

A Scenario In Which Profit On Bonds Issued By A Private Bank Becomes Ribah

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What do the Islamic scholars say regarding the following: A private bank in Dubai issues bonds worth 1000 Dirham on the name of a bond holder. Every three months, the bank conducts a draw and distributes its profit. The bank issues receipts (also called Debentures) and promises against the receipts an extra amount which is beyond the original amount deposited with the bank. The bank also provides an additional profit to the bond holders without a lucky draw. I want to know the Shariah perspective regarding the profit one receives through a lucky draw. Is it permissible or not?

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الجواب بعون الملك الوهاب اللهم هداية الحق والصواب

In the aforementioned scenario, depositing money against the bonds is a loan in its nature. And both receiving profit on a loan and participating in a lucky draw (due to the loan) are forms of receiving profit (i.e. interest) on a loan. And it is impermissible and Haram.

Allah the Almighty says in the holy Quran:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ط ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ
الرِّبَا ۗ وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا ط فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَاتْتَهَى فَلَهُ مَا سَلَفَ ط وَأَمْرٌ إِلَى اللَّهِ ط وَمَنْ عَادَ
فَأُولَئِكَ أَصْحَابُ النَّارِ ۗ هُمْ فِيهَا خَالِدُونَ ﴿٢٤٥﴾ يَحْقُقُ اللَّهُ الرِّبَا وَيُؤَيِّبُ الصَّدَقَاتِ ط وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ ﴿٢٤٦﴾

Translation from Kanz ul Eman: Those who consume usury (i.e. interest) will not stand up on the Day of Judgement but stand like

the one who is possessed by an evil spirit making him insane; this is because they said, "Trade is in fact also like usury.' And Allah has made trading lawful and has made usury unlawful. Therefore, the one whom advice has come to from his Lord, and he refrained from it, so what he has taken in the past is lawful for him. And his matter is with Allah, and whoever does the same (i.e. continues earning usury) henceforth is the inmate of Hell; they will remain therein for a very long time. Allah destroys usury (by eliminating any blessing in it) and gives growth to charity, and Allah does not like any ungrateful, excessive sinner.

(Parah 03, Surah Al-Baqarah, 275,276)

On another place the holy Quran says:

﴿ وَمَا آتَيْتُمْ مِنْ رَبِّ بِالرِّبْوَانِ أَمْوَالِ النَّاسِ فَلَا يَرْبُوْا عِنْدَ اللَّهِ ۗ وَمَا آتَيْتُمْ مِنْ زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْبٰضِعُونَ ﴾

Translation: And that which you give to receive more in return, in order that it may increase the property of the giver, will not increase before Allah; and the charity you give seeking the pleasure of Allah – only that will increase manifold.

(Parah 21, Surah Ar-Room, 39)

The profit gained from a loan is considered interest, as it has been mentioned in a hadith in the book Kanz ul Ummal Shareef.

“كل قرض جر منفعة فهو ربا”

Translation: Every loan that brings benefit is usury.

(Kanz ul Ummal, Vol. 6, Page 238, Hadith 15516, Muassasatur Risalah)

Allama Ibn Abdin al-Shami, while elucidating the rationale behind the prohibition of gaining benefit (i.e. interest) from loans, writes:

“لانه يستوفى دينه كاملاً فتبقى له المنفعة فضلاً فيكون ربا”

Translation: Since the lender will receive back the full amount

of the loan so any gained benefit will be something additional and it is interest.

(Radd ul Muhtar, Vol 10, Page 86, Quetta)

Sayyidi Ala Hazrat Imam-e-Ahle-Sunnat Molana Shah Imam Ahmed Raza Khan رحمۃ اللہ تعالیٰ علیہ was asked a question in the following words: “At that time Zaid said to Bakar, “if you give me 1500 rupees now, I will take and invest in a business and if you return the money in four years than I will charge a profit.” He رحمۃ اللہ تعالیٰ علیہ replied in the following manner: In the asked scenario, this profit is certainly interest and Haram. A hadith says: Every loan that brings benefit is usury.

(Fatawa Razaviyya, Vol 19, Page 561, Raza Foundation Lahore)

Sadrush-Shariah Badrut-Tariqaha Mufti Amjad Ali Azami رحمۃ اللہ تعالیٰ علیہ writes:

”قرض سے انتفاع حرام ہے۔“

Translation: Gaining profit from a loan is Haram

(Bahar e Shariat, Vol 03, Page 704, Maktabah Tul Madinah, Karachi)

واللہ اعلم عزوجل ورسوله اعلم صلی اللہ تعالیٰ علیہ وآلہ وسلم

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