the other in need, and if the rich treat the poor or needy with mercy and sympathy or at least with justice, mutual love and fellow feelings will develop in that society or community and it will become stable and strong. Certainly, its progress will be accelerated by mutual co-operation and fellow-feeling.

Riba from The Economic Angle

There are two kinds of loan namely:

The consumptive loan: This kind of loan is normally borrowed by poor and needy people for their personal needs, however, the *Riba* charges render the payment of this loan high and almost impossible for such people and to the extent that they will have to borrow one loan after the other in order to get themselves out of this problem. Even after paying *Riba* equal to many times the original principal amount, the principal amount remains as it was before without any decreasing, rather, the major portion of the income of the poor debtor will be taken away by the money-lenders who make the condition of poor people in general miserable to the extent that they find themselves unable to take care of their family by providing a proper food for them, not only that even when they become sick they will not be able to buy the necessary medicine for lack of money.

This naturally kills the interest and sincerity of the majority of the poor people in their work. When the fruit of their hard work is taken away by the selfish money-lenders, definitely they cannot put their whole heart and effort into their work, and this will lower the quality and standard of national production, and the results will be the deterioration and destruction of the country.

Taking into account the conditions and the circumstances of the people Islam urged the creditors to give more time to the poor debtors for the payment of debts, if they cannot pay back their debts (without interest) due to hard time and circumstances. In other words, those creditors must grant an ample time for a poor debtor till his/her monetary condition becomes better. This has been clearly manifested in the saying of Allah the Most Merciful in *Surah Al-Baqarah* :

“And if the debtor is in a hard time, then grant him time till it is easy for him to repay, but if you remit it by way of charity, that is better for you if you did but know” *Al-Baqarah*, (2) 280.

Economic loan: There are three evils out of many regarding the fixed interest on economic loan, and they are:

Those people who cannot pay an interest higher than or equal to the market rate cannot draw in capital howsoever useful they may be for their country development and growth. All the available money flows into those people who can pay higher interest rate or channels of business and dealings which can bring *Riba* equal to or greater than the market rate of *Riba* /interest, whosoever harmful or ruinous they might be from the national development, prosperity and community wellbeing point of view.

It will be difficult for any business or trade etc. to guarantee a fixed and uniform rate of profit under all circumstances. Not to speak of such a guarantee, there cannot be any guarantee against loss in any business also. Therefore, the business, which borrows capital at a fixed rate of interest, can never be free from some kind of serious risk or loss.

As the money-lender himself is not directly a partner in the profit or the loss of the business but keeps in mind only his guaranteed fixed interest, he is not interested in the business welfare. His only concern is his own interest; therefore very selfishly tries to withdraw and withhold his money whenever he has even the slightest fear of a slump in the market. In this way he creates panic by his selfishness and paves the way for a further crisis and when there is already a crisis, he accelerates it into a disaster. There are many examples in this regard in the existing global financial system, which relies entirely on dealing in *Riba* where some individuals or institutions have managed to create confusion and uncertainty in the global financial market for self interest and selfishness.

These three evils have shown clearly that *Riba* in general decreases the national economic wealth and hinders the progress and development of a country, therefore, no one can deny the truthfulness of the Allah's law pertaining *Riba*.

The fundamental difference between profit and *Riba*

Those who had surplus money and wanted to earn profit did so either by lending it through *Riba* or by investing it in a valid trade and *al- Mushrikun* i.e. the polytheists and *al-Munfiqun* i.e. hypocrites money-lenders were not prepared to forgo the first option because the practice of *Riba* was so deep-rooted in 'Arab pre Islamic society. Therefore, they argued that since both were means of earning profit, they were alike and the prohibition of *Riba* did not stand to reason. They objected the Allah's decree regarding *Riba* and based their argument on a wrong theory without taking into consideration or seeing the fundamental difference between profit and *Riba*. They say: When profit on capital is lawful in trade, why should then *Riba* on money invested in loans be unlawful? The contemporary money-lenders and those in conventional financial institutions also put forward similar argument for charging *Riba*, the practice of this evil instrument i.e. *Riba* is so deep-rooted in the present society as well. The following table outlines some of the fundamental difference between profit and *Riba*:

| Profit | <i>Riba</i>/Interest |
|---|---|
| The settlement of profit between the buyer and the seller is made on equal footing and terms. | The debtor cannot settle the transaction on equal footing and terms with the creditor because of his weaker position. |

| | |
|---|--|
| The trader charges his profit, however high it may be, once for all. | The money-lender goes on charging interest over and over again and it goes on increasing with the passage of time. |
| Whoever engaged in trade, business etc. earns profit by spending time, hard work and expertise. | Money-lender becomes the stronger partner in the earnings of the debtor without any risk or hard work on his part. |

It is quite clear that even from the economic point of view, trade and business help construct community and society but *Riba* leads to its ruin spiritually, morally and economically. Question which may arise in this regard is that, the money for which one has no use what should one do with it? The answer is that, such person may invest that money in variety of *Halal* i.e. lawful trade and business, which exist in abundance, on the basis of partnership and share profits and losses alike.

It is of importance, to remind those who prefer the life of this world and insist in dealing with *Riba* that the Hereafter is better and more enduring, therefore, they must bear in mind always the day when they shall be brought back to the Almighty Allah where every person shall be paid in full for the good or evil one has earned. Allah Almighty said in this regard:

“And be afraid of the Day when you shall be brought back to Allah. Then every person shall be paid in full for the good or evil one has earned, and they shall not be dealt with unjustly” *Al- Baqarah*, (2) 281.

“But whosoever turns away from My Message, Verily for him is a life of hardship, and We shall raise him up blind on the Day of Judgment. He will say: “O my Lord! Why have you raised me up blind, while I had sight (before).”(Allah) will say: “Like this: Our revelations came unto you, but disregard them, and so this Day, you will be neglected (in the Hell-fire, away from Allah’s mercy).” And thus do We requite him who transgresses beyond bounds and believes not in the revelations of his Lord; and the torment of the Hereafter is far more severe and more lasting” *Ta-Ha*, (20) 124-127.

4.0 CONCLUSION

It has been proven through the above discussions that Islam has prohibited *Riba* in a very explicit manner without any ambiguity. This strict prohibition of *Riba* in Islam came as a result of its deep concern for the spiritual, moral, social and economic welfare of societies as well as individuals. Because *Riba* activity creates selfishness, money-worship, cruelty, hard-heartedness and kills the spirit of fellow feeling and co-operation, Hence, it is ruinous for society spiritually, morally and economically.

If these are the result of dealing in *Riba*, we can conclude and say that the objective of this prohibition in Islam is to establish an economic system where all forms of exploitation are removed and eliminated, particularly, the injustice existed in the form of the money-lender or the creditor being assured of a positive return without doing any work or sharing in the risk of the undertaking business, while the borrower or the debtor, in spite of his management, hard work and expertise, is not assured of such a positive return.

Under these circumstances it is difficult to see how anyone could justify *Riba* in an Islamic society. The difficulty to understand the prohibition of *Riba* in Islam by some individuals comes from lack of appreciation of the whole complex of Islamic values, particularly its uncompromising emphasis on socio-economic justice and equitable distribution of income and wealth. Hence, any attempt to treat the prohibition of *Riba* as an isolated religious injunction and not as an integral part of the Islamic economic order with its overall objectives and values is bound to create confusion and misleading.

It has been also deduced from the foregoing discussions that in any society in which *Riba* is lawful, there will be an apparent negative social differences where the rich become richer and the poor poorer, as a result, creating socio-economic classes in the society separated by wide gulf. Naturally this generates envy and hatred among the poor toward the rich, and contempt and callousness among the rich toward the poor, as a consequence, conflict arises, the socio-economic fabric is destroyed, revolutions are born, and social order is threatened.

As a fact one can say that all the hardship and suffering the mankind is facing, experiencing today is a result of *Riba* -based system. To substantiate this, Prophet Muhammad (S.A.W.) has said in this regard:

“Whenever adultery and usury appears amongst a community then already this community has brought to themselves Allah’s torment”.(Musnad Imam Ahmad).

Allah Almighty said: “Those who devour interest become (on the Day of Resurrection) like the one whom Satan has bewitched and maddened by his touch. They have been condemned to this condition because they say, “Trade is just like interest”, whereas Allah has made trade lawful and interest unlawful. Henceforth, if one abstains from taking interest after receiving this admonition from his Lord, no legal action shall be taken against him regarding the interest he had devoured before; his case shall ultimately go to Allah, but if one repeats the same crime even after this he shall go to Hell, where he shall abide forever. Allah deprives interest of all blessing and develops charity; and Allah does not like an ungrateful sinful person” *Al-Baqarah* (2) 275-276.

Therefore, it's the right time for those Muslims who deal in *Riba* to repent to Allah Almighty and fear the day when they will return to Him and every soul should be compensated accordingly and justly. Allah Almighty said:

“And their taking of *Riba* (usury) though they were forbidden from taking it and their devouring of men’s substance wrongfully (bribery). And We have prepared for the disbelievers among them a painful torment” *Al-Nisa* (4) 161.

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