

## Tawarruq♦

Some times it so happens that some one is in dire need of money but there is no one to pay him a loan. So he resorts to purchase some commodity on credit at a higher rate and then sales it to a third party on cash at a lower rate to have cash in his hands. This practice has been in vogue since ancient times.

The jurists of Humbali sect have called it Tawarruq. Majority of the Jurists consider it permissible as it has two separate dealings. In this contemporary era some Islamic banks and financial institutions practice Tawarruq. There is difference of opinion on, so it the issue was debated and deliberated at the seminar and the following resolution was passed.

- 24.1 If Islamic bank or financial institution sales a commodity on credit to the one seeking loan, on a higher rate or then purchases it, itself or through its agent at a lower rate, such transaction is not permissible.
- 24.2 Infact the bank does not involve itself in transaction, it is just a formality. So it is not valid.
- 24.3 If a bank sales some commodity on credit to a person seeking loan and is not involved in indirect transaction and the first person sales it to a third party on cash, who is not related to the said bank, than the transaction would be valid and permissible.

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♦ 19<sup>th</sup> Fiqhi Seminar (Hansot – Gujarat) 12-15 Feb 2010.