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Status of Currency Notes in Shariah♦

Gold and Silver are no more mode of exchange in the contemporary period. Paper Currency has replaced gold and silver as the means of exchange. Governments have also recognized paper currency as cash and made it compulsory to accept paper currency as money. The paper currency has therefore assumed the position of legal money (Currency) in all respects. After deliberating on the implications arising on the basis of Shariah and the Islamic jurisprudence and taking in to consideration the relevant aspects, the participants of the seminar agreed on the following points.

- 2.1 Currency note is not Sanad or Hawala but is Saman. In the eyes of the Shariah currency note holds the position as terminological and legal money.
- 2.2 In the current period paper currency has replaced gold and silver, as the mean of exchange All mutual transactions are carried out through paper currency. So paper currency is equal to actual money in the Shariah. So the exchange of currency of a country with the currency of the same country with fluctuation is not permissible, be it prompt or debarred payment.
- 2.3 The currency of two countries are two commodities so the exchange of currency of one country with that of another on fluctuated rates is permissible as per the mutual consent of the concerned parties.
- 2.4 Payment of Zakat is mandatory on currency notes.
- 2.5 The rate of payment of Zakat on currency notes would be as per the rate of silver.
- 2.6 Whether or not in the case of deferred claims, the fluctuation in the purchasing power or value the currency notes will be taken into consideration in the Shariah, the participants of the seminars expressed two different views. The committee is of the opinion that a decision on this issue will be taken after further debate and deliberations.

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