

An Explanation of Rationale behind the Prohibition of Riba in the Doctrines of three major Religions : with special reference to Islam

Mehboob ul Hassan*

ABSTRACT

This paper examines the different doctrines that prohibit Riba or Interest. All divine religions and prominent scholars in human history prohibited charging money on money transactions. This paper starts with a scrutiny of three major religions and ancient theories on the prohibition of interest (Riba). Later, in this paper the different kinds of Riba have been explained. An explanation of the rationale behind the prohibition of Riba from economic as well as social points of views has been made.

Key words: Riba, Divine Religions, Doctrine, Rationale behind the prohibition of Riba.

1. INTRODUCTION

With the collapse of Wall Street on 28th October 1929, also recognize as “Black Monday”, the empire of capitalistic economy was shaken severely. This economic disaster, also known as “Great Depression”, led many economists as well as societal intellectuals to reconcile carefully the soundness of the “Capitalistic Economic System”. From 1929 to 1934 the world was affected by several severe economic disasters, which stimulated serious thinking on economic matters. With the failure of communism and spread of capitalism, many people think that capitalism is the best economic system for the present world.

Some young thinkers in the Muslim world even believe that, due to the emergence of

* Ph. D. Candidate, Post Graduate School of Economics, Nagoya City University, 1. Yamanohata Campus, Mizuho-Ku Nagoya City, Japan.

E-mail: mhassanj@yaho.co.jp

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Note 2: This paper is an altered form of writer’s Ph. D. thesis dissertation titled “Evolution, Performance and Market Sharing of Islamic Banking”. Writer believes it wise to explain a brief look on the doctrine of Riba or Interest, because one of the fundamental characteristics of Islamic banking is that they do not charge interest on their transactions.

capitalistic economic system in our daily life, modern society cannot exist without paying or charging of interest, and no economy of the present world can survive with strict prohibition on the interest. In their consideration, Islam does not prohibit interest because its levy rates are lesser, while usury is prohibited because its levy rates are higher. But, traditional Muslim jurists do not believe in these false interpretations, according to their consideration interest and usury are mere words, which easily shade into one another shape. Furthermore, what that is considered a reasonable rate today may be regarded usurious or non-reasonable rate tomorrow. For an evidence, after the WW1 some banks in Europe charged eight to nine percents rates of interest on loan advanced to the government,¹⁾ which might be considered reasonable at those times, but are usurious today.

It must be kept in mind that it is not only Islam that prohibits interest but all revealed divine religions and famous societal thinkers condemned the charging of interest. Here, in this paper, we will give a brief look on the different doctrines of prohibition of interest, Riba in Arabic language, into the history of mankind, and scrutinize these doctrines of different religions for better understanding.

2. THE MEANINGS OF INTEREST (RIBA)

The word “Interest” derived from the Medieval Latin word *Interesse*, and the word “Usury” came from the Latin word *usura*.²⁾ The problem is that theologians and ecclesiastical law treats the two words as different in kinds and explains their meanings in different sense. *Interesse* means an increase on principle. In particular *Interesse* was permitted and *usura* was forbidden.³⁾ *Usura* means enjoyment acquired from money lending, and in Canon law, *usury* means the intention of the lender to obtain more money in return from a loan than the principle amount due. These both explanations are similar to what we call *interest*. Both *Usury* and *Interest* are *Riba*, and have the meanings of “increase or excess” above the principle amount.

3. RIBA IN THE JUDAISM

Riba charging was considered unethical and unlawful by all the all religions including

1) A. I. Qureshi, 1991, p. 2.

2) Mervyn K. Lewis & Latifa M. Algaoud, 2001, p. 186.

3) Benjamin, Nelson, 1949, p. 17.

Judaism. Talmud (fundamental code of Jewish law comprising written law) and Mishnah forbade any Jew to participate in any usurious transaction or to act as intermediary/agent of surety or witness in such transactions between Jew and Jew. In the Old Testament there are three references on usury come from the Pentateuch the Law of Moses (The first five books of Hebrew) and fourth one is from Psalms attributed to David. In historical order they are as followings :

1. *If thou lend money to any of my people that is poor by thee, thou shall not be to him as a usurer, neither shall thou lay upon him usury. (Exodus 22 : 25)*
2. *And if thy brother became waxen poor, and fallen decay with thee ; then thou shalt relieve him : yea, though he be a stranger, or a sojourner ; that he may live with thee. Take thou no usury from him, or increase : but fear thy God ; that thy brother may live with thee. (Leviticus 25 : 35-7)*
3. *Thou shalt not lend upon usury to thy brother ; usury of money, usury of victuals, usury of any thing that is lent upon usury : Unto a stranger thou may lend upon usury ; but unto thy brother thou shalt not lend upon usury. (Deuteronomy 23 : 19)*
4. *Lord, who shall abide in thy tabernacle ? Who shall dwell in thy holy hill ? He that putt not out his money to usury, nor taketh rewards against the innocent. He that doeth these things shall never be moved. (Psalm)*

Form the above references, it is obviously clear that charging of Riba was strictly forbidden in Judaism, but Jews twisted and distorted the words of their book and indulged their own whims and conjectures.

In the words of Cohn H. Harvey, Maimonides (1135-1204), a famous religion reformer in Jews, changed the words of the holy book and said that the teachings of Deuteronomy 23 : 20 should translated as following : “*Unto a stranger thou must lend money on interest*”.⁴⁾

In Exodus and Deuteronomy, the biblical (Hebrew) term for Riba (interest) is *neshekh*, although in Leviticus the term *neshekh* occurs alongside *tarbit* or *marbit*. In the *Encyclopedia Judaica* it is argued that *neshekh*, meaning, “bite”, was the term used for the exaction of interest by the creditor.⁵⁾ Cohen concludes that there is no difference in law between excessive interest (usury) and low or simple interest, as all interest is prohibited.

The Mosaic laws forbade Hebrews to charge interest on money lending from the poor even if they are aliens, by the passage of time the restriction was narrowed to the Israelites even though they lent to the wealthy. They were enjoined to lend to the poor for helping them in

4) Cohn, H. H., 1971. p. 17.

5) Ibid. p. 17.

distress and were warned against taking interest by any trick... But, when the market economy extended and trade and commerce developed, the practice of interest and mortgage became common among them, they allowed the taking of interest from their Jewish brethren long after that.⁶⁾

Jews changed the words of their book because they were used to change the words and teaching of the revealed books for their materialistic benefits.

4. RIBA IN THE GREEK PHILOSOPHY

In ancient Greek, one of the highly civilized nations at her times, charging of interest on money transaction (lending and borrowing of money) was strictly prohibited. Lending money at interest was forbidden in all over the legal territory. Aristotle and Plato had strongly opposed the charging of the interest in very strong orders. Aristotle considered money like a barren hen that lay no egg. He believed that the sole object of the use of money was to facilitate exchange and to fulfill the satisfaction of human wants. In his consideration, money could not be used as the source of accumulation, i. e. increase in the amount of money by lending it on interest. "*A piece of money cannot beget another piece*", was the doctrine of Aristotle.⁷⁾ Further, a statement in his famous book "Politics" is in following sense :

The most hated sort (of wealth), and with the greatest reason, is usury, which makes gain out of money itself, and from the natural objects of it. For money was intended to be used in exchange, and not increase at interest.... Of all modes of getting wealth, this is most unnatural. (Politics, 1258)

Plato also had same views like Aristotle. He believed charging of interest against humanity and unjust as well as unnatural.⁸⁾

5. RIBA IN CHRISTIANITY

The Old Testament has four references, which we discussed at section 2, and New Testament has three references on the interest. In their order they are as followings :

1) "*The servant who returns the talents as he received them is castigated by the nobleman for*

6) Al-Bustani, 1884, Vol. 8, p. 513.

7) Aristotle, *Politics*, Book I Ch. X (Year not given)

8) Plato, *Law*, Book V (Year not given)

not having, put my money to the exchanges, and then at my coming I shall have received my own with usury". (Matthew 25 : 14-30).

2) *"Do well, and lend, hoping for nothing again ; and your reward shall be great, and ye shall be children of Highest". (Luke 6 : 35)*

Jesus himself exhibited a distinctly anti-usury attitude when he cast the moneylenders from the temple, while the Sermon on the Mount revealed strongly anti-wealth sentiments as well.

Following words of Jesus will make it clear enough that charging of interest is against the spirit of religion :

3) *"Lend freely, hoping no thing thereby" (Luke 6 : 35)*

Early fathers of Christianity looked upon interest with severe disapproval. They found the confirmation of their views in several passages of the Old Testament, and the general principles of the New Testament teaching approved their stand, most especially the above cited verse of Luke.

6. RIBA IN THE ROMAN EMPIRE

Like Greek, the Roman Empire also prohibited charging of interest on money lending in the times of strong governments. With the passage of times and gradual extension of Empire and development of trade, interest charging was allowed. However, there were severe restrictions on the rate of interest, and these restrictions were strictly regulated. The Romans were the first nation to enact laws for the protection of debtors. The Roman lawyers allowed an annual rate of 12 percent on loan.⁹⁾ But Roman thinkers like Cicero and Seneca condemned the taking of interest and described it as inhuman.

Here, it must be noted that, although, it were the Romans who allowed interest in financial dealings first time in the history, but they did not liked it because interest, without any doubt, is enemy of the social harmony.

7. PROHIBITION OF RIBA IN ISLAM

Islam is not a religion in the common words only ; it is a complete code of life. It provides guidance for all aspects of human behaviour including economic activities. As such, it deals

9) A. I. Qureshi, 1991, p. 6.

with all kinds of human life problems and provides significant solutions to come out of these problems. Allah (the One and Only God in Islam) is the God of entire world and messenger Muhammad (peace be upon him) is the messenger towards all mankind. According to Islamic point of view, Allah has made the resources of this earth available to humanity who has the responsibility to make use of them, to mould them and transform them according to his needs. But human beings are supposed to observe certain limits and prohibitions in the exercise of their freedom. It is not only Islam but all major religions of world have prohibited the charging of interest. Unfortunately, due to false interpretations and personal desires of religion reformers, the teachings of other divine books have been misinterpreted. At present, Islam is the only religion that maintains a strict prohibition on interest in its original form.

7.1. Riba in the Qur'an

Following are the main verses of the holy Quran, which are the basis of the Islamic doctrine of Riba (Interest) prohibition.

1. *“Those who swallow interest (riba) shall not rise again (on the day of judgement), except as one arise whom Satan has prostrated by (his) touch (that is, one who is demon-possessed) : that is because they say ; ‘ trade is alike interest’ , event though Allah has permitted trade and forbidden interest. He unto whom an admonition from his Lord cometh, and (he) refrainth, he shall keep the (profit of) past, and his affair (henceforth) is with Allah. But whoever repeats (the offence of charging interest)- is the inhabitants of the fire, therein dwelling forever”. Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty” .¹⁰⁾*

The second revelation is as follows :

2. *“O those who believe fear Allah and give up what still remains of Riba if you are believers. But if you do not do it (stop paying and taking of interest), then take a notice of war from Allah and His Messenger but if you repent, you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly” .¹¹⁾*

The third revelation is in following words :

10) Qur'an, 2 : 275-6

11) Ibid. 2 : 278-9

3. “*And whatever Riba you give so that it may increase in the wealth of the people, it does not increase with Allah*”.¹²⁾

And the final revelation is as follows :

4. “*O those who believe do not eat up Riba doubled and redoubled. Observe your duty to Allah, that ye may be successful*”.¹³⁾

At present, Islam is the only religion that maintains a strong position on prohibition on Riba in its revealed form.

7.2. Riba in the tradition of the Prophet Muhammad (peace be upon Him)

It has been reported in a number of sources that the holy Prophet Muhammad (peace be upon him) announced the prohibition of Riba in his last sermon during his last Pilgrimage.

The Holy Prophet (peace be upon Him) said : “*Riba is forbidden and you will be entitled to recover your principal amount ... Allah has decreed that there should be no Riba and I am remitting the amount of Riba which my uncle Abbas has to receive*”.

Above statement is enough to recognize that Riba is strictly prohibited. People living upon Riba are people of hell fire. Islam urges upon the Muslims to give up what remains of their Riba earnings are left, and if they desist then they are warned of war from Allah and His Messenger (Peace be upon Him).

7.3. Kinds of Riba

There were two kinds of Riba in Islam ; (1) ***Riba Alfadal***, or Riba involving trade, is excess over the substance (quantity, counting), and (2) ***Riba Alnasiya***, it arise where a borrower, in any form, enter into a contract to repay to the lender a pre-agreed amount in addition to the principal that was borrowed, due to delay in period of time of payment or delivery. Both kinds of Riba, without any doubt, are strictly prohibited in Islam.

Ubadah ibn al-Samit, A famous companion of Prophet narrated that the Prophet said,

“*Gold for gold, silver for silver, whet for wheat, barley for barley, dates for dates, salt for*

12) Ibid. 30: 39

13) Ibid. 30: 130

salt, like for like, in equal weight, and from hand to hand. If these species are different, then you sell as you like, as long as it is from hand to hand”.

Another tradition is narrated through *Abu Said al-Khudri* who said :

“The Messenger of Allah (peace be upon Him) said, ‘ Do not sell gold for gold, except when it is like for like (equal in quantity), and do not misappropriate one through the other, and do not sell silver for silver, except like for like, and do not misappropriate one through another ; and do not sell those that are absent for those that are present”. (Al-Bukhari and Muslim).¹⁴⁾

Another version is as following :

“The Messenger of Allah (peace be upon Him) said, ‘ Gold for gold, silver for silver, wheat for wheat barley for barley, dates for dates, salt for salt, like for like, from hand to hand. He who gives in excess or acquires an excess has charged Riba ; the person giving and acquiring have the same liability in this”.

The compiled result of above traditions gives us a clear idea on Riba as followings :

- Weight should be equal while making a transaction.
- Quality should be equal
- Exchange should be immediately
- When species are different, weight may be different, but immediately be exchanged.

7.4. Literal meanings of Riba

Riba is an Arabic word, which stands for excess, increase, addition, expansion or growth.

The well-known scholar in Islam, Ibn Jarir AlTabari, explained the Riba of Arabs in the pre-Islam period as follows : *In pre-Islam periods, a person used to owe a debt to his creditor then he would say to his creditor “I offer you such and such amount and you give me more time to pay”*¹⁵⁾

Imam Abubakr AlJassas (died in 1001) in his famous work on Interest *Ahkamul Qur’an*

14) Al-Bukhari and Al-Muslim are famous books that contain the sayings of Prophet Muhammad (Peace be upon Him)

15) Tafseer Ibn Jarir, p. 101, Vol. 3. Year not given.

has explained Riba in the following words :

*“Riba, that was known and practiced by the Arabs, was that they used to advance loan in the form of Dirhams or Dinars (silver and gold coins) for a certain period with an agreed increase on the amount of the principal advanced”*¹⁶⁾

8. RIBA ACCORDING TO THE SHARIAH COURT OF PAKISTAN

The Shariah Appellate Bench (SAB) of the Supreme Court of Pakistan in its judgment declared Riba as follows¹⁷⁾ :

1. All prevailing forms of interest, either in banking transactions or in private transactions falls within the definition of Riba.
2. Any interest stipulated in government borrowings acquired from domestic or a foreign source is Riba and clearly prohibited by the Holy Quran.
3. The present financial system, based on interest, is against the injunctions of Islam as laid down in the Holy Quran and Sunnah (tradition of Prophet Muhammad peace be upon Him) and in order to bring it in conformity with Shariah it has to be subjected to radical changes.

Some scholars in Islamic world claim that Islam prohibits interest on consumption loans only, because, interests on productive loans were not prohibited in the period of prophet. For the clarification of this misunderstanding, there is clear finding in the famous book “sood (interest)” written by Moududi S. A. According to Moududi, during the Byzantine Empire ruling in Syria (neighbor to Arab), all kinds of loans advanced on the basis of interests, were present at the time of Prophet Muhammad (peace be upon Him) and Arab were well aware of these kind of interests, therefore there is no room for sayings that Islam prohibits Riba (interest) for household or consumption loans only and the Riba (interest) on commercial loans is allowed.¹⁸⁾

9. WHY DID ALL DIVINE RELIGIONS ABHOR RIBA

Having examined the doctrines of Christianity and Judaism, viewpoints of different societal scholars, and Islamic doctrine, now, here it is point to join all these sources together.

The reasons as to why all divine religions, especially Islam, have given such severe verdict

16) Abubakr Aljassas, *Ahkamul Qur'an*, p. 465. Year not given.

17) Sharia Appellate Bench, Supreme Court of Pakistan, 1992.

18) Moududi, S. A., 1972. *Sood (interest)*, Lahore.

against Riba are that the basic teachings of all religions are to develop human equality, harmony and pleasure in all mankind. All religions are against to the all forms of economic as well as social exploitation of human beings, and want to develop a society or system that aims to secure extensive socio-economic justice and welfare of humanity.

According to traditional Christian school of thought, usury contravened the teachings of Jesus. Although the teachings of Gospel were variously interpreted, the absence of a specific condemnation cannot disguise the fact that Jesus regarded, the interest on lending money, a very worst form of gain.¹⁹⁾

Hebrew law prohibited usury unambiguously. The only point at this issue was to whom and how widely the ban was applied. The Exodus, at 22 : 26, explains, "*If thou at all take thy neighbor's raiment to pledge, thou shalt deliver it unto him by that the sun goeth down*". Many other similar teachings are given in Deuteronomy and there are restrictions on collateral too. These restrictions, presumably, had the intention of reducing the power of the creditor and preventing the debtor from having to observe usurious contracts.

In Talmudic law, similar to Islamic law, in an interest-based contract, the creditor, the debtor, the guarantor, the witness, and attester all are violating the biblical prohibition and doing an act of the greatest sin.²⁰⁾

Usury was contrary to Aristotle. Once canonist accepted Aristotle's distinction between the natural and unnatural art of money-making, then it followed that the science of economics had to be seen as a body of laws designed to ensure the moral soundness of economic activity. Money, according to Aristotle, arose as a means of facilitating the legitimate exchange of natural goods in order to provide utility to consumers. As such, money was barren. Interest was unnatural fruits of a barren parent, i. e. money.²¹⁾

Islamic as well as other scholars have explained similar views on the prohibition of Riba. Islamic condemnation of Riba may explain as followings²²⁾ :

1. Riba reinforces the tendency for wealth to accumulate in the hands of a few, and thereby diminishes human beings to concern their fellow men.
2. Islam does not allow gain from financial activity unless the beneficiary is also subject to the risk of potential loss.
3. Islam regards the accumulation of wealth through interest or usury as selfish compared

19) Mervyn K. Lewis, Latifa M. Algaoud, 2001, p. 191.

20) Ibid. p. 191. Also Abdul A. Islahi, 1985, p. 67.

21) Ibid. p. 191.

22) Karsten Ingo, 1982, IMF staff paper, p. 111.

with accumulation through hard work and physical activities.

Some very common and severe effects of Riba on the behaviour of individuals, society and economy can be summarized as followings :

9.1. Riba deflects money from its basic functions

The primary functions of money are medium of exchange, store and measure of value.²³⁾ For empirical evidence, let's consider an individual who acquire interest on the trade of two currencies by lending one type of currency at lesser rate of interest at present and getting higher rate of interest in future. This trade becomes his goal or means of earnings, which is contrary to the functions of the money. Money is created for buying and selling of other goods not buying and selling of money itself. Money is not created to earn money and doing so is transgression. In relation to other goods, unit of money is like 'preposition', which has no color of its own. If a person is permitted to sell or exchange money with money, either in present or future, then such transaction will become his goal, and as result money will be hoarded like any thing, i. e. money could not perform its basic function of measure of value, stock of value and medium of exchange.

9.2. The Riba-based system may result in exploitation

Amount payable on interest based loans doubles and redoubles after specific periods and this geometric multiplication continues. Suppose, if the rate of interest on a loan is 10.41% p. a., then the total amount payable doubles after every 7 years. In 50 years it becomes 140 times and after 100 and 150 years it becomes 19,991 and 28, 26,581times respectively. The amount that is returned by previous borrowers can again lent on interest to new borrowers and therefore this process of doubling the dues continue despite the fact that many borrowers are unable to repay their loans within specific period of time. Debts created on interest usually cannot decay or write-off. According to the recent IMF reports numbers of people below poverty line are increasing and many poor countries have already been trapped into the interest-based debt trap. It is being believed that Interest is mechanism to enslave the people and any law that enforces its payment is unjust and inhuman. Since it is not assure that GDP of a country will grow equals to the rate of interest of that country, if the growth rate is less

23) William J. Baumol, & Alan S. Blinder, 1991, p. 225.

than the interest rate, then the lender of money will get an extra gain that will be unjustified.

9.3. Inflation is co-related with Riba

Increase in the rate of inflation (I) reduces the real interest (R), which result decrease in the demand for money.²⁴⁾ Money supplier, to ensure that the real interest does not fall, raises the nominal interest rate. This act will result in increase in the inflation rate. Thus, rate of inflation rise as the rate of interest rises. This process ultimately results in the decrease of money demand due to increase in interest rates. Steven Doldfeld in (1973, 1976) found for the United State from 1952 to 1973 that a 10% increase in interest rates on time deposits reduces the real demand for M1 in the long run by about 3%. He in his next findings shows that reduction in money demand results decline in GDP.²⁵⁾ The result is obviously clear that increase in interest rates results decrease in the GDP, while no physical objects (goods or services) were produced.

9.4. Debt Slavery : one cause is Riba

Human Development Report 1992 brings to focus the glaring reality that rich have grown richer and the poor become poorer at the end of three decades of so-called universal development effort. In 1960 the incomes of wealthiest one billion of world's total five billion populations were 30 times better off than the income of poorest one billion. According to the latest estimation taking into account internal discrepancies within nations, the top one fifth is probably 150 times better off.

There is now a net transfer of resources from the poor to the rich countries (peoples) of the world. Poor countries (people in debt in rich countries) are becoming poorer, for every \$1 that is received in the form of new loans and aid by the developed countries they are paying back \$11.1. if this is not debt slavery what then it should be called.

Another way to explain this dilemma can be as followings :

The amount of debt is massively increasing throughout the world. This is a direct result of the *fiat* creation of money (plus addition of Riba) by banking system because in order to pay the Riba overall, more and more debt has to be created i. e. the money supply must be

24) Robert J. Barro, 1993, pp. 108-9.

25) Ibid. p. 109.

continually increased in condition of productive stagnation. A continuing inflation is the inevitable result. Thus, today, throughout the advanced countries, consumer credit (on the basis of Riba) is encouraged for anybody because the system requires the creation of more and more debt (based on Riba) and, a very fundamental way, it is now incapable of caring about the consequences.

9.5. Interest exerts disastrous effects on the human behaviour and society

Interest exerts disastrous effects on the moral and humanity of the society by reinforcing the tendency wealth accumulation in fewer hands. It leads to ever increase in the risk free capital vis-à-vis risk based equity capital, resulting in business failures, unemployment and ultimately to gross inequalities of income and wealth that are bound to end-up in social strife and economic chaos. All divine religions, especially Islam, are opposed to exploitation in every form and stands for fair and equitable dealings among all human beings. It is a ground reality that the interest-based system, irrespective to the rate, is creating “idlers” and “cruel blood-suckers” in the society.

9.6. Pre-determined rate of return in the investment is not justified

Money while invested in a business the quantum of profit that may occur is not known beforehand and there is also the possibility of a loss. Therefore, charging a fixed and pre-determined rate of return on investment cannot be morally justified. Justice demands that provider of capital should share the risk with the entrepreneur if he wish to earn profit.

9.7. View that “interest plays an important role in promoting saving” is not always true.

The general view of the conventional economist has been that interest plays an important role in promoting savings, investments and economic development. However, it is not the case, and the ground realities indicate the different picture. There are many other factors like, ability to save, willingness to save, income level, pattern of income distribution, rate of inflation, stability of economy and fiscal measurements that help to increase the savings. These elements are much more important than the rate of interest for high savings and investments.

9.8. Interest is not rent on capital

Islam does not recognize an income without physical effort or risk. The argument that a person when lends out his money to someone makes a sacrifice, hence is entitled to get a predetermined reward, is not acceptable in Islam. The people who lend out his savings to someone, no doubt, makes a sacrifice therefore deserves a reward. But how does this confer a right to a lender to charge a fixed price for his sacrifice at pre-decided rate. The only reasonable rights that he has on the ground of risk is that he can take a property of the borrower as a pledge, or demand security for his loan in the form of a thing or personal guarantee or refuse the loan. Risk and sacrifice are neither articles of merchandise nor these are machines or vehicles use for operation. A man, who wants to perform an act of sacrifice and taking a risk, should become a partner in the business and bear the responsibility of profit and loss.

Unlike other physical things, 'Capital' does not suffer wear and tear, nor does it face depreciation in value. Capital by itself does not earn profit. The combined force of management, labour, and many other factors plays active role and contribute their efforts to run business. Even then, some times, business does not yield profit. Now how can it be considered rational that the lender's money should produce a fixed amount of return ?

10. CONCLUSION

The principal reason why all divine religions have delivered such a harsh verdict against Riba or interest is that all religions wish to establish an economic system where all kinds of injustice are eliminated and all forms of exploitation are controlled. All divine religions, especially Islam, particularly do not allow the injustice perpetuated in the form of financier being assured of a positive return without doing any work or sharing in the risk, while the entrepreneur, in spite of his management and hard work, is not assured of any return. Islam wishes to establish justice between the money holder and the entrepreneur. The Quranic prohibition of Riba aims at eliminating exploitation, oppression, and inequality. It is therefore, obvious that there is enough justification for prohibition of interest, which suits to human mind, and looks an unbiased mind after freeing from pre-convinced notations. The reality however, remains stand firmly that prohibition of Riba is not based on economic point of view only, it has been ordained by Almighty Creator in all His Wisdom as an act of justice. In prohibiting Riba, and permitting profit and loss, Sharia has developed several means of financ-

ing. In this study we tried to understand the different views of the prohibition of Riba along with the kinds and meanings of Riba. Furthermore, we tried to explain the reasons behind the prohibition of Riba. This explanation is one of the prerequisites for understanding the Islamic Economic System that is free from injustice and exploitation, and is based on the guidelines given by the divine religion

After understanding the above explanations it is difficult to agree with anyone who justify interest in the society, especially in an Islamic society.

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