

Shari'a and Regulatory Status of Taqwa Schemes

By:

Dr. Mohamed Sayeed Shingeri MBA, Ph.D. USA



Taqwa

Credit Co operative Society Ltd

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For identifying any shortcoming(s)/suggestions regarding any schemes mentioned in this booklet in the light of Shari'a or Regulatory compliance,

a prize of

₹ 1,000/- to ₹ 5,00,000/-

will be awarded for their research/efforts.

“Legal Action”

If anybody is found guilty of propagating false information or publishing defamatory statements, making illegal statements in a verbal form against any activities or schemes of Taqwa via Social Media or by any other means, Taqwa will initiate stringent legal action against such person(s) or institution(s).

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By: Hazrat Moulana Abul Hasan Ali Miya Nadvi (R.A)

(Derived from: A Practical Model of Islamic Banking)

Islam is strictly against the transactions based on usury. The Quran declares as war on behalf of Allah and his Prophet against those who deal in usury. (Surah Al-Baqar 279)

Islam lays emphasis on giving out zakah and sadaqah (charity), encourages spending out in the ways of Allah, and appreciates charity (Sadaqah) and usury free legitimate trading or sale.

After pondering over the ayah (verses) of Quran related to usury, it becomes abundantly clear that the usury based system is quite opposed to the concept of legitimate trading, sadaqah (charity) and zakah, which is obligatory in Islam. Refuting the notion of idolaters that 'the trade and usury are similar', the Quran Says: "But Allah has permitted Trade and forbidden usury." (Surah Al-Baqar 275)

In other ayah of the Quran, "Riba" (interest) and "Sadaqah" (charity) have been considered strongly contrary to each other: "Allah will deprive usury of all blessing, but will increase the charity; For He loveth not ungrateful and wicked infidels." (Surah Al-Baqar 276)

The economic structure of Islam is based on legitimate trading and sadaqah. The legitimate trading boosts up the capital while sadaqah safeguards the necessities of the weaker section, which lagged behind, and couldn't keep pace with the time in its economic race. Islam sanctions only those means of obtaining wealth which require ability, effort and labour to put to or by investing capital one would venture to take risks of both profit and loss. Islam strongly opposes the idea of earning the money in exchange of money without any labour and the risk of profit and loss. Contrary to this, under the interest based system, money begets money. A usurer neither puts effort nor does he take any risk of profit and loss.

Without spending a single penny from his pocket over the needy or destitute, he exploits them and takes undue advantage of their constraint situation to fill his own treasure chest.

Before Islam, the world was groaning because of exploitation of usury dealers. Islam declared a war against usury, encouraged legitimate trading and spending in the way of Allah. It was the benediction of Islam that the world got rid of the worst of usury system. But for the last two centuries, usury system has once again flourished. The Jewish money lenders have intelligently, shrewdly and cunningly established their complete control over the world economy by the means of usury.

Despite its external glittering and brightness, the economic system extended around the world by the West under the leadership of Jewish lobby has exposed itself to be internally very hollow and termite-eaten. The world is the victim to the acute economic crisis. The only way to come out of this horrific situation is the interest-free economic system of Islam. Now the responsibility comes especially over the Muslim Ummah to shape out the economic system on interest-free based Islamic principles and try to implement it as much as possible.

All praise to Allah, a lot of work on ideological front has already been done on economic order of Islam. Now the need of the hour is to form and establish such organizations which could execute the economic teachings of Islam and could replace the economic institutions established by the West, and could fill the space created by the failure of Jewish economic system. All praise to Allah, enough headway has been made in this direction too. In several countries the experiment of Islamic Banks (interest free banks) has been encouraging and successful to a great extent.

The present book, "A Practical Model of Islamic Banking" by Mr. Sayeed Shingeri Bhatkali, resident of Dubai, therefore serve as a chain to the overall effort made in this direction. He has a vast experience of modern banking too. He has prepared a practical model of Islamic Banking making based on "Shirkat, Ijarah, Mudaraba", and "Murabaha". It is the matter of satisfaction that the book has been published after the review by the famous Indian Scholar Hazrat Maulana Qazi Mujahidul Islam Qasimi and some other Ulema.

I pray that May Allah accept this effort of the author and make it a success. And this book shall prove to be a milestone in the way of establishing Islamic economic system in the world.

Abul Hassan Ali Nadvi
Nazim, Nadwatul Ulamaa and
President, Muslim Personal Law Board
Rabi-ul-Awwal, 05,1423 A.H

By: Qazi Mujahidul Islam Al Qasmi (R.A)

(Derived from: A Practical Model of Islamic Banking)

The Islamic economic system is based on a few basic principles. Islam has permitted trade and commerce, and forbidden the interest. Interest of any form (not traditional usury alone) is a manifestation of injustice, exploitation, hard-heartedness and cruelty. Allah, the Exalted, is the Creator of the heavens and the earth. He created human being. And to meet the demands of his existence on earth He created few such things like air and water that man could directly make use of it. He also created some kind of things as raw material so that with God-given intelligence, imagination and physical hard work man could use it for the manufacture of products to meet his certain other needs.

Man is by nature a social being. He, in his individual capacity, cannot meet all his needs single-handed. So, every one of us needs cooperation of other people. The cultivator grows food crops and thus undertakes feeding of others besides himself. The weaver provides us with dress. The blacksmith and carpenter keep man supplied with furniture, tools (to work with), and arms (for protection). Those rearing domesticated animals and dairymen are providing food and transportation facilities. It would have been very difficult for human beings to go from place to place in search of means to fulfill his necessities of life. That is not possible. Hence traders and merchants began collecting the products from manufacturers and farmers. Shops and markets came into existence. Thus agriculture, industry, trade, renting system and many more other utility services became the means of meeting man's needs.

In trade sometime goods are bartered. But in barter, the toilsome job and great hardship in moving goods from one place to another had to be resolved. So, to solve this problem, gold, silver and currency was declared as an alternative medium of exchange for the materials.

In Trading there is labour, hopes of gains and risk of loss also. Man in his transgression from the Divine guidance began to think of accruing wealth without labour and risk of loss. And instead of investing money for development and production, he chalked out a way of making money from the money which gave birth to the usury system. Allah views usury

as one of the worst crime, which eats the human economy like termites. The rich becomes richer without any risk and hindrance, and the poor and labours become poorer. The usury system has brought in hundreds of other evils also. Islam declared it totally forbidden and closed all doors leading to it.

The modern banking system is, in fact, the representative of this capitalistic and usury system, which sucks the blood of mankind through exploitation and oppression. And on the other hand, it is the system which breaks the back bone of human economy through inflation. That is why the international banking system prohibits “trade” and permits the “usury (Riba)” against the Quranic guidance.

But banking has certain advantages also. Particularly the endeavor of export and import, which promotes commerce and industry and extend the sphere of trade to the international level making available products from one end to the other all around the world. Both of these activities are essential and beneficial in several ways for mankind. So the agency of an institution like bank is an indispensable need.

In these circumstances, it was a challenge for the 'Ulama (Religious Scholars) and the Muslim economists to create and design an altogether new system of banking, keeping in mind the Islamic economic system. All praise be to Allah, the Ulama and the economists accepted this challenge. And in the past few years appreciable progress has been made on this front. And so many institutions of this type have also come into existence.

And this book is a sequence to the chain of such effort, which our beloved friend Mr. Sayeed Shingeri has authored by putting extra-ordinary labour and sustained interest in it. During the entire course of this work, he remained in direct touch with the 'Ulama and the Muslim jurists, discussing almost every word he penned down. Found out solutions to the problems in the light of the Islamic Shari'a, and discarded everything that was positively conflicting to its letter and spirit.

This humble man (the reviewer) also took personal interest in this work. In collaboration with Maulana Ateeq Ahmad, a lecturer of Nadwatul-ulama, carefully went through the manuscript, testing the contents on the

touchstone of the Shari'a. By the way, no human action can be claimed to be flawless. Such prodigiousness befits only to one book (book of Allah), which has been “without any (a shade of) doubt.” [لاريب فيهم] But within the limited ambit of my own intelligence and study, it would not be too much to say that on the theme of Islamic banking this book (under review) is comprehensive, practicable and in keeping with the demands of the Islamic Shari'a.

I shall also make it clear that on some issues, in view of the peculiar needs of the case, its expediency and the injunction of the Shari'a, any one of the four well-known schools of jurisprudence has been followed. For example, in case of the legal position and requisites of contracts, the Maliki School has been followed. Whereas the jurists of Hanafi School have elaborated that “the fulfillment of contracts becomes obligatory at the prescribed time. [لان المواعيد قد تكون لازمه]”.

Moreover, all the Imams (pioneers of the Islamic juristic schools) regard fulfillment of agreements obligatory as a demand of honesty. And if the honest fulfillment of contracts is made obligatory in the national and international trade, it would be exactly in accordance with the requisites of the faith and Shari'a.

Anyways, I would congratulate my beloved friend, Sayeed Shingeri Sahib, for this great service and pray that his work get acceptance and proves to be beneficial.

I would also request the discerning readers to go through the book thoroughly and point out any shortcomings to the author. He will not hesitate to get the things corrected after due scrutiny.

At the end, I once again supplicate Allah to confer on all of us the true sense to understand things and also grace us with the right intent and capacity for righteous deeds. Aameen!

Mujahidul Islam Al-Qasmi
Emarat-e-Shariah Bihar and Orissa
Phulwari Sharif, Patna
Ramadhan, 14, 1413 A.H

Introduction

Taqwa Credit Co-Operative Society Ltd. (Taqwa) which is known as “Taqwa Banking” has now made itself capable of providing the Islamic Banking facilities. It announced the launching of its first registered Head Office and Branch in Bhatkal on 4th October 2015, which represents the first (a full fledged equipped with the latest banking technologies) Islamic Banking Model in India. After a successful operation in Bhatkal, Taqwa obtained license for the state of Karnataka and established their first 'Corporate Office' and 'Second Branch' in Jayanagar Bangalore on 24 March 2018. Taqwa has now obtained NOC from Registrar of Co-Operative Societies Karnataka to launch its branches in six states namely; Tamil Nadu, Andhra Pradesh, Telangana, Kerala, Goa, and Maharashtra. Now procedural formalities are under process to receive permission from Central Government in New Delhi.

VISION

A Viable Islamic Banking Solution for the Benefit and good of Society in India.

MISSION

To Build up a Strong Islamic Bank for delivering valuable Financial Products and Services to our Valued Customers.

VALUES

Very transparent, Appealing to customers, Legitimate, Utility for mutual benefits, Excellence hospitality, Simple and sensible.

GOALS

To provide with “Riba Free” (interest Free) financing or offering reasonable returns on deposits and high returns on investments. To provide with high quality products and services to our customers and freeing them from vicious money lenders, and provide means for building assets of lasting value.

1. Shari'a Status of Deposit and Finance Schemes

The liabilities or assets and remunerative financial products of "Taqwa", like Saving accounts, investment certificates, deposit schemes and finance schemes are based on the Shari'a principles derived from the book "A Practical Model of Islamic Banking" written by Dr. Mohamed Sayeed Shingeri MBA, Ph.D. USA, which has been approved by late Hazrath Moulana Qazi Mujahidul Islam Al-Qasimi and Hazrath Moulana Abul Hasan Ali Nadvi. Besides, some of the schemes have been taken from Islamic Banks operating in various Gulf countries.

Islam prohibits Riba, or usury, defined as interest paid on the amount for any kind of loans. Although a large sect of Muslim scholars have difference of opinion on the issue of the consensus of Ulema about the definition of interest paid by the banks. However, Taqwa without indulging in to any type of debate on "Riba" (Interest) has come up with a concrete and scientific model of Islamic Banking as an substitute for conventional banking for the welfare and benefits of all societies, particularly in India.

Taqwa financial or banking activity that totally complies with 'Shari'a (Islamic law) is known as Islamic banking and finance industry. It has its own products, services and contracts that differ from conventional banking. Some of these include Mudaraba (profit-sharing), Dain (debt), Wadiah (safekeeping), Musharaka (joint venture), Murabaha (cost plus profit), Ijara (leasing), Istisna (a contract to manufacture or assemble), Sukuk (Islamic bonds), Takaful (Islamic insurance) etc.

Islamic banks are essentially governed by their Shari'a Boards – the religious scholars of such board certify a product about its compliance with Shari'a. But the challenge is that there is no central authority or personality who can promulgate Shari'a law, with the knowledge of requirements of the present-day banking practices. Comparing to the past the religious and modern education is bifurcated. As a result, the role of Islamic Scholars in formulating independent interpretation of modern time's financial issues is negligible. And this situation has made the issue more sensitive and very complicated.

The rapid growth of Islamic banking over the past so many years has resulted many complications in the introduction of Shari'a compliant

banking products and services for obtaining the necessary Shari'a approval at national and international level at present is lacking.

1.1 Hurdles Related to Shari'a Certification

When the Prophet Mohammed (PBUH) passed away from the world, there was only one group called the followers (Aas-hab) of Prophet (PBUH) in Islam. With the passage of time this group was broken in to various sects and from sects in to different groups, sects, pieces and particles. The roots of the traditional division between different branches of Islam are traced back to disagreement over various issues of Islam. In addition too many other smaller offshoots to these branches have been formed.

Under such circumstances where in depth knowledge regarding the traditional and Islamic Banking system is lacking, it has become an uphill task for Taqwa to obtain a valid certification on all of their products and services from anyone central institution or personality in India to whom everyone is agreed upon.

Therefore, Taqwa has decided to bring out a booklet that will contain a brief description and mechanism of all their products and services (which are fully Sharia's Compliant), so that the discerning readers would be able to thoroughly and critically study these products and services of Taqwa, and point out any shortcomings (if any) is found therein, Taqwa shall be whole heartedly welcoming such finding(s) and suggestions and make appropriate correction within the ambit of Shari'a and Regulatory perspective after due scrutiny and following certain rules and regulations as framed by Taqwa.

1.2 Transparency in Operations

One of the key values adhered by Taqwa, is 'TRANSPARENCY' in all of their operations, policies and procedures. Anyone is free to get information about their modus of operandi, such as;

- i. Regulatory Requirements (i.e. Legal, Compliance, Risk Management Financial Control and Shari'a Compliance)
- ii. Balance Sheet
- iii. Profit & Loss statement
- iv. Retained Earnings and Taxes Paid

-
- v. Business Plans
 - vi. Products and Services
 - vii. Islamic Core Banking Software
 - vii. Other

There is nothing as such with Taqwa to be kept hidden from Shareholders, Customers, Public, Government Officials and to Shari'a Experts.

1.3 Prize Scheme for Suggestion

Taqwa is established after a great research period of over 30 years, which has been endorsed by the most respected scholars of Shari'a. Besides it is scrutinised by many chartered accountants and highly professionalised personnel from all the aspects of Regulatory Compliance.

For the benefit of "Taqwa" and its customers, Taqwa has also a scheme to welcome suggestions from all of you and reward the persons who give their suggestions to enhance and flourish the overall activities of Taqwa.

Hence the readers of this booklet are requested to contact and intimate the Taqwa Board of Directors if they come across any Shari'a, Regulatory or Compliance shortcoming via e-mail to shura.taqwa@gmail.com.

In case Taqwa receive any small suggestion or correction or an extra ordinary suggestion, correction or recommendation from anyone, Taqwa will reward the person with a sum of minimum ₹1,000/- and maximum up to ₹ 5,00,000/- (depending upon the seriousness or importance of the suggestion/correction) along with a certificate of appreciation subject to approval from the Board of Directors of Taqwa.

1.4 Legal Action

If anybody is found guilty of propagating false information or publishing defamatory statements, making illegal statements in a verbal form against any activities or schemes of Taqwa via Social Media or by any other means, Taqwa will initiate stringent legal action against such person(s) or institution(s).

1.5 Shari'a and Regulatory issue

The well-wishers of Taqwa or Customers or PUBLIC who have any issue with regard to Shari'a, Legal, Compliance, Financial Control and Risk Management etc., they may directly contact the Board of Directors at Taqwa Head Office in Bhatkal and convey their queries. We shall be pleased to answer to their queries for mutual interest or benefits. For any explanation and more satisfactory answer regarding any issue of Taqwa, you can contact at: shura.taqwa@gmail.com

2. Regulatory Status of Taqwa

The Reserve Bank of India (RBI) has decided not to pursue the proposal to introduce Islamic banking in India. The proposal to introduce Islamic banking was first made in the year 2008 in the meeting convened by the committee for reforms in financial sector which was chaired by former RBI Governor Raghuram Rajan. But the decision to reject this proposal was made after considering the non-availability of wider and equal opportunities to all citizens to access the Islamic Banking and Financial Services in India.

2.1 Legal and Compliance

The operation of Islamic Banking is legally not possible on the RBI platform. However, there is scope to introduce few Islamic Banking products and services within the restricted purview of the Karnataka Credit Cooperative Society Act 1959/60. It is therefore, with this aim and objective, Taqwa Credit Cooperative Society Ltd (Taqwa) was registered at District level 'Kumta' under KCS Act 1960 vide registration no. AR-20/C/RSR/41603/2015-16 dated 15-04-2015. Thus, on October 4, 2015, a practical operation of Taqwa began with the establishment of a Head Office and a Branch in Bhatkal. After completing one year with success and good result, Taqwa obtained licence for its state level operations in Karnataka, and hence established a Corporate Office and a Second Branch of Taqwa at Jayanagar-4T Block in Bangalore, Karnataka. On completion of successful operations for two years, Taqwa has obtained NOC from the Government of Karnataka State to begin its operations in other six states of Maharashtra, Tamil Nadu, Kerala, Andhra Pradesh, Telangana & Goa.

Hence, the brand name of Taqwa Credit Co operative Society Ltd. will be changed to “Multi State Credit Co operative Society Ltd” it is going to be re-branded as “Taqwa Multi State CCS Ltd”, once multi state license is issued from RCS centre in Delhi.

2.2 Financial Controls

As it is the essential part of the “Regulatory Requirements”, Taqwa is following the legal criteria strictly in their operational activities and fulfil all the legal and compliance on time, in order to safeguard the customers funds raised under deposits and the funds deployed under different schemes of Taqwa, and check that they are not entered in to

any debt trap. All the books of accounts of Taqwa are audited on every fiscal year ending in March and the Audited Report is published and issued to all the shareholders/customers and the public, so that they are satisfied fully.

For the upliftment of all the communities of the society where, Taqwa branch is in operation, the basic focus will remain on achieving financial aims and objectives are as follows:

- i. To promote and create awareness among the members, depositors and associate members regarding the importance of economic growth, by avoiding unnecessary expenditures through mutual cooperation.
- ii. To manufacture, produce, distribute, purchase and sell the home appliances and other products with the participation of the members through the means of financing.
- iii. To collect the deposits from the members and carry on the business activities by providing finance to the members and associate members.
- iv. To provide financial/technical assistance to small scale industries, home industries, vehicular service providers and for establishing industries to those who are involved in self-employment or to start their own business.
- v. To provide finance against ornaments/jewellery hypothecation.
- vi. To provide finance to the members for purchasing motor vehicles on installments after mortgaging as per provision of the Motor Vehicle Act.
- vii. To open branches, sub branches, pay offices or offices with any other name and frame rules and regulations for the business of such offices within the area of operation of the Society, with the prior permission of the Registrar.
- viii. To draft and practically implement different programs meant for economically uplifting the members and general public.
- ix. To provide Lockers facility and other related services for safe keeping the valuable articles.

-
- x. To manage, execute or disburse the property/assets mortgaged to the Society for the recovery of the partial or total dues of the finance availed from the Society.

To achieve the above stated goals and objectives, the funds shall be tapped or availed from the sources as follows:

- I. By issuing Shares.
- ii. By accepting different type of deposits from the members and issuing deposit/investment Certificates.
- iii. By availing Temporary Overdraft and other finances as applicable, to fulfil the immediate need of our customer.
- iv. By receiving donations.
- v. By Admission fee.
- vi. By accepting subscription from the members for the Members Welfare Fund and Ex Gratia Fund.
- vii. By means of other types of fund under the provision of Act 1959.

Types of deposits and other sources accepted by Taqwa are:

- I. Current Account
- ii. Saving Account
- iii. Fixed Deposit
- iv. Tawfeer (Pigmy) Account
- v. Recurring Deposit
- vi. Safe Keeping Certificates
- vii. Deposits scheme that are designed by the Board of Directors from time to time.

(Note: The Board of Directors shall frame sub rules for such type of deposits.)

2.3 Risk Management

For Risk Management measures, Taqwa follows the guidelines as mentioned below:

- i. Only members of Taqwa shall be entitled to avail the benefits and favours from Taqwa.
- ii. On receiving an application from any member of the society, the Shura Committee thoroughly scrutinize the account of the concerned member before sanctioning/rejecting the finance.
- iii. For the approval of finance application from any member following factors must be there necessarily:
 - A deposit account with the society should have been maintained by the member and he should have good transactions with the society for a period of 0-6 months.
 - The capacity of the member to repay the amount is carefully and meticulously examined and their relevant financial and legal documents collected (based on their occupation) such as salary slips, IT return filing etc. Prior to the fulfilment of these requisites no finance is sanctioned to any member.
- iv. For Gold finance, the purity of the ornaments will be checked and evaluation will be done as per the market value.
- v. The deposits of the members are utilised only in highly secured financing schemes of Taqwa. Hence the risks of losses are negligible.
- vi. All the financing schemes of Taqwa are backed by customer's assets like, property mortgage, fixed deposit, post-dated cheques etc.
- vii. One third of Taqwa's funds is always kept in liquidity to cope up with the situation arising from large scale withdrawals by its members and meet the demand without any hindrance.
- viii. All the agreements in connection with the above financing schemes are written and executed on the Stamp/Bond Papers issued by the Government of India only.
- ix. To examine and audit the books of accounts and submit the audit reports of Taqwa CCS Ltd to the Government of India/Registrar,

Certified Chartered accountants are appointed for every two years. The task of filing the Income Tax Return, TDS and other legal formalities is done within the stipulated period by end of September every year.

- x. The legal advisory team of Taqwa comprise highly educated personnel and ex-employees of well-known Credit Co operative Societies of Karnataka.

It has been the policy of Taqwa right from the first day of its operations not to deviate, either from regulatory requirements or Shari'a Compliance at any cost. Therefore, Taqwa has cautiously managed to keep all of its operations within the framework of law and Shari'a and shall always remain adhered to it in future also. For this purpose, a legal advisor is already appointed who has expertise in the Credit Co operative Society Acts and Rules.

We request all the discerning readers to point out any shortcomings that they come across while going through this booklet and bring it to the notice of Taqwa Head Office in Bhatkal, and claim the Prize announced in the introduction of this booklet.

3. The Structure of Taqwa Multi State License



Taqwa has now obtained NOC from RCS Karnataka for multi-State license of six states

4. Deposit Schemes - Shari'a perspective

4.1 Saving Account

Taqwa has prepared many schemes for benefit of the general public, Saving A/c is also one of such schemes. The procedure of this scheme is to open a Saving Account with Taqwa, a sum of minimum ₹1000/- must be deposited. Customer may deposit or withdraw his amount at any time. The amount accumulated through deposit will be deployed by Taqwa for financing based on different principles of Shari'a and in this way whatever profit is gained, out of that Taqwa will pay an expected profit 0% to 4% to the depositor and rest of the profit shall be kept by Mudarib (Taqwa). But to claim the said profit, the customer shall compulsorily maintain an average monthly amount of ₹ 5000/- in his account.

Features:

- Amount can be deposited or withdrawn at any time.
- Passbook and cheque book are issued.
- Online banking, mobile banking facility are available.
- Immediate SMS alerts related to the amount deposited or withdrawn will be sent.
- Account statement is provided on request.

This scheme is prepared on the basis of Shari'a principle called 'Mudaraba'.

4.2 Current Account

Taqwa has prepared many schemes for benefit of the general public, Current A/c is also one of such schemes. The procedure is to open a Current Account with Taqwa, a sum of minimum ₹ 3000/- must be deposited. Customer may deposit or withdraw his amount at any time.

Features:

- Cheque book is issued.
- Online banking (NEFT/RTGS) facility are available.
- Mobile banking facility is provided.
- Digital banking facility is provided on request.

-
- Immediate SMS alerts related to the amount deposited or withdrawn will be sent.
 - Account statement will be provided monthly/quarterly or whenever needed.

This scheme is prepared on the basis of Shari'a principle called 'Dain'.

4.3 Tawfeer (Pigmy) Account

Taqwa has prepared many schemes for benefit of the general public, Tawfeer A/c is also one of such schemes. As a procedure of this scheme an agent is appointed to collect the amount from those persons, especially from the traders who want to deposit some amount on daily basis for their future use and they cannot visit the bank every day. The agent daily visits to such people for collection and deposit the amount into their account.

Features:

- Amount may be deposited daily as per the individual capacity.
- If someone wishes to deposit the amount on weekly or monthly basis, he/she may do so as per their feasibility.
- Amount deposited in this account can be withdrawn at any time after (6) six months. If someone wishes to withdraw his/her amount before completion of six months, then the payment will be done after deduction of 3% commission of the Tawfeer agent from the deposit.

This scheme is prepared on the basis of Shari'a principle called 'Dain'.

4.4 Fixed Deposit Account

Taqwa has prepared many schemes for benefit of the general public, Fixed Deposit A/c is also one of such schemes. As per the procedure of this scheme, a sum of minimum ₹ 10,000/- must be deposited in the Fixed Deposit A/c for a term of (1) one year. Taqwa will deploy this amount for financing based on different principles of Shari'a like Murabaha, Wakala and Ijara to earn the profit of which 70% of the profit earned will be paid to the depositor and rest of 30% profit will be disbursed to the shareholders (Taqwa).

Features:

- After completion of one year the deposited amount may be withdrawn at any time or it can also be renewed.
- If someone wishes to withdraw his deposit before the stipulated term, he/she may do so, but he/she will not be entitled to get the profit for the current month.
- A Certificate will be issued wherein the details of the amount deposited will be mentioned.

This scheme is prepared on the basis of Shari'a principle called 'Mudaraba'.

4.5 Ghina Fixed Deposit Account

Taqwa has prepared many schemes for benefit of the general public, Ghina Fixed Deposit A/c is also one of such schemes.

Part 1:

Under this scheme:

- Based on Shari'a principle Mudaraba a sum of minimum ₹ 10,000/- a fixed deposit (multiple of the same amount of fixed deposits, no restriction) is placed/deposited with us for a period of one year.
- The total amount collected under this scheme is invested in the financing schemes and profit is earned.
- As per the prior mutual agreement, from the total profit earned at the end of the year, 30% will be given to the depositor and 70% profit will be reserved for the shareholders.
- On the maturity of one-year agreement the basic deposit amount of every Ghina fixed depositor is deposited back into his/her account or renewed as applicable.
- Those account holders who wish to withdraw the amount from this scheme before completion of one year's term, their amount will be returned back. And the profit for as many months the amount remained with us under this scheme will be credited to their saving

account with the profit realised as at the previous month or profit calculated as at last unit value.

- In case the account holder takes part in raffle draw, it will be necessary for him to complete the one-year term. If any account holder chooses to withdraw the amount prior to the one year term from the Ghina Fixed Deposit after participating in raffle draw, then the issue will be resolved by mutual conciliation between the depositor and the Taqwa.

(Note: Here the agreement of Mudaraba between Taqwa and the Customer is completed).

Part 2:

“As Taqwa was founded with the basic intention of transferring huge funds of the community kept in the interest-based banks to the interest-free banks, and also keeping in mind the attitude and psyche of the public in this modern materialistic world, Taqwa has designed a scheme to attract them within the ambit of Shari'a wherein some lucky account holders are rewarded with extravagant prizes by drawing lots on a monthly basis and at the end of every fiscal year ending in December. This is a part of flexible business policy and attractive marketing strategy for business promotion.”

At this point of time, Taqwa would like to make it clear that the additional feature added to Ghina Fixed Deposit scheme is related to right of ownership of the Taqwa. The explanation of this point is that the 70% profit which is earned by Taqwa throughout the year based on Mudaraba (partnership) is its property, and for marketing purpose, Taqwa is disbursing the same to its Ghina Depositors only.

4.6 Wakala Deposit Account

Taqwa has prepared many schemes for benefit of the general public, Wakala Deposit A/c is also one of such schemes.

The term “Wakala” literally means an Agent or Agency to whom the “Muwakkil” (client) assigns his powers and appoint as “Wakeel” (agent) so that he can carry out some specific job on his behalf. In fact, in case of Wakala Deposit or Wakala Investment/Finance, the role of “Muwakkil” is passive, as he practically does not take part in business activities at any stage. There are two (2) types of Wakala agreements:

Wakala Deposit: Under this agreement the customer deposits his amount with Taqwa.

Wakala Finance: Under this agreement Taqwa makes an investment or financing with a customer, as discussed further on Page No. 40.

Wakala Deposit:

This is a type of agreement where an account holder appoints Taqwa (as agent) to carry out investment activities, who claims that under wakala scheme “through Taqwa Islamic Banking short term/long term investment can be done in an impressive and result oriented manner.” And Taqwa accepts the deposit according to the predetermined terms and conditions, with a well-defined and expected rate of profit. For example, 0% to 7% expected profit will be given on the amount deposited by the customer.

After receiving the deposits from the customers, Taqwa will issue the Wakala Deposit Certificate. Under the Wakala Deposit model the right to review the rate of expected profit will rest with Taqwa (wakeel) who is carrying out the business activities. And the customer (muwakkil) shall be bound to accept the rate of profit which will be paid by Taqwa (wakeel).

4.7 Gold Saving Account

Taqwa has prepared many schemes for benefit of the general public, Gold Saving A/c is also one of such schemes. This scheme is meant for those who wish to step by step acquire or save the gold in small quantity as per their convenience. And after depositing a large quantum they can take it in the form of jewelry or get cash amount equal to value of the gold. Under the scheme the customer shall necessarily purchase minimum one (1) gram of gold. Further this scheme is an alternative for those who avail loan by mortgaging the gold. Such people can instead of mortgaging may sell out the gold for their immediate needs and with the amount or number of installments to be paid, they can purchase the gold again according to their convenience. When a large amount of gold is deposited, they can buy the jewelry of latest designs available in the market. And for that purpose, it will not be necessary for them to pay any additional amount in the form of profit. In this scheme the role of Taqwa will be of a broker and for every transaction Taqwa will collect 0% to 3% brokerage fee from the customer.

Features:

- According to own convenience gold can be purchased. When the rate is cheaper buying the gold and when the rate goes high then sell it to make profit.
- The gold deposited can be converted into latest ornaments also.
- The deposited gold can be withdrawn or transferred at any point of time.
- Passbook is issued which will contain details of purchase and sale of gold.

This scheme is based on the basis of Shari'a principle called 'Wakala'.

4.8 Taqwa Mutual Fund

Taqwa has prepared many schemes for benefit of the general public, Taqwa Mutual Fund is also one of such schemes. This scheme is designed only for the members of Taqwa. For those people who intend to invest their amount in Islamic manner, Taqwa provide a facility for them to invest a sum of minimum ₹ 50,000/- in Taqwa Mutual Fund for a period of one (1) year. The net profit earned on this fund will be allotted to the customer, which is estimated as 0% to 2% of the customer's amount per month. On the basis of Mudaraba if there is a loss, then the current loss will be merged with future profit and the capital investment will be secured.

As per the Shari'a principle in case of Mudaraba, the customer shall be a partner in the profit and the loss as well. But whenever there is loss, often the customer doesn't accept that situation, so, as expediency Taqwa has adopted this proposal.

After the investment up to six (6) months the amount cannot be withdrawn, nevertheless customer can avail temporary finance facility from Taqwa on the basis of his investment. In case any customer wishes to withdraw his amount then he should intimate Taqwa prior to 60 days in writing.

This scheme is based on Shari'a principle called 'Mudaraba'.

4.9 Capital Gain Plus Account

Taqwa has prepared many schemes for benefit of the general public, Capital Gain Plus A/c is also one of such schemes. This scheme is specially designed for those people who intend to deploy their capital in long term investment. Taqwa provides them a facility to deposit ₹ 1,00,000/- (one lac) into Taqwa Capital Gain Plus Account for a period of minimum three (3) years. The expected profit is 0% to 3% per month, payable at the end of every fiscal year. This agreement will be based on the Shari'a principle Mudaraba. In case of loss on the basis of Mudaraba, then the current loss will be merged with the future profit and the capital investment will be secured.

As per the Shari'a principle in case of Mudaraba the customer shall be a

partner in the profit and the loss as well. But whenever there is loss, often the customer doesn't accept that situation. So, as an expediency Taqwa has adopted this proposal.

After the investment up to twelve (12) months the amount cannot be withdrawn, nevertheless customer can avail the finance facility from Taqwa on the basis of his investment. In case any customer wishes to withdraw his amount then he should intimate Taqwa prior to 60 days in writing.

This scheme is based on Shari'a principle called 'Mudaraba'.

4.10 Noor Basic Income (NBI) Account

Taqwa has prepared many schemes for benefit of the general public, Noor Basic Income A/c is also one of such schemes. This scheme is designed under the corporate social responsibility for those people who are economically weak and under privileged, as this has been one of the objective of Taqwa.

As per the procedure of this scheme, Taqwa will pay a sum of minimum ₹1000/- to the NBI account holder with Taqwa on the first day of every month for a period of one (1) year renewable on a case to case basis.

Apart from the shareholders and customers of Taqwa if other businessmen and companies may come forward to provide with financial assistance for these underprivileged people and reserves a little amount for this purpose from their business advertisement funds, then Taqwa will facilitate this job under its supervision.

This scheme is based on Shari'a principle called 'Dain'.

5.1 Auto Finance

Taqwa has prepared many schemes for benefit of the general public, Auto Finance is also one of such schemes. Right from the day one of its commencement, Taqwa is striving to fulfill the needs of the people within the purview of Shari'a. This Auto Finance scheme is one of the steps in that direction. The procedure of this scheme is to provide 70% of finance to someone who is in need of Auto Finance on the basis of 'Murabaha'. Every month, 1% profit and monthly principle amount will be collected from the customer on the amount provided under this financing scheme. To avail this finance, customer has to deposit 30% of the vehicle amount (ex showroom price) in advance in his/her account with Taqwa. Besides that, ₹500/- processing fee and ₹500/- documentation fee will be also collected from the customer.

The period of financing for motor bikes shall be minimum one (1) year and maximum two (2) years, whereas for cars it will be minimum one (1) year and maximum four (4) years.

This scheme is based on the Shari'a principle called 'Murabaha'.

5.2 Safe Keeping Facility

Taqwa has prepared many schemes for benefit of the general public, Safe Keeping Facility is also one of such schemes. The aim of this scheme is to provide a safe keeping facility for their valuable items or their important documents who doesn't wish to keep it at home for the safety reasons. As Taqwa bank takes the responsibility of safeguarding their items, Taqwa will be collecting 0% to 0.6% (of the item value) as monthly rent from the customer. In case of gold, the charges of testing the purity is borne by the customer. And ₹1000/- processing and documentation fee is also charged. For example, if someone is safekeeping the ornaments worth ₹1,00,000/- with Taqwa, then he/she has to pay 0.6% (of the item value) i.e. a sum of ₹600/- per month as the rent. If the important Non-Financial Value Documents is to be deposited for safekeeping, then the rent will be fixed as per the calculation of market value.

Taqwa will issue a certificate to customer equivalent to the value of the ornaments/documents deposited by him, and it will contain the complete

details of the ornaments/documents which have been deposited by the customer. Whenever the customer is in need, he can avail 60% to 70% financial assistance on the basis of this certificate from any branch of Taqwa.

This scheme is based on Shari'a principle called 'Ijara'.

5.3 Gold Finance (Gold Loan)

Taqwa has prepared many schemes for benefit of the general public, Gold Finance is also one of such schemes.

This scheme is promoted to facilitate a person to avail the required amount needed in case of any emergency. This is a Shari'a compliant solution, an alternate to the Gold Mortgage Loan in the interest-based banking system.

Under this scheme, the Safekeeping certificate issued by Taqwa is deposited in any Taqwa branch and 60% to 70% amount is availed against the safekeeping certificate. To repay this amount a full term of one year is given to the certificate holder. And after paying equal monthly installment (EMI) partially, if the customer once again is in some urgent financial need, he may once again avail the financial assistance from the re- paid installments under the same agreement. Under this scheme the customer is also required to submit a postdated cheque as security for the amount availed from Taqwa.

Features:

- For this financial assistance Taqwa will not charge any fee to the borrower but, the same borrowed fund will be repaid by him.
- No need of any surety and the customer need not submit his financial details.
- A full term of one year will be granted and just renewal of the agreement will be enough for extension of this stipulated period.
- Repayment may be done monthly or quarterly basis.
- Based on Safe Keeping Certificate 60% to 70% finance can be availed from any branch of Taqwa.

This scheme is based on Shari'a principle called 'Rehan'.

5.4 Gold Purchase Finance

Taqwa has prepared many schemes for benefit of the general public, Gold Purchase Finance is also one of such schemes. This scheme is designed for those people who intend to buy new and latest type of jewelry without selling their old gold ornaments or gold. Taqwa will provide them a facility to keep their gold jewelry or gold articles in safe keeping as security and avail a finance equivalent to 70% of its value for the purchase of new gold ornaments on the basis of 'Murabaha' and a monthly 1% profit will be collected on the amount of finance from the customer. Besides that, a processing fee of ₹500/- and documentation fee of ₹500/- will be charged. The term of this Gold Purchase Finance will be for one year or as applicable period.

This scheme is based on Shari'a principle called 'Murabaha'.

5.5 Property Finance

Taqwa has prepared many schemes for benefit of the general public. Property Finance is also one of such schemes.

As per the procedure of this scheme, if any person intends to purchase a home or a property and he does not have the required amount, then Taqwa shall provide this type of finance to their customers under the Shari'a principle 'Murabaha' or 'Istisna' as applicable. The repayment of this finance shall be done by installments within the stipulated period. Taqwa being the owner of the property or the asset, will undertake an agreement of construction with the customer and the supplier. After that Taqwa will sell the ownership of the said asset or the property to the customer at a different price wherein the payment made by the Taqwa and its profit will be included. In the beginning of this type of finance, the financing term, (i.e. the terms of Shari'a principle), the pricing, property costs, the obligations of the parties in case of loss are to be clarified while, all such details are different depending on the market conditions. The customer has to pay 30% of the actual amount as advance, in the beginning only. Besides that, ₹500/- processing fee and a documentation fee of minimum ₹ 500/- or maximum 1% on the value of documents/project will be charged.

The Shari'a principle 'Murabaha' or 'Istisna' will be applicable on this scheme.

5.6 Commodity Finance

Taqwa has prepared many schemes for benefit of the general public, Commodity Finance is also one of such schemes.

Right from the day one of its commencement Taqwa is striving to fulfill the legitimate needs of the people in an Islamic manner. Taqwa's Commodity Finance scheme is to provide assistance to their customers who desire to own durable items such as; fridge, washing machine, electronic items etc. for their daily use.

As per the procedure of this scheme, the customer has to pay 30% of the amount in advance to purchase the item which he intends to own. And for the rest of the 70% amount, finance will be provided by Taqwa on the basis of 'Murabaha'. For the 70% amount which Taqwa has financed, it will collect a monthly profit of 1% on the basis of Murabaha. Besides that, a ₹500/- processing fee and ₹500/- documentation fee will be collected from the customer. The tenure of the commodity finance will be one (1) year.

This scheme is based on Shari'a principle called 'Murabaha'.

5.7 Lease Finance

Taqwa has prepared many schemes for benefit of the general public, and Lease Finance is also one of such schemes. One of the basic objectives of Taqwa is to make weaker and poorer section of the society economically sound and stable.

As per the procedure of this scheme if someone is in need of any vehicle or machinery and he/she doesn't have the required amount, then Taqwa will provide the financial assistance to him/her on the basis of 'Ijara'. Under the lease finance facility only those items can be purchased which are depreciable in nature.

For example:

If Taqwa provides ₹ 20,000/- to someone to purchase a vehicle/machine, as per the agreement the ownership of the vehicle will be in the name of

Taqwa only. And after fixing the monthly rent ₹1000/- from customer's side, the vehicle will be handed over to the customer. If he pays a sum of ₹1000/- monthly as rent, the total amount which was financed will be recovered in 20 months. With this, the 'Ijara' agreement can be terminated. Now, if the customer desires, he has option to buy the vehicle on current market rate and transfer the ownership documents into his name. A processing fee of ₹500/- and documentation fee of minimum ₹500/- or maximum 1% of the value will be charged to the customer.

Features:

- With a little amount as per individual capability one can purchase desired asset.
- If the customer of this contract wishes, he can buy every year a new model of vehicle/asset without any kind of unwanted loss.

The customer shall not be bound in any manner to wait for the completion of the "Lease Purchase Agreement". Instead he will be free to terminate the Ijara Agreement whenever he decides to do so and sell the asset to any other customer.

This scheme is based on the Shari'a principle called 'Ijara'.

5.8 Hire Finance

Taqwa has prepared many schemes for benefit of the general public. Hire Finance is also one of such schemes.

As per the procedure of this scheme if someone intends to purchase a home and he/she doesn't have the sufficient amount, then Taqwa will provide finance under 'Ijara' to such customer to purchase the home (asset) on installments. Hire Finance facility is provided for purchasing only those items which may be appreciated or depreciated in their nature like land, houses, shops, factories etc.

After executing an agreement between each other, the customer can take the asset into his custody. The quantum of rent and the installments payable by the customer shall be decided by Taqwa. The share of customer shall be 30% and the rate of rent/profit on the financed amount

will be 1% per month. Besides that, a processing fee of ₹500/- and a documentation fee of minimum ₹500/- or maximum 1% of the finance value will be charged.

If a customer fails to pay the full cost of the asset in the stipulated period, then Taqwa will have complete authority to sell the asset to some other customer and from the amount received by selling the asset, first the customer will get his share as per the proportion of investment. The rent of asset will be always divided between the Taqwa and the customer according to the proportion of their investment. As the amount paid by the customer goes on increasing, the ownership of the asset will be transferred from Taqwa to the customer gradually. However, until the final payment is done, the asset will remain under the joint ownership of Taqwa and the customer. When the customer will make the full and final payment of the cost of the asset, Taqwa will then examine the market rate, and the difference between the real cost of the asset and the current value (which shall be the profit of the total investment) shall be distributed between the Taqwa and the customer according to the proportion of their investments.

5.9 Project Finance

Taqwa has prepared many schemes for benefit of the general public, and Project Finance is also one of such schemes.

As per the procedure of this scheme if a customer has a project and he has lack of the required amount to complete that project, then the Taqwa will provide the finance to that customer on the basis of 'Musharaka' or 'Mudaraba'. And when the project is completed, Taqwa will get the profit according to the proportion of its investment based on any one of the above Shari'a principle. In the beginning of this type of finance, the financing term, (i.e. the terms of Shari'a principle), the pricing, the obligations of the parties in case of loss are to be clarified while, all such details are different depending on the market conditions.

Besides that, the customer shall pay 30% of the actual amount in advance along with a processing fee of ₹500/- and documentation fee of minimum ₹500/- or maximum 1% of the value.

The second option in this matter is that Taqwa can provide finance under 'Istisna' for Project Finance. The repayment of this finance amount shall be done on installments under a specific tenure. As the asset is under the possession of Taqwa, an agreement of construction will be executed by Taqwa, between the customer and the supplier. After that, Taqwa will sell the said asset or the project to the customer on a different price wherein the payment made by Taqwa and its profit will be included.

For this scheme the Shari'a principles 'Musharaka' or 'Mudaraba' or 'Istisna' may be applied.

5.10 Micro Finance

Micro Finance is a source of financial assistance to those who wish to try their luck in trade or some petty business and they are unable to reach the banks and get benefited by the services provided by them. There are two types of such people:

- i. Banking on the basis of contacts by individual trader or petty businessman.
- ii. Based on Group Model, various traders collectively approach the bank under the leadership of any team leader.

The basic aim of the Micro Finance is to free the people from the clutches of poverty and destitution and make them economically sound and stable.

As per the procedure whoever intends to get benefited by this scheme, he/she shall have necessarily an account with Taqwa. All the customers with Saving, Current or Tawfeer (pigmy) account with Taqwa can avail the benefit of this scheme. The quantum of Micro Finance is minimum ₹10,000/- or its multiples with a maximum limit of ₹1,00,000/-.

To avail Micro Finance, the customer compulsorily shall have a deposit of half the amount of Finance in any one of his account with Taqwa. For example, to avail ₹10,000/- as Micro Finance, there must be around ₹5000/- in the account of the customer. And then, Taqwa will collect an expected profit of 0% to 2.5% monthly on the finance amount of ₹10,000/- based on his business condition.

In this scheme Taqwa will give tenure of 120 days and during this period the customer will repay the amount according to his convenience. After the completion of stipulated period, if the amount is not repaid fully, then for the balance amount a new agreement will be executed wherein the customer will pay expected profit of 0% to 2.5% monthly to the Taqwa.

Under the risk management process, Taqwa will collect a postdated Cheque from the customer. If anyone repays the availed amount of Micro Finance before the stipulated time, e.g. if somebody repays the amount to Taqwa within one month, then the expected profit of one month only will be collected from him/her. In case any trader faces loss in the Micro Finance amount availed from Taqwa, as per the Shari'a principle 'Wakala', after due scrutiny the Taqwa will bear the loss too.

This scheme is based on the Shari'a principle called 'Wakala Investment'. However, Shari'a term 'Musharaka' or 'Mudaraba' too may also be applied on this scheme, as per the requirement.

5.11 Temporary Overdraft

Taqwa has prepared many schemes for benefit of the general public, Temporary Overdraft is also one of such schemes.

As per the procedure of this scheme Taqwa will provide a short-term Finance facility under Temporary Overdraft to its existing customers. On this financed amount, about 3% (variable) interim service cost + GST will be collected per annum from the customer, which is Taqwa's actual overhead expenditures plus a processing fee of ₹ 200/- shall also be collected as fixed by the Taqwa Management.

This scheme is based on the Shari'a principle called "Haq-e-Khidmat" i.e. "Service Cost".

5.12 Call Finance

Taqwa has prepared many schemes for benefit of the general public, Call Finance is also one of such schemes.

As per the procedure of this scheme, those people who come across many occasions/business opportunities in the market to carry out some business, but due to unavailability of the required cash they cannot make use of such

occasions. Under such condition a customer can contact Taqwa and with the help of Call Finance facility, he can earn a good profit. Taqwa will provide Call Finance to such customers only who have already maintained a specific “Credit Lines” with Taqwa.

Taqwa will execute an agreement with customer which will be called “Purchase Commitment Contract” and “Sale Commitment Contract”. And the profit earned under this finance scheme will be disbursed as per the Shari'a principle 'Mudaraba' or 'Musharaka'.

5.13 Wakala Finance

Taqwa has prepared many schemes for benefit of the general public, Wakala Finance is also one of such schemes.

The term “Wakala” literally means an Agent or Agency to whom the “Muwakkil” (client) assigns his powers and appoints as “Wakeel” (agent), so that he can carry out some specific job on his behalf. In fact, in case of Wakala Deposit or Wakala Investment/Finance, the role of “Muwakkil” is passive, as he practically does not take part in business activities at any stage. There are two (2) types of Wakala agreements:

- i. Wakala Deposit: Under this agreement the customer deposits his amount with Taqwa, as discussed earlier on Page No. 28.
- ii. Wakala Finance: Under this agreement Taqwa makes an investment or financing with a customer.

This procedure is often adopted in the matters of financing. Wakala Finance or Investment is a term which has a wide scope to join hands with various trade and business entities who were indulged in successful business activities on a large scale, but currently (or at a point of time) they are facing shortage of funds or working capital and hence looking for a finance to fulfill the demands of their business or their customers.

Under this type of investment or financing, Taqwa as 'Muwakkil' will appoint its agent (Wakeel) so that on behalf of Taqwa he can totally participate in the specific business activities of the customer on the condition of share in the profit and loss and predetermined expected rate of profit. Under the Wakala finance or investment scheme, the right to review the rate of expected profit will be with the customer

(Agent/Wakeel) who is conducting the business activities. In case the predetermined rate of profit could not be realized, then the agreement executed earlier will be terminated, and based on the actual profit realized a new agreement will be signed and the profit will be distributed accordingly. And Taqwa (Muwakkil) is bound to accept that rate of profit which is offered by the customer (Wakeel).

1. Murabaha

Selling of goods on cash or credit keeping a “mark-up” on its original cost, that will be purchased by a financier so that the goods in question is sold to a prospective buyer on pre-determined terms & conditions and profit. In this transaction once the price of the item or product is fixed, any changes with respect to time/duration or price cannot be varied, once it is agreed by the two parties involved.

2. Ijara

It is a contract related to an asset which is based on the use of specific future period of time, on a fixed rent. In this contract the rent is paid to the lessor with effect from the possession of the property/asset to the lessee.

3. Musharaka

It is a contract which is undertaken by two or more parties who jointly makes investment in such a way that the profit/loss in the business is shared by them in proportion to the amount invested by the parties.

4. Mudaraba

In this contract there are two parties who jointly agree upon to start a business at pre-agreed profit percentage. The partner who invest money is called “Rab ul Maal” (Investor) and the working partner who deploys his time and services towards the business is called “Mudarib” (working partner).

5. Qard-e-Hasan

This is an interest free loan which is granted to such a person who is facing financially distress condition. Once the loan is granted, it is not obligatory on the part of the borrower to repay it. However, the borrower may refund the loan depending upon his financial abilities or if the borrower’s financial condition is improved in course of time.

6. Dain

Dain also is a form of interest free loan under which it is obligatory on part of the borrower to repay the loan amount in accordance with the terms and conditions as mutually agreed by the parties involved. It is a commitment or promise to be fulfilled by the borrower for repayment of the loan on time.

7. Bai-Salam

It is related to the sale of some specific goods whose price value will be collected in advance from a buyer and delivery of the goods will be made at a specific future date. In this contract the seller shall be bound to produce and deliver the specified goods at the predetermined date and specifications, as per the agreement. In case of loss, it is responsibility on the part of the seller to liquidate full loss to the buyer.

8. Wakala

The term “Wakala” literally means an Agent or Agency to whom the “Muwakil” (investor/customer) assigns his powers or appoints as “Wakeel” (agent) so that he can carry out some specific job on his behalf. In case of Wakala Deposit or Wakala Finance, the role of “Muwakil” is passive, as he practically does not take part in business activities at any stage of time.

9. Istisna

This is a type of contract in which one party arranges to start production or construction of specific assets/items to be delivered at fixed future period of time at a fixed price in advance.



Taqwa

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