



**ACADEMY OF CONTEMPORARY  
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**FIQH MUAMALAT (IMU451)**

**TOPIC:**

**TAWARRUQ: THE ISLAMIC  
PERSPECTIVE AND THE  
APPLICATION IN FIQH MUAMALAT**

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## **OBJECTIVE**

- **Explain the concept of tawarruq more clearly and in detail.**
- **Explaining the types of tawarruq and its application in fiqh muamalat.**
- **Make a comparison between tawarruq and bay al-inah**

## **1.0 INTRODUCTION**

### **Definition of fiqh muamalat**

Fiqh Muamalat is a branch of Fiqh discipline. It is a very vast area of knowledge, yet interesting and challenging. It deals with Shariah rulings related to the area of business and financial activities that rapidly change from time to time in order to meet the changing needs of people and rapid developments throughout the worlds.

Fiqh or Islamic Jurisprudence is founded on the divine revelation of al-Qur'an and al-Sunnah i.e. the Shariah. It is a branch and application of the Shariah in the areas related to the human practices in this world. It is not developed by the Islamic jurists (fuqaha') in the course of their experiences or logical thinking merely. Therefore, prior to the discussion of Fiqh Muamalat, the reader should be explained on the relationship between the three main terms and disciplines of knowledge namely Shariah, Fiqh and Muamalat.

### **Definition of Tawarruq**

From a language point of view, tawarruq is said to come from the Arabic word warq or wariq or waraqa, which means silver money, dirham or silver metal. Tawarruq is used by previous generations to get silver or dirham. The word al-wariq has used in Al-Quran surah Al Kahfi, 18:19 which means "then send one of you goes to the city with this silver money (wariq) of yours. While the word tawarruq means asking for money and it means more generally ie asking for money either from silver or gold or paper money. Moreover, it is named tawarruq because when buying the item with deferred payment, the buyer does not intend to use or take advantage of it, but only want to make it a path to way to earn cash.

This tawaruq contract involves two transactions namely the beginning involves a purchase on credit between the buyer and the seller against an asset and then the second stage where the buyer then sells in cash to third parties. Technically, the OIC Fiqh Academy defines tawaruq as "a person (mustawriq) who buys goods on deferred payment with the purpose of selling the item at a low price to get cash" . While Accounting and Auditing Organization Islamic Financial Institution Shariah Standard (AAOIFI) conclude by defining tawaruq is a commodity purchase contract in deferred payment either through direct sales or muarabahah contracts. Commodity are then

resold in cash to other parties other than the original seller (original sellers). While the Fiqh Encyclopedia of Kuwait also gives the meaning that same.

Zaharuddin Ab Rahman (2010) explains some of the objectives of the concept of tawarruq/ murabahah commodity is used in Islamic banking that is to provide financing to get cash or liquidity to customers more effectively, offering fixed income instruments to consumers and diversifying products Sharia-compliant financing to compete with conventional banking products in market. In practice, the concept of tawaruq is divided into two types.