

Q: A large number of Muslims live in foreign countries. Is it permissible for them to take or give interest on loans?

A: For Muslims living in foreign countries, taking of interest is not permissible just as indulging in alcoholic drinks is not permissible for them. Being in a Muslim or non-Muslim country makes no difference. May Allah keep us under His protection wherever we are. Unfortunately, the whole set-up of our living has undergone a major change - ideas, values, concepts - everything is affected. Seen from this angle, the question my friend has posed becomes all the more important.

Let us go to the root. The question is: Under what conditions is it permissible to take a loan? If some one goes to some one else and asks for a loan, it means that the former faces a situation in which the taking of loan has become the only alternative open to him. This will be a situation in which it would be permissible for him to ask for a loan. But, should a person, who is well-to-do, go out seeking a loan on the plea that he already has two factories running successfully and now he wants to set up a third factory, that is, he wants Qarz-e-Hasana, a loan without interest. Then, the very seeking of this loan is not permissible. Asking for money, asking for a loan to line up a third factory on top of the two flourishing ones is a concept which is totally alien to Islam. However, what you can do is that you can ask for finances on the basis of Mudaraba. You say to the other party, here is a business share in whatever the profit or loss may be. This is all right. This is not loan. This is a partnership of the two parties in a business venture on the basis of Musharakah and Mudaraba. So, a loan is permissible only when someone seeks it for personal need.

Contemporary fatawaa