

## Riba

It means usury and is forbidden in Islamic economic jurisprudence. Riba refers to excessive or exploitative charging of interest and also refers to the concept of interest itself.

The Qur'an states the following on Riba:

*"That they took riba, though they were forbidden and that they devoured men's substance wrongfully – We have prepared for those among men who reject faith a grievous punishment"*

*(Qur'an 4:161)*

*"Those who charge riba are in the same position as those controlled by the devil's influence. This is because they claim that riba is the same as commerce. However, God permits commerce, and prohibits riba. Thus, whoever heeds this commandment from his Lord, and refrains from riba, he may keep his past earnings, and his judgment rests with God. As for those who persist in riba, they incur Hell, wherein they abide forever"*

*(Qur'an 2:275)*

It is because trade and usury are absolutely different. In trade one earns profit as a result of initiative, enterprise, efficiency and hard work. But the interest is not earned through hard work or any value creating process. It is not the reward of labour but is in fact unearned income. Moreover interest is fixed whereas profit fluctuates. In case of trade there is risk of loss also, but in case of interest the lender gets his fixed amount irrespective of the fact whether the debtor earns any profit or sustains loss. God has forbidden interest but has permitted trade.

*"God condemns riba, and blesses charities. God dislikes every disbeliever, guilty. Lo! those who believe and do good works and establish worship and pay the poor-due, their reward is with their Lord and there shall no fear come upon them neither shall they grieve. O you who believe, you shall observe God and refrain from all kinds of riba, if you are believers. If you do not, then expect a war from God and His messenger. But if you repent, you may keep your capitals, without inflicting injustice, or incurring injustice. If the debtor is unable to pay, wait for a better time. If you give up the loan as a charity, it would be better for you, if you only knew.*

*(Qur'an 2:276-280)*

*"O you who believe, you shall not take riba, compounded over and over. Observe God, that you may succeed. (*

*Qur'an 3: 130)*

*"And for practicing riba, which was forbidden, and for consuming the people's money illicitly. We have prepared for the disbelievers among them painful retribution."*

*Qur'an 4: 161)*

*"The riba that is practiced to increase some people's wealth, does not gain anything at God. But if people give to charity, seeking God's pleasure, these are the ones who receive their reward many fold. (*

*Qur'an 30: 39)*

Riba is also mentioned in Ahadith and is considered one of the seven major sins:

*"Jabir said that Allah's Messenger (may peace be upon him) cursed the acceptor of usury and its payer, and one who records it, and the two witnesses, and he said: They are all equal. [1] "*

*Ref: Sahih Muslim*

*"It is reported on the authority of Abu Huraira that the Messenger of Allah (may peace be upon him) observed: Avoid the seven noxious things. It was said (by the hearers): What are they, Messenger of Allah? He (the Holy Prophet) replied: Associating anything with Allah, magic, killing of one whom God has declared inviolate without a just cause, consuming the property of an orphan, and consuming of usury, turning back when the army advances, and slandering chaste women who are believers, but unwary.*

*Ref: Sahih Muslim*

*Abdullah-bin-Hanjalah reported that the Messenger of Allah said: A Dirham of usury a man devours with knowledge is greater than thirty-six fornications.*

*Ref: (Ahmad, Darqutni)*