

Qardān-Ḥasan'ah as an Islamic Solution to the Socio-Economic Crisis: A Shari'ah-Based Alternative to Eradicate Capitalism and Socialism

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Abstract: *Qardān-Ḥasan'ah, as prescribed in the Qur'an and Sunnah, represents an ethical and dignified means of financial assistance designed to uplift the socio-economically disadvantaged. Responding to a request from the Chairman of the Council of Islamic Ideology of Pakistan, this study was undertaken to explore how individuals and institutions may contribute to the socio-economic elevation of the underprivileged through the revival and institutionalization of Qardān-Ḥasan'ah. Drawing upon classical sources and contemporary scholarship, the research seeks to re-establish this neglected practice within Muslim societies, emphasizing its potential to strengthen economic resilience, alleviate poverty, and foster social justice. The Qur'an identifies Qardān-Ḥasan'ah as a noble act, repeatedly urging believers to extend interest-free loans to those in need, with the assurance of divine reward and blessings. Unlike conventional debt systems, which often perpetuate exploitation, Qardān-Ḥasan'ah provides relief while preserving human dignity. In many Muslim-majority countries, especially within the developing world, Qardān-Ḥasan'ah has been employed as a foundation for microfinance programs. These schemes enable vulnerable groups to acquire productive assets, initiate or expand small-scale enterprises, repair business premises, or settle debts taken from oppressive moneylenders. Such applications demonstrate the wide-ranging impact of Qardān-Ḥasan'ah in curbing poverty and improving quality of life. This study situates Qardān-Ḥasan'ah within Islam's broader socio-economic vision, contrasting it with capitalism, which sanctifies private property, and socialism, which negates individual ownership. Islam offers a balanced framework in which both private and collective property are regarded as trusts Amanah (trusts) from Allah, regulated by ethical and legal responsibilities. Within this framework, Qardān-Ḥasan'ah emerges as a vital mechanism to protect society from Riba, promote equitable welfare, and ensure distributive justice without coercion or exploitation. Furthermore, the research addresses definitional clarity, historical misuse, and contemporary challenges surrounding Qardān-Ḥasan'ah. Shari'ah-based recommendations emphasize transparency, accountability, and safeguards against manipulation in its application. By examining injunctions of Qur'an, Nabawi Traditions, and institutional practices across history, the study argues that Qardān-Ḥasan'ah constitutes a distinctive Islamic economic paradigm, not a synthesis of capitalist or socialist models. The paper concludes by recommending the modernization of Qardān-Ḥasan'ah institutions through enhanced governance, community awareness, and integration into contemporary Islamic finance, thereby positioning it as a sustainable instrument against poverty, economic crises, and systemic corruption.*

Keywords: Islamic Economics, Qardan-Hasan'ah, Riba, Usury, Socio-Economic Justice, Capitalism, Socialism, Shari'ah-Compliant Finance, Poverty Alleviation, Welfare State, Transparency, Accountability, Islamic Banking

1. The solution of Socio-Economic Crisis:

Study Islam and you will find that Islam has answers to all problems of the modern world, presenting an Islamic alternative to both capitalism and socialism. Islam rejects socialism on the basis that Islam distinguishes between the individual and the ruler in an Islamic state in a manner that requires a distinction between private and public property. However, Islam also rejects capitalism's notion that private property is justified in its own right, arguing instead that both private and public property originate from Allah, and that the rights and obligations of both private individuals and rulers are therefore dictated by Islam.

Ulama/scholars also rejects the conclusion that this makes Islamic economics a mixture between capitalism and socialism, arguing that capitalism and socialism each come about as the natural conclusion of certain ideologies, while Islamic economics comes about as the natural conclusion of Islamic ideology and therefore is justified entirely independently of other systems of economics.

2. Introduction of Qardan-Hasan'ah:

The real meaning of Qardan-Hasan'ah is an amount which is offered without any interest only to be paid back by the debtor. In other words, it can be termed as a "Pleasing or Pleasant loan". A loan with the firm intention to return the principal sum in the future without any increase. An interest-free loan is given for either welfare purposes or for fulfilling limited-term funding requirements. The borrower is only obligated to repay back the principal amount of the loan. Most of the Muslim financial institutions also provide interest-free loans - Qardan Hasan'ah to their customers. Islamic view about Qardan-Hasan'ah is that it should be given to borrower free of charge. A person is seeking a loan only if he is in need of it. Therefore, it is a moral duty of the lender to help his brother who is in need. The borrower should not take undue advantage of this. The reward of this act is with Allah. Therefore, it is referred to as Qardan-Hasan'ah which signifies the benevolent nature of the act of lending.

The practices of various Muslim banks in this respect differ. Some Muslim banks provide the privilege of interest-free loans only to the holders of investment account with them. Some extend it to all clients. Some restrict it to needy students and other economically weaker sections of society. Yet some other Muslim banks provide interest-free loans to small producers, farmers and entrepreneurs, who are not qualified to get finance from other sources. The purpose of these loans is to help them start their independent economic life, to improve their earnings and standard of living. An interest-free loan is given mainly for welfare purposes therefore; the borrower is only required to pay back the amount borrowed.

The word *Hasan* can also be translated as “the best possible”. Following Arabi sentence is an example for understanding the use of the word *Hasan* as an instance and phrase where “best possible” is intended: [1]

“Ahtaju Lee Ahad al-Lazi Yatakallimu al-Arabiyya bi Mustawan Hasana”

I need someone who can speak Arabi in the best possible manner

The reward of Qardan *Hasan’ah* is explained in the Qur’an: [2]

“Janaatun Tajri Min Tahtihal Anh’ar”

Gardens under which rivers flow.

What could be the best possible loan that you could offer Allah? Remember that Qur’an asks you to offer it to Allah alone. There is a difference between the purposes of *Zak’at* and *Qardan-Hasan’ah*. The institution of *Zak’at* is to help specified class; the specific heads are explained in Fiqh sources for the guidance of the Ummah by Rasulullah(S): [3]

(Rasulullah (S) has fixed the following sectors of *Zak’at* Masraf/utilization precisely:

Zak’at cannot be paid to everyone. There are specific people to whom *Zak’at* can be given:

“The alms are only for the *Fuqara’* (the poor), and *Al-Masakin* (the needy) and those employed to collect (the funds); and to attract the hearts of those who have been inclined (towards Islam); and to free the captives; and for those in debt; and for Allah’s Cause, and for the wayfarer (a traveler who is cut off from everything); a duty imposed by Allah. And Allah is All-Knower, All-Wise.” [Al-Qur’an 9:60]”

According to this Ayah, there are eight categories of people only who are eligible to receive *Zak’at*:

i. *Al-Fuqara* (The poor)

Fuqara are the people who live below the poverty line and don’t have enough means to live a normal life like others. They deserve your *Zak’at* in order to meet the daily necessities of their lives.

ii. *Al-Masakeen* (The needy)

Masakeen are extremely poor and needy people. These people don’t have any possessions or income. Your *Zak’at* money can help them in improving their living condition.

iii. *Zak’at* collectors

Zak’at can be given to the people who are authorized to collect and distribute it among the needy and poor. It includes the trustworthy Muslim institutions who are working to help underprivileged Muslim communities.

iv. Who converted to Islam

Those who are newly converted to Islam are eligible to receive *Zak’at* (if they are needy). For example, if someone has converted and is detached from their family and friends, you can give your *Zak’at* to them so that they can start their new journey.

v. Freeing captives

Slavery is prohibited in many parts of the world but there are still some places where people are trafficked and kept as slaves. Your *Zak’at* money can help slaves in freeing themselves and improve their living standard.

vi. Debtors

Zak’at can be given to pay off *Qard* (debts) of someone who cannot repay or able to return on his own. However, one must make sure that the money borrowed by debtor is not used for any un-Islamic or wrong purpose.

vii. In the path of Allah

Those who are striving in the path of Allah are entitled to receive your Zak'at. These are the people who are fighting for Allah's cause far away from their homes. Your Zak'at can help them have a better living.

viii. Wayfarer (Travelers)

Zak'at can be given to a poor traveler who is left alone in a foreign land and is in need of money to get back to his destination. There is a condition that the person should be traveling for a lawful purpose otherwise he is not entitled to receive Zak'at. Refugees are also wayfarers and can be given Zak'at money as they leave their countries because of violence and oppression in search of a safe and better place.)

Qardan-Hasan'ah is an institution to remain safe from Riba/interest: [4]. Mark Up on Qardan-Hasan'ah is completely Har'am. The nature of the system dictates that the money can only be loaned for a limited duration. This is because currency loses its value continuously, over a longer period.

A few Qardan-Hasan'ah providing institution made a compulsory rule that the receiver of Qardan-Hasan'ah should bring their gold-jewelry to their authorized gold-smith, who after due valuation, seal the gold-jewelry in a packet and return it to owner to deposit the concerned institution and issue a certificate of less value amount of the gold-jewelry. Then the gold is deposited to the institution, without its compliance Qardan-Hasan'ah is not granted. The gold-smith charges fine amount for simply checking the quality and weight of jewelry. They usually declare 100,000 US \$ value gold jewelry around 80,000 US \$ value. The gold smith charging fees from the owner of the jewelry must be very nominal. Some other institutions run different collection schemes on the name of Qardan-Hasan'ah in which people contribute weekly whatever amount they can and the same amount is added by institution and given as Qardan-Hasan'ah to people for 10 months. The idea behind this is that everyone gets the blessings of providing Qardan-Hasan'ah by contributing any amount according to their capacity. It is an act of Hasan'ah (good deed) in which undue influence upon people to donate Qardan-Hasan'ah is against the Sunnah.

People ignorant of the Qur'an and its purpose of Qardan-Hasan'ah will get easily fooled. The charity which is not accepted by Allah as a Qardan-Hasan'ah or the acts which cancel the virtues of charity are:

- 1. A charity which is done to obtain any material or worldly benefit or praise.*
- 2. A charity which is followed by reminders of generosity.*
- 3. A charity which is given after admonishing the receiver.*
- 4. A charity which is given to show off among people.*
- 5. A charity which is given for reason other than to earn the Pleasure of Allah.*

Even though it may be for good but Muslims fund always considered "Bayt al-Maal" - an Amanah - in which accountability is very essential. Bayt al-Maal is translated as House of Wealth. Historically, it was a supreme financial institution responsible for the administration of welfare of Muslims at large during the early era of Islam. Collection of large sums of money for a Qardan-Hasan'ah is a questionable concept, as supposedly, this money is loaned back to people in need. To keep system transparent it is necessary that transaction record of money and utilization of funds should be accessible for those who provided funds to the institutions and

those representatives of public. It should be maintained that no member/worker of the Qardan-Hasan'ah institution should use these funds for his personal use. The total amount of the collection should be retained by the deserving class, on priority rather to allocated funds to the rich to build their empire.

3. Definition of Qardan-Hasan'ah according to Shari'ah:

It is a loan contract between two parties for social welfare or for short-term bridging finance. Repayment is for the same amount as the amount borrowed. There is a moral duty in Qardan-Hasan'ah to offer loans free of charge, as a person seeks a loan only if he is in need of it. Some institutions offer Interest free loan only to those who can submit their Gold as a Rahan (mortgage) or handover their property documents with authority to sale after passing repayment due date. Fiqh explained that terms of Qardan-Hasan'ah apply exclusively on the loan which is free from conditions: [5].

Mortgage means that a debtor deposits some property with the creditor so that, if the debtor does not repay the debt, the creditor may realize his debt out of that property.

After a person stands surety to repay a debtor's debts, he becomes responsible for the debt, and the debtor will be free of any obligation. And if the guarantor has stood surety at the request of the debtor, whenever the guarantor pays the debt, he can claim it from the former debtor.

There is another kind of surety in which a person gives a guaranty and says:

"If the debtor does not repay your debt I shall pay it".

This kind of statement showing that guarantor becomes responsible for the debt and discharges the responsibility in the event of the debtor not repaying the debt. This kind of surety is also in order. And most of the sureties that take place in banks or against loans are of this kind. The first type of the surety is called transference of liability from one individual to another, and the second one is called addition of one obligation to another, and both of them are in order.

The term Qardan-Hasan'ah applies only on the product which should be free of guarantors, gold deposits and post-dated cheques and the debtor should be tension free of returning the amount in a strictly fixed schedule. Certainly, it doesn't suggest that the money should be lent and forgotten or swallowed but at least the debtor should not be pressurized or harassed into the repayment, at any cost. Hadith Literature provides us enough guidance regarding the return of Qardan-Hasan'ah. A Hadith clearly says: [6]

"For Shaheed, all sins are forgivable, except repayment of Qard."

Sometimes these harsh rules are a deterrent in themselves for genuinely deserving under-privilege class, seeking monetary help for their economic survival and upliftment. Even though there is no harm or restriction in demanding the one to whom a loan is given to provide a guarantee for the safe return of their loan, such a loan would be a normal financial transaction between two people. It is called simple-Qard but not Qardan-Hasan'ah, which is a specific term of the Qur'an for condition less Qard.

To promote economic activities smoothly, Qur'an has suggested a divine gift for the less fortunate class in terms of Qardan-Hasan'ah, so as to elevate them economically. It is the best institution, even in the modern age, for those who have limited resources and are energetic in professional activities but need monetary assistance for the upliftment of their small

enterprises. Indeed if one Muslim gives another Muslim some money as help or as a Qardan-Hasan'ah, provided their intention to help their brother was to earn the Pleasure and Good Will of Allah ...indeed such help or such a loan would be included by Allah as a Qardan-Hasan'ah.

4. Recommendation of Shari'ah to Promote Qardan Hasan'ah:

Poverty and economic problems are one of the greatest challenges of human society. Illiteracy and ignorance are other important issues, which the Muslim Ummah faces today. Qur'an and Rasulullah(S) have bestowed this Talim that the affordable class should magnanimously contribute for uplifting the underprivileged class. In the Arabic language, the meaning of Qard is 'to cut a thing', in the same sense as a scissor is referred to as a Miqrad. In the terminology of Fiqh, Qardan-Hasan'ah means Inf'aq or expending, which one must return back to the sender.

Qur'an has also granted assurance "Yazafu Lakum" [7] to people spending in the way of Allah, that their Inf'aq will not go to waste, but will be returned to them. The definition of Qardan-Hasan'ah is providing fund with the clear intention that the receiver will return the amount within the period agreed, without any interest, whereas donation with firm intention of mind, will be termed as Inf'aq (spending), Sadaq'ah (charity), Muwas'at (an action by which result is achieved), Silat al-Raham (to look after and maintain relationships with Mahram) etc. When we study the institution of Qardan-Hasan'ah minutely and compare it with the so-called modern monetary institutions of exploitation, we will find the institution of Qardan-Hasan'ah a divine blessing, in comparison to the cursed financial set-up designed by the Zionist. Except for Islam, no other religion in human history has been so sensitive about the underprivileged class of society. Being a Muslim, who believes Riba is Har'am, it is time that well-wishers of Islam should try to promote financial schemes and other means which can help Muslims. Islam is not against modernization, but exploitation and its Talim is not based on the philosophy of letting a person fall into the trap of the exploiter.

5. The difference between Khair and Bir:

People often face financial crises over a variety of reasons. House, marriages, and other basic necessities of life often snatch away the peace of mind of a needy person who has limited resources. Qardan-Hasan'ah can, therefore, play the role of an artery in the body of the low-income class. Qardan-Hasan'ah is a bounty for welfare purposes or perhaps bridging short term funding. The word Birr used in the following Ayah draws our attention: [8]

"You shall not attain by any means Al-Birr (righteousness and Jannah) unless you spend (in charity) of that what is dear to you".

Birr in the Arabic language means vastness, and the word Barr is used for a continent. Keeping this meaning in view, those Hasan'at are called Birr whose reward is great and extensive. The difference between Birr and Khair is that Birr is that deed which is done with an intention and with authority, and the word Khair is used for every kind of good deeds whether it is done with or without any intention. It is a fact that the influence of Wahi was spread in every nook and corner of Arabia from the beginning. Therefore the world witnessed the glories of Islam from its initial phase. When Muslims lost their interest in following the practice of the Shari'ah at large they got stuck in the clutches of Zionists, which lead towards their downfall. Qardan-Hasan'ah is

not just an action of contributing something for good, but it is a divine instruction to build an institution which can turn society in the direction of prosperity.

Qur'an has connected Qardan-Hasan'ah with the domination of Zak'at. Just as the order of Zakaat has been entailed on those who hold means, the order of Qardan-Hasan'ah has also been made applicable to them. The confirmation of Qardan-Hasan'ah is carried by the rejection of Riba. Learned writer of "Daa'im al-Islam" has explained: [9] Riba [10] is Har'am in Islam for reasons that people should not discontinue the Maruf: [11]. The cancellation and the refusal of Riba, and the confirmation of Qardan-Hasan'ah is proved by straight forward logic:

(1) It is but natural that the underprivileged class in all ages is in need of Qardan-Hasan'ah.

(2) Qur'an has declared Riba Har'am

Above mentioned two cardinal points verifies the refusal of Riba and recommendation of Qardan-Hasan'ah. All financial products in which Riba is involved are completely Har'am.

6. Charity for publicity is hypocrisy:

Shari'ah has given very clear instructions to those who render financial assistance to others. Financial assistance should be given with respect and without asserting any obligations. It is a matter of great regret that cheap publicity is very common in current days. Unfortunately, even Ulama are involved in it. They pay tribute to philanthropists and treat them with distinction, but are reluctant to ask the donors their source of income, Halal or Har'am. It is a matter of regret that today charity is linked with cheap publicity through various channels of media. One cannot get the reward and nearness of Allah through such heinous acts as these practices are repugnant to the injunctions of Shari'ah. To publicize the donation is to injure the feelings of the underprivileged class, and such action does not allow them to stand in the row of generous because they have donated not for the pleasure of Allah but for their own glorification.

Qur'an has very clearly warned such people by saying: [12]

"O, believers! You should not waste your charity by asserting an obligation or injuring the feelings of those who receive aid, like the person who spends his money merely for the sake of publicity and does not believe in Allah and the Qiyamah. An example of this charity is a hard and shining stone, which is covered with a thin layer of dust and a seed is sown in it. When the wind blows and the Sun shines and drops of rain fall on it, the stone becomes quite slippery. It is obvious that the drops of rain would wash away the thin layer of dust and the seed along with it. Such people would not be able to get anything from their wealth because Allah does not guide unbelievers to the Right Path".

The effects of the heat of the Sun, the wind and the rain were not to be blamed, but the selection of the site for sowing the seed was not proper. Therefore the labour of the farmer was lost. It is beyond the capacity of human beings to describe the meanings and depth of the Qur'an. Take this one example alone, it is exactly in accordance with nature. There are people, who spend their money with sincerity of heart; they do not spend money for the sake of asserting their obligation. For them Qur'an says: [13]

“Those who spend their wealth in the way of Allah and do not assert their obligation for what they have spent and also do not injure the feelings of the needy, their reward is safe with Allah. They would neither face any fear nor would they be grieved”.

It would be proper if we mention briefly the reward and Barak’ah in connection with Qardan-Hasan’ah. Rasulullah (S) says: [14]

“If anybody gives Qardan-Hasan’ah to anyone and allows him an opportunity (relaxation in agreed time) in connection with its return, Allah would reward him, which would be equivalent to a long row of camels”.

This Hadith would be clearer if we study the letter of Amir al-Mumineen, Ali (as), in which he addressed his elder son, Al Imam al-Hasan (as): [15]

“If a person gives Qardan-Hasan’ah to a believer and allows him time[extension other than the agreed period] to enable him to repay; it means that he/she has paid Zakaat and remained busy in offering Salaat along with Malaek”.

When Amir al-Mumineen, Ali (as) returned from the battle of Siffeen, he explained the reward of Qardan-Hasan’ah in his letter to his son Al Imam al-Hasan (as): [16]

“Son! If anyone in good time asks for Qard than take it as an opportunity to solve the difficulty of the other, this will be returned back to you in your difficult days”.

Rasulullah (S) bestowed so many Barak’ah for the betterment of the Ummah. Qardan-Hasana is one of the golden but neglected Barak’ah. Rasulullah (S) says: [17]

(i). “Whoever will repay Qard of a Maqrüz (debtor), who has no means, will be under the shade of Arsh (Throne of Allah)”.

(ii). “If anyone wishes that his Dua is accepted, and be relieved from all worries and problems than he should try to solve the problems of others (a debtor is also a worried person because he/she has worries to return the amount)”.

(iii). “The reward of Sadaqah is Ten (10) times greater, while the reward of Qardan-Hasan’ah is Eighteen (18) times higher”.

7. Exploitation in the name of Qardan Hasan’ah:

It is a matter of regret that despite the crystal clear injunctions regarding Qardan-Hasan’ah, even clerics devise ways to earn interest/profit against the loan they grant, which is, in fact, Riba and thus Har’am. I have observed an Aalim-Shaikh who used to offer Qardan-Hasan’ah for a fixed period of one year, on the condition that the person should pay him in advance Rs. 20,000 as a profit. To make himself satisfy that he is not doing against the Qur’an he played a mockery on the name of so-called Shari’Hayla (trick). The Aalim asked the person who required Qardan-Hasan’ah to buy a coconut from him priced at Rs. 20,000(actual market price 100 Rs), against the loan amount of Rs. 100,000. The needy person had no option but to agree to this tricky method, to obtain the required amount for one year. The Aalim-Shaikh also obtained a signed document to the effect that he has given a loan of Rs. 1,20,000/ for a year. This is open cheating in the form of Hayla Shari’ in the name of religion, not only with the needy person but also with Allah, Nauzubillah. Such kind of practice is Riba. The piece of coconut which has been sold for Rs. 20,000/- would not be bought by anybody even for Rs. 500/00 in the market.

It is shocking that in some private institutions functionaries who run the scheme of Qardan-Hasan'ah sanction a loan for a year and obtain a signed document with a higher amount which tantamount to interest in the name of Qardan-Hasan'ah. Even clergy play these tactics that if they grant 100,000 US\$ they mention in the document but pay 90000 US\$ and pocket 10000 US\$ before releasing the fund. Some receive benefits in different shapes, and forms which are akin to Riba and thus Har'am. Furthermore, it is also seen that usually funds are granted to those who have a close tie with the granting authority. In non-government institutions, often huge amounts are granted to those that are deemed beneficial by the management. An Urdu phrase is suitable to explain the attitude:

"Andha Bantay Reyuriy'an Apno Apno Mayn"

A [fake] blind can distribute sweets only to his dear and near once.

This Urdu phrase explains that nepotism, favouritism and worldly gains undermine the spirit of Shari'ah, recommended by the Qur'an, and therefore it is not entitled to be named as such transaction as Qardan-Hasan'ah.

8. Qardan-Hasan'ah: Solution To Fight The Recession:

The economic recession which we are witnessing today in our society has only one solution. The privileged class must utilize its wealth for the deserving and the unemployed instead of keeping it in banks on Riba. This would not only increase respect and stability for them but would improve their social status along with economic progress. Without economic stability, a welfare State cannot be established. The building of a welfare State is not possible merely by inflicting punishments. In this connection, banks and Financial Institutions should reconstruct their system of 'Interest-free-products' in accordance with the injunctions of the Shari'ah. The status of the current so-called Shari'ah products is like a monkey who has been dressed like a human and named as a person. The solution of current financial and economic crisis cannot be solved from following the Zionist, Hindu and Christian systems. We have to seek complete guidance from the Qur'an and Rasulullah (S). The Qur'an has already prescribed punishment for those who do not step forward and do anything in this regard: [18]

"If you do not spend in the way of Allah, He will replace you with another Nation and the people of that Nation would not be so miserly and disobedient"

Consider the warning tone of this Ayah. If we remain a miser, Allah would impose another 'Nation' upon us and that slavery would be our lot. Qur'an says: [19]

"Those who are miserly and enjoin miserliness on other people and hide what Allah has bestowed upon them of His Bounties. And We have prepared for the disbelievers a disgraceful torment".

Amir al-Mumineen Ali ibn Abi Talib (as) condemned the misers and praised the generous in a verse, available in his Diw'an (poetic collection) as follows: [20]

"Al Bakh'lu Aarun Fil Arabe;

Wal Jawdu Zainun Lilwara"

*Miserliness is a black spot among the Arabs;
and magnanimity is a sign of pride in the world.*

9. Causes of Financial Crises:

Tawakkal upon Allah does not mean that a person should sit idle and the Creator will fulfil all his wishes accordingly. A person must strive to make all possible efforts; make maximum use of the resources available to him and then leave the result upon Allah to grant him the best fruit. Rasulullah (S) while advising one of his Ash'ab, who had left his camel unattended, very aptly put it: [21]

"First, tie its knee then trust Allah"

Another authentic Hadith guide us: [22]

"You should do Tawakkal in Allah, He would provide for you as He provides for the birds. They issue forth hungry in the morning and return filled in the evening".

Naimah (bounty), Rahmah (blessing) and Fasad (corruption) do not go hand in hand. According to Rasulullah (S) 'ibadah-worship of a person who earns sustenance from Har'am resources, would not be accepted. Even otherwise, the world has now come to recognize that corruption is a positive hindrance to economic growth. A lot of deliberations on this issue are broadcasted from International Financial Institutions. The World Bank's latest World Development Report is on poverty alleviation. Among other issues, the report attributes poverty to corruption and bad governance. The latter, in fact, is just a manifestation of the former. The essence of corruption is that narrow personal interests supersede national outlook for which all rules and regulations are blatantly disregarded and people who really matter get away with it. That, in the final analysis, is the crux of all problems, including those afflicting the economy. Rampant corruption of all sorts is suggestive of the difficulty. This also explains inefficiency and mismanagement. Unless curbing of corruption is accorded the highest priority as an economic problem, there can be no sustainable economic growth.

Today financial crisis has benumbed human intellect, and society has been split up into two. Though this difference has descended upon us from ancient times, today people totally forget the two important powers:

(i) Religion

(ii) Honour and Self Respect

Having been deprived of above-mentioned powers, due to financial distress, people consider religion as a waste of time. Today people love to spend time in their professional activities rather than in religious learning. A scholar described it nicely:

"From the very early period the system of investment was very simple and useful, but the system of "interest" has made it tyrannical. Islam wishes to remove every kind of financial distress, and clearly declares all kinds of interest Har'am. Against the Taghuti system of Riba/Interest, Islam has bestowed an ideal and unique institution to resolve the financial crisis of the masses, which is Qardan-Hasan'ah". [23]

10. Role of Generous To Fight Poverty:

Let's consider the following Ayah: [24]

"The likeness of those who spend their wealth in the way of Allah is as the likeness of a grain (of corn); it grows seven ears, and each ear has a hundred grains. Allah gives to whom He wills. And Allah (by virtue of His powers and blessings) is aware of all things".

In the context of this Ayah, please consider that one of the most common difficulties faced by a person is class distinction and discrimination. One class facing extreme poverty, hunger and miserable condition while the other class basking in wealth. It must be clarified at the very outset that according to the Talim of Islam, Zak'at and Sadaqah, Qardan-Hasan'ah, Muwas'at etc do not at all mean that permanently there should be a class, who may always contribute charity, while the other class should remain forever less fortunate and be ready to receive donations. It is highly essential to understand the spirit of the Socio-Economic System of Islam. Islam has taught everybody to play his professional role to earn money. It is much better to make a few people self-sufficient/independent than to increase the number of people who are dependent. For example, would it not be better to make 100 people self-sufficient, who in turn support at least 10 people instead of encouraging and increasing professional beggars.

11. Who deserves Qardan-Hasan'ah? Few rational objectives:

It is a bitter fact that the non-deserving class takes undue advantage from the institution of Qardan Hasan'ah. It is observed that the under privilege community often fails to get Qardan-Hasan'ah for their economic upliftment because the rich usually enjoy it due to corruption in executive management of the Qardan-Hasan'ah granting institutions. This is why accountability for crystal clear operation is imperative. To make such an institution helpful for the upliftment of the underprivileged, it is essential that the management of institutions of Qardan-Hasan'ah should scrutinize applications, without partiality on the basis of priority.

12. Bounties of Socio-Economic System of Islam:

The Socio-economic system of Islam is designed to maintain balance in society. Besides the system of Islam, all other systems are based on exploitation; the result of which is that the rich are becoming richer every day, while the poor are becoming poorer day by day. Everybody is busy day and night in an economic struggle, but legitimate sources of earning are not available easily. There are a large number of white collar people, who are helpless in our society. They prefer to die hungry rather than to live on Sadaqah. As for Qardan-Hasan'ah, the reward is higher than Sadaqah. A person obtaining Qardan Hasan'ah often works more in his profession to earn more so as to return the amount back as early as possible. Thus there is a clear difference between Qardan-Hasan'ah and Sadaqah as far as reward is concerned. Sadaqah has no such higher reward than the Qardan-Hasan'ah given to the needy. Addressing the believers, Qur'an says: [25]

"If you would give Qardan-Hasan'ah to Allah, He would double it (in quantity) for you and would forgive you (your sins)".

In this Ayah, if the rulers or leaders are addressed individually, then all prosperous members of the Muslim Ummah are also addressed collectively. It is Wajib on every individual on whom Zakaat is compulsory that they should render help to deserving people around them by granting them Qardan-Hasan'ah. Qur'an says:

"Continue to give Qardan-Hasan'ah to Allah"

A question arises: What is the meaning of giving Qardan-Hasan'ah to Allah? Has Allah asked for a Qard due to some shortage of resources or helplessness? Amir al-Mumineen, Ali (as) has given a very satisfactory and logical reply for it. Conqueror of the fort of Khaibar, Ali (as) also conquered difficult doors of 'ilm. He explained: [27]

"Allah has neither asked for help nor asked for Qard due to any "helplessness. He has asked you to help Him despite the fact that He has command over all the forces of the earth and skies. He is most wise and dominant. He is worthy of all praise and does not need anything. He has simply done so merely to test you as to who amongst us is better by virtue of good deeds".

Whatever you give or spend in the way of Allah will be returned to you manifold. Be generous, therefore, for whatever you spend on yourself is only for your temporary sustenance while whatever you spend in the way of Allah is an investment in your future for which you will be provided everlasting sustenance. Seek to invest in others, for your own benefit, with whatever Allah has endowed you. It is a common phenomenon that every person loves his/her wealth and never wants to distribute it because the Shait'an always infuses in one's mind that this wealth would be his companion, and helpful to him in times of distress. Therefore these wrong imaginations or misgivings and whims prevent one from good deeds and nearness of Allah.

Qur'an clarified: [28]

"Shait'an threatens you with hunger and poverty at the time when you spend in the way of Allah. And invites you to commit sin and indulge in vices, command you to do shameless acts while Allah promises you forgiveness, mercy and uncountable blessings. He has wide powers and He is aware of all things. He would fulfill His promise".

Moula Abi Abdillah Al Imam Jafar al-Sadiq (as) explains: [29]

When one spends in the way of Allah, two things are promised by Him:

(i) Forgiveness of sins

(ii) Increase in wealth.

And there are two things from the Shait'an:

(i) Fear of poverty

(ii) Command for committing shameful haram acts and inclination for it.

Amir al-Mumineen, Ali (as) advice: [30]

"When you become a victim of poverty, then spend money in the name of Allah and achieve His nearness".

This issue has been further clarified in Qur'an as follow: [31]

"Those who spend their wealth, openly and secretly, they would get a reward for it by Allah and they would not face any grief or fear".

Ayah 8 of Surah al-Hadid also speaks about people who offer Sadaqah and pay Qardan-Hasan'ah to Allah. Their reward surely will be multiplied. The meaning of the above Ayah is explained furthermore in a Qudsi Hadith very clearly: [32]

"Whatever I have given to my creation in this world they must treat it as an exchange. Whoever may give me Qard, in exchange I will pay back him/her seven hundred times more. If anyone neglects in paying Qard and Sadaqah and turns a deaf ear to it, then I will take it back by force".

It means Naim'ah will be snatched from miser by force.

13. Utilization of Qardan-Hasan'ah For Haj, Umrah and Ziyarah?

Islam is a simple religion which does not burden anyone with what one cannot bear. For example, it is *Wajib* (compulsory) to keep *Sawm* (fast) in the month of Ramadan. *Siy'am* (Fasting) is compulsory upon healthy Muslims, while this injunction is withdrawn from women suffering from menses, sick people and travelers. Haj is *Wajib* at least once in a lifetime upon those who bear expenses, with conditions. It is not allowed on the money of charity or donation or Qardan-Hasan'ah. Nowhere is it commanded that one should beg or borrow Qardan-Hasan'ah to perform Haj or Umrah. The Qur'an is very specific and clear on the subject and undoubtedly states that one should perform Haj with one's own savings. Moreover your name has to be on Allah's list to perform Haj. Any such scheme which encourages people to perform Haj or Umrah with the help of Qardan-Hasan'ah is a contradiction of the injunction of Qur'an provided in the following Ayah *Istit'at* (able): [33]

"And Haj to the House (Kabah) is a duty that humankind owes to Allah, those who can afford the expenses; and whoever disbelieves (i.e., denies Haj, then he is a disbeliever of Allah), Allah stands not in need of any of the Aalameen (human, Jinn and all that exists)".

Whoever owes a Qard (loan) against Rahan (mortgage) and is unable to repay it then it is the responsibility of the guarantee provider to pay back the amount. Unless the guarantee provider pays off the amount he is not allowed even to go for Haj, because of the burden of Qard upon him as a sole responsible.

It is narrated that a companion asked Al Imam Jafar al-Şadiq (as):

"May I be your ransom! Sometimes I long to visit the grave of Moula al-Ĥusain (as), but I do not have enough wealth. Should I take a loan to go?"

The Imam (as) replied:

"Yes, go, for Allah will repay that loan."

Another narration from Al Imam al-Şadiq (as)

"Whoever goes to the grave of al-Ĥusain (as), Allah will enrich him, settle his debts, prolong his life, and forgive his sins."

The Imams encouraged even those in financial difficulty to prioritize Ziyarah, even by Qardan-Hasan'ah, if the Qard could reasonably be repaid. The emphasis is that Allah places Barakah (blessing) in the wealth of those who perform Ziyarah, making repayment easier. However, this does not cancel the obligation of paying Qard back. The moral responsibility to repay remains. If one can realistically repay a Qardan-Hasan'ah, it is permissible and recommended to take it for Ziyarah. If taking a loan would cause undue hardship or inability to repay, then it should be delayed until one's situation improves.

14. Transparency and Accountability in Qardan-Hasan'ah Institution:

Qardan-Hasan'ah can be granted to a prosperous person, who wishes to promote his business this eventually results in additional jobs for the number of the underprivileged in the community. In institutions where there is no scrutiny and observation, transparency in the utilization of funds is like a dream. Monopoly control of funds by the non-technocrats gives birth only to corruption, which generates a number of crimes. There is a way to minimize the potential for corruption by transparent accountability of how funds are managed, by well-known audit firms.

As per my humble suggestion timely audits from neutral institutions of high repute is indispensable. This could be done by shifting the decision authority of sanctioning Qardan-Hasan'ah funds control from a few selected to an elected honest body, and giving it legal power to release the funds. A few institutions of Qardan-Hasan'ah utilize public funds carelessly and ruthlessly, quoting the Qur'an and Shari'ah to justify their method of dealings.

The essence of corruption is self-interest, which supersedes the nation's outlook for which all rules and regulations are blatantly disregarded and people who really matter get away with it. That, in the final analysis, is the crux of all problems, including those afflicting the economy. Rampant corruption of all sorts is indicative of the trouble. This also explains inefficiency and mismanagement. Unless curbing corruption is accorded the highest priority as an economic problem, there can be no sustainable economic growth. Corruption not only misdirects human effort away from productive activity but also deprives the country of Naim'ah, as this implies a weak and wrong Aqidah of Tawakkal and denial of Allah being the Provider of Rizaq. In a corruption-ridden society, the stock argument of Shait'an is following phrase: [34]

"When in Rome, do as the Romans do"

Following Ayah gives clear guidance: [35]

"Shait'an threatens with poverty and enjoins upon you what is foul, whereas Allah promises you 'istaghfar from Himself and Naim'ah. And Allah is Bountiful, All-Knowing".

Another Ayah says: [36]

"And if you fear poverty, Allah will enrich you out of His Naim'ah, if He pleases. Surely, Allah is All-Knowing, Wise".

In fact, the Qur'an provides a guarantee as follow: [37]

"And that it is He Who enriches and grants wealth to one's satisfaction".

15. The procedure for borrowing and lending according to the Qur'an: [38]

Translation:

"O you who believe! When you deal with a debt for a certain period of time, write it down, and the scribe should write between you with justice, and the one whom Allah has taught to write should not refuse to write, so he should write the document and the person should spell it. The debtor is responsible for the debt and he should fear his Lord i.e., Allah and should not reduce it in any way. And call to witness two men from among yourselves. If there are not two men, then call one man and two women as witnesses whom you like, so that if one of them forgets, the other may remind him. When witnesses are called for testimony, they should not refuse, and if the debt is small or large, do not be reluctant to write it down with a fixed term. You get closer to the fact that you do not doubt, except that there is no problem in not writing down the business dealings that you do with each other. However, when you buy and sell, you become a witness. And let not the scribe and the witness be harmed, and if you do, it will be disobedience on your part, and fear Allah. And Allah adorns you with knowledge. . And if you are traveling and no scribe is available, then deal with the mortgage. Fear and do not conceal the testimony, and whoever conceals the testimony, his heart is sinful, and Allah is Aware of what you do".

Interpretation of the Ayaah 282-283.

- 1. In the above Ayah, interest-bearing loans and interest-bearing matters have been declared unlawful and Har'am. Now a very comprehensive and precise law on non-interest bearing loans is being formulated. The articles of this law are as follows: If there is a fixed term in the loan, it is called Deen. However if the term is not fixed then it is called loan.*
- 2. A document should be written about the loan and its term so that the rights are not lost due to disputes over the repayment of the loan and the determination of the term.*
- 3. The scribe should be just.*
- 4. The scribe does not have this right he should refuse to write.*
- 5. In the writing of this document, the debtor should spell out the amount of the loan and the duration so that the argument will be clear on the next payment and he will not be able to make excuses.*
- 6. There should not be any unrealistic thing in the spelling which is likely to harm the borrower.*
- 7. If the borrower is insane, his guardian or guardian should spell it.*
- 8. If the debtor is weak-minded, his guardian will spell it out.*
- 9. If the debtor is not qualified to write the article, the guardian will get it spelled out.*
- 10 Witnesses to be trustworthy.*
- 11. When witnesses are called to testify one should not deny.*
- 12 Debt, whether small or large, should be recorded in writing.*
- 13. When it is not a matter of debt but of cash, it is not necessary to write off.*
- 14. Witnesses should also be made in cash matters.*
- 15. The scribe and the witness should not be harmed or harmed by any party in the crime of telling the truth.*
- 16. If for some reason (for example during travel) a scribe is not available, the borrower should mortgage something to the lender. This does not mean that the mortgage is subject to travel only, nor does it mean that it is not possible to write.*
- 17. There is no need to write a document if both parties are satisfied with each other.*
- 18. Concealing testimony is a great sin. Doing so is a sign of heart disease, dead conscience and loss of faith.*

16. Recommendation of upgrading the institution of Qardan-Hasan'ah

- i). Philanthropist and welfare institutions must design a strategy to promote the institution of Qardan-Hasan'ah. Majority of the Muslim Technocrats are less aware of the principals of the economics of Islam. They should consult religious scholars for better understanding. With the advice of the Ulama, most effective proposals can be designed as a solution to the economic crisis.*
- ii). Muslim society or community will not achieve progress and prosperity until modern Muslim institutions can be formed to facilitate the underprivileged class.*
- iii). Muslim Technocrats must find out the routes to come out from the clutches of foreign loans, like IMF, World Bank etc. They should study and guide the private sector on how to bring stability and improve credibility. Although the Council of Islamic Ideology of Pakistan is working, but its Jurisdiction is restricted to advisory only.*

- iv). As long as the Muslim countries depend on their foreign-masters and policies engineered by anti-Islam Institutions, Muslim society will remain in the clutches of Riba.
- v). Muslim financial system is based on equity, justice and efficiency, while the conventional financial system, which is in practice, is creating inequality and injustice in the society.
- vi). The short fund, less qualified staff and lack of transparency are the problems faced by Muslim banking system and institutions.

To improve the institution following changes are necessary as per Shi'i Literature

- i). In Qardan-Hasanah gold as a Rahn [mortgage] is not necessarily required
- ii). If any Qardan-Hasanah providing institution made this rule compulsory for interested applicant to receive Qardan-Hasanah should evaluate their gold-jewelry to their authorized gold-smith, who after examination, seal their gold-jewelry in a packet and return it to owner to deposit the institution and issue a certificate of less-value amount of the gold-jewelry. Then the gold is deposited to the institution, without which Qardan-Hasanah is not granted. The gold-smith charge handsome amount for simply checking the quality and weight of jewelry. They always declare 100,000 US \$ value gold jewelry around 75000 US \$ value. This practice is not in the category of Qardan-Hasanah, it is also Rahn.

Selected Bibliography and Short Notes:

[1] Arabi phrase and idiom:

[2] Qur'an

[3] Rasulullah(S) has fixed the sectors of Zak'at-Masraf/utilization precisely, discussed already.

[4] Riba: Lit: an excess or increase. Technically, an increase or addition, which in a loan transaction or in exchange of a commodity, accrues to the owner (lender) without giving an equivalent counter value or recompense in return to the other party. It covers interest both on commercial and consumer loans. Precisely it denotes any increase or advantage obtained by the lender as a condition of the loan. Any risk-free or guaranteed rate of return on a loan or investment is Riba, in all forms, is prohibited in Islam. In conventional terms, Riba/interest are used interchangeably. In a commodity exchange it denotes any disparity in the quantity or time of delivery.

[5] Qardan-Hasan'ah is condition-less product, in which Rahn and Zamin is not necessary required. In simple Qard, there is no restriction in demanding the one to whom a Qard is given to provide a Zamanat [guarantee] for the safe return of their Qard. That Qard would be a normal financial transaction between two people and is not count as Qardan-Hasan'ah as per the explanation of the Qur'an.

[6] Hadith

[7] Ayah 17: Surah Taghabun – Yazafu Lakum

[8] Ayah 92: Surah A'li Imran

[9] Da'aem al-Islam, Sayyiduna Al Qadi al-Nauman,

[10] Riba is Har'am

[11] Maruf

[12] Ayah 264: Surah al-Baqarah

[13] Ayah 262: Surah al-Baqarah

[14] Hadith

[15] Letter to Al Imam al-Hasan, Nahj al-Balaghah

[16] Letter to Al Imam al-Hasan (as)

[17] Hadith

[18] 47:38 Surah Muhammad

[19] Ayah 37: Surah al-Nisa-4

[20] Diw'an amir al-Mumineen Ali ibn Abi Talib (as)

- [21] Hadith
- [22] Hadith
- [23] Dr. Abd -Karim, *Qur'anic Recipe for Growth*
- [24] Ayah 261: Surah al-Baqarah-2
- [25] Ayah 17: Surah Taghabun
- [26] Ayah 20: Surah Muzammil
- [27] Sermon 81, *Nahj al-Balaghah*
- [28] Ayah 268: Surah al-Baqarah
- [29] Al Imam Jafar al-Sadiq (as).
- [30] *Kalim'at, Nahj al-Balagha*
- [31] Ayah 274: Surah al-Baqarah
- [32] Hadith Qudsi
- [33] Ayah 97: Surah Ali Imr'an
- [34] Arabi phrases & idioms
- [35] 2:269
- [36] 9:28
- [37] 53:49
- [38] Surah al-Baqara: Ayah 282-283

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