



TRADE AGREEMENTS IN ISLAMIC SOURCES

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Аннотация: В этой статье представлена подробная информация о торговых вопросах, торговых соглашениях в исламских источниках. Он также всесторонне описывает основные черты торговли в исламе, основанные на исламских источниках, такие как честность, чистота и материальное благополучие.

Аннотация: Ушбу мақолада ислом манбаларида савдо-сотик масалалари, савдо шартномалари ҳақида батафсил маълумот бериб ўтилган. Шунингдек, савдо-сотик борасида ислом манбаларига таянган ҳолда ҳалоллик, поклик орқали ҳалол ризқ топиш ва моддий фаровонликка эришишнинг асосий хусусиятлари кенг қамровли тарзда баён этилган.

Annotation: This article provides detailed information on trade issues, trade agreements in Islamic sources. He also comprehensively describes the main features of trade in Islam, based on Islamic sources, such as honesty, purity and material well-being.

Ключевые слова: материальная жизнь, торговля, исламские источники, честность, халяль, риба, торговой договор.

Калит сўзлар: моддий ҳаёт, савдо-сотик, ислом манбалари, ҳалоллик, риба, савдо шартномалари.

Keywords: material life, trade, Islamic sources, honesty, halal, riba trade agreements.

It is quite natural for a person to earn a living through work and search for income, whether it is trade or other types of business activities. After the



creation of mankind, Allah, the most high, chose a messenger from among them, to whom he sent down the Sharia. This Sharia law of ours is not limited to worship, but, as everyone knows, it also includes trade issues.

What is trade from the point of view of Sharia? It has its own requirements and conditions. Trade also has its own definition, the basics in Sharia, the conditions for those who are engaged in trade, the terms of the contract, the conditions imposed on the goods sold. If we briefly focus on them, then trade is "مبادلة" - "exchange of something" or "مبادلة المالبالم بالتراضي", which means "exchange of one valuable thing for another valuable thing with the satisfaction of both parties". So, we see that the first condition, regarding the trade itself, is that the thing being sold must be valuable. Allah Almighty tells us in the Qur'an about the permissiveness of trade.

{وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا}

“Allah has permitted trade and forbidden usury.” ~ Qur'an 2:275

The main rukn (pillar) of trade in the Hanafimadhab: "القبول و الإيشاب" "IJAB" and "Kabul". What are "IJAB" and "Kabul"? "IJAB" and "Kabul" have a direct relationship to the transaction being made, to the people making the transaction, and to the best-selling item. "IJAB" is the words or actions of the person who first started the trade, that is, either the buyer or the seller (language meaning: «proposal»). "Kabul" is a continuation of the transaction of the first party, for example, if you agree with the proposed price, accept the offer (language value: «consent»). A trade transaction in our Sharia consists of two sections: "IJAB" and "Kabul". These are terms related to the transaction.

As we said earlier, there are requirements for the buyer and seller (1), requirements for the transaction (2), and requirements for the product being sold



(3). All these three things are also directly related to trading. We will briefly tell you about each of them.¹

- (1) of the requirements for the buyer and seller, the first is: "أهلية" - "suitability", that is, to be reasonable, in A condition suitable for entering into a transaction, in a sane mind. In this case, being a Muslim or a representative of another religion does not play a special role. Trade can occur between a Muslim and a non-Muslim, between a Muslim and a Muslim, between an aged person and a young person, and vice versa. Therefore, the main condition for the seller and buyer is to have a sound mind. Coming of age is not a condition because, if the child has a mind able to discern the good from the bad, i.e. have reached the age of "تمييز" - "the difference" when you know how to use the money, know the right and wrong things, whether it is young or adult, Muslim or not Muslim, he can participate in the trade. This is a condition for the seller and the buyer that is directly related to trading in our Sharia.
- (2) Now we will list the requirements for the transaction regarding "ijab" and "kabal". This is the correspondence between "ijab" and "kabal" among themselves. For example, when the seller says: "I will sell you this book for 60,000 sums", and the buyer says: "I will buy it from you for 50,000 sums," then "ijab" and "kabal" do not correspond to each other and trade is considered wrong, imperfect. This trade is called "spoiled". For this reason, both parties must match each other in words, in price, in the contract, since in the above case, the seller sets the price of 60,000 sums, and the buyer offers him 50,000 sums, but the seller may not like this. As we said above in the definition of trade "exchange

¹ <https://azan.kz/maqalat/read/osnovyi-torgovli-v-Islame-11266>

of one valuable thing for another valuable thing with the satisfaction of both parties", the satisfaction of both sides in the deal is a condition, "IJAB" and "Kabul" must match each other.

- (3) The requirements for the item being sold are as follows: this item must be in the hands (owned by the seller), must have a certain value and be property. According to the definition of fiqh scholars, property is considered to be: "ما أميل إليه الطبع" - "that which attracts human nature", things that are necessary for people. For example, green grass on the street or water in the sea do not represent any urgent need for people, being essentially free. Also, a stone lying on the street has no value. To represent any value, the property must be necessary, what people need, in addition, the seller must be able to transfer this thing into the possession of the buyer, that is, the thing must be in the hands (the seller, be in his property). For example, selling a bird floating in the air or fish swimming in a sea or lake would be considered wrong.

Contract in Islam is an engagement and agreement between two or more parties in a legally accepted, impactful and binding manner. Islamic commercial law consists of many different types of contracts to suit different needs and circumstances; the legal relationship in these contracts involves a bilateral declaration from which flow legal consequences with regard to the subject matter and the price. This constitutes the actual transactions that create liabilities and rights of the parties.

Contract, from an Islamic legal perspective is theoretically divided into two main classes, namely unilateral and bilateral contract. While the former



comprise of a transaction in favour of the recipient such as Hadiah or Hibah², Ibra³, Wasiyyat, Waqf and Qard⁴, the latter is more bound to strict rulings and guideline since it requires the consent of both the parties to a contract. It covers all other permissible commercial transaction, such as contract of exchange that primarily concern trading, buying and selling activities, contract of Security that deal with Kafalah, Rahn and Hawalah, contract of partnership, contract of safe custody and contract of pertaining to do a work such as Wakalah and Ju'alah. Also what is normally tolerated in an unilateral contract would not necessarily be the case in bilateral contract.

This classification is not meant to be exhaustive because contracts could be classified in different categories with respect to their impact, effectiveness and validity.

With respect to validity, contracts are categorized as Valid, Void or Voidable. In fact, a contract would be deemed valid if all its elements are found in order and all conditions have been met and if it doesn't imply prohibited activities such as Riba or Gharar⁵. It would be void if one of its major conditions is not fulfilled. And it would be voidable, if conditions of

²Hibah - in Islamic law, a gift is a gratuitous transfer of a thing to another person's property. The condition of the hibah is hijab (a statement about giving a gift) and Kabul (a statement about accepting a gift).

³Ibra' (rebate) is a term used in Islamic banking and finance literature which denotes the granting of rebate by Islamic banks, at their discretion, to their customers who settle their debt obligations arising from sale-based contracts prior to the agreed settlement period.

⁴Qard al-hasan - Also known as *al-qard al-hasan*, *qardhhasan* or *qardhasan*, or *qard*. An Islamic finance term, *qard al-hasan* refers to an interest free loan. In a *qard al-hasan* transaction, the borrower repays the principal amount of the loan without interest, mark-up, or a share in the business for which the loan was used. This product is consistent with the [Sharia](#) prohibition against [riba](#) because the borrower is not compensating the lender for the money advanced.

⁵Gharar - uncertainty, hazard, chance or risk. Technically, sale of a thing which is not present at hand; or the sale of a thing whose consequence or outcome is not known; or a sale involving risk or hazard in which one does not know whether it will come to be or not, such as fish in water or a bird in the air. It is an exchange in which one or more parties stand to be deceived through ignorance of an essential element of the exchange. Thus it refers to an element of absolute or excessive uncertainty in any business or contract. Gambling (*qimar*) is a form of gharar because the gambler is ignorant of the result of the gamble. (gharar one of the three fundamental prohibitions in Islamic finance, the other two being *riba* and *maysir*). The Hanafi school of Islamic jurisprudence defined gharar as "that whose consequences are hidden."



lesser importance, such as specifications of the subject matter, are not fulfilled. Contracts that involve prohibited items or that are structured in a way that is illegal may in certain circumstances be rectified by removal of the objectionable clause to make the contract valid. However, the underlying principle in contracts, in Islamic commercial law, is permissibility and validity. Any contract or stipulation is prohibited and void only if there is an explicit rule in the Shari'ah proving its prohibition and voiding.

Contracts with respect to legality could be classified into five categories: prohibited (Haram), reprehensible (Makruh), indifferent (Mubah), meritorious (Mustahab) and obligatory (Wajib).

Contracts in Islam could also as be classified as commutative or non-commutative: In a commutative contract, one party could validly be remunerated or compensated in consideration of what is done or given; like sale, purchase and lease. Whereas, in a non-commutative contract, there is no return or compensation as it is the case for Qard, Hibah, Kafalah⁶ or Hawalah⁷. Commutative contracts could be considered as void if they include any void condition. While non-commutative contracts do not become void

⁶Kafalah - Surety, An obligation in addition to an existing obligation in respect of a demand for something. Lit: responsibility or suretyship. It is a covenant or pledge given. Legally, a third party becomes surety for the payment of a debt of another. Suretyship in *Shari'ah* is the creation of an additional liability with regard to a claim, not to the debt or the assumption only of a liability and not of the debt. A person providing surety or a guarantor is known as *Kafil*. Islamic banks use *Kafalah* to issue guarantees for their business customers, for example, the bank may guarantee the customer's standing to facilitate any business endeavours that may require such guarantees, or the bank may give a surety to the owner of a ship or the shipping agent, to discharge goods imported by a customer on arrival of the carrying ship, pending receipt of the original shipping documents before the customer can take delivery of the imported goods. Also, known as *Kifalah*.

⁷Hawalah - Literally, it means transfer; legally, it is an agreement by which a debtor is freed from a debt by another becoming responsible for a debt or the transfer of a claim of a debt by shifting the liability for payment from one person to another, such as a contract for assignment of debt. Thus the responsibility for payment shifts to another party. It also refers to the document by which the transfer or assignment takes place, such as a bill of exchange, promissory note, cheque or draft. The mechanism of Hawalah is used for settling accounts by book transfers without the need for physical transfer of cash.



because of a void condition such as Gharar; the void conditions itself become ineffective⁸.

Although contracts in Islamic law of transactions are classified into different categories, the basic contract essentially requires the existence of two parties, mature and sane, which must be capable of entering into contracts; the existence of an offer and acceptance which have to be with free mutual consent; a subject matter that should be in principle legal, existing, valuable, usable, capable of ownership/title, capable of delivery/possession, specified and quantified and the seller must have its title and ownership; and lastly, the contract must be free from any prohibited activity and not contradict any statutory or common law rule.

The Sunnah also contains many narratives about trade. Before the prophecy, the Prophet (peace and blessings of Allaah be upon him) traded with his uncle Abu Talib, then traded for Khadijah, for which he went to the Levant (sham). He traded in the famous markets of the pre-Islamic period Magana and ‘Ukaz, where the assembled traders for the sale and purchase of goods.

Abu sa'id al-khudriradiallahuanhureported that⁹:

The Prophet, peace and blessings be upon him, said, “The honest and trustworthy merchant will be with the prophets, the truthful, and the martyrs.”¹⁰

From the point of view of Islam, trade is a permitted economic activity, because people constantly need it. Every Muslim merchant must know the trade science. So that he doesn't master the science of trading in an unpublished way without knowing it. Khalifa Umar (radyallahuanhu) said¹¹:

⁸ <http://www.financialislam.com/islamic-commercial-contracts.html>

⁹ <https://abuaminaelias.com/dailyhadithonline/2019/06/02/honest-traders-prophets-truthful/>

¹⁰Source: Sunan al-Tirmidhī 1209

¹¹<http://savollar.islom.uz/smf/index.php?topic=27764.0>



لا يتجر في أسواقنا إلا من قد فقه في دينه، وإلا أكل « قال عمر بن الخطاب رضي الله عنه
الربا

“Let no one trade in our market except one who has studied religion, otherwise he will enter into usury (RIBA), whether he wants to or not!” See al-Majma' 14/139.

During his reign, Caliph Umar Ibn Khattab ordered the construction of a canal that would later connect the Nile river to the Red sea. All this was done in order to establish and develop Maritime trade. Thanks to all these efforts, Muslims have been leading the way in this strategic direction for many centuries¹².

And even today, until now, many believers are convinced that trade is a noble occupation, and that this "profession" is peculiar to Muslims.

A lot of ways to earn and trade have appeared today, both in the usual way and via the Internet. Learn more about each type before you start practicing it. Find out every detail in it, whether it is allowed or not. Don't follow the unbelievers blindly in everything they do. For non-believers, it doesn't matter how to earn a living, whether it is allowed or forbidden, and violating people's rights or not. We are Muslims, and it is our duty to find out before we start earning a living. Not to regret it later, either in this world or on the Day of Judgment.

¹²<https://munir-hazrat.livejournal.com/117528.html>



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