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Madani Q/A Time

1st Q/A

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Question:**What is Islamic Ruling on Buying and Selling Products in Installments?****Answer:**

All praise is due to Allaah as many times as the number of His Creation and May the peace and blessings of Allaah be upon the Final Prophet Muhammad ﷺ, his family and companions, and all those who follow them in righteousness till the Day of Judgment.

It is permitted if certain conditions have been fulfilled :

1. It is permissible to make a purchase with delayed payment; it is also permissible to increase the price in return for that delay. Buying by installments is nothing other than buying with delayed payment; all it means is that the price is divided into amounts, each of which must be paid at a certain time.

Shaikh bin baz rahimahullah said in his popular fatwa :In short Baiul qist is the type of Baiul Ajal(delayed payment).end quote

The opposite of Baiul Ajal is Bay' al-salam (forward buying) is permissible according to the texts and scholarly consensus, and it is similar to purchase by installments.

NOTE: In simple terms, It is permissible to increase the price to be paid later in relation to the price to be paid on the spot; it is also permissible to state the price if paid immediately, and the price to be paid in installments at specific intervals, but the sale is not valid unless the two parties both state definitively whether the deal is based on immediate payment or deferred payment. If the agreement to the transaction is done with uncertainty or hesitancy as to whether the deal is based on immediate payment or deferred payment, in the sense that there is no agreement on a fixed price, then it is not permissible according to Islam.

2. It is not permissible, according to Islam, in the case of deferred payment to include in the contract a figure reflecting interest to be paid on the instalments that is listed as a separate figure from the price if payment is made immediately, in such a way that it is connected to the timescale, regardless of whether the two parties agreed to a percentage of interest or they connected it to the current interest rate.
3. If the purchaser delays paying installments from the time stipulated, it is not permissible to compel him to pay any additional amount to the debt he owes by prior stipulation or without prior stipulation, because that is riba, which is prohibited.
4. It is haraam for a borrower who is well off to delay payment of installments that have become due, but at the same time it is not permissible, according to Islam, to stipulate that compensation be paid in the event of delayed payments.
5. It is permissible, according to Islam, for the seller who is selling by installments to stipulate that payments be brought forward from the due dates if the borrower delays making some payments, so long as the borrower has agreed to this condition at the time of the contract.
6. The seller does not have the right to retain possession of the sold item after it has been sold. But it is permissible for the seller to stipulate that the purchased item be held in pledge with him so as to guarantee his right to payment in full of the remaining installments.
7. It is permissible according to sharee'ah to reduce the amount owing in order to expedite the settlement of the matter, whether this is done by request of the vendor or the purchaser. This is not counted as forbidden ribaa so long as it is not based on a prior agreement and so long as this agreement between the two parties is reached on a one-on-one basis, without the involvement of any third party, because in that case the rulings on the settlement of business accounts would apply.

8. It is permissible for the two parties to agree that all installments should be paid immediately if the debtor fails to make one payment, unless he is in difficulty and has no means of paying.
9. If the debt becomes due because the debtor dies, becomes bankrupt or delays payment, then in any of these circumstances it is permissible to reduce the debt so that the matter may be settled quickly to the mutual satisfaction of both parties.
10. The definition of hardship which means that the vendor should wait for payment is: that the debtor should not have more wealth or property than he needs to meet his basic requirements and pay his debt.

Note: The above mentioned 10 Conditions have been deduced from the Majmah Fiqh al Islami

Two conditions are still not being fulfilled in india Those conditions are: :

01. First Condition:

You should directly deal with the dealer and shopkeeper with no bank or finance company involved in between. However in india financiers are found everywhere. In India, the bank gives the money to the entrepreneur to buy his equipment on the basis that he will pay the money back with something extra, then this is a riba-based loan which is haraam, whether the money is paid in the form of cash, cheques, vouchers or anything else. But if the bank buys part of the equipment for itself, then it resells it for a higher price paid in installments, there is nothing wrong with that, and it may keep the ownership documents until the borrower has paid off all the installments.

02. Second Condition:

It is not permissible for the contract to contain stipulation of a penalty to be paid in the event of delay in payment of one installment, because that comes under the heading of riba which is haram.

Stipulating a penalty for late payment is blatant riba, whether the bank takes a penalty for itself or distributes it to the poor. A statement to that effect was issued by the Islamic Fiqh Council, no. 133(7/14), during its fourteenth session in Doha, in which it says:

“If the purchaser/borrower is late in paying instalments and misses the due date, it is not permissible to oblige him to pay anything additional to the debt by means of a prior condition or otherwise, because that is haraam riba.”

#VIDEO:

The detail answer is also available in video form :

<https://www.youtube.com/watch?v=RX5RTKh--SQ>

One more Question :

What is the ruling on Using credit cards in cases of necessity?

I would like to discuss one more issue related to the above discussed issue which I think would be beneficial to the readers i.e. the ruling on Using credit cards in cases of necessity.

The following question was posed to The Standing Committee for Scholarly Research and Issuing Fatwas:

“I travelled to a European country and ended up in liquid cash deficiency. I was only left with my Master Card and due to necessity; I used it in the restaurant to pay the bill for my food. Now, I got know that this is a riba based transaction. So my question what is the expiation of my sin?”

It says in Fatawa al-Lajnah al-Daimah, fatwa no. 25172:

If money was debited automatically from you savings account which avoided the possibility of late payment which may in most cases, carry the risk of attaining interest. Then, it was permissible for you for the time being under the condition that you were using it in case of difficulty and you had no other option left but to use it.

However, if money was transferred to the restaurant from your account; even though you didn't have sufficient money in your account, then it is not permissible for you to have used the card so as to pay the bill of restaurant. Because, It is impermissible to use credit cards that are bound of conditions that are forbidden in sharee'ah, such as charging interest for late payments, or charging a percentage of the money withdrawn, because that comes under the heading of riba which is haraam.

End Quote

second condition is that he should be committed to paying it off without any delay.

Allah Knows Best

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