

Glossary of Arabic Terms in the Special Issue

Arabic Term	Definition
<i>awqāf</i>	Plural of <i>waqf</i> . For meaning, see below.
<i>bay' al-ṭinah</i>	Also known as buy-back. This refers to a contractual arrangement between two parties to sell and buy-back a commodity/asset simultaneously. This type of buying/selling is prohibited because the deal can easily be designed as a subterfuge for prohibited <i>ribā</i> .
<i>bay' al-murābahah</i>	The shorter form ' <i>murābahah</i> ' is more commonly used. For meaning, see below.
<i>bay' al-salam</i>	A sale contract in which payment is made in advance by the buyer and the delivery of goods is deferred by the seller. The date of delivery and fairly accurate description of goods must be given in the contract.
<i>bay' mu'ajjal</i>	Technically it means a sale contract in which payment is delayed. There is no necessity that the delayed payment is higher than the cash price. However, in current practice, the deferred payment is higher than the cash price and is paid in instalments. Hence, in practice this term and ' <i>bay' al- murābahah</i> ' or simply ' <i>murābahah</i> ' are the same and are used alternatively.
<i>bayt al-māl</i>	The public treasury of the Islamic State/Muslim Community. Historically, it was also used as a charitable institution meant to help the poor and needy.
<i>ḍarūriyyāt</i>	It refers to those basic necessities or dire needs without which a person may face death or irreparable loss to life, intellect, progeny, property or religion.
<i>fatwā / fatāwā</i>	<i>Fatwā</i> (plural <i>fatāwā</i>) is a ruling on a point of Islamic law or Islamic way of life given by a religious scholar or recognized authority.
<i>fiqh</i>	Refers to the whole corpus of Islamic jurisprudence. In contrast with conventional law, <i>fiqh</i> covers all aspects of life, religious, political, social, commercial or economic. The whole corpus of <i>fiqh</i> is based primarily on interpretations of the Qur'ān and the Sunnah and secondarily on <i>ijmā'</i> (consensus) and <i>ijtihād</i> (juristic judgment). While the Qur'ān and the Sunnah are immutable, verdicts based on <i>ijtihād</i> may change due to changing circumstances.
<i>fuqahā'</i>	Plural of <i>faqīh</i> meaning jurist, who is an expert in Islamic jurisprudence (<i>fiqh</i>) and who gives rulings on various juristic issues in the light of the Qur'ān and the Sunnah.
<i>gharar</i>	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. In economic terminology its meanings are close to "asymmetric information".
<i>ḥadīth</i>	Sayings, deeds and endorsements of Prophet Muhammad (peace be upon him) narrated by his companions. Plural <i>aḥādīth</i> .
<i>ḥājīyyāt</i>	Needs. It is usually used along with the term <i>ḍarūriyyāt</i> (see above). While the term <i>ḍarūriyyāt</i> is used to refer to essential necessities without which the person faces either death or irreparable loss, the term <i>ḥājīyyāt</i> refers to those needs without which one can survive but faces immense or undue hardship.

Arabic Term	Definition
<i>ḥalāl</i>	Things and activities permitted by Sharī'ah.
<i>ḥarām</i>	Things and activities prohibited by the Sharī'ah, e.g., giving or taking <i>ribā</i> , gambling, eating pork etc.
<i>ijārah</i>	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. <i>Ijārah</i> also refers to services offered by persons/institutions.
<i>ijtihād</i>	In technical terms, it refers to the efforts by jurist(s) 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.
<i>īmān</i>	Faith or belief; the acceptance and affirmation of Oneness of Allah, His books, His messengers, His angels, the hereafter and Divine decree.
<i>infāq</i>	Spending. In the literature of Islamic economics, it usually refers to spending in the way of Allah i.e. it is a general term which encompasses all the different forms of charity in Islam including expenditure on self and family.
<i>infāq fi sabīlillāh</i>	Spending in the way of Allah. See <i>infāq</i> above.
<i>isrāf</i>	Extravagance, excessiveness (especially in expenditure). It covers spending on lawful objects but exceeding moderation in quantity or quality; spending on superfluous objects while necessities are unmet; spending on objects which are incompatible with the economic standard of the majority of the population.
<i>istiṣnā'</i>	Used as a short form for <i>bay' al-istiṣnā'</i> . Refers to a contract whereby a manufacturer (contractor) agrees to produce (build) and deliver a well-described good or (premises/road etc.) at a given price on a given date in future. As against <i>bay' al-salam</i> (a similar sale contract maturing in future where no manufacturing is involved. For definition see below) in <i>istiṣnā'</i> the price need not be paid in advance. It may be paid in instalments, or partly at the front end and the balance later in accordance with the agreement between the parties.
<i>maqāṣid al-Sharī'ah</i>	Basic objectives of the Sharī'ah. It refers to a juristic-philosophical concept developed by the classical jurists, who attempted to formulate the goals and purposes of the Sharī'ah in a comprehensive manner to aid in the process of investigating new cases and organizing previous existing rulings. Imam al-Ghazālī defined these objectives to be: protection of faith, life, progeny, property and reason/intellect. While, not questioning the importance of these five, some contemporary writers have argued that there are many more.
<i>maṣlahah</i>	The aspect of general welfare/benefit of mankind/society that is kept in view by the scholars competent to undertake <i>ijtihād</i> while resolving contemporary issues. Catering to the well-being of the people in this worldly life as well as the hereafter or relieving them of hardships is a basic objective of the Sharī'ah.
<i>maṣlahah 'āmmah</i>	It is that type of <i>maṣlahah</i> (welfare/benefit) which is in the best interest of the society at large. It may or may not be beneficial for the individual.
<i>maṣlahah khaṣṣah</i>	It is that type of <i>maṣlahah</i> (welfare/benefit) which is in the best interest of the individual. It may or may not be beneficial for the society at large.

Arabic Term	Definition
<i>muḍārabah</i>	A contract between two parties, capital owner(s) or financiers (called <i>rabb al-māl</i>) and an investment manager (called <i>muḍārib</i>). 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.
<i>muḍārib</i>	An investment manager in a <i>muḍārabah</i> contract.
<i>murābahah</i>	Shortened term for <i>bay' al-murābahah</i> . It means sale at a specified profit margin; deferral of payment is conceptually not necessary. However, in current practice it refers 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. In current practice, <i>bay' al-murābahah</i> is sometimes referred to as <i>bay' al-mu'ajjal</i> , though technically there is a difference between the two (see <i>bay' al-mu'ajjal</i> above).
<i>mushārahah</i>	Partnership. A <i>mushārahah</i> contract is similar to a <i>muḍārabah</i> 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.
<i>qard</i>	Loan. Usually, this term is used as a short form for ' <i>qard ḥasan</i> '.
<i>qard ḥasan</i>	A loan extended without interest or any other compensation expected to be received from the borrower. The lender expects a reward only from Allah.
<i>ribā</i>	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 the most famous type of <i>ribā</i> .
<i>ṣadaqah</i>	A charitable act. An act done with the intention of seeking the pleasure of Allah. Plural <i>ṣadaqāt</i> .
<i>salam</i>	Short form for <i>bay' al-salam</i> . For meaning, see above.
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.
<i>ṣukūk</i>	Plural of ' <i>ṣakk</i> ', which refers to a financial paper showing entitlement of the holder in the amount of money shown on it. The English word 'cheque' comes close to it. Technically, <i>ṣukūk</i> are financial instruments entitling their holders to some financial claims.
Sunnah	The Sunnah is the second most important source of the Islamic faith after the Qur'ān 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 <i>aḥādīth</i> , which consist of reports about the sayings, deeds and endorsements of the Prophet (peace be upon him).
<i>rijs</i>	Something which is impure, harmful and impermissible.
<i>tabdhīr</i>	Spending on objects which have been explicitly prohibited by the Sharī'ah irrespective of the quantum of expenditure or spending which is not in its designated place as prescribed by the Sharī'ah.

Arabic Term	Definition
<i>taḥṣīniyyāt</i>	Complementaries or Luxuries. <i>Taḥṣīniyyāt</i> refers to that category of goods which if acquired, add beauty or comfort to life. However, not acquiring these goods does not hinder an individual's life in any manner.
<i>takāful</i>	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.
<i>taqwá</i>	Piety, virtue and righteousness with a sense of accountability to Almighty Allah. It implies total obedience to His commandments with respect to His self and His creations.
<i>tawarruq</i>	<i>Tawarruq</i> is a mode for obtaining liquidity through a fake contract involving buying something at a higher price on credit basis and selling it back for cash payment instantly. With a few exceptions, Islamic scholars generally consider this to be an illegitimate mode of transaction. They consider it to be a subterfuge for interest-based borrowing (<i>ribā</i>).
<i>ṭayyib</i>	Something which is pure, not harmful and permissible.
<i>ummah</i>	The global community of Muslims.
<i>wakālah</i>	Contract of agency. In this contract, one person appoints someone else to perform a certain task on his behalf, usually against a fixed fee.
<i>waqf</i>	Appropriation or tying up a property in perpetuity for specific purposes. No property rights can be exercised over the corpus. Only the usufruct is applied towards the objectives (usually charitable) of the <i>waqf</i> .
<i>zakāh</i>	One of the five 'pillars of Islam' (compulsory duties). It is a financial worship and refers to a special earmarked levy payable by a Muslim on his net worth beyond a minimum level of wealth as a part of his religious obligations. The rates as well as the beneficiaries of this levy are unchangeable. Beneficiaries are mainly the poor and the needy.