

The Qur'an and Riba
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The word riba occurs in the Qur'an in ayaat 275, 276 and 278 of Surah Al-Baqarah, 130 of Aal-e-Imran, 161 of Al-Nisa, and 39 of Al-Room. Traditionally, these ayaat are studied in their textual order. Thus the analysis of riba starts with a tafseer of the ayaat of Al-Baqarah. Two things are noteworthy in this regard: (a) there is an enblock discussion of Al-Baqara 2:275-281, and (b) virtually all matters relating to riba and interest are discussed at length and concluded here. The issues arising out of the ahadith on riba are also covered. With the final conclusions thus drawn, the ayaat of Aal-e-Imran, Al-Nisa, and Al-Room get progressively less and less attention from the scholars.

This paper offers a break from the above tradition. It follows a chronological approach to study the ayaat on riba. That is, the various ayaat are studied in their order of revelation. Some obvious advantages of this approach are as follows. First, it can improve our understanding of the general background and the circumstances in which these ayaat were revealed. Second, it may bring to the fore the various developments in the process of the elimination of riba during the lifetime of Prophet Muhammad (SAW). Third, it clarifies the total picture about the injunctions of riba. As may be seen, all these points are essential for a proper interpretation of the injunctions of riba in the Qur'an and Sunnah.

The Qur'an is the spoken Word of Almighty Allah (SWT). It has many chapters, sections, paragraphs and sub-paragraphs. Thus, it is essential that every ayah should be read along with its companion ayaat in order to fully understand the message in the Qur'an. Looking at an ayah or a pair of ayaat in isolation may be okay, but it is certainly not ideal. This study, unlike other works on riba, also draws the readers' attention to complete passages in which the various ayaat occur.

In the English translation of the various ayaat, the punctuation is chosen to communicate the message of the Qur'an for the non-Arabic speaking audience. The goal of comparison with the original text is addressed by inserting the ayah number in the translation at appropriate places.

This paper has a limited objective, namely how to understand the various ayaat per se. Due to space limitations, the issues of definition of riba, relation between the ayaat on riba and the ahadith on the subject, and so on, are not discussed here. However, some references to these matters are given in the final section of the paper.

I. The First Revelation on Riba

The first revelation on riba is Al-Room 30:39, which is a Makki Surah. According to Maulana Abul A'ala Maududi (Tafheem-ul-Qur'an, Vol. 3, pp. 726-7), its time of revelation is 5 years before the Hijrah of the Prophet (SAW).

Maulana Amin Ahsan Islahi (Tadabbur-e-Qur'an, Vol.6, pp. 90-100) notes that the ayah 39 is a part of the message starting with the ayah 30.1 In this ayah the Prophet (SAW) and, by implication, all Muslims are advised to become single-minded about Islam as the way of life. For this purpose, the suggested line of action is (i) development of Allah-consciousness (Al-Room 30:31), (ii) extreme caution against shirk __ attributing partners to Allah (SWT) (Al-Room 30:31-32), (iii) establishment of Salat (Al-Room 30:31), (iv) spending on one's near-relatives, the destitute, and the wayfarer (Al-Room 30:38), and (v) caution against riba (Al-Room 30:39). In this perspective, the ayah 39 reads as follows.

And the riba-based investments on your part, in order to increase your wealth on the basis of other people's (i.e., the borrowers') assets, do not increase from the point of view of Allah. However, rest assured about the acceptance of what you give by way of Zakat for the sake of Allah; those who give Zakat are the ones whose net worth increases manifold with Allah. (Al-Room 30:39)

This ayah is a complete message in itself. It contains an indirect reference to the undesirability of riba. In it, the word riba appears in the perspective of lending, and Zakat in the general sense of sadaqaat or infaq __ charitable and other expenditures for the sake of Allah (SWT). 2 Recalling that in the Makki period the foundations of the Islamic society were being laid down, this communication style and the implied guidelines served this purpose very well.

II. The Second Revelation on Riba

The specific ayah on this occasion is Al-Nisa 4:160; its companion ayaat are Al-Nisa, 161 and 162. According to Maulana Amin Ahsan Islahi (Tadabbur-e-Qur'an, Vol. 2, pp.415-26), these ayaat are a part of Al-Nisa 4:153-162. The circumstances at the time (e.g., the expulsion of Bani Qainqa' from Madinah in Shawwal 2 A.H) and the text of these ayaat imply that they were revealed quite early in the Madani period.

In Al-Nisa 4:153-162, Allah's kalam (Word) is in response to a provocation by the Ahl al-Kitaab (the Jews of Madinah in this case) whereby they sought through the Prophet (SAW) the revelation of a book directly from the Heavens exclusively for themselves. Almighty Allah (SWT) did not respond to this request, but observed that they belonged to the same lot who wanted to seem Him (SWT) during the time of Prophet Musa (AS), and then went to disobey Him (SWT) time and again. After this, Allah (SWT) recounts the major crimes of the Jews, which invited His wrath on them. In this perspective, the ayah 160 and its companion ayaat 161 and 162 are as follows.

We (i.e., Allah) decreed many a previously permitted things haram for the Jews, because: i) they did zulm;3 ii) they stopped others from the Way of Allah in virtually all matters (Al-Nisa 4:160); iii) they charged riba despite being forbidden to do so; and iv) they ate into the wealth of others without any Shari'ah justification. And, We have prepared a painful doom for these disobedient persons (Al-Nisa 4:161).

However, We will give a great reward to those (among the Jews) who are clear-minded about the truth, without a grain of doubt, and who believe in the Qur'an and all other Revealed Books, establish Salat, give Zakat and believe in Allah and in the Day of Judgement. (Al-Nisa 4:162)

These ayaat are self-explanatory. Though their immediate addressees were the Jews of Madinah, in the general style of the Qur'an they are also meant to bring the likes and dislikes of Allah (SWT) to the attention of the Muslims.

III. The Third Revelation on Riba

This revelation consists of Aal-e-Imran 130-136. Among these ayaat, the ayah 130 is the principal ayah, and the remaining six ayaat reinforce its message. According to Maulana Amin Ahsan Islahi (Tadabbur-e-Qur'an, Vol.2, pp. 167-234), these ayaat were revealed, as a part of Aal-e-Imran 3:121-200, after the battle of Ohad that took place in Shawwal 3 A.H. These ayaat are as follows.

O Believers, don't eat riba on top of riba.4 And, be afraid of Allah so that you may be successful (Aal-e-Imran 130). And, be afraid of the fire of Hell, which is prepared for the disobedient (Aal-e-Imran 131). And, obey Allah and the Messenger (SAW) so that you may benefit from Allah's Mercy (Aal-e-Imran 132). And, rush toward the forgiveness of your Lord and the Paradise whose boundary spans the heavens and the earth; it (the Paradise) is prepared for the Allah-conscious. (Aal-e-Imran 133)

(As to who are the Allah-conscious, note that) They are the people who spend for the sake of Allah in both good and bad times, who control their temper and who forgive others. Surely Allah holds such mohsineen very dear (Aal-e-Imran 134). Moreover, they are the ones who, in the event of committing any mistake or anything against their Al-Akhirah interests, remember Allah and seek His forgiveness for their sins. After all, who is it except Allah who can exonerate failings? Furthermore, they are the people who do not insist on their mistakes knowingly. (Aal-e-Imran 135)

They (the Allah-conscious people) will be rewarded by their Lord with forgiveness and gardens, with streams flowing underneath, to live (forever). This is indeed an excellent reward (waiting) for those who do good. (Aal-e-Imran 136)5

Starting with the ayah 121, the entire text of Surah Aal-e-Imran, including the ayaat 130-136, is a commentary on the events of the battle of Ohad and its aftermath.6 Just on the way to the battlefield, the chief of munafiqeen (hypocrites) Abdullah Ibn Obaee and his followers deserted the Islamic forces. During the battle too, the Muslims went through extremely trying moments. Allah (SWT) used this battle to serve three important purposes in the favour of this Ummah. First, the isolation of those who harboured any misgivings about Islam, namely the munafiqeen (), from the mainstream of the Muslims. Second, bringing to fore the secret desires and designs of the munafiqeen and other adversaries of Islam in Madinah by creating a false impression of Islam's vulnerability. And third, identification of the potential sources of weakness in the ranks of the Muslims in order to prepare them for future responsibilities.

In the background of the battle of Ohad the ayah 130 and its companion ayaat can be seen in many ways.7 Maulana Amin Ahsan Islahi (Tadabbur-e-Qur'an, Vol.2, pp. 173-4) notes that the ayaat just preceding the ayah 130 were aimed at inspiring the believers for Jihad. The ayaat 130-136 were meant to prepare the Muslims for infaq (material sacrifices) in connection with Jihad. Allah (SWT) did so by first prohibiting riba which, unlike infaq, is a materially beneficial proposition for the wealthy. Then the believers were aroused for infaq in the ayah 134.

Maulana Muhammad Idris Kandhalvi (Ma'arif-ul-Qur'an, Vol.1, pp. 577-80) takes a different view. According to him, the disbelievers of Makkah used to do ribawi business, and they utilized the proceeds of the caravan that came from Syria (on the eve of the battle of Badr) to finance the battle of Ohad. In this perspective, Allah (SWT) advised the Muslims to stay away from ribawi business even if it were to finance a battle against the disbelievers.

There is no doubt that the above purposes were served by these ayaat. But, in fact, there was more to the matter. Though the ayaat 130-136 were revealed along with the other above-mentioned ayaat of Surah Aal-e-Imran, they constituted the formal prohibition of riba for the Muslims. This point is also confirmed by internal evidence in Surah Al-Baqarah 2:275. In this ayah Allah (SWT) declares using past indefinite tense that bai' (trading) was permitted but riba prohibited by Him (SWT). And, if one looks for this past decree on riba, it is in Surah Aal-e-Imran 3:130. As to why Allah (SWT) decreed the prohibition of riba immediately after the battle of Ohad, a few points in this regard are as follows. Allah (SWT) knows the best.

The battle of Ohad was preceded by 13 years effort on faith- and character-building of Prophet's Companions in Makkah, and a similar endeavor for 3 years in Madinah. By the time this battle was over, the Companions had gone through two thoroughly rigorous and demanding tests: one was that of the battle of Badr (Ramadan 2 A.H) and the other was of the battle of Ohad. The credentials of the Companions of the Prophet (SAW) as true believers __ who could withstand all temptations and tribulations just for the Pleasure of Allah (SWT) __ were fully established. Islam was to expand after the battle of Ohad too. More trials were still awaiting the Muslims. But nothing like the tribulations faced by the pioneering Companions (RAA) were to come in the way of the new sahabah.

In the above background, one may claim that the Madani society was literally purified at the time of the battle of Ohad. Moreover, it was at a critical juncture when unconditional obedience of Allah (SWT) and His Prophet (SAW) by the believers could be taken for granted. This was, therefore, the most opportune moment for the revelation of major injunctions calling for staying away from material gains by the believers.

Another equally important factor behind the early prohibition of riba is as follows. Salat, Saum, Zakat, and Hajj were prescribed and perfected during the blessed lifetime of the Prophet (SAW). The problem of riba with the associated declaration of all-out war by Allah and His Prophet (Al-Baqarah 2:279) called for a similar treatment. Elimination of riba required delineation of the contours of the Islamic economic system while the Prophet (SAW) was among his Companions (RAA).

Prohibition of riba also meant giving way to a radically different system for mutual contracting, especially for mobilizing resources from those with surplus funds to those in need of financial intermediation. Anyone who is familiar with legislation processes would confirm that such a monumental task could not be done in a short period. This required sufficient time during which most of the practical problems could come to fore and be satisfactorily resolved by Allah (SWT) and His Prophet (SAW). The time-consuming nature of the job required an early start.

In short, the right frame of mind of the Companions (RAA) and the time required for the building of new institutions may be construed as the main explanations for the prohibition of riba by the end of 3 A.H, as per Aal-e-Imran 130.

The Arabic words used to describe the prohibition of riba refer to "eating" of riba not "taking" or "charging" riba.⁸ When something is eaten, it exhausts itself and there is no chance of its return. On the other hand, if something is taken, there is at least some probability of it being returned sooner or later. Thus, indirectly, Allah (SWT) is referring to the nature of riba: it involves a one-way flow from the giver to the taker without a corresponding return flow from the latter to the former.

Some quarters take a lead from the phrase "eating riba on top of riba" to conclude that only compound interest is prohibited, not simple interest. Yet some others invoke the distinction between usury and interest to limit the scope of the Qur'anic decree to exorbitant interest rates. These points of views contradict both common sense and the linguistic style of the Qur'an.

If Rs.100 are lent at a compound rate of 10% per annum for two years, the borrower would be called upon to repay Rs.121 at the end of the contract. The same goal can be achieved by the lender by offering Rs.100 at the simple rate of 21%. What would be the grounds for distinguishing between the two arrangements? Likewise, the term "exorbitant rate of interest" is also arbitrary. A 10% rate of interest may be exorbitant for one person while 21% may be normal for another depending on their respective financial positions and prospective uses of funds.

All mufasssireen are of the view that "doubling and quadrupling" (or "riba on top of riba") has only a linguistic significance in order to highlight the despicable character of riba. This point is supported by the text of Al-Baqarah 2:22. After drawing the attention of mankind to His creation and blessings, Allah (SWT) says:

Literal meanings of this ayah are: "So, do not assign many partners to Allah." It does not imply, by any stretch of imagination, that one can ascribe a single partner to Allah (SWT). The interpretation "don't go even close to riba" is also supported by the text of Al-Baqarah 2:41. In this ayah, Bani Israel are instructed as follows:

It means: "Don't seek a small price for My ayaat." Again, this does not mean that there is room for charging a high price for violating the injunctions of Allah (SWT). To sum up, therefore, there is no room for confusing the meaning of riba with reference to Aal-e-Imran 3:130. Whether simple or compound, riba is riba.

Let us now look at the other revelations on riba given in Surah Al-Baqarah.

IV. The Fourth Revelation on Riba

The fourth revelation on riba consists of Al-Baqarah 2:275-277. In the text of the Qur'an, these ayaat are followed by four more ayaat on riba, namely Al-Baqarah 2:278-281. And, as mentioned earlier, generally mufasssireen discuss all of them together. However, the background and the tone of these ayaat confirm that in fact the passage Al-Baqarah 2:275-281 consists of two sets of ayaat revealed on two separate occasions (see below). Before looking at the ayaat 275-277, it is worthwhile to note an important point in the text of the Qur'an applicable to the entire block Al-Baqarah 2:275-281.

In the textual order of the Qur'an, the ayaat 275-281 are preceded by the most comprehensive set of ayaat on infaq, i.e., voluntary spending for the sake of Allah (Al-Baqarah 2:261-274), and followed by an ayah containing exhaustive guidelines on daiyn, i.e., loans and credit transactions (Al-Baqarah 2:282). While the relation of the latter to the injunctions of riba is obvious, one may note that the ayaat 261-274 serve as preface to the injunctions of riba for all times to come until Doomsday.

In the ayaat 261-274, the believers are given compelling reasons to go all out for infaq, and the principles and norms for this purpose are prescribed. For example, the believers are told that reward of spending for the sake of Allah is seven hundred times or even more (Al-Baqarah 2:261). Moreover, spending for the sake of Allah (SWT) should be free from (a) the quest for personal glory, (b) causing any distress to the recipients, and (c) giving out of unlawful and bad things (Al-Baqarah 2:262-267). The ayaat on infaq close on the following note.

Those who spend their wealth for the sake of Allah day and night, secretly and openly, have their reward with their Lord. They have nothing to fear and nothing to be sorry about. (Al-Baqarah 2:274)

Among other things, these ayaat mentally prepare the readers of the Qur'an for the injunctions of riba in the ayaat 275-281. After this useful digression, let us look at Al-Baqarah 2:275-277. The background of these ayaat is as follows.

Riba was prohibited by the end of 3 A.H according to Aal-e-Imran 3:130. This decree clearly affected both taking and giving of riba on new loans. But it also had implications for riba on the then existing debts. The Companions (RAA) never missed any opportunity for immediate, unconditional and total obedience of Allah (SWT) and His Prophet (SAW). Therefore, it is certain that soon after the decree of Surah Aal-e-Imran, they beseeched additional guidance about riba on the existing debts. And, given the level of their Allah-consciousness, it is quite likely that some Companions (RAA) also approached the Prophet (SAW) with queries about the riba charged in the past.

Another significant factor at the time was the role of the Jews who used to deal in riba (Al-Nisa 4:161). They were part and parcel of the Madani society when the Prophet (SAW) migrated to Madinah. There were three Jewish tribes in Madinah: Banu Qainqa', Banu Nudair and Banu Quraizah. They dominated the civic and economic life of Madinah. The Ansaar were often indebted to them through riba-based loans. The Jews had their reservations about Islam. First friction and then hostilities followed. This led to the expulsion of Banu Qainqa'a toward the Syrian territories in Shawwal 2 A.H. Banu Nudair were exiled to Khyber, about 200 miles from Madinah, in Rabi al-Awwal 4 A.H. Banu Quraizah were penalized in Zi Qa'adah 5 A.H for their role in the battle of Ahzaab (Shawwal 5 A.H). This was followed by the battle of Khyber in Muharram 7 A.H. This sequence of events implies that one section of the society actively resisted the rise of Islam in Madinah at least until 7 A.H. Of course, it had the sympathies of the munafiqeen, the other group in Madinah with nefarious intentions towards Islam.

By the end of 3 A.H, Islam had taken a clear-cut stand against riba. One can see that the vested interests went on a counter-offensive, both because of the fear of losing their clientele and because of their

grudge against Islam. Issues like mixing up of riba (on a sum lent) with profits (on trading using the same money) can be seen as part of the propaganda. Those who understand the nature of psychological warfare would confirm that any propaganda campaign works while the issue is still fresh in the minds of the people. Thus, the circumstantial evidence suggests that as soon as Allah (SWT) forbade riba (as per Aal-e-Imran), Jews and their sympathizers in Madinah launched a war of attrition against Islam. It would not be surprising if it confused some Muslims too. In the above background, the ayaat 275-277 read as follows. Riba-eaters will get up on the Day of Judgement like someone driven to madness by the Devil with his evil touch. This will happen because of their claim that (profit on) bai' (trading) is the same as riba whereas Allah has permitted bai' but prohibited riba.

Whoever received the advice from his Lord (as per Aal-e-Imran 130) and (hence) stayed away from riba, his matter is with Allah as far as riba charged in the past is concerned. That subject should be treated as closed in this world. However, all those who continue to charge riba in lieu of the outstanding debts, they belong to the Hell where they shall live. (Al-Baqarah 2:275)

Allah mitigates riba and multiplies sadaqaat. Surely, Allah does not like any thankless, sinner. (Al-Baqarah 2:276)

Verily, those who are believers and who do good deeds, establish Salat and discharge Zakat obligations, they have their reward with their Lord. They have nothing to fear or to be sorry about. (Al-Baqarah 2:277)

The ayah 275 has both a comment on the doubts raised about the nature of riba and some guidelines for action in lieu of riba on existing debts. The issue drawing the most attention of the people is addressed first.

Those favouring riba rested their case on riba being no different from profits on bai' (trading). But in order to give a punch to their claim and to ridicule the injunctions of Allah (SWT), the provocateurs changed the order of comparison, and contended: "Bai' is like riba." As in the case of repeated challenges from disbelievers about the timing of Qiyamah, Allah (SWT) did not directly respond to this provocation. He just observed that bai' was permitted and riba prohibited.

The said observation is also a polite reminder for all concerned that what matters in the case of riba is not return (or the rate of return) on one's money, but the form of the transaction. One form (i.e., trading) is permitted, but the other (i.e., interest-based loans) prohibited. This being so at the discretion of Allah (SWT).

Both trading and loans carry risk __ trading risk in one case, but commercial credit risk (of borrowers) in the other. Time too is not critical, because loans may also have a very short duration. Overnight lending in international financial markets is an example. Nonetheless trading involves a heterogeneous exchange: money versus some good, for example. On the other hand, a loan represents a homogenous exchange. That is, in this case the items given and taken back belong to the same category. Furthermore, the transfer of ownership in a loan is only for the pendency of the loan, and the lender is not a legal party to the use of the object lent at the borrower's end. The nature of the exchange and these legal dimensions distinguish loans from other transactions. Thus the injunctions of riba prescribe the principles according to which loan transactions are to be executed.

As noted earlier, the point "Allah has prohibited riba" in the ayah 275 confirms that absolute prohibition of riba did take place before this ayah. The ayah 275 goes on to give some guidelines for the "elimination of riba" from the economy. These include the abolition of riba clauses from the then existing contracts. The choice of words by Allah (SWT) signifies two things. First, once the riba decree (Aal-e-Imran 3:130) was given, all riba calculations had to stop forthwith. Secondly, those wilfully charging riba are promised an abode in the Hell because of their denying the absolute and authoritative status of the ayaat of the Qur'an __ the Word of Allah (SWT) Himself.

After the above point, Allah (SWT), Who created man and Who knows his psyche, emphasizes some negative dimensions of riba and positive aspects of sadaqaat. This is the focus of the ayah 276. How do riba and spending for the sake of Allah affect the life at individual and national levels? A detailed account of this issue requires a separate study. However, one point may be just mentioned here in order to inspire some thinking on the subject. From an economics point of view, riba discourages investment and hence curtails economic development. On the other hand, sadaqaat enhance aggregate demand and hence augment economic activity.

The message is completed in the ayah 277 by drawing the attention of the creation of Allah (SWT) to the road to ultimate success: having Iman, doing good deeds in general, and establishing Salat and Zakat in particular.

V. The Fifth Revelation on Riba

The fifth revelation on riba consists of Al-Baqarah 2:278-281. These ayaat have a complex background. Its proper appreciation is essential both for the correct understanding of these ayaat as well as for avoiding any questionable propositions about riba (see below).

The above ayaat can be put into a proper perspective by first noting that, with the revelation of Aal-e-Imran 3:130 and Al-Baqarah 2:275-277 in the Qur'an, the necessary legislation on the subject of riba was complete. And this happened toward the end of 3 A.H. These ayaat are with reference to loan transactions. This point is also confirmed by Al-Baqarah 2:279. As explained elsewhere, the above decrees also called for further action in order to bring other exchange practices (comparable in nature to loan transactions) in line with the Qur'anic commandments.⁹ This purpose is served by the guidelines prescribed by the Prophet (SAW) for trading practices. The ahadith of Sayyidena Fudalah Ibn Obaid, with a mention of the battle of Khyber, confirm the existence of such injunctions in Muharram 7 A.H.

There was nothing unusual about the practice on the above injunctions. All the Prophet's Companions observed them. If, however, someone unwittingly made a mistake and it came to the attention of the Prophet (SAW), he would simply correct the error. Everything was normal until after conquest of Makkah, which took place on 20th Ramadan, 8 A.H.

The conquest of Makkah was followed by the battle of Hunain on 6th Shawwal, 8 A.H. Immediately thereafter, Bani Thaqeef were besieged in Taif by the Islamic forces. The siege lasted for two weeks. The Prophet (SAW) did not press for military defeat of Bani Thaqeef. He returned to Madinah, via Makkah, after appointing Attaab Ibn Aseed (RAA) as Governor of Makkah.

In Ramadan 9 A.H, a delegation of Bani Thaqeef visited Madinah with Abdyaleil as its head. The delegation presented several demands for embracing Islam. One of these was permission for business involving riba. The Prophet (SAW) did not grant this request. Though some of them did embrace Islam, the delegation itself returned after concluding a general peace agreement with the Prophet (SAW). Bani Thaqeef gradually entered the fold of Islam, and all of them became Muslim by the Last Pilgrimage (Hajj al-Wida') in Zil Hijjah, 10 A.H.

The incident leading to the revelation of the ayaat 278-281 involved Bani Amr Ibn Omair __ a Thaqeef family __ and Bani Al-Moghirah __ a family of Bani Makhzoom of Makkah. The following details are provided by Allama Badruddin Aynee in Omdatul Qari: Sharah Sahee Bukhari: Zaid bin Aslam, Ibne Juraij, Muqatil bin Hayyan and Suddee reported as follows.¹⁰ The ayah 278 and its related ayaat were revealed in the context of a controversy between Bani Amr bin Omair of Bani Thaqeef and Bani Al-Moghirah of Bani Makhzoom. It so happened that Bani Amr and Bani Al-Moghirah had some riba deal between them during the days of Jahiliyyah (i.e., before embracing Islam). When Islam dawned, both families became Muslim. However, when the time of maturity of the said deal came, Bani Amr of the Thaqeefs demanded riba. There was a heated argument. Bani Al-Moghirah refused to pay riba on the ground that it was abolished by Islam. The matter came before Sayyidena Attaab bin Aseed (RAA), the Governor of Makkah. He sent a written request to the Prophet (SAW), who was then in Madinah, for a decision. Thereupon, the ayaat under reference were revealed. The Prophet (SAW) wrote to him: Upon hearing this judgement, Bani Amr said: "We turn toward Allah, and give up the riba due in our favour." Thereafter, all of them gave it up.

According to Tafsir-e-Mazhari (Urdu, Vol.2, p.105), Abu Y'ala reports the above incident in his Masnad on the authority of Kalbi and Abu Saleh; the latter attributed his narration to Abdullah Ibn Abbas (RAA). Qurtubi (Tafsir Al-Qurtubi, Vol.3, p.363) also reports this incident with reference to Ibn Ishaq, Ibn Juraij, Suddee and others. In the narrations of Abu Y'ala and Qurtubi, Bani Amr are said to rest their case on a permission from the Prophet (SAW) whereby Bani Thaqeef were allowed to continue to charge riba in return for becoming Muslim. As noted above, this was not the case. This is also unlikely for the following three reasons.

First, Bani Thaqeef signed their peace agreement in 9 A.H, the same year in which Prophet (SAW) concluded another pact with Bani Najran. This latter treaty explicitly requires discontinuation of riba practices by Bani Najran as a condition for peace. It is noteworthy that Bani Najran did not embrace Islam.

Second, Surah Al-Kafiroon is a testimony to the fact that the Prophet (SAW) never compromised with non-Muslims on the fundamentals of Islam even in the worst of times. How could the Thaqeefs be an exception in the heyday of Islam?

Third, Bani Amr are addressed as Muslims in Al-Baqarah 2:278. Acceptance of Islam automatically brought them under the purview of the Qur'anic injunctions on riba. There is not a single instance in which the Prophet (SAW) exempted Muslims from an order in the Qur'an.

In view of the above, to say the least, the insistence of Bani Amr must have been caused by a lack of their personal knowledge of Al-Baqarah 2:275, and not on the basis of some sort of permission from the Prophet (SAW).

It is also pertinent to note that the embracing of Islam by Sayyidena Attaab (RAA) and his appointment as Governor of Makkah by the Prophet (SAW) happened almost at the same time. He was then 21 or 22 years of age. One may argue that he too was unaware of the injunctions on riba in Al-Baqarah 2:275-277. But given the trust which the Prophet (SAW) placed in him, and given that there must also have been other Companions in Makkah at that time, this point is not tenable. The most likely explanation for Sayyidena Attaab's (RAA) action is that the parties involved in the dispute were heavy-weights, and he deemed it appropriate to seek a resolution of the matter by the Prophet (SAW) himself in order not to spark any tribal conflict between the people of Makkah and Bani Thaqeef.

Notwithstanding minor differences in the details, quite a few sources leading to the same information and a general consensus among many respected mufasserin on basic points confirm that the reported incident did happen in late 9 A.H or early 10 A.H. The words in all narrations imply that the Prophet (SAW) "wrote" to Attaab Ibn Aseed (RAA). This must have happened before the 25th Zi Q'adah, 10 A.H, when the Prophet (SAW) left Madinah for Hajj Al-Wida'.

On 9th Zil Hijjah, 10 A.H, the Prophet (SAW) decreed, in person, the abolition of riba on all of the then existing debts. This was a retrospective decree.¹¹ Thereafter, the Prophet (SAW) lived in this world for only 81 days. The said announcement was made in the presence of the Companions (RAA) gathered in Arafat from all over Arabia. With the status of riba on existing debts fairly recently coming into the knowledge of virtually everybody, there was hardly any need for making references of the above nature to the Prophet (SAW). Therefore, it is quite unlikely that any need for intervention by Allah (SWT) arose after the Hajj Al-Wida'a. One may, therefore, conclude that the time of revelation of the ayaat under reference is after the conquest of Makkah but before the last pilgrimage. The ayaat 278-281 are as follows. O you, who claim to be believers, fear Allah and give up whatever is left in lieu of riba if you are indeed believers. (Al-Baqarah 2:278)

Watch out! If you do not obey this order (and give up all outstanding riba), then there is a declaration of war against you from Allah and His Prophet. However, if you do tawbah (i.e, repent, along with the resolve to make amends for past mistakes), you have right only to your principals. Neither you inflict zulm on others, nor the others should do zulm on you. (Al-Baqarah 2:279)

In the process of settling any outstanding accounts, if you find the debtor in a tight situation, give him some grace period so that he can manage to clear the dues against him. However, if you consider converting the outstanding debts into sadaqah (charity), that would be better for you if you understand. (Al-Baqarah 2:280)

And be afraid of the Day on which you will be returned to Allah. At that time everyone will be fully rewarded for his actions, without being subjected to any zulm. (Al-Baqarah 2:281)

The tone of the address confirms that something happened which annoyed Almighty Allah (SWT), Who is also the Owner, Master, and Sustainer of the universe. As explained above, this was indeed the case. Instead of addressing the Muslims sticking to their claims involving riba by some pronoun (as in Al-Baqarah 2:275), Allah (SWT) confronts the addressees as "O you, who claim to be Believers." The ayah 278 is thus no more an advice.

The closing words of the ayah 278 make it plain that riba is an offence of unimaginable proportions, and Almighty Allah (SWT) simply does not recognize any person as a believer unless he gives up riba. Period. The style is a reflection of the rage of the Sole and the Absolute Master of the universe at its peak, creating a chilling wave of fear in the spines of the addressees: Why don't you listen? Have you not been told (already)? Watch out. Leave riba forthwith (Al-Baqarah 2:278) or face an all-out war with Allah the Almighty and His Prophet (Al-Baqarah 2:279) — knowing full well the fate of the weak party: humiliation and total destruction.

While the first part of the ayah 279 warns of the dire consequences of not giving up riba, the second part is also significant. The creditors are pointedly restricted to their principals while settling any existing debts.

According to the ayah 280, if the debtors face (genuine) difficulties in meeting their payment obligations, the creditors are ordered to give them grace period to meet their payment obligations to the tune of the principal. This principle was already observed by the veteran Companions (RAA) after the revelation of Al-Baqarah 2:275 in late 3 A.H. But now the decree from Allah (SWT) formalized it. This may be viewed as His special favor for this Ummah. More and more people were going to enter the fold of

Islam in the future. Settlement of old contracts which involved riba by the new converts to Islam could create social problems. This ayah forestalled such problems.

The ayah 280 also contains an additional guideline about the treatment of the written-off loans. They are to be treated as sadaqah by the lenders.

Whereas the ayah 279 restricts lenders to their principals, it also closes on the following note: Neither the creditors do zulm on the debtors nor the latter do zulm on the former. The link between charging riba by creditors and zulm is often easy to understand. But how does zulm arise on the debtors' side? The ahadith of Sayyidena Abu Hurairah clarify that debtors commit zulm when they deliberately cause delays in meeting their payment obligations.

Most of the commentators of the Qur'an interpreted the point about zulm in the ayah 279 to conclude that genesis of riba is zulm. Hence, they went on to rationalize the prohibition of riba. Many reasons are offered. In the case of consumption loans, lending on interest is equated with exploiting the needy. In the case of production or commercial loans, it is suggested that riba gives the capitalist an opportunity to enjoy the fruits of the borrowers' effort without either putting in any effort of his own or taking any risk. Some others have used this ayah to defend their case for indexation of loans for inflation (in order to compensate lenders for loss in the purchasing power of their loans). Respectfully, both lines of interpretation take the meaning of the ayah out of the context. The factual position is as follows.

Actually the ayah 279 contains an order from Allah (SWT) that both creditors and debtors should avoid zulm. Technically speaking, zulm occurs when any party is denied its rights as per the injunctions of Shari'ah. Thus the question one needs to ask is: what were the (relevant) injunctions of Shari'ah, from the creditors' and the debtors' perspectives, at the time of revelation of Al-Baqarah 2:278-281? Quite clearly, these injunctions are given in Aal-e-Imran 3:130 and Al-Baqarah 2:275-277. On both these previous occasions, there is no mention of zulm or its equivalent. Therefore, when Allah (SWT) decrees that both creditors and debtors avoid zulm, it means adherence to the said injunctions, and nothing else.

The above conclusion has significant implications for guiding thinking on riba. First, riba may lead to zulm, but zulm per se is not the reason behind its prohibition. Second, there is no room for generalizing the interpretation of "lender's principal" in order to seek a compensation for decline in the value of loans due to inflation during their pendency.¹²

This completes the review of the ayaat of the Qur'an on riba in this study. The argument may have been taxing for some readers. Therefore, the main points about various sets of ayaat are summarized in the following section.

VI. The Total Picture

This study establishes that the prohibition of riba took place toward the end of 3 A.H. Thus there was a period of over seven years in the life of the Prophet (SAW) during which detailed injunctions on riba were given and practiced.

Some important messages in the ayaat on riba, which can guide further thinking on the subject, are as follows. Many of these points were avoided in the previous sections in order to maintain the flow of argument.

1. Riba is not among the mutashabihat (ambiguous terms) in the Qur'an.
2. The ayaat of Surahs Al-Rome and Al-Nisa serve as a prelude to the injunctions of riba. However, as far as the Muslims are concerned, unlike the injunctions for khamr (drinking), the prohibition of riba was instantaneous as per Aal-e-Imran 3:130.
3. All five sets of ayaat on riba have one thing in common: wherever riba is castigated or prohibited by Allah (SWT), there is a positive mention of spending for His sake. Given that repetition in oral communications is equivalent to underlining some important point in the written tradition, this point cannot be ignored as a coincidence, especially in the case of the Qur'an — the Word of Allah (SWT). Thus there is a need to bracket this critical message in the ayaat on riba. The essential point may be seen as follows.

Allah (SWT) is using the extreme cases of infaq, sadaqah and Zakat to tell the believers that although one is welcome to spend all that he has for His sake, yet riba is to be avoided at all costs. More specifically, if one opts for a loan transaction, it is to be executed on a one-to-one and equal basis (see point 4 below), irrespective of the costs that the lender may face during the process. For example, the cost of lending, the cost in terms of income foregone, and the cost of recollecting the sum lent. If one combines these points with the one on the permissibility of bai' (Al-Baqarah 2:275), the complete message in the ayaat on riba can be stated as follows:

Whereas the believers can give up what they own without seeking any return for the sake of Allah through infaq, and whereas the believers can earn profits through trading, yet they ought to do loan type transactions on a one-to-one and equal basis.

The significance of this point is that through the injunctions of riba, Allah (SWT) is defining limits for the class of permissible transactions for Muslims.

4. The complete picture in respect of loan transactions is as follows (the loans themselves may be in cash or kind):

(a) In principle, all debts are to be settled on a one-to-one and equal basis. Thus if wheat is lent by weight, only the same amount can be reclaimed. If wheat is borrowed by some measure (such as saa' or bushel), an equal quantity will be repayable. In the case of rupee loans, equality has to be observed in terms of the number of rupees in the give and take back process.

(b) If circumstances warrant, the borrowers are to be given grace period to repay the principal.

(c) If a lender is willing to write-off a loan, it will be a sadaqah (an act of charity).

5. The injunctions of riba apply to all exchanges which are comparable, in nature, to loan transactions. For example, buying of new currency notes for decomposed ones from money-changers.

6. The prohibition of riba is mutlaq (absolute and generally applicable without any exception). Thus the injunctions of riba have the following three aspects:

(a) Riba is riba. Simple vs. compound interest or interest vs. usury distinctions do not apply.

(b) The prohibition of riba applies regardless of whether the principal involved is used for production or consumption (nonproductive) purposes.

(c) The provisions of the ayaat apply to all believers in their personal capacities. Accordingly, the prohibition of riba has the following three dimensions.

i. The injunctions of riba apply to individuals as well as to their collective entities, such as companies, banks, and government.

ii. In a transaction involving riba, a believer may either charge riba or give riba. The Prophet (SAW) made it abundantly clear that both taking and giving riba and even being a party to a transaction that involves riba in any other capacity are prohibited. Thus, there can be no question of the permissibility of Muslims doing such transactions with non-Muslims either in an Islamic state or in a non-Muslim country.

iii. Riba arises in the context of a loan or a comparable transaction between two individuals (who must observe the injunctions of Almighty Allah at their personal levels). Thus, if such a transaction takes place between any two individuals, irrespective of the relation between them, it has to be executed on a one-to-one and equal basis. In other words, views like "no riba between a master and his slave" need reconsideration.

7. After the revelation of Al-Baqarah 2:278-279, if a Muslim wilfully defies the injunctions of riba and the matter reaches the judicial/state level in a Muslim society, not only that the contract would be treated as void, but it will also be the concerned authority's responsibility as representative of Shari'ah to impose appropriate ta'zeer (Shar'ee penalty) on him.

In this regard, it is also noteworthy that riba debts negotiated by a person as a Muslim do not fall under the purview of Al-Baqarah 2:275. That is, they will not automatically hold after deleting the riba clauses in them. In fact they are uqood al-baatilah (contracts not recognized in Shari'ah) which need to be replaced by genuine contracts in the process of transition to a riba-free state. Of course, in addition to this, the Muslims wilfully negotiating such contracts are also to be subjected to appropriate ta'zeer (Shar'ee punishment) if matters are not cleared at the personal level, i.e., before the start of judicial/official process.

8. The injunctions of riba apply to all non-Muslim subjects of a Muslim country.

9. The pattern and text of the ayaat on riba implies that in drawing further conclusions, there is no point in looking at the rationale for the prohibition of riba. The correct approach would be to develop a riba-free economy, and to compare its performance with other riba-based constructs in terms of a chosen criteria, such as level of economic activity, investment, degree of inequalities in income and wealth, etc.

10. That "there is a declaration of war from Allah (SWT) and His Prophet (SAW)" calls for paying attention to the following three points:

(a) Allah (SWT) is personally a party to the matter.

(b) "War" implies that if riba continues, the believers cannot look forward to a peaceful living in this world, either at their personal or national level.

(c) That the declaration of war is from "His Prophet (SAW)" as well, means that Almighty Allah intends to enforce His Will also through His representative(s) on earth. Thus everyone, who sincerely claims to be a Muslim, is duty-bound to play his role in the elimination of riba.

In the end, it may be mentioned that the above points can be developed further in order to arrive at a proper definition of riba, the actual position of the ahadith on riba, the contours of a riba-free economy and a strategy for the elimination of riba from contemporary Muslim societies. Some useful references in this regard, in addition to the ones already mentioned in this paper, are as follows.

1. "What is Riba?", Hikmat-e-Qur'an, November 1994, English section, pp.1-6.
2. "Selected Issues in Riba" Hikmat-e-Qur'an, June 1995, English section, pp.1-11.
3. "Riba-Free Alternatives for Modern Commercial Banking", Hikmat-e-Qur'an, February-March 1995, English section, pp.1-8.
4. "Fiscal Implications of Elimination of Riba", Hikmat-e-Qur'an, April 1994, English section, pp.1-5.
5. "Islamization of Economy: International Transactions". Paper read at the seminar on Islamization of Economy held at the Institute of Policy Studies, Islamabad, in April 1994.

ENDNOTES

- 1 According to Mufti Muhammad Shafie (Ma'arif-ul-Qur'an, Vol.6, pp.739-50), the passage of the 39th ayah starts with the 28th ayah. This ayah contains arguments for Tauheed and, in light thereof, the 29th ayah is an invitation to humanity to be rational. Thereafter, the message continues as above.
- 2 In this paper, the interpretation of Maulana Amin Ahsan Islahi (Tadabbur-e-Qur'an, Vol.6, p.99) is followed. According to Mufti Muhammad Shafie (Ma'arif-ul-Qur'an, Vol.6, p.750), in this ayah the term riba applies to gifts. Even if that were the case, the general conclusions noted above would hold.
- 3 The word zulm has both general and special meanings in the Qur'an. In the special sense, it refers to (a) shirk (Luqmaan 31:13) and (b) denial of clear signs from Almighty Allah (Al-An'aam 6:144; Al-A'araaf 7:40-41). The Jews did this kind of zulm because they declared Prophet Uzair (AS) to be son of Almighty Allah (Al-Taubah 9:30), and they went on to disobey Him soon after experiencing the miraculous escape from the Pharaoh and his army (Al-A'araaf 7:137-167).
- 4 Literal translation of the first part of the ayah would be: "Don't feast on riba - doubled and quadrupled." However, the message is the same: stay away from riba. This point is further explained in the text.
- 5 The ayaat 135 and 136 are read here in continuation of the ayah 134. Maulana Muhammad Idris Kandhalwi (Ma'arif-ul-Qur'an, Vol. 1, pp.577-81) reads the ayaat 135 and 136 as a pair separate from the ayah 134. However, this reading too does not affect conclusions about riba.
- 6 In this paper the details about the life and time of the Prophet (SAW) are taken from Sirat-ul-Mustafa by Maulana Muhammad Idris Kandhalvi and Sirat-un-Nabi by Maulana Shibli Nomani.
- 7 Mufti Muhammad Shafie (Ma'arif-ul-Qur'an, Vol. 2, pp.175-91) interprets the ayah 130 without its battl of Ohad background. The reasons for doing so are not explained.
- 8 Mufti Muhammad Shafie (Ma'arif-ul-Qur'an, Vol.1, p.648) notes this point in the interpretation of Al-Baqarah 2:275.
- 9 See "Riba Al-Fadl" (Hikmat-e-Qur'an, August 1995, English section, pp.1-17) and "Strategy for the Elimination of Riba from the Economy, with Special Reference to Existing Loan Contracts" (Paper read at the seminar on Islamization of Economy organized by the Institute of Policy Studies, Islamabad, in April 1994).
- 10 In the Omdatul Qari edition published by Idarah Al-Tiba'ah Al-Muniriyah, Egypt, the name Maqatil Ibn Hibban, instead of Maqatil Ibn Hayyan, is mentioned.
- 11 This point is explained in the paper on strategy for the elimination of riba mentioned in end note no. 9.
- 12 Incidentally this point is also supported by the ayah 280. The text of this ayah clearly implies that the grace period given to debtors is to be with reference to the principal at that time not something else.

54