

Prophetic Trade

An Introduction to Islamic Commerce

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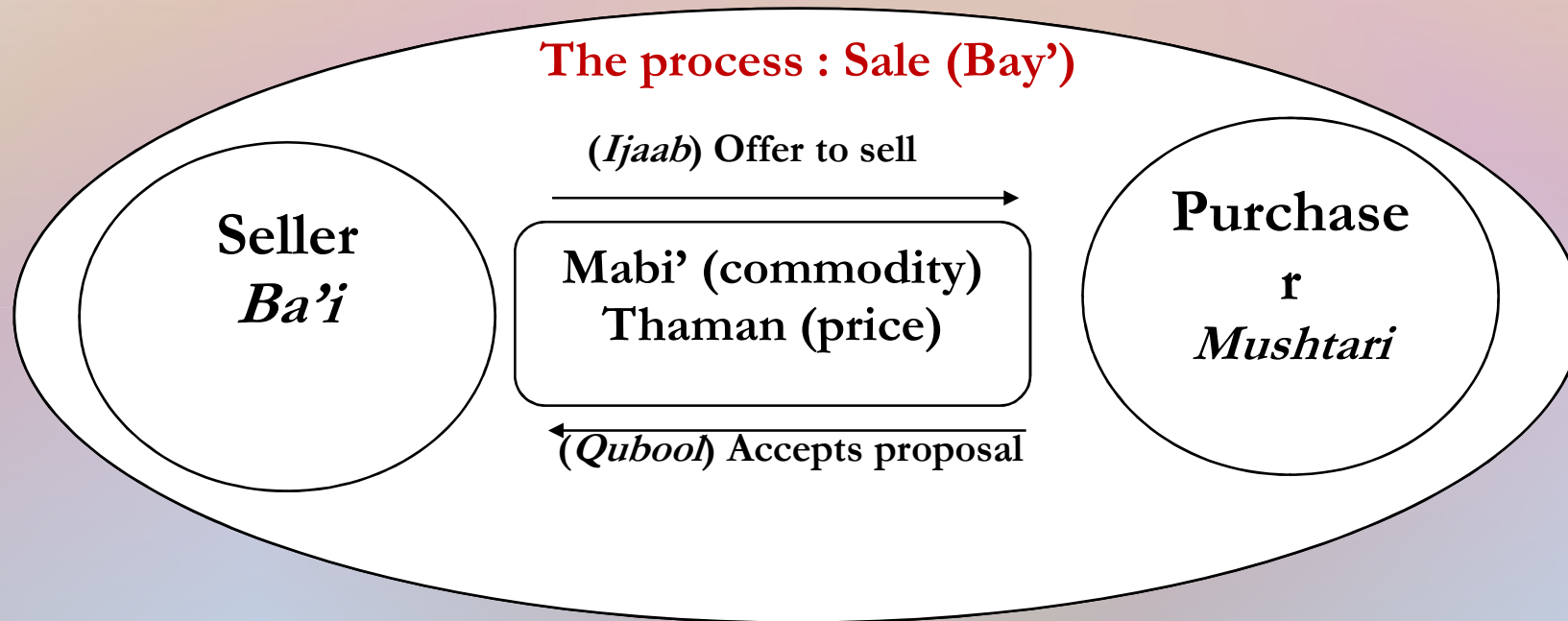
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Bay' - البيع

Definition: *an exchange of goods for either cash or other goods.*

Terms:

Bay' (Sale), **Bā'i** (seller), **Mushtari** (purchaser), **Mabī'** (purchased/sold item),
Thaman (purchase price) **Ijaab** (proposal/offer) **Qubool** (acceptance)



Example of a Sale

Muhammad purchases a vehicle from Ebrahim for \$50,000.

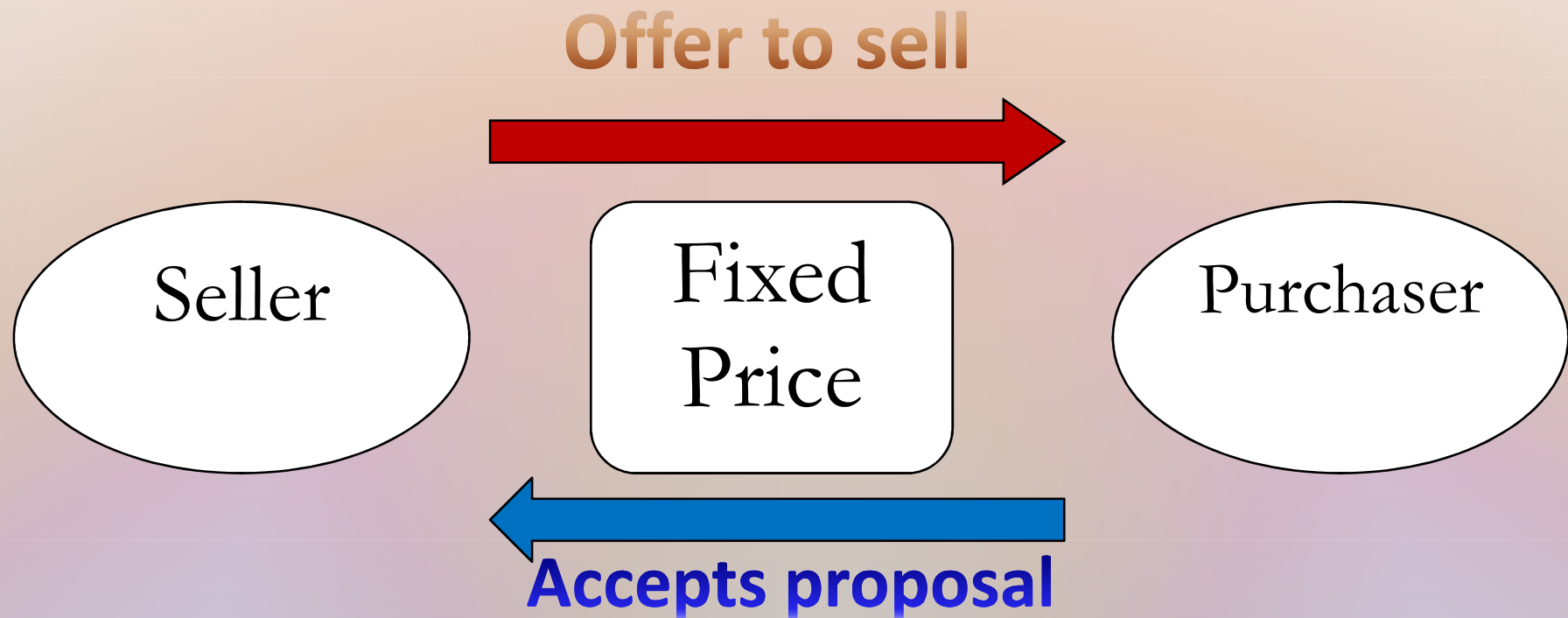
The *Bā'i* is Ebrahim.

The *Mushtari* is Muhammad.

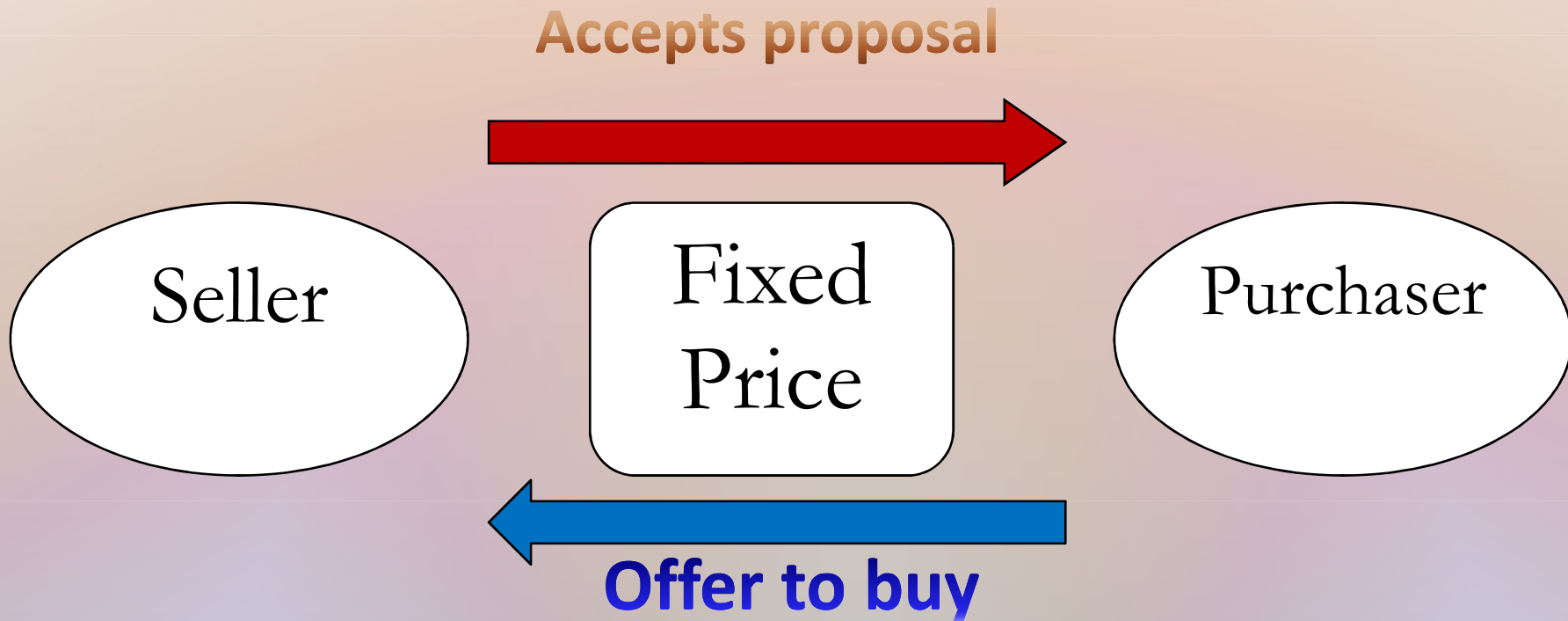
The *Mabī'* is the vehicle and

The *Thaman* is the \$50,000.

How is a Bay' done?



How is a Bay' done?



Condition for validity of Sale

1. The Bā'I (Seller) must be the owner of the Mabī'.
2. The commodity must be recognized as a commodity in Sharī'ah.
3. The Mabī' must be specified. If the Mabī' is not specific, the Bay' will not be valid.
4. The Thaman must be specified.
5. The Bā'i must be able to hand over the sold item after the Bay'.
6. The Bay' must not be suspended on a future event.
7. The Bay' must not be conditional.

3 minutes break

Let the information sink in...

Murābahah – المراجعة

Definition: *A sale on **profit** with reference made to the cost-price*



Financing a house?

Zaid wants to buy a house listed at \$100,000



Since Zaid does not have money, he asks Umar to help



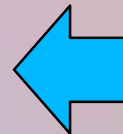
Umar buys the house for \$100,000



Now, Umar sells the house to Zaid for \$150,000 on installments



Zaid buys the house @ \$2000/month for 75 months (6+ years)



التولية - *Tawliyah*

Definition: A sale on the cost-price (i.e. no profit)



Musāwamah - المساومة

Definition: A sale on profit without any reference to the cost-price



3 minutes break

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Khiyār al-Shart - خيار الشرط

Definition:

Khiyār means “choice”

Shart means “condition.”

Thus, *Khiyār al-Shart* means **selling on condition of having a choice/option.**

In simplified terms, it means that a *Mushtari* purchases with an option of repudiating (withdrawing), or a *Bā’i* sells with a similar option. Such an option will automatically expire after **3 days.**

Khīyar al-Ru'yah – خيار الرؤية

Definition:

Ru'yah means “to see.”

Thus *Khīyār al- Ru'yah* means the option to cancel the transaction after seeing the purchased item.

Practicality??

Khīyar al-‘Ayb - خيار العيب

Definition:

‘Ayb means “defect” or “deficiency.”

Khīyār al-‘Ayb means the right to cancel the transaction based upon discovering a defect in the item.

Khiyar al-Ghabn – خيار الغبن

Definition:

Ghabn means “deception.”

Khiyār al-Ghabn will refer to the option to cancel the transaction after being a victim of deception. This option applies equally for the Bā’i as well as the Mushtari.

الإقالة - *Iqālah*

Definition:

To mutually dissolve a transaction

Hadith?

عن أبي هريرة، قال: قال رسول الله صلى الله عليه وسلم:
«من أقال مسلماً أقاله الله عثرته»
(سنن أبي داود (3 / 274))

What about the other narration of Sahabi closing down the shop?

The Text

“Once, a certain Sahābi opened a shop after hearing about the merit and thawāb of Iqālah from Rasūlullāh S.A.W.. His business was a flourishing one. One day, six months after opening his shop, a customer returned and desired to cancel the sale that he had just concluded. The Sahābi (the shop owner) was delighted and very grateful to the customer for the request to cancel the sale.

The sale was immediately cancelled and the money refunded to the customer. After the customer departed, the Sahābi immediately disposed off his stock, closed his shop and gave up trading. When the news of this incident reached Rasūlullāh S.A.W., he asked the Sahābi the reason for closing down such a successful business.

The Sahābi said that the only motive in having started the business was to procure the Aakhirah. He had heard Rasūlullāh S.A.W. describe the virtue and significance of Iqālah. He had thus commenced trade in the hope of attaining the pleasure of Allah in the Aakhirah by way of effecting Iqālah. It was only after six months that this opportunity came his way. His purpose was fulfilled and therefore he had no need for the shop””

(No citation yet)

The text is found in Meezan Bank’s notes on Iqaalah sales by Afzal Ebrahim. I have heard it from a couple of my teachers as well. I am searching for its origin and will inform on my blog www.qafila.org if found.

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