

## OUR CONTRIBUTORS

FAZLUR RAHMAN is the Director of the Central Institute of Islamic Research, Karachi.

OMAR A. FARRUKH is a member of Majma' al-Lughat al-'Arabiyyah (Arab Academy), Cairo, and also that of the Islamic Research Association, Bombay.

RUDI PARET is a Professor in the Tübingen University (West Germany).

M. SAGHIR HASAN AL-MA'SUMI is a Professor in this Institute. He was for some time Head of the Department of Muslim History, Sind University, Hyderabad (West Pakistan).

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
مَجْلَدُ رِبَا وَفِيهِ مَقَالَةٌ لِمَوْلَانَا

## RIBĀ AND INTEREST\*

FAZLUR RAHMAN

*Note* : Ribā is usually translated in Urdu by the word *sūd*, which is of Persian origin and literally means 'profit', its antonym being *ziyān*. *Sūd* is not synonymous with the Qur'anic term *ribā*, but is synonymous with the Arabic word *ribh*. In fact, any attempt to translate the Qur'anic term, '*ribā*' in any language, is not only futile, but is also the source of much confused thinking on the subject.—(F. R.)

### INTRODUCTION

The literal meaning of *ribā* (ر، ب، و)، as illustrated by the Qur'anic usage, is :

(i) to grow, e.g.

وترى الأرض هامدة فإذا أنزلنا عليها الماء اهتزت وربت  
(الحج : ٥)

"And thou beholdest the earth barren, then when We send down water upon it, it quickens and grows...." (XXII : 5);

(ii) to increase ; to prosper;

يمحق الله الربوا ويربي الصدقات (البقرة : ٢٤٦)

"God destroys *ribā*, but makes alms prosper" (II : 276) ;

وما آتيتم من ربا ليربوا في اموال الناس فلا يربوا عند الله  
(الروم : ٣٩)

"And whatever you invest in *ribā* so that it may increase upon the people's wealth, it increases not with God ;" (XXX : 39);

(iii) to rise (for example of a hill), as

وأوتيناها بربوة (المؤمنون : ٥)

"And We gave them refuge upon a height..." (XXIII : 50);

\*This is the translation by Mazheruddin Siddiqi of an Urdu article by the author entitled *Tahqiq-i Ribā*, which was published in the monthly Urdu journal of this Institute, *Fikr-o Nazar*, i/5 (November, 1963).—(Ed.)

كمثل جنة يربو (البخرة : ٢٦٥)

"As the likeness of a garden upon a hill..."  
(II : 265);

(iv) to swell (for example, foam), as

فاحتل السيل زيداً رايياً (الرعد : ١٤)

"Then the torrent carried a swelling scum;"  
(XIII : 17);

(v) to nurture; to raise (a child); as

ارحمهما كما ريانى صغيراً (نبي اسرائيل : ٢٣)

"My Lord, have mercy upon them (i.e. my parents)  
as they raised me up when I was little!" (XVII : 24);

الم نربك فينا وليداً (الشعراء : ١٨)

"Did we not raise thee amongst us as a child?"  
(XXVI : 18);

(vi) augmentation, increase in power, etc., as

فاخذهم اخذة رايية (الحاقة : ١٠)

"He seized them with a surpassing grip..."  
(LXIX : 10);

ان تكون امة هي اربي من امة (النحل : ٩٢)

"That one nation be more powerful than another  
nation...." (XVI : 92).

From the lexical meaning given above, the technical meaning of the term 'ribā' is derived as discussed below.

We shall first take up the nature of ribā prohibited by the Qur'ān. In the second section we shall turn to the legal *Hadith*-materials concerning the extension of the Qur'ānic term ribā to different forms of exchange and transactions. This is justified on the ground that all the *fuqahā'* are agreed that these two fall into distinct categories: indeed, the one has been called "*ribā al-Qur'ān* (*ribā* of the Qur'ān)" and the other "*ribā al-Ḥadīth* (*ribā* of the *Ḥadīth*)" or "*ribā al-faḍl* (*ribā* of excess)". In the third section we shall underline the role of bank-interest in the present-day economy, and in the last section we shall record our conclusions based on these considerations and materials.

## I

## RIBĀ AND THE QUR'ĀN

The first statement of the Qur'ān about ribā is as follows:

وما آتيتم من رباً ليربوا في اموال الناس فلا يربوا عند الله و ما  
آتيتم من زكوة تريدون وجه الله فاولئك هم المضعفون (الروم : ٣٩)

"And whatever you invest by way of ribā so that it may increase upon people's wealth, increases not with God; but what you give by way of zakāh seeking the pleasure of God, those—they receive recompense manifold" (XXX : 39).

This was revealed in Mecca for it occurs in the *Sūrah al-Rūm*, which is wholly a Meccan revelation. The inner evidence of the opening verses of this *Sūrah* indicates that it was revealed during the fourth or fifth year of the Prophet's Mission, or even earlier, for the Persians began defeating the Romans in "the neighbouring lands" (ادنى الارض), i.e. Syria and Palestine, referred to in these verses, in 611 A.C. (i.e. the first year of the Prophet's Mission) and with the fall of Constantinople in 614 A.C. reached its culmination (i.e. year 4 of the Prophet's Mission).<sup>2</sup> It is not at all surprising that ribā is condemned in so early a revelation; rather the absence of such early condemnation could have not only been surprising but also contrary to the wisdom of the Qur'ān. The Meccan verses of the Qur'ān are replete with the denunciation of the economic injustice of contemporary Meccan society, the profiteering and stinginess of the rich, and their unethical commercial practices such as cheating in the weight and measurements, etc., how is it possible then that the Qur'ān would have failed to condemn an economic evil such as ribā? However, here it passes only a moral stricture on ribā; it does not yet declare it legally prohibited for Islam had not yet attained political power by which it could eradicate this evil.

When Islam became politically dominant after the Prophet's migration to Medina, ribā was categorically prohibited in the following words of the Medinese *Sūrah Āl-Imrān*:

يا ايها الذين آمنوا لا تأكلوا الربوا اضعافا مضاعفة و اتقوا الله

لعلمكم تفاحون (آل عمران : ١٣٠)

"O you who believe, do not consume ribā with continued redoubling and protect yourselves from God, perchance you may be blissful" (III : 130).

This prohibition was later re-asserted in very emphatic terms accompanied by a threat in *Sūrah al-Baqarah* (II : 274-80).

الذين يأكلون الربوا لا يقومون الا كما يقوم الذي يتخبطه  
الشیطان من المس ذلك بانهم قالوا انما البيع مثل الربوا واحل الله  
البيع و حرم الربوا فمن جاءه موعظة من ربه فانتهى فله ما سلف  
وامره الى الله ومن عاد فاولئك اصحاب النار هم فيها خالدون - يحق  
الله الربوا ويربى الصدقات والله لا يحب كل كفار اثم - ان الذين آمنوا  
وعملوا الصالحات واقاموا الصلوة وآتوا الزكوة لهم اجرهم عند  
ربهم ولا خوف عليهم ولا هم يحزنون - يا ايها الذين آمنوا اتقوا الله  
وذروا ما بقى من الربوا ان كنتم مؤمنين - فان لم تفعلوا فاذنوا بحرب من  
الله ورسوله وان تبتم فلکم رؤس اموالکم لا تظلمون ولا تظلمون -  
وان كان ذو عسرة فنظرة الى ميسرة وان تصدقوا خير لکم ان كنتم  
تعلمون - (البقرة : ۲۷۴-۲۸۰)

"Those who consume *ribā* shall not rise except like the one who has been struck by the Devil's touch. This is because they say that selling and *ribā*-making are one and the same thing, whereas God has made selling lawful and has forbidden *ribā*. Whosoever receives an admonition from his Lord and desists, he shall have his past gains, and his affair is committed to God; but whosoever reverts—those are the inhabitants of the Fire, therein dwelling for ever. God destroys *ribā* but makes alms prosper. God loves not any guilty ingrate. [But] those who believe and do deeds of righteousness, and perform the prayer, and pay the alms—their reward awaits them with their Lord, and no fear shall be on them, neither shall they grieve. O ye who believe! protect yourselves from God and remit what is left of *ribā* if ye be faithful. If ye do not, be prepared for war from God and His Prophet: but if ye desist, ye shall receive back your capital without doing injustice or suffering injustice. If, however, anyone is in difficulties, let there be a delay till he is able to pay, although it is better for ye to remit if ye only knew" (II : 274-80).

These Qur'anic verses and their context show that these are the last of the verses prohibiting *ribā*. In some Traditions this fact was mis-stated and it was claimed that these were the last of *all* the Qur'anic verses revealed to the Prophet. This was still further extended and in a Tradition the statement was attributed to the Caliph 'Umar b. al-Khaṭṭāb that as the Qur'anic injunction regarding the prohibition of *ribā* came in the very end (of the revelation) and since the Prophet did not live long enough

after that revelation to spell out fully as to what were the constituent elements of *ribā* we should, therefore, not only avoid *ribā* but also *ribāh* (doubtful transactions). We shall examine these Traditions in the second section of this study. Here we shall endeavour to understand the *ribā* of the Qur'ān in the light of the established maxim : "القرآن يفسر بعضه بعضاً" (one part of the Qur'ān explains another)".

The verse of *Sūrah Āl-Imrān* categorically prohibiting *ribā* occupies the central place in this series of Qur'anic verses; that of *Sūrah al-Rūm* was its prologue, while those of *Sūrah al-Baqarah* were its epilogue. If we examine these verses in their chronological order, we may conclude that :

- (i) the *ribā* of the pre-Islamic days was a system whereby the principal sum was doubled and redoubled (اضعافاً مضاعفةً) through a usurious process ;
- (ii) because of this process of doubling and redoubling the principal, the Qur'ān refused to admit that *ribā* was a kind of fair business transaction; and
- (iii) while permitting the commercial profit, the Qur'ān encouraged the spirit of co-operation as opposed to that of profiteering.

The historical evidence that we possess also corroborates the above conclusions.

The *Muwatṭa'* of Imām Mālik records on the authority of Zayd b. Aslam as follows :

كان الربا في الجاهلية ان يكون للرجل على الرجل الحق الى  
اجل فاذا حل الحق قال أتقضى أم تربي ؟ فان قضاها اخذ و الا زاده  
في حقه و زاده الاخر في الاجل - 3

(In the pre-Islamic days *ribā* operated in this manner: if a man owed another a debt, at the time of its maturity the creditor would ask the debtor: 'Will you pay up or will you increase?' [*am turbī*—from *ribā*]. If the latter paid up, the creditor received back the sum; otherwise the principal was increased on the stipulation of a further term.)

Abu'l A'lā Mawdūdī, the chief of the Jamā'at-i Islāmī, assumes that for the first term the credit was granted free of interest.<sup>4</sup> But one fails to understand how this is intelligible in a social set-up such as the commercial Meccan society or the Jewish Medinese society, where the *ribā* system was quite normal. How could the usurers, who were keen on doubling and redoubling their capital,

forgo the initial interest by way of charity, so to say?

Mufti Muhammad Shafi' expresses an opinion contrary to that of Mawdudī. He says: "The prevailing practice in Arabia was that a certain amount of money was advanced for a fixed period at a fixed rate of interest. If the debtor paid the loan within the prescribed time the matter was settled on the payment of interest; otherwise he had to pay more interest."<sup>5</sup>

However, the above-quoted statement of Zayd b. Aslam, which is recorded not only by Mālik but also by al-Bayhaqī, Razīn and other *Muḥaddithūn* and *fuqahā'*, shows that the initial interest itself was not usurious and was, therefore, not considered *ribā*.

What made it *ribā* was the increase in capital that raised the principal several-fold by continued redoubling. The situation, therefore, was that a part of wealth was loaned initially on interest for a definite period but on the expiry of that period, in case the debtor was unable to pay, the term of payment was extended with an enormous increase in the principal amount. It often happened that, where big sums were involved, the debtor went on paying interest alone in instalments and yet could not pay off even the usurious interest, let alone being able to return the principal. Al-Ṭabarī records reports where whole tribes, e.g. that of Banū Muḡhīrah, were under the weight of usurious debts to one another and when they became Muslims their mutual relations became difficult. Indeed, the very words of the Qur'ān "ذروا ما بقي من الربوا" (remit what remains of *ribā*)" make the above situation abundantly clear.<sup>6</sup>

As mentioned above, the verse of Sūrah *Āl-'Imrān* occupies the central and fundamental position in the series of verses relating to *ribā*. In this verse the *Sharī'ah*-value, i.e., what the Muslim jurists call "the *'illat al-ḥukm*" underlying the banning of *ribā*, is explicitly mentioned to be its becoming doubled and redoubled (اضعافاً مضاعفة).

This contention of ours is supported by the following two famous commentators of the second generation of Islam :

(1) *Mujāhid*.—Al-Ṭabarī has recorded the following from *Mujāhid* :

حدثنا محمد بن عمرو قال حدثنا أبو عاصم عن عيسى عن ابن أبي  
نجيح عن مجاهد في قول الله عز وجل يا ايها الذين آمنوا لا تأكلوا الربا  
اضعافاً مضاعفة قال ربا الجاهلية<sup>7</sup>

(Muḥammad b. 'Amr reported to us, he said that Abū 'Āṣim related to him from 'Īsā, he from Ibn Abū Najīh, who said that concerning the Qur'ānic verse 'O you who believe, do not devour *ribā* with continued re-doubling', Mujāhid said, 'This is the *ribā* of pre-Islamic days'.)

(2) *Zayd b. Aslam*.—In the same authoritative commentary of the Qur'ān, a long statement of the famous *tābi'ī* ("Successor") commentator, Zayd b. Aslam, is recorded which shows in detail how the process of "continued redoubling" went on in connection with the borrowing of cattle, as well as money. This report is summed up in these words :

إِذَا كَانَ الرِّبَا فِي الْجَاهِلِيَّةِ فِي التَّضْعِيفِ وَفِي السَّنِ ٨-

(The *ribā* of pre-Islamic days consisted in its doubling and redoubling in terms of cash [in the case of borrowed money] and age [in the case of borrowed cattle].)

In short, the *ribā* of pre-Islamic days, which was categorically declared *ḥarām* by the Qur'ān, so that those who indulged in it were threatened with war from God and His Prophet, was of an atrocious kind and went on multiplying in a manner that the poor debtor, in spite of his regular payments, could not pay off the usurious interest let alone the capital.

A natural question arises here, viz., if *ribā* is only that form of usurious transaction which has been described above and if only this form is banned, then why is it that, as an effect of the *ribā*-ordinance of the Qur'ān, *all* interest seems to have been abolished as is, indeed, testified by historical evidence? The answer to this is that we do not hold that in each and every given case of loan, the capital was thus doubled and redoubled—indeed, there must have been a great deal of variation in individual cases depending on circumstances, e.g. the nature of investment, the amount of risk, etc. But what matters is that all these individual cases were part of one *ribā*-system in whose nature it was to be so exorbitantly usurious. Therefore, what had to be banned was the *system as a whole*, and hence no exceptions could be made in individual cases. When the entire system was banned, the milder cases within that system were also naturally abolished since the system itself was tyrannical. It cannot, therefore, be argued that since the Qur'ān abolished even the milder cases, it must be concluded that the bank-interest of today also stands condemned. This is because the

bank-interest of today is a separate kind of system (see Sections, III, IV and V below).

## II

## RIBĀ AND ḤADĪTH

Like alcohol, *ribā* was deeply ingrained in the life-texture of the Arabs of pre-Islamic days. Indeed, commercially speaking, it was much more deeply laid than alcohol. It meant a lucrative business which brought quick and plentiful return to the usurer. That is why, while its prohibition, like that of liquor, was introduced gradually, its denunciation was much more severe.

As mentioned above, the verse of Sūrah *al-Rūm* embodying its first criticism was revealed during the early years of the Prophet's Mission. This mild admonition was followed by a categorical prohibition in the verse of Sūrah *Āl-'Imrān* and by severe threats for the transgressors in the verses of Sūrah *al-Baqarah*. The last two series of verses must have been revealed during the early days of the Prophet's stay at Medina, but the *ḥadīth*-material is against this plausible surmise—and all misunderstandings and misconceptions start from this point.

The most well-known Tradition on the subject in the *ḥadīth*-literature is the one attributed to the Caliph 'Umar, and runs as follows :

ان آخر ما نزل من القرآن آية الربا وان رسول الله صلى الله عليه  
و سلم قبض ولم يفسرها لنا فدعوا الربوا والريبة -

(The last verse to be sent down was that on *ribā*, but God's Messenger was taken away without having expounded it to us ; so leave aside *ribā* and *rībah*, i.e. whatever is doubtful.) This report is recorded in the *Musnad* of Aḥmad b. Ḥanbal, the *Sunan* of Ibn Mājah, *Muṣannaf* of Ibn Abī Shaybah, *Dalā'il al-Nubuwwah* of al-Bayhaqī and similar other compilations of the *Muḥaddithūn* of the later period.<sup>9</sup>

In the *Ṣaḥīḥ* of al-Bukhārī there is a report ascribed to 'Abd Allāh b. 'Abbās, which narrates the same story, but in a somewhat restricted sense. Al-Bukhārī in his chapter on the "Last verses of Sūrah *al-Baqarah*" records as follows :

عن ابن عباس رضى الله عنه، قال آخر آية نزلت على النبي صلى الله  
عليه و سلم آية الربا -<sup>10</sup>

(Ibn 'Abbās said : the last verse sent down to the Prophet was the verse on *ribā*.) First, it is surprising that the singular number (آية) has been used twice for as many as seven verses. Secondly, in the *Kitāb al-Tafsīr* of his *Ṣaḥīḥ*, where he has narrated the above report, al-Bukhārī has also cited the following Tradition attributed to 'Ā'ishah through four different chains of transmission :

لما نزلت الايات من آخر سورة البقرة في الربا قرأها رسول الله  
صلى الله عليه وسلم على الناس ثم حرم تجارة في الخمر-<sup>11</sup>

(When the last verses of Sūrah *al-Baqarah* concerning *ribā* were sent down, the Messenger of God recited them to the people and prohibited the sale of liquor [as well]). Now, according to this Tradition, not only is 'Ā'ishah silent on the verses in question being the last revelation but by connecting them with the buying and selling of liquor, she has furnished some basis for the assumption that the verses might have been revealed around the year 4 A. H. because, according to the commonly accepted Traditions, liquor was prohibited the same year. Further, in the same *Kitāb al-Tafsīr* of the *Ṣaḥīḥ* of al-Bukhārī, another Companion of the Prophet, Barā'ah 'Āzih, is reported to have said :

آخر آية نزلت : يستفتونك قل الله يفتيكم في الكلاله و آخر سورة  
نزلت برآة-<sup>12</sup>

(The last verse to be revealed was : 'They ask you for a pronouncement. Say : God has pronounced for you concerning the indirect heirs . . .' (IV : 177) and the last Sūrah was *Barā'ah*).

If we look beyond this most celebrated source-book of *ḥadīth*, we will find still more conflicting reports on this subject, the details of which are given by al-Suyūṭī in his *al-Itqān fī 'Ulūm al-Qur'ān*.<sup>13</sup>

Apart from the fact that the report attributed to 'Umar has been contradicted by so many other reports (which in turn contradict each other !), there are several other reasons why we must reject this report.

(1) As mentioned above, the gradual prohibition of *ribā* started during the early days of the Meccan period. That, in spite of these early revelations, the Companions of the Prophet continued to take *ribā* until a few days before the death of the Prophet when Allāh had to threaten them with war from Himself and His Prophet, would be a serious reflection on their character. Most probably it was due to this apprehension that the word '*ribā*' in the Meccan

Sūrah *al-Rūm* had been defined as '*hadiyah*' ('gift') by all the classical commentators of the Qur'ān, such as al-Ṭabarī, al-Bayḍawī, al-Suyūṭī and others. A "permissible (*ḥalāl*) *ribā*" has been invented by these commentators and it has been asserted by them that this verse relates to that *ribā*!<sup>14</sup> They are supported by al-Bukhārī himself, who writes :

” فلا يربوا عند الله“ من اعطى عطية يبتغى افضل منه فلا اجر له فيها.<sup>15</sup>

(In this verse "فلا يربوا عند الله" means that if any person gives a present to someone and in turn expects a better present, he will not be rewarded by Allāh.) We find it difficult to subscribe to any such constructions put on the basic terminology of the Qur'ān or to the drawing of any distinction between a *ḥalāl* and a *ḥarām ribā*. Besides, as mentioned above (Section I), it would have been contrary to the wisdom of the Qur'ān, had it not denounced *ribā* with a view to reforming the Mammon-worshipping society of the commercialised Mecca of the days of the Prophet.

(2) It simply cannot be accepted that the practice of *ribā* which was censured so early and was ultimately denounced in such unprecedented strong terms by the Qur'ān could not be adequately explained by the Prophet due to shortage of time. Such an assumption also goes against the claim of the Qur'ān that—

اليوم اكملت لكم دينكم واتممت عليكم نعمتى - (اللائدة : ٣)

"Today I have perfected your Faith for you, and I have completed My blessing upon you . . ." (V : 3).

The Caliph 'Umar himself is reported to have said that the above verse was revealed on the day of 'Arafah during the Last Pilgrimage of the Prophet.<sup>16</sup> Now, if the verse on *ribā* was the last revelation, the above verse must have preceded it, and, therefore, it could not be claimed at that time that "the Faith was perfected". It is for this reason that al-Suddī and some other commentators have stated, "After the revelation of the verse '... اليوم اكملت لكم دينكم' no verse was sent down relating to permission (*ḥillah*) and prohibition (*ḥurmah*)" "لم ينزل بعدها حلال ولا حرام"<sup>17</sup>

In order to explain away this contradiction, al-Ṭabarī has put forward the plea that "the perfection of the Faith" mentioned in this verse means that "on the occasion of the Last Pilgrimage the Muslims had gained ascendancy in Mecca and the idolaters had been eliminated from the Holy City".<sup>18</sup> Any such construction put on the verse which evidently relates to the content of the Prophet's

Mission is not at all acceptable to this writer. It is clear from such commentaries that how detrimental certain well-known but un-authentic *ḥadīth* can be to the fundamental principles of the Faith.

(3) Another serious objection against this report is that it conflicts with the following verses of the Qur'ān :

فبظلم من الذين هادوا حرمنا عليهم طيبات احلت لهم و بصددهم عن سبيل الله كثيرا و اخذهم الربوا و قد نهوا عنه و اكلهم اموال الناس بالباطل و اعتدنا للكافرين منهم عذابا اليا - (النساء : ١٦٠ ، ١٦١)

"And for the evil-doing of the Jews, We did forbid them certain good things that were permitted to them, and for their barring many people from God's way, and for their taking *ribā*, which was prohibited to them, and for consuming the wealth of the people with falsehood; and, We have prepared for the disbelievers among them a dire chastisement" (IV : 160-61). Now the accusation of the Jews on the ground of taking *ribā* was only possible and consistent after *ribā* had been *actually* eliminated from the Muslim society itself; otherwise the Jews would have certainly pointed to the Muslims and said, "*et tu quoque*". But the last remnants of the Jewish tribes, the Banū Qurayzah, were wiped out from Medina by the year 5 A. H. immediately after the famous 'Battle of the Trench'. Therefore, the accusation of the Jews could only have taken place before the end of that year, and the *ribā* prohibition for Muslims must have, therefore, ante-dated 5 A.H.

(4) As we have already explained, the verse of Sūrah *Āl-Imrān* : "Do not consume *ribā* with continued redoubling" occupies the central place in the series of revelations on the subject. Now this fundamental verse must have been revealed just after the Battle of Uḥud, because this verse is immediately preceded as well as followed by the verses that describe the Muslims' defeat at Uḥud, analyse the causes and consequences of this reverse and suggest ways and means so that the tragedy might not be repeated.

Now we can conclude from the above discussion that contrary to the report attributed to Caliph 'Umar, the chronology of the revelations concerning *ribā* is as follows :

- (i) the *first* revelation condemning *ribā* (Sūrah *al-Rūm*)—early years of the Prophet's Meccan life; after the Romans' defeat at the hands of the Persians;
- (ii) the *second* revelation prohibiting *ribā* (Sūrah *Āl-Imrān*)—