

ISLAMIC ENTREPRENEURSHIP (DIB2443)

CHAPTER 4: THE ISLAMIC ENTREPRENEUR AND THE IMPORTANCE OF SEEKING KNOWLEDGE

WHAT IS FARDHU AIN'

RELIGIOUS OBLIGATION THAT IS BINDING ON EVERY MUSLIM

IMAN

1. Believe in ALLAH SWT
2. Believe in his angels
3. Believe in his book
4. Believe in his Messengers
5. Believe in last day
6. Believe in Divine destiny

ISLAM

1. There is no god except ALLAH SWT and MUHAMMAD SAW is the messenger of ALLAH
2. Perform the prayer
3. Pay the zakat
4. Fast in Ramadan
5. Make the pilgrimage to the house if you are able to do so

What Knowledge?

- Belief in Islam definitely so that there remains no doubt in mind at all. This is knowledge of understanding the Aqeedah and its fundamentals
- We must know the matters of Halal (permissible) and Haram (impermissible)
- We must know our specific roles and responsibilities as defined by Islam



Belief is Driven by Knowledge

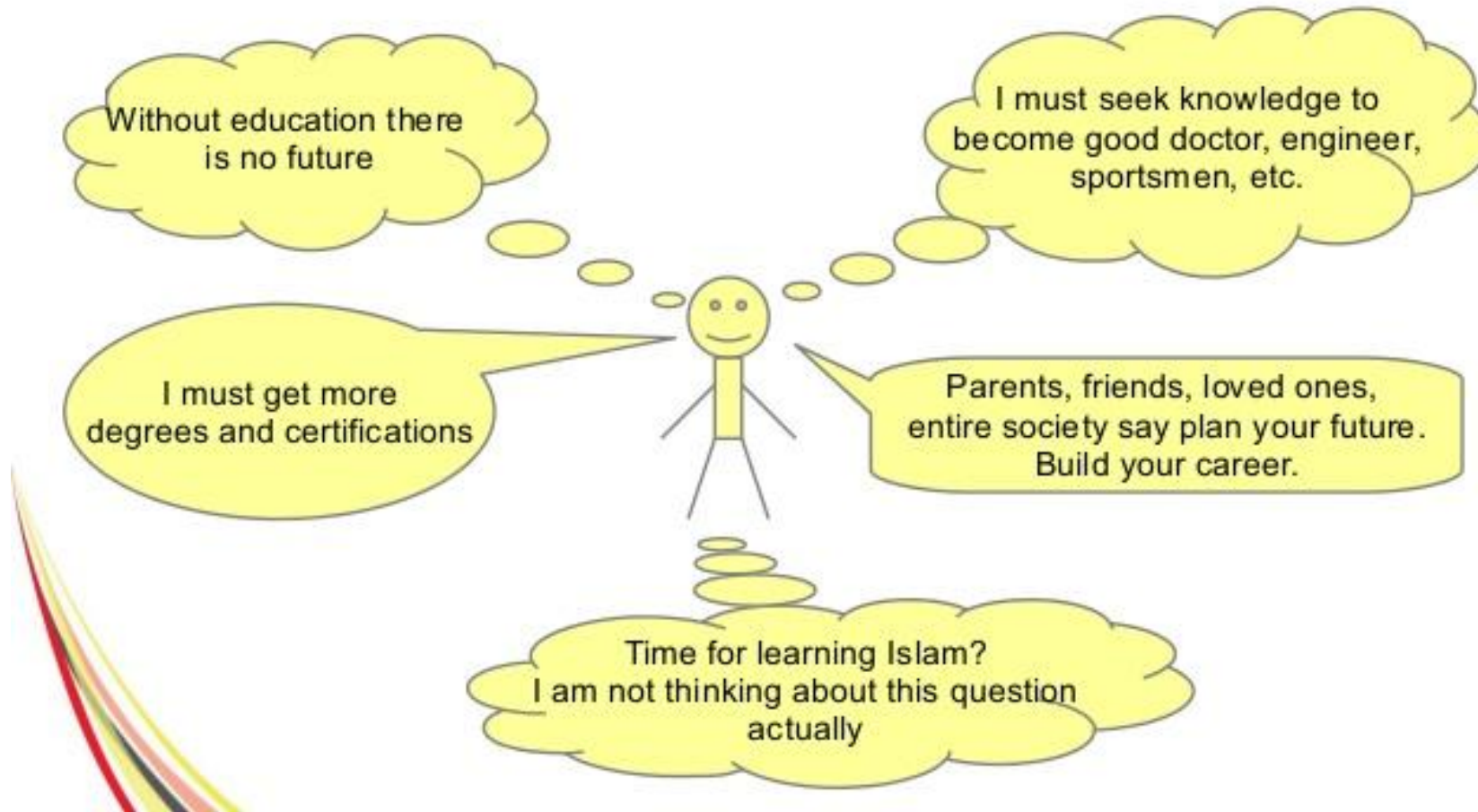
- Therefore, we cannot have
 - Emotional belief or belief based on imitation.
- We must know personally that Allah (swt) exists, that Muhammad (saw) is His last Messenger, the Quran is the word of Allah
 - Whatever is contained in Quran is the truth, therefore the belief in the angels, previous books, previous prophets, the day of Judgment, etc.



Motivation

- Allah SWT says in Quran
 - **“Read! In the name of your lord.”** (Alaq 1; first revealed ayah)
 - **Say; Are those equal, those who know and those who do not know? It is those who are endued with understanding that remember(Allah’s knowledge).”** (Zumar-9)
- The Prophet (saw) said:
 - **“Seeking knowledge is an obligation upon every Muslim”** [Ibn Maajah (Al-Albaani: Saheeh)]

Dilemma of Muslims Nowadays



Advice of Prophet SAW

- Hazzam bin Hakeem narrated from his uncle from the Messenger of Allah (SAW) who said:
 - **“You are in a time of many jurisprudents (fuqaha), few speakers, many who give and few who ask; so action in this time is better than knowledge. There will soon come a time of few jurisprudents, many speakers, many who beg and few who give; so knowledge in this time is better than action.”** [reported by Tabarani in his Alkabeer]



Knowledge of Specific Role is Obligatory

- For a doctor it is Fard to know the ahkam relating to his field, e.g. is post-mortem allowed, rules relating to treating the opposite sex, using intoxicants for medical purposes, etc.
- For an Imam of the Masjid it is Fard to know the ahkam relating to leading the prayer, the obligations of the Khutba, the responsibility towards the Muslims, the obligations of speaking the truth from the Minbar, etc.
- It is Fard for the teacher to know whether it is permitted to teach subjects that contradict Islam and promote Kufr, the ahkam of teaching members of the opposite sex, the ahkam of disciplining the student.
- It is Fard for the Khalifah of the Muslims to know ahkam relating to his responsibility, etc.

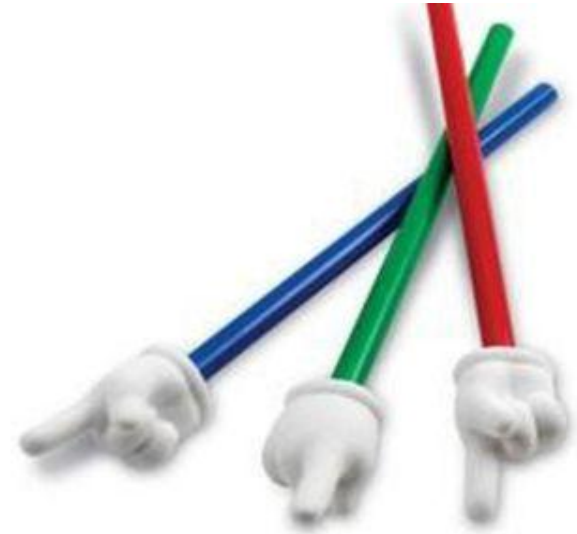
Recommended Knowledge

- Knowing the evidences for the ahkam
- Detailed knowledge of the Seerah
- Islamic history (Tarikh)
- Tafseer, Arabic language
- Ilm al-Hadith
- Usul ul-Fiqh



Sale Transaction

1. Men and Women are allowed to engage in lawful trade in the Shar'iah, there is no sex disqualification.
2. The Shar'iah allows an auction. Trade in all forms must be clean and honest according to the guidance of the Quran and the Sunnah
3. Taking an oaths (sumpah/melanggar sumpah) in sale transactions is forbidden, the Quran lays stress on honest and straight forward dealings in the very earliest revelations.
4. The only trade that is declared unlawful is that of dealing in Wine and other intoxicants (minuman keras), Pigs and things made out of it, Idols and Image.
5. It is Unlawful in trading to Swindle (penipuan/pengecoh), Cheat or Lie in respect of price, or to deceive.



Law of Contract

- Contract = **al-'aqd** (in arabic)
= **obligation / a tie**. act of “putting a tie to a bargain”.
- **al-in'iqad** (2/ more parties enter into contract) , that is joining or trying up the offer & the acceptance together. The obligations of contract called **'uqud**.
- **Milk or ownership** a relationship between a man & his property which is under his controls to the exclusions(pengeluaran) of other claimants.
- Type of ownership :
 1. **Milk al-Yad** → one may have physical possession of the property
 2. **Milk al-Tasarruf** → right of disposal of the property
 3. **Milk al-Ragabah** → proprietary rights (hak-hak pemilik)

THE CONTRACT OF SALE – ‘aqd al-by

•means the delivery of a definite object which possesses legal value in exchange for something equivalent in value (price). includes barter.

•The seller (**Mushtari**) and the buyer (**ba'i**) are referred to by one generic name **al-aqid**, that must possess qualifications(must):

✓**Mumayyiz** , able to understand the implications of the contract of sale (not an insane or a minor person)

✓Have capability of disposing of his property

✓free to use discretion (not be working under coercion, undue influence, misrepresentation, fraud or mistake.

SUBJECT MATTER OF SALE

It must be :

○owned by the seller or his agent

○in a position to be delivered. The sale of a bird in the air or fish in the water is void.

○lawful (**Halal**) and wholesome (**Tahir**). The sale unwholesome things like wine. Pigs and dead animal (except fish) is void (tak berlaku).

Trade Transactions



- Trade is permissible according to the Quran, Sunnah, consensus of Muslim scholars and analogical deduction.
- Allah Says: “...but Allah has permitted trade..” (Al-Baqarah:275)
- And: “There is no blame upon you for seeking bounty from your Lord” (Al- Baqarah:198)

Trade Transactions



- “ ...but only {in lawful} business by mutual consent....” (Quran: An-Nisa: 29)
- “ Selling should be only by mutual consent”. (related by Ibn Hibban, Ibn Majah)
- “ Do not sell what you do not have (or possess)’.
- “ Allah and His messenger prohibited the trade of intoxicants, dead animals, pigs, and idols”. (related by Al- Bukhari and Muslim)

Legitimacy of Sales (Trading)



- Qur'an Texts
- Hadith Texts
- ✓ The prophet was asked: which are the best form of income generations? He replied: a man's labour and every legitimate sale. (al-jami' As-saghir).
- ✓ The truthful and honest trader is among is among the prophet , the righteous and the martyrs (At-Tirmidhi).



- Salaf-as-Saliheen texts:
 - ✓ Imam ash-Shafi'i stated: the general rule for all sales is permissibility as long as they are concluded by consenting, capable decisions makers, except for what the messenger of Allah has forbidden; or what is sufficiently similar to what the messenger of Allah has forbidden; anything different from those is permissible following the permissibility of sales stated in the book of Allah Almighty. (Al-Fiqh al-Islami wa adillatuh).

Basic Concept of Trade



- 'Iwad (counter value)
- Ghorm (risk)
- Kasb (effort)
- Daman (guarantee)

Conditions for a valid sale



- Halal products
- Ownership of commodity
- Existence and possession of Commodity
- Valid contract

Haram Trade



- Habali-il-habala
- Musabada (fresh for dry date)
- Muhaqala (sale of wheat in ears)
- Selling of animated pictures
- Sale of pigs/dead animals
- Mulaamasa
- Bay' al -Ina

Types of Invalid Sales



- Sale of a non existent object
- Sale of undeliverable goods
- Sale of liabilities(including debts)
- Sale of liabilities with a deferred price
- Sale of IOUs

BASIC PRINCIPLES OF IF



It is based on the following principles:

- Prohibition of RIBA
- Application of AL-BAY'
- Avoidance of GHARAR
- Prohibition of MAYSIR
- Prohibition from HARAM TRADE

SALAM



- *Salam is a sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot.*
- Here the price is cash, but the supply of the purchased goods is deferred.
- The buyer is called “*rabb-us-salam*”, the seller “*muslam ilaih*”, the cash price is “*ra’s-ul-mal*” and the purchased commodity is termed as “*muslam fih*”.
- *For simplicity, I shall use the English synonyms of these terms.*

SALAM



- *Salam was allowed by the Holy Prophet (SW) subject to certain conditions.*
- *The basic purpose of this sale was to meet the needs of small farmers who needed money to grow their crops and to feed their families up to the time of harvest. After the prohibition of *riba*, they could not take usurious loans ,therefore, it was allowed for them to sell the agricultural products in advance*

Benefits of Salam



- *Salam is beneficial to the seller, because he receives the price in advance*
- *It is beneficial to the buyer also, because normally, the price in salam is lower than the price in spot sales.*
- *It is a viable tool capable of revamping the agricultural sector.*
- *It is a spectacular finance option capable of transforming the real sector of the economy especially the small and medium enterprises*

ISTISNA'



- *Istisna' is the second kind of sale where a commodity is transacted before it comes into existence.*
- *It means to order a manufacturer to manufacture a specific commodity for the purchaser.*
- *It is necessary for the validity of istisna' that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully agreed to.*

