

*DOMINANCE OF*  
**INTEREST**  
*AND THE WAY OUT*

**Hifzur Rab**



ALL RIGHTS RESERVED. NO PART OF IT SHALL BE REPRODUCED IN ANY FORM EXCEPT WITH THE WRITTEN PERMISSION OF THE AUTHOR. HOWEVER, QUOTATION FOR CHARITABLE PURPOSE WITH DUE ACKNOWLEDGEMENT IS PERMITTED

Publication of  
this work is sponsored by  
**REHMANI FOUNDATION**  
MAZAGAON MUMBAI

# **DOMINANCE OF INTEREST AND THE WAY OUT**

Marginalization of Justice and Prevalence of Fraud, Corruption and Exploitation is Due to the Dominance of Interest. Inflation is caused due to dominance of interest and interest seeking capitalists and adaptation of depreciating paper currency. Interest and Inflation are responsible for most of the economic problems as well as the social, political and moral degradation. Inflation or rather a component of it that is due to depreciation of the prevailing paper currency and that alone should be called inflation is very harmful to the have-nots generally but the losses it causes to the righteous are much more severe.

Perfect standard of wealth does not exist, therefore, we ought to select the best standard available and strengthen it with special measures. Gold and silver provide best standards of wealth and yet the divine law provided for special measures to strengthen these as these were used as the constituents of the prevailing currency (during Ahde-risalat). Currency must perform the standard of wealth function of money. Most of the problems are due to prevalence of interest and depreciating paper currency and its use as standard of account. This problem can not be solved unless interest is abandoned, Zakah is enforced and a currency is linked to a standard measure of wealth. Till it is done the righteous should use a standard measure of wealth other than currency as unit of account and restrict use of depreciating currency to minimum. Because, it will allow them to participate in economic activity without indulging in interest and protect themselves from most of the losses caused by the inflation. However, in such countries where rate of inflation is below 2.5% currency may be used as a standard of account specially for the short-term transactions.

**The Author [Hifzur Rab]**

Note: In order to clarify certain contents and to incorporate some essential modifications some minor changes have been made in this inter-net edition.

**Hifzur Rab**

# Introduction

International Monetary Fund and World Bank have accepted that it is bank interest that is responsible for many social evils and very high percentage of unemployment. Mr.Hifzur Rab has put in good effort in this book 'Dominance of interest and the way out' to highlight the maladies caused by the dominance of interest. He has tried to suggest solutions consistent with the limits set by Islam to solve the problems in the present economic system.

His work is commendable. All are requested to cooperate in this endeavour to free the world from interest based exploitative Economic System.

**S. Abul Hasan Ali Nadvi**  
**Nadwatul Ulmae,**  
**Lucknow-226007**  
**INDIA**

I have carefully studied the work of Hifzur Rab. I am really amazed at his daring and innovative endeavour. He has delved deep into the intricacies of the prevalent financial system and laid it thread bare. His incisive analysis of the functioning of the interest based financial order can not but exact admiration even from those who doubt the practicability of the alternative system suggested by him. His penetrative analysis however, has been marred by his enthusiasm. For example in his treatises he has attributed motives to the protagonists and functionaries of the existing system. His use of terms in context other than they are normally used has not helped.

**Dr. Fazlur Rahman Faridi .**  
**Aligarh .**

## TABLE OF CONTENT

<b>FOREWORD</b> .....	6.
<b>BACKGROUND</b> .....	7.
<i>Summary of the Comments</i> .....	8
<b>ISLAMIC MISCONCEPTIONS AND DECEPTION BY CAPITALISM</b> .....	7.
<i>Deception by Capitalism</i> .....	15
<i>Islamic Misconceptions</i> .....	19
<i>Conclusions</i> .....	24
<b>INTEREST, INFLATION AND ZAKAH</b> .....	26.
<i>Inflation</i> .....	29
<i>Relation between interest and inflation</i> .....	31
<i>Quard Hasan (Interest Free Loan)</i> .....	32
<i>Banking</i> .....	33
<i>Islamic banking</i> .....	34
<i>Profit and interest</i> .....	35
<i>Interest</i> .....	37
Exploitation caused due to dominance of interest .....	39
A mechanism of exploitation of the labour and the masses .....	40
<i>Inflation and Exploitation of have-nots</i> .....	42
Exploitation of masses .....	45
<i>Zakah</i> .....	46
What is chargeable to Zakah .....	50
Collection and distribution of Zakah .....	51
The Problem .....	53
Nisab for merchandise: .....	57
Kanz Mal .....	59
Zakah - The Propellant of the Islamic System .....	62
Nisab for merchandise: .....	57
<b>FUNCTIONS OF MONEY</b> .....	65.
<i>Depreciation of currency</i> .....	68
<i>Strengthening the standard of wealth</i> .....	69
<i>Standard of wealth other than currency</i> .....	71
<i>Conclusions</i> .....	72

CONT...

<b>INFLATION AND ISLAMIC ECONOMY.....</b>	<b>73.</b>
<i>Comparison between saman of Ahd-e-Resalat and</i>	
<i>modern depreciating currency .....</i>	<i>74</i>
<i>Unit(standard) of account .....</i>	<i>75</i>
<i>Damning consequences of using a nonstandard</i>	
<i>measure as a unit (standard) of account.....</i>	<i>77</i>
<b>ADDITIONAL HARM THAT THE DEPRECIATING CURRENCY CAUSES TO</b>	
<b>THE MUSLIMS AND THE ISLAM.....</b>	<b>80.</b>
<i>Provisions of divine law seem to become impracticable.....</i>	<i>84</i>
<i>Other mechanisms .....</i>	<i>85</i>
<b>DEPRECIATION OF CURRENCY AND THE DIVINE LAW.....</b>	<b>65.</b>
<i>Solution of the Problems Due to Depreciation.....</i>	<i>83</i>
<i>Selection and utilization of Unit (Standard) of Account.....</i>	<i>89</i>
<b>USES OF THE STANDARD OF ACCOUNT.....</b>	<b>93.</b>
<b>FREEING ECONOMY FROM INTEREST.....</b>	<b>99.</b>
<b>MOBILIZATION OF CAPITAL-I.....</b>	<b>104.</b>

Move Next