

## **176286 - Ruling on participating in a riba-based loan**

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### **the question**

Myself and two other friends decided to start a business of our own primarily in the farming area. But we were looking for funds for that and with delay in getting any investors for that, other 2 has decided to take a interest based loan. I know that interest based loan ( taking, giving and supporting ) is not allowed in Islam. Hence I decided to stay away from that. My question is

Once this company become debt free ( i.e repay the loan in full amount, can I join this business. The fact that this business was started with a loaned amount, does this prohibit from Islamic perspective to join them later. At that time, if the that business/owners offers me some shares for joining ( which is common practice these days – give shares /ESOP to people joining the company to give them sense of ownership), is it halal/allowed under shariah. Just want to be very clear on what's allowed in shariah and don't want to end up in haram.

### **Detailed answer**

Firstly:

You should advise your friends to repent to Allah, may He be exalted, from what they have done, because dealing with riba, whether by lending or borrowing, is a major sin, and there are warnings concerning riba that were not issued concerning any other sins, including the curse on the one who does it, the one who writes it down and the two who witness it. We ask Allah to keep us safe and sound.

Secondly:

Money acquired through a riba-based loan — even though it is haraam and abhorrent — becomes one's property according to the correct scholarly view; this is the view of the Hanafis and Hanbalis, and is one opinion of the Shaafa'is. In other words, the one who takes out a riba-based loan becomes the owner of the money that he borrowed. Based on that, it is valid to start a project with it, despite the sin of riba.

See: al-Manfa'ah fi'l-Qarad by 'Abdullah ibn Muhammad al-'Umraani, p. 245-254

According to this opinion, it is permissible for you to join them, whilst taking care to avoid joining them in any haraam transaction.

But if you can avoid joining your friends in this money altogether, that will be better and will be more on the safe side for you, and it will be more effective in objecting to their entering into the haraam riba-based transaction.

And Allah knows best.