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Research Article

The Qur'anic Concept of Charity as Model Approach to Resolve Contemporary Economic Challenges of Usury

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Abstrak. The practice of Usury (Riba) exists as an integral part to Contemporary Economic Systems any or Polity – Secular, Liberal or Religious. Though it stands out as pivotal base to economic transaction, it however promotes UNJUST and UNFAIR means of exploiting individuals and organizations in need of money. There are various laws enacted from time to time to curb the practice of usury but nothing succeeds. The evil still prospers under disguise of business practices though devoid of very ethics of promoting welfare and reducing inequality. It rather expedites hoarding of money and accumulation of wealth from Poor in need to Prosperous with affluence. The lust for money does also make Elders, Physically challenged and Socially backward classes of society [which do not contribute significantly to economic growth of state] vulnerable at hands of Rich, Prosperous and Influential lots. The Qu'ranic approach of Charity provides with an altruistic model to address the needs exclusively of Poor, Marginalized, Neglected and Down-trodden section of societies, communities and individuals. It is meant to eradicate the evils of unjust exploitation of society by interest based institutions and/or individuals practicing usury. It also protects society against

institutions making unreasonable profits through trading. The Charity upholds Justice over and above any other ethical value. There are two prominent humane ideologies developed for betterment of societies and individuals – Capitalism and Socialism. The Capitalism proclaims Freedom and Free Will as ultimate ethical value while Socialism regards Equality as the Prime ethical goal. The Qu'ranic Deen of Islam proclaims Justice as the pivot defining any system – social, economic or political. It is thus universally applicable to any society or political system irrespective of its historical origins, society class, customs & practices, religious orientations, geography and likewise. Anyone appreciating Justice is benefitted out of this economic approach. The charity encompasses both Goods & Services as well as Money lending. It thus paves foundation to overall development of society. It promotes equitable distribution of wealth promoting prosperity and reducing inequalities. It creates an environment of compassion, mutual trust, promotes happiness and leads to a society with thrills of living in a commune.

Keywords: Usury, Justice, Riba, Equality, Freedom, Trading.

INTRODUCTION

The Qu'ranic Deen is precisely all about Principles of Virtuous Living. It includes all tenets defining behaviour pattern reflected across various transactions – just transactions during communication, economic interaction, sociological behaviour as well as sincere and submissive approach to God Almighty. In this article, the author is confined to elaborate and analyse contemporary practices of Business Transactions especially Trading of Goods & Services and Finance [Money Capitals].

The modern day business transactions may broadly be classified as under: a) Trading governed by sole motives of profit making [applicable to Products and Services] and b). Finance [Financial Market based on earnings gained by Lending and Borrowing of Money Capitals]

The highly exploiting and predatory business approach of Lending and Borrowing of Money Capitals governed by Interests is called Usury (Riba).

The usury (Riba) is associated with the transaction business of Money Capitals. The Riba (commonly referred as sood) means increase or addition on debt and it refers to the 'premium' that must be paid by the borrower to the lender along with the principal amount as a condition for the loan. The salient features of Financial business approach of Money Capitals are: a). It does not generate any Real Value during transaction. No inherent utility, b). It works mere as means facilitating transaction, c). It does not create any value on its own, d). It does not fulfil needs of individuals and organizations on its own, e). Money Capitals whether currencies composed of Noble Metals (e.g. silver coins, gold asharfi etc.) or Paper Money do not create any Real Value to Society, f). The currencies especially Paper Money is subject to manipulation by state agencies independent of factors affecting commodity market, g). It does not contribute to GDP and hence no direct impact on prosperity and wellbeing of society.

DISCUSSION

The salient features of the business approach of Trading are as under: a). It is related exclusively to business transaction [Purchasing and Selling] of Goods and

Services, b). Goods & Services have Real Utility, c). It has potentials to fulfil economic needs of the Society on its own, d). It is inseparable parts of GDP, e). It contributes significantly to Prosperity and Wellbeing of Society.

The different aspects of the two business practices are compared amid analyses as under:

NO.	PARAMETER	TRADING	USURY	CHARITY
1	Item Broad Category	Tradable Commodities [2:275]	Non-tradable commodities [2:275]	Tradable and Non-tradable Commodities [14:31]
2	Item Class	Consumer Goods & Services [2:275]	Finance i.e. Money [2:275]	Both [Goods & Services and Finance] [2:280]
3	Scope	Restricted to Business Transaction of Non-financial Items [Trading Activity] [2:275]	Restricted to transaction of Financial Services [Lending of Loans/Debt extended as source to Funding] [2:275]	Unrestricted. Applicable to both class of items [35:29], [32:16], [14:31]
4	Operation Mode	Sales and Purchasing	Money Lending	Giving Freely with in return or no repayment [30:39], [73:20], [64:16]
5	Parties involved	Supplier [Manufacturer/Trader] and Consumer [Purchaser]	Lender and Borrower	Giver and Receiver of Benefits
6	Ultimate Beneficiary	Both [Supplier & Consumer]	Lender	Receiver [2:273]
7	Gross Domestic Product (GDP)	It contributes positively and leads directly to increase in GDP	No Contribution to GDP	It indirectly increases GDP through Charity Contributions building Skills, Promoting Trades and Restricting

				Unjust Practices of Business Transaction
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N O.	PARAM ETER	TRADING	USURY	CHARITY
8	Descripti on	1. Fulfill Economic Needs of Consumers [Individual/Society/Institution]	1. Fulfill Financial Needs [Mainly Individuals/Needy Institutions not attended by or neglected deliberately/undeliberately by existing Funding Institutions in operation [NFO/States/Charity Organizations/Philanthropists/Social Activists]	1. Fulfill financial and non-financial needs of individuals/institutions alone or as group
		2. Permitted to earn reasonable profit so as to ensure protection of consumers by inadvertent exploitation by malicious elements / market players	2. Lending extending loan at exorbitant high interest rates rising exponentially over time.	2. Extending Supports [Goods & Services, Capital etc.] with no need to repayment or nothing in return for spending. [4:114]
			3. Financial Supports [Money] in its own not suitable to fulfill borrowers inevitable needs [needs realized in terms of tradable commodities i.e. Goods & Services]	
			4. Borrowers using Finance [Money] as means to purchase desired commodities [Goods & Services] to fulfill its inevitable needs.	

		3. Leads to Society Welfare and Community Feeling of Safe, Secure and Happy.	5. Promote lust for money. Encourage miserliness among individuals. Discredit people promoting altruistic mode of spending i.e. charity [9:79], [9:76]	3. Promote environment of Compassion and Care. Leads to feeling of kinship. Growth of society as commune. [2:280]
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S/NO	PARAMETER	TRADING	USURY	CHARITY
9	Rationale behind	Reasonable Profit Making	Earn Profits through excessive Exploitation	Giving Freely seeking Pleasure of God Almighty [with nothing in return] [30:39], [2:264]
10	Business Operator	Profit Making [through Product Pricing i.e. Fixation of Price for Goods & Services in relation to target consumers]	Profit Making [through Excessive Exploitation of target Borrowers] [4:164]	Non-profit making where givers seeking nothing but pleasure of God Almighty
11	Profit Source	Price of Goods & Services	Interest rate charged on debt	No Profit
12	Factor Affecting Profit	1. Price of Goods & Services Fixed by Free Market Initiatives [Market assumed as operating freely. Product	1. Individual Lust for making money through exuberantly high interest rate [4:164]	No Profit

		Price fixed by invisible hands governing market movement in Capitalistic Economy]		
		2. Price of Goods & Services Fixed through deliberate intervention by State as Political Institutions [Socialist government]	2. Usury operating at individual level usually not governed by any political government/institution	
13	Profit Protection	Profits not immune from Market conditions governed by known and unknown factors affecting market	Debt Type and hence totally immune from changing Market conditions and circumstances	No Profit
14	State Control	Liable to host of Statutory and Regulatory control by State Institutions and Authorities like Income Tax on earnings, GST, etc.	Liable to select Statutory and Regulatory requirements by State Institutions and Authorities like tax on Capital growth/profits etc.	Immune from any taxation system as no profiteering motive involved.
15	Qu'ranic Status	Trading Practice Approved [2:275]	Business Practice Forbidden and Condemned [2:276], [4:164], [3:130]	Practice Approved and needs to be Promoted [2:276]

The usury is one of the greatest evils of society. It promotes obsession especially among individuals with economic superiority to earn more and more through excessive and unjustified means of exploiting Poor, Underprivileged and Marginalized section of the society. The usury provides as one of effective tools to exploit people fallen victims to circumstances.

The usury is synonymous with additional earning against idle funding of Money Capitals towards individuals or institutions in dire need. The mode of funding by the lender is called Idle as it is totally immune of the circumstances affecting the borrowers and/or market forces influencing the business Profits and Loss. The individuals and/or institutions (Firms, Organizations and likewise) when in critical need borrow money from Suppliers with Readily Disposable Money Capitals [viz. Individual Lenders, Financial Institutions etc.]. The fixed amount extended as money borrowed (Loan) is called Principal. The Suppliers charge additional earning (return money) over and above the Principal. The return charged continuously increases over time. The additional money is usually calculated in proportions to Principal and Expected Time of Return taken jointly into consideration. This time based additional earnings accumulated over and above Principal are commonly called Interests.

The rate of interest by financial institutions is generally governed by state statutory and regulatory bodies binding over them.

The individuals with riches and economic superiority in a society define interest rates independently. The rate of interest charged is not governed by state regulations. The individual lenders thus strive to maximize gains through excessive exploitation of borrower circumstances. The excessive amount charged increases manifold over time. The practice of borrowing and lending with such excessive exploitation of the borrowers situation (fallen victim to circumstances) is called Usury (Riba).

The practice of Usury in one form or another coexists quite harmoniously with any social or political system – capitalistic or socialist.

It is accepted as Nominal and Justified benefits against Savings and Loans. It is sometimes covered under the pretext of Just and Acceptable Capital Gains on Money Funding.

Though the holy Quran approves the common business practice of Trading as way to promote free trade guided by the principles of Reasonable Profit [Just and fair Price] yet condemns Usury as the latter causes excessive exploitation, encourages lust for money and finally leads to widening gaps between haves and have-nots reflected as social and economic inequalities.

The permissible practice of Trading is restricted to Transaction [Purchasing and selling] of Goods & Services while Usury is concerned mainly with Lending of Capital [Money] at excessively high rate of interest to those in immediate need of it.

CONCLUSION

The practice of Usury (Riba) exists as an integral part to Contemporary Economic Systems any or Polity – Secular, Liberal or Religious. Though it stands out as pivotal base to economic transaction, it however promotes UNJUST and UNFAIR means of exploiting individuals and organizations in need of money. There are

various laws enacted from time to time to curb the practice of usury but nothing succeeds. The evil still prospers under disguise of business practices though devoid of very ethics of promoting welfare and reducing inequality. It rather expedites hoarding of money and accumulation of wealth from Poor in need to Prosperous with affluence. The lust for money does also make Elders, Physically challenged and Socially backward classes of society [which do not contribute significantly to economic growth of state] vulnerable at hands of Rich, Prosperous and Influential lots.

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