

246650 - He shows a sample of the product and supplies it to the one who orders it, after having it made

the question

I have a business venture, and I want to find out whether the way I am doing this transaction is permissible, because I researched the issue of salam transaction (payment in advance for delivery later on) and istisna' (contract to have something made or done) and selling something that one does not possess, but I do not know which ruling my venture comes under. My business idea is as follows: 1/ I design something with the cooperation of more than one party, on the basis that the other parties will share the profits in return for working with me. 2/ I send the design to a company that prints designs on clothing. 3/ I get one sample of the product printed. 4/ I show a picture of the sample product on the Internet, with specifications and dimensions. 5/ The customer sees the product on the Internet. 6/ The customer sends an order to us, with full payment covering the cost of the product + profit and shipping costs, and we tell the customer how long it will take to make and send it: between 5-10 days, depending on the manufacturing and shipping companies. 7/ After that, I will send the order to the printing company and pay the costs of the product, after deducting the profit. 8/ After producing the item, the company will send it to the customer; in other words I do not own the item of clothing; rather I show one sample that was made, which came into my ownership, and the manufacturing company that I deal with is the one who supplies any additional orders. My question is: is my way of doing business acceptable according to Islam?

Detailed answer

There is nothing wrong with doing business in this way, as it is a contract to supply a manufactured product, so it comes under the rulings on istisna' (contract to have something made or done), and it is permissible for the customer to pay the price in full at the time of making the contract, or to pay in instalments.

The International Islamic Fiqh Council belonging to the Organization of Islamic Cooperation, during its twelfth session in Riyadh, in the kingdom of Saudi Arabia, 25 Jumada al-Akhirah – 1 Rajab 1421 AH/23-28 September 2000 CE, issued a statement regarding supply contracts, in which they said:

... Secondly: if the product mentioned in the supply contract needs to be manufactured, then the contract is *istisna'* (contract to have something made or done) and subject to the relevant rulings. A statement no. 65 (3/7) has been issued regarding *istisna'*.

Thirdly: if the product mentioned in the supply contract does not need to be manufactured, and its qualities and specifications are known, then it must be delivered at the agreed time. This may be done in one of two ways:

1.. The customer requesting the product pays in full at the time of drawing up the contract. In that case, it is a contract that comes under the rulings on *salam* transaction (payment in advance), in which case it is permissible, subject to the conditions stipulated in Islamic teachings, which are explained in the Council's statement no. 85 (2/9).

2.. The customer requesting the product does not pay in full at the time of drawing up the contract. In that case, it is not permissible, because it is based on a mutual promise between both parties, and the council's statements nos. 40 and 41 state that a mutual promise looks like a business contract but it is invalid, because it is like selling a debt for a debt.

But if the promise is not binding on one or both parties, then it is permissible, provided that the sale is done with a new contract or by delivery. End quote.

Please see the answers to questions no. 192623 and 179228 for two other ways that are Islamically acceptable, namely: acting as a proxy in return for a fee, or a profit sharing (*mudarabah*) contract with a promise to buy.

And Allah knows best.