101568 - Borrowing money from the bank to start a business with the state as guarantor

the question

I would like to know the ruling on establishing a project financed by banks and associations and the state will be my guarantor, in order to earn and help myself. The state wants to implement this idea to limit and control unemployment. Nowadays, as you know, there are no jobs available but for who has connections or who bribes.

Detailed answer

Praise be to Allah.

If the loan that you are going to get is a goodly loan in which there is no stipulation of interest, there is nothing wrong with you taking it and starting a business with it, so long as you resolve to pay it back, because the Prophet (peace and blessings of Allaah be upon him) said: “Whoever takes people’s wealth intending to pay it off, Allaah will help him to pay it off, but whoever takes it intending to use it up (without repaying), Allaah will destroy him.” Narrated by al-Bukhaari (2387).

But if it is a loan in which interest is stipulated, it is not permissible to take it, even if the interest is little, because of the stern prohibition on riba and its abhorrent nature, and because of the reports which state that the one who consumes it and the one who pays it are cursed. It makes no difference whether the riba is with the state or with institutions belonging to it or with people in general.

There are means of earning halaal income, even if it seems that they are few. But the one who fears Allaah will find ways and doors will be opened to him, and he will find provision from places he never imagined, as Allaah says (interpretation of the meaning):

“And whosoever fears Allaah and keeps his duty to Him, He will make a way for him to get out (from every difficulty).

3. And He will provide him from (sources) he never could imagine. And whosoever puts his trust in Allaah, then He will suffice him. Verily, Allaah will accomplish his purpose. Indeed Allaah has set a measure for all things”

[al-Talaaq 65:2-3]

It is not permissible for anyone to seek to hasten the provision that has been decreed by committing haraam actions. The Prophet (peace and blessings of Allaah be upon him) said: “The Holy Spirit (Jibreel) has inspired to me that no soul will die until it has completed its appointed term and received its provision in full, so fear Allaah and do not be desperate in seeking provision, and no one of you should be temped to seek provision by means of committing sin if it is slow in coming to him, for that which is with Allaah can only be attained by obeying Him.” Narrated by Abu Na’eem in al-Hilyah from the hadeeth of Abu Umaamah; classed as saheeh by al-Albaani in Saheeh al-Jaami’, no. 2085.

The scholars of the Standing Committee for issuing Fatwas were asked: Because there are no opportunities for work in our country, the state has started a social fund program, which refers to small projects for newly-graduated youth. I submitted my project to them, and my project has to do with agriculture, because I have experience in this field. After discussing the project and studying its feasibility, an agreement was reached and I was approved for a loan from to the bank. At that point I found out that the matter is a loan to be paid off after five years or over five years, with interest at a rate of 9%. Some people say that it is riba, so I decided not to go ahead until I ask you. What is the ruling on this loan?

They replied:

If the matter is as described in the question, then this action is not permissible, because it is clearly based on riba. Allaah has forbidden riba and cursed the one who consumes it, the one who pays it, the two who witness it and the one who writes it down. You should seek provision in permissible ways. Allaah says (interpretation of the meaning):

“And whosoever fears Allaah and keeps his duty to Him, He will make a way for him to get out

(from every difficulty).

3. And He will provide him from (sources) he never could imagine. And whosoever puts his trust in Allaah, then He will suffice him. Verily, Allaah will accomplish his purpose. Indeed Allaah has set a measure for all things”

[al-Talaaq 65:2-3]

‘Abd al-‘Azeez ibn ‘Abd-Allaah ibn Baaz, ‘Abd al-‘Azeez Aal al-Shaykh, ‘Abd-Allaah ibn Ghadyaan, Saalih al-Fawzaan, Bakr Abu Zayd.

End quote from Fataawa al-Lajnah al-Daa’imah (13/425)

See also the answer to question no. 45852.

We ask Allaah to grant you provision from His bounty and to make you independent of means by that which He has permitted so that you have no need of that which He has forbidden.

And Allaah knows best.