

Is It Permissible To Sell Gold On Credit Instead Of Giving A Loan?

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What do the noble scholars say regarding this issue: A person wants to take a loan from me, and I also want to earn a profit from him. So, we have adopted the following method: the borrower needs a loan of 200,000 rupees, so I will purchase gold worth 200,000 from the market and then sell it to him on credit for a fixed period at 230,000 rupees. Is this method permissible? If not, then kindly explain the correct method.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
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In the asked situation: if you purchase gold worth 200,000 and, after taking possession of it, sell it to the borrower for a fixed period at 230,000, then such a transaction is permissible and valid. This is known as a Murabaha contract, in which the seller discloses his profit to the buyer. A Murabaha contract can also be conducted on credit.

However, it is essential in this case that after purchasing the gold, you take possession of it and then sell it to him. If you do not take possession before selling, the contract becomes invalid.

While defining Murabaha, the author of al-Hidayah, Imam Abul Hasan Ali bin Abi Bakr [رحمة الله عليه], states:

"المرابحة نقل ما ملكه بالعقد الاول بالثمن الاول مع زيادة ربح"

Translation: Murabaha is the transfer of an item acquired through the first contract at the original price with an added profit.

(al-Hidayah, Vol. 3, p. 74, Lahore edition)

Taking possession of the gold before selling it is necessary. In Bahar-e-Shariat it is stated:

”بیع اگر منقولات کی قسم سے ہے تو بایع کا اُس پر قبضہ ہونا ضرور ہے، قبل قبضہ کے چیز بیچ دی، بیع ناجائز ہے۔“

Translation: If the item sold is from the category of movable goods, then the seller must take possession of it. If the item is sold before possession, the sale is impermissible.

(Bahar-e-Shariat, Vol. 2, p. 625,
Maktaba-tul-Madinah, Karachi)

In a credit transaction, it is also necessary to specify the payment period. As stated in Bahar-e-Shariat:

”بیع میں کبھی ثمن حال ہوتا ہے یعنی فوراً دینا اور کبھی مؤجل یعنی اُس کی ادا کے لیے کوئی ميعاد معين ذکر کر دی جائے، کیونکہ ميعاد معين نہ ہوگی تو جھگڑا ہوگا۔“

"In a sale, sometimes the price is immediate (i.e., to be paid right away), and sometimes it is deferred—meaning that a fixed term is set for its payment. If no fixed term is set, it will lead to disputes.

(Bahar-e-Shariat, Vol. 2, p. 626,
Maktaba-tul-Madinah, Karachi)

واللہ اعلم عزوجل ورسولہ اعلم صلی اللہ تعالیٰ علیہ وآلہ وسلم

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