## Glossary

<table>
<thead>
<tr>
<th>Term</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td>'Adl</td>
<td>Justice.</td>
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<tr>
<td>'Ilādāt</td>
<td>Duties of man due to God.</td>
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<tr>
<td>'Ilāb</td>
<td>Reason/characteristic behind a Shari'ah ruling such that if a particular reason/characteristic is found in other instances, the same ruling will apply.</td>
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<tr>
<td>Abkām</td>
<td>Plural of bukm. (For meaning, see below).</td>
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<tr>
<td>Ajier</td>
<td>Lessee or worker on wages.</td>
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<tr>
<td>Amānab</td>
<td>Trust.</td>
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<tr>
<td>'Aml</td>
<td>Agent who acts to perform a task.</td>
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<tr>
<td>'Aqd al-muaqd al-mudāf</td>
<td>See Bay' al-mudāf.</td>
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<tr>
<td>Arbuun</td>
<td>See Arbuun.</td>
</tr>
<tr>
<td>Bay'</td>
<td>Stands for sale. It is often used as a prefix in referring to different sales-based modes of Islamic finance, like murābaha, istiṣna, and salam.</td>
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<tr>
<td>Bay' al-'Ayan</td>
<td>Sale of tangible objects such as goods (as against sale of services or rights).</td>
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<tr>
<td>Bay' al-'Inab</td>
<td>Selling of something to someone at a given price (usually on credit) and then buying it back from him at the same time at a different price (usually lower but cash). This kind of sale and buy-back is prohibited because it effectively means exchanging a given amount of money with a different amount of money, which amounts to ribā. It can be used as a subterfuge for ribā dealings.</td>
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<tr>
<td>Bay' al-Dayn</td>
<td>Sale of debt. According to a large majority of fuqaha', debt cannot be sold for money except at its face value but can be sold for goods and services.</td>
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<tr>
<td>Bay' al-Mudāf</td>
<td>A sales contract in which delivery of both the commodity and the payment is deferred e.g., forward sales in modern times. Such contracts are not permitted by the Shari'ah.</td>
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<tr>
<td>Bay' Bayhaman</td>
<td>Another term used for bay' mu'ajjal. For meaning see below.</td>
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<tr>
<td>Ajil</td>
<td>A hung sale; a sale which is not closed yet due to some problem in the attached conditions. The sale will be completed as soon as the problematic condition is rectified.</td>
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<tr>
<td>Bay' Muallaq</td>
<td>A hung sale; a sale which is not closed yet due to some problem in the attached conditions. The sale will be completed as soon as the problematic condition is rectified.</td>
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</table>
Bay'-Ma‘ajjal
Sale on credit, i.e. a sale in which goods are delivered immediately but payment is deferred.

Bay‘-Mu‘ābahab
Sale at a specified profit margin. The term is, however, now used to refer to a sale agreement whereby the seller purchases the goods desired by the buyer and sells them at an agreed marked-up price, the payment being settled within an agreed time frame, either in instalments or lump sum. The seller bears the risk for the goods until they have been delivered to the buyer. Mu‘ābahab is also referred to as bay‘ mn‘ajjal.

Bay‘-Salam
A sale in which payment is made in advance by the buyer and the delivery of the goods is deferred by the seller.

Bay‘ al-Arbūn
A sale in which an earnest money is paid and the rest is paid at the contract settlement date.

Dūmān
Guarantee, security.

Dūmān al-Dark
Guarantee that the object in contract is unencumbered.

Dhimmah
Liability, responsibility.

Dīnār
Name of a currency.

Dirham
Name of a currency.

Fatwā
Plural of Fatwā

Fatwā
Legal opinion.

Fard Kifāyah
Collective obligation on each member of the Muslim society which is discharged for the whole society if some members fulfilled it.

Fiqh
Refers to the whole corpus of Islamic jurisprudence. In contrast with conventional law, fiqh covers all aspects of life, religious, political, social, commercial or economic. The whole corpus of fiqh is based primarily on interpretations of the Qur‘ān and the sunnah and secondarily on ijma‘ (consensus) and ijtihād (individual judgement). While the Qur‘ān and the sunnah are immutable, fiqh verdicts may change due to changing circumstances.

Ghabān
Loss; usually a sudden loss.
Gharar

Literally, it means deception, danger, risk and uncertainty. Technically it means exposing oneself to excessive risk and danger in a business transaction as a result of uncertainty about the price, the quality and the quantity of the counter-value, the date of delivery, the ability of either the buyer or the seller to fulfil his commitment, or ambiguity in the terms of the deal; thereby, exposing either of the two parties to unnecessary risks.

Hadīth

Sayings, deeds and endorsements of the Prophet Muhammad (peace be upon him) narrated by his Companions.

Haj’ (or Haj)

Pilgrimage to Makkah; one of the pillars of Islam.

Halāl

Things or activities permitted by the Shari‘ah.

Hāmisb al-jiddiyah

Margin payment.

Haq al-Tatarq

Right of way or passage.

Haq Shurb

Rights over water.

Haqq

Right.

Harām

Things or activities prohibited by the Shari‘ah.

Hujjaj

Plural of pilgrim.

Idāfa al-‘Aqd

Relegation of contract.

Ihsan

Beneficence, kindness, virtue.

Ijāra

Leasing. Sale of usufruct of an asset. The lessor retains the ownership of the asset with all the rights and the responsibilities that go with ownership.

Ijāra șukkāb

 Tradable forward instruments against rentable assets.

Ijtihād

In technical terms, it refers to the endeavour of a jurist to derive a rule or reach a judgement based on evidence found in the Islamic sources of law, predominantly, the Qur‘ān and the sunnah.

Iqta’

Unclaimed lands.

Istiṣna’

Refers to a contract whereby a manufacturer (contractor) agrees to produce (build) and deliver a well-described good (or premise) at a given price on a given date in the future. As against salam, in istiṣna’ the price need not be paid in advance. It may be paid in instalments in step with the preferences of the parties or partly at the front end and the balance later on as agreed.

Jabālah

Ignorance, lack of knowledge. In contracts, it refers to lack of information with respect to the subject of the contract or the terms and conditions of the contract.
Ju‘ālab  Performing a given task against a prescribed fee in a given period.

Ju‘l  The fee or prize promised in a Ju‘ālab.

Khijār  Option.

Khijār al-‘āy  Option to rescind a sales contract if a defect is discovered in the object of sale.

Khijār al-majlis  Option to rescind a contract during the same meeting in which contract is agreed.

Khijār al-ru‘ay  Option to rescind a sales contract after physical inspection of the object of sale.

Khijār al-shart.  The option to rescind a sales contract based on some conditions. One of the parties to a sales contract may stipulate certain conditions, which if not met, would grant a right to the stipulating party an option to rescind the contract.

Khijār al-tadleet  Option to rescind a contract if a party finds that it has been cheated.

Māl  Asset. Property.

Mu‘āmalat  Relationships/contracts among human beings as against ‘ibādāt which define relationship between God and His creatures.

Muḍāf  Deferred to the future.

Muḍāf ‘aqd  Forward contract. A contract in which commodity and price both are deferred to future date(s).

Muḍārabah  A contract between two parties, capital owner(s) or financiers (called rabb al-māl) and an investment manager (called muḍārib). Profit is distributed between the two parties in accordance with the ratio upon which they agree at the time of the contract. Financial loss is borne only by the financier(s). The entrepreneur’s loss lies in not getting any reward for his services.

Muḍārib  An investment manager in a muḍārabah contract.

Muqāraḥab  Carries the same meaning as muḍārabah. For meaning see above.

Murābāḥab  Sale at a specified profit margin. The term, however, is now used to refer to a sale agreement whereby the seller purchases the goods desired by the buyer and sells them at an agreed marked-up price, the payment being settled within an agreed time frame, either in instalments or in a lump sum. The seller bears the risk for the goods until they have been delivered to the buyer. Murābāḥab is also referred to as bay‘ mu‘ajjal.

− 304 −
### Glossary

**Mushārakah**

Partnership. A *mushārakah* contract is similar to a *muḍārabah* contract, the difference being that in the former both the partners participate in the management and the provision of capital, and share in the profit and loss. Profits are distributed between the partners in accordance with the ratios initially set, whereas loss is distributed in proportion to each one’s share in the capital.

**Najash**

In reference to sales contract, it means contriving with the seller and bidding a higher price not with an intention to buy but simply to fetch a higher price from other potential buyers.

**Qard or Qard Al-Hasan**

A loan extended without interest or any other compensation from the borrower. The lender expects a reward only from God.

**Qur’ān (Also Written As Al-Qur’ān)**

The Holy Book of Muslims, consisting of the revelations made by God to the Prophet Muhammad (peace be upon him). The Qur’ān lays down the fundamentals of the Islamic faith, including beliefs and all aspects of the Islamic way of life.

**Rabb al-māl**

Capital owner (financier) in a *muḍārabah* contract.

**Rahn**

Collateral in a loan contract.

**Rīkā**

Literally, it means increase or addition or growth. Technically it refers to the ‘premium’ that must be paid by the borrower to the lender along with the principal amount as a condition for the loan or an extension in its maturity. Interest as commonly known today is regarded by a predominant majority of *fuqahā’* to be equivalent to *rīkā*.

**Ṣadaqah**

An act of charity.

**Salam**

The short form of *bay’ al salam*.

**Sharī’ah**

Refers to the corpus of Islamic law based on Divine guidance as given by the Qur’ān and the *sunnah* and embodies all aspects of the Islamic faith, including beliefs and practices.

**Shīrākab**

Partnership. Technically, it is equivalent to *mushārakah*.

**Ṣukūk**

Certificates of Assets.
### Glossary

**Sunnah**
The *sunnah* is the second most important source of the Islamic faith after the Qur'an and refers to the Prophet’s (peace be upon him) example as indicated by his practice of the faith. The only way to know the *sunnah* is through the collection of *ahādīth*, which consist of reports about the sayings, deeds and endorsements of the Prophet (peace be upon him).

**Sūrah**
A chapter of Al-Qur'an.

**Takāful**
An alternative for the contemporary insurance contract. A group of persons agree to share certain risk (for example, damage by fire) by collecting a specified sum from each. In case of loss to anyone of the group, the loss is met from the collected funds.

**Taṣarruf**
Act (or ability) of someone to use something as he pleases.

**Wad'ab**
A contract whereby a person leaves valuables with someone for safekeeping. The keeper can charge a fee, even though in Islamic culture it is encouraged to provide this service free of charge or to recover only the costs of safekeeping without any profit.

**Wakālah**
Contract of agency. In this contract, one person appoints someone else to perform a certain task on his behalf, usually against a fixed fee.

**Zakāh (Also written as Zakāt)**
The amount payable by a Muslim on his net worth as a part of his religious obligations, mainly for the benefit of the poor and the needy. It is an obligatory duty on every adult Muslim who owns more than a threshold wealth.