

# THE ISLAMIC LAW APPROACH TO ECONOMIC REALITIES IN A PLURALISTIC SOCIETY: A CASE STUDY OF *BAY‘ AL-SALAM* (FORWARD SALE) IN NIGERIA

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## ABSTRACT

*Islamic law has never been an island to itself throughout history. It emerged within a pluralistic society and was nourished and cherished therein with all other religions. All its system carries global outlook and do not over-emphasize the religious trend of Islam. Its economic system served the realities of the past as it is serving the realities of the present. This paper examines Islamic economic principles as an aspect of Islamic finance with an example of Islamic transaction in agricultural dealings that is, bay‘ al-salam using Nigeria as a case study. Through doctrinal legal research, the finding of the paper is that Nigeria being an agrarian society stands to gain a lot from the institution of bay‘ al-salam because it will serve as alternative to loan which is very difficult to access at present due to the current economic problems. The paper concludes that Islamic law provides alternative ways of transactions which are not anathema to human nature and it is not exploitative and*

*amenable to all epochs and eras. The paper recommends that there is need for collaboration of strategy between the farmers, Islamic financial institutions and the potential buyers to build strong customer allegiance to achieve the expected objective.*

**Keywords:** *Islamic law, economic realities, pluralistic society, bay‘ al-salam, Nigeria*

## **INTRODUCTION**

Wealth acquisition is one of natural intuitions engrafted in human minds. Islamic Law is so pragmatic about it when it makes wealth one of the objectives that deserves its protection, despite the fact that all the objectives under it are no more than five (Khallaf, A. 2002, 232-233). Thus, economy is considered one of the pivots of life.<sup>1</sup>

As Islamic law is a revelation from God, Allah, everything is referred to Him. In economics, Islamic Law enjoined the belief that Allah is the creator of this marvelous and unprecedented world. He deposited in its powers and great potentialities that are made subservient to mankind. Allah, in turn, ordains mankind to exploit these potentialities and make their advancement for profitable use. Consequently, mankind is asked to invest his labour into the process of production after he has been guided into means and method of acquisition. This is the belief of a Muslim. The belief that what he possesses is nothing but Allah’s offer. He believes that his own ownership is a borrowed and retrievable one, while the original ownership belongs to Allah who created him, as He created the world wherein, he lives and out of which potentialities he exploits and utilizes. Allah, the Most Exalted, ordains in the Quran as follows:

*“And give them something (yourselves) out of the wealth of Allah which He has bestowed upon you.”*

(Surah al-Nur, 24: 33)

Here, in this verse, the property is referred to Allah as an annexation of the real ownership because it is from Him and He is its provider. But it’s going out is annexed to the people because they are responsible for the execution of this duty (Muhammad Al-Qurtubi, A. 1964, 253-254). Every generation of mankind exploited its efforts in the process of production and reaped the fruits of these efforts throughout its life time. It then, leaved the harvest behind for

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<sup>1</sup> Surah al-Nisā’, 4: 5 and its exegesis in Muhammad Al-Qurtubi, A. (1964: 27-33).

successive generation, for it could not preserve it for itself forever. It has to leave it behind and pass away. And it is so forth and so on, because it is a trust of Allah. The Quran asserts:

*“He it is who hath placed you as viceroys of the earth and hath exalted some of you in rank above others, that He may try you by (the test of) that which He hath given you. Lo! Thy Lord is swift in prosecution, and Lo! He verily is forgiving merciful.”*

(Surah al-An‘am, 6: 165)

In this verse Allah reminds men that they are viceroys on His earth as well as they are on trial by the acquisition of the wealth that He has provided therein. Whoever gets large quantity and whoever gets but little out of this unlimited wealth should be grateful to the Providence who has bestowed upon him His mercy and gives him the proprietary rights of wealth which is at his disposal. He should neither allow the wealth to become his god nor he also, because of the wealth, poses himself as a god. He is commanded to believe in Allah and His Messenger, and to spend in charity out of the substance of which Allah has made him heir.<sup>2</sup>

## LITERATURE REVIEW

Although there are several books on the *salam* mode of Islamic finance in Islam but majority of the writers based their findings on the juristic view or opinion on what was happening at their times and the operation of *bay‘ al-salam* is limited to particular agricultural products that are prevalent in their countries. For example, al-Shirbīnī (1958, 102), tried to compare *salam* as synonymous to the word *salaf* (lending) and to make *salam* is to give or lend something to somebody. Atah et al. (2019) explored the viability of *bay‘ al-salam* as an alternative mode of agricultural financing - semi - structured interviews where seven experts were conducted in Kano State, Nigeria. Saiti et al. (2018), Mohammed et al. (2017), and Sadler et al. (2016) in their works examined the difficulties experienced by farmers and small agribusinesses in developing countries in accessing finance. What appears to be a discussion under the Islamic law perspective on *bay‘ al-salam* are the works of Oladokun et al. (2015), Muneeza and Hassan (2011), Kaleem and Wajid (2009). They proposed models of agriculture financing from Islamic law perspective, but no reference is made to the Islamic law approach to economic realities in a pluralistic society. Therefore, to the knowledge of the researcher, to date, no

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<sup>2</sup> Surah al-Ḥadīd, 57: 7.

literature has examined or discussed the Islamic law approach to economic realities in a pluralistic society like Nigeria. It is this gap that this paper seeks to abridge.

## **METHODOLOGY**

This paper is doctrinal and adopts descriptive analytical approaches to analyze the provisions of al-Quran and the hadiths of Prophet Muhammad SAW and the Islamic law approach to the economic realities in a pluralistic society using *bay' al-salam* as a case study in Nigeria. To arrive at appropriate findings and conclusion, the paper relies on two sources of data which are primary and secondary sources of Islamic law. From the Islamic law perspective, the primary sources are the Holy Quran and Hadith of the Holy Prophet SAW. The provisions of the Quran and Hadith of the Holy Prophet SAW are examined to identify the relevant provisions on the approach to economic realities of *bay' al-salam*. In addition, Quranic verses and the Hadiths of the Prophet SAW are analyzed to discover the origin of *bay' al-salam*. The secondary sources comprise the relevant academic materials such as journal articles, conventional and modern Islamic law textbooks and credible internet sources.

## **PRAGMATIC APPROACH OF ISLAMIC LAW TO THE ISSUES OF ECONOMY**

One of the primary instincts in the nature of man is the instinct of desire. The psychologists have proved this in their study Fatihi (1969, 101-108) and the reality of man's life testified to it. For example, a baby in his childhood who lives with his parents, brothers and sisters, despite his love for them and vice-versa, he will still find an instinct which will lead him to acquire something and preserve it for himself with the exclusion of other members of the family. Most of the rifts occur among the children or brothers and sisters are results of the desire of each one of them to preserve for himself some property or rights excluding others.

This instinct is promoted by Islam with encouragement to the acquisition and by its lawful means. Nevertheless, Islam takes into account the community spirit which is innate in man. Every individual has the feeling that he is a member of his family and every family believes that it is a member of its society. For this reason, no man can live alone because he is a social being by

nature. Islam ordains certain societal rights, hand in hand with its section of private ownership, for the public interest for the same reason<sup>3</sup>.

### 1. Right of Acquisition

Islamic Law ordains the right of acquisition for every individual who has ability to acquire, and private ownership is also allowed (Zaydan 1976, 237-240)<sup>4</sup>. At the same time, it enjoins upon the capable individuals' certain societal rights to cater for the needy, incapable individuals and for the general public interests. Islamic Law thus differentiates itself from capitalism (Ghai, Y. 1977, 26-31), socialism (Abramovich, 1968) and communism (Leontyev, L.A. 1968, 237; 396-399). It gives restricted allowance to the individuals in the field of acquisition as well as it recognizes communal ownership where such rights serve the humanity better. As Islamic law enjoins upon individuals to acquire wealth, the state is also enjoined to acquire if its acquisition will serve the public interests better. It does not allow the state to use administrative fiat, sitting down at corridor of power and declare all lands in the state as government property (Chandhry, 1999; Saiti, B., Afghan, M. & Noordin, N. H. 2018, 52-61). The state has to send its workers to the virgin and unoccupied land and physically possesses it before it can claim its ownership. No state, under Islamic law, is allowed to possess the wealth and resources in the state just by administrative fiat without any labour. The state has no monopoly to the means of production<sup>5</sup>. If it needs to produce, it has to physically participate with its labour and capital.

Islamic law stands between two extremes of capitalism and communism or socialism. It admits the right to private ownership but it does not allow an absolute and unconditional ownership and right which cause chaos and anarchy on the earth like economic melt-down (Tellis, 2009-10).<sup>6</sup>

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<sup>3</sup> Surah al-Dhāriyāt, 51: 19.

<sup>4</sup> Surah al-Mulk, 67: 15.

<sup>5</sup> Economy vs. Free Market Policy: What does Islam Support? n.p: Dar A-Ifta Al-Missiriyyah, n.d. [eng.dar-alifta.org/foreign/viewarticle.aspx?ID=545&categoryID=5](http://eng.dar-alifta.org/foreign/viewarticle.aspx?ID=545&categoryID=5)

<sup>6</sup> Tellis, A.J. (2009-10). Overview of the Global Economic Crisis and U.S. Power in Economic Melt-down and Geopolitical Stability, ed. Andrew Marble and Tranis Tanner Amazon.com. <https://Carnegie-production-assets.s3.amazonaws.com...>

## **2. Lawful Means of Acquisition under Islamic Law**

Islamic Law does not leave man to his whims and caprices in matters of acquisition. It regulates what is lawful to be acquired among the wealth (Zubair 1996, 17-23), and directs the means and ways of acquiring them<sup>7</sup>. Thus, Islamic Law ordains many ways and means which are lawful for the acquisition of wealth. Any way or means outside the ordained ones is unlawful and any acquisition through it becomes void.

We shall concentrate on lawful means which are categorically regulated. But unlawful means are so many and very kaleidoscopic in nature as man continuously invents more means of acquisition out of greed.

The following are the lawful means:

### **a) Labour**

A Muslim is allowed to acquire wealth through his labour and personal effort. Shariah urges the Muslims to traverse this earth and its terrains for the purpose of acquisition. The Quran states:

*“He it is who has made the earth subservient to you (i.e. easy for you to walk, to live to do agriculture on it); so, walk in the paths thereof and eat of His provision, and to Him will be the Resurrection.”*

(Surah al-Mulk, 67: 15)

The traverse covered every aspect of effort and labour that man can undertake in this world either trade, production, or labour. The Prophet SAW exemplified this practice by being a shepherd and trader to acquire for his livelihood (Ibn Hishām 1955, 179-183; Ibn Kathir, n.d.) as he did encourage his companions to do the same.<sup>8</sup>

### **b) Revival of Virgin Land:**

Mankind is allowed also to acquire wealth through revival of unoccupied land by somebody before. The land has to be a virgin land that has no trace of occupation. He can then revive it through one of the following means:

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<sup>7</sup> Surah al-Nahl, 16: 97.

<sup>8</sup> Mangrio, I. & Sindh, S. (n.d). Labour Dignity in the Eyes of Islam. [www.hamariweb.com/articles/article.aspx?id=6970](http://www.hamariweb.com/articles/article.aspx?id=6970)

a - Irrigation; b - Drainage; c - Erection of substantial structure; d - Planting of economic trees; e - Cultivation of the soil; f - Uprooting of the trees; g - Levelling up of the land; h - And any act that will bring about the actual benefit of the land is considered a revival (Zubair 1996, 52-53). This is based on the hadith of the Prophet SAW which says:

*“He who revives a barren land owns it.”*

(Sahih Bukhari, 2013, Hadith 1097)

But where a man made the preparatory job on the land which does not make the land useful, the job will avail him *tahjir*, i.e. right of occupancy, which lasts only for three years. If he fails to develop the land within the period, he will forfeit the right (Al-Amir 1960, 83; Shaybah n.d., 54-55). An instance of erecting fence or placing of a sign-board gives no one right of occupancy on the land. The Islamic jurists substantiated the verdict with a prophetic hadith which says:

*“Unclaimed land (of the past nations) belongs to Allah and His Messenger SAW then, it belongs to you after me. He who therefore, revives a barren land owns it. There shall be no right for an occupant (without revival) after three years.”*

(Sahih Bukhari, 2013, Hadith 528)

The jurists ratiocinated that the rule is given to maximize the derivable benefit of the land for the betterment of the community according to al-Māwardī (1966, 177-180).

- c) **Booty and spoils** of *Jihad*, i.e. holy war, are made means of acquisition under Islamic law.<sup>9</sup>
- d) **Inheritance and bequest** are other ways of acquisition (Zaydān 1976, 243-245).
- e) **Contracts** are also made lawful means of acquisition of wealth where the mutual assent of the contracting parties are attained (al-Khafif, ‘Alī 1947; 360-369).

Acts of fraud, monopoly, greediness, hoard and exploitation are proscribed under Islamic law (Ibn Taymiyyah 1960, 154-155). All contracts that involve deceit and obvious uncertainty have been forbidden (Sa‘id Hawwa 1970, 30-36). All illegal and corrupt ways of acquisition of wealth are prohibited in

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<sup>9</sup> Surah al-Anfāl, 8: 41 and Surah al-Ḥashr, 59: 6

Islam-while amputation of a thief's hand is prescribed for the protection of wealth (Sa'id Hawwa 1970, 201-202).<sup>10</sup>

### **3. Duties Ordained on Wealth**

Mankind is created dissimilar in their physical and psychological features as well as in their talents and abilities. And since the Shariah recognized labour as a primary way of acquisition and ownership, it follows that these dissimilarities will necessarily lead to disparity among them in their acquisition of wealth. Thus, some people could be marginalized.

Additionally, there are some natural disabilities like aged people, widows, disabled men and people of chronic illness. Under Islamic law, wealthy people are put to test in the affairs of these disabilities. It ordained special rights for them in the wealth of the rich. And because these special rights may not suffice their needs, the Shariah incite the rich to bandage the wound out of mercy. By this, 'the haves' will unite with 'the have-nots' in the band of charity and generosity where all and sundry cooperate in good deeds.

The following are some of the specific duties ordained on the wealth:

- a) *Zakat* has been ordained as one of the fundamental principles of Islam. It has been enjoined on the wealth of the rich people as a specified right for the needy. The Quran states:

*“And in their wealth and possessions (was remembered) the right of the (needy) him who asked, and him who (for some reasons) was prevented (from asking).”*

(Surah al-Dhariyat, 51:19)

In the past centuries of Islamic eras, *zakat* alone has sufficed the needs of the indigents until one of overseers of Caliph 'Umar b. 'Abd al-'Aziz (al-Sahar, 1980)<sup>11</sup> said we have been going about with *zakat* without getting anybody to accept it (As-Sallabi, 2015).

- b) There are other duties ordained on wealth rather than *zakat*, like obligatory expenses. For instance, it is compulsory upon the husband to give

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<sup>10</sup> See further in Surah al-Mā'idah, 5: 41.

<sup>11</sup> 'Umar ibn Abdul-Aziz was one of the 'Umayyad Caliphs. He was renown with his sense of justice during his reign as Caliph until some Muslim jurists considered him as the fifth of *al-Khulafa' al-Rashidin* (i.e. the righteous Caliphs).

adequate support to his wife in terms of her maintenance, clothing and lodging appropriate to her status<sup>12</sup>. A rich man in an extended family has a duty to cater for the needs of his family after he would have paid off his mandatory *zakat*.<sup>13</sup> The Imam, who is the Chief Executive of the Islamic State, is responsible for the needs of the needy and the indigents of his state ('Amārah, Muḥammad Maḥmūd n.d., 269-270). This is based on the hadith wherein the Prophet SAW said:

*“He who left behind a property, the property belongs to his heirs. But he who left behind a loss - that is a liability - or dependence (that is children) who are not strong enough to look after themselves - should come to me for I am his protector”.*

(Sahih Bukhari, 2013, Hadith 6763)

- c) Islam also enacts a variety of laws for social joint responsibility. It started in the construction of the first Islamic society at *al-Madinah al-Munawwarah* with the brotherhood between the *Mahajirun*, i.e. the immigrants, and the *Ansar*, i.e. the Helpers. This brotherhood has manifested the peak of altruism known in the world where an Ansari gave prior preference to his brother *al-Muhajir* over and above himself.<sup>14</sup> The various ways and means of giving alms and charities are unique mode of social solidarity in Islam (Sa'id Hawwa 1970, 89-93).

Nevertheless, it is worthy to note that Islam does not always depend on the long arm of the law to achieve its social integration.<sup>15</sup> Rather, it simmers minds of believers with factors of faith which prompt them to shower their wealth upon the indigents. This itself guarantees a solidarity between the haves and the have-nots. It also pulls out incitements of malevolent stratum and prevents robbery. It was transmitted by Abu-Sa'id al-Khudri from the Messenger of Allah SAW where the latter said:

*“He who has a surplus ride should give it to him who has no ride; And he who has a surplus provision should give it to him, who has no provision.”*

(Sahih Muslim, 2021, Hadith 14)

Abu-Sa'id further said:

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<sup>12</sup> Surah al-Ṭalāq, 65: 7

<sup>13</sup> (Relative Needy) See Surah al-Nisā', 4: 36.

<sup>14</sup> Surah al-Anfāl, 8: 72.

<sup>15</sup> Surah al-Baqarah, 2: 261.

“And the Messenger of Allah SAW mentioned a variety of property until we know that no one among us has a right in a surplus.”<sup>16</sup>

With these tripartite legal frameworks, (i.e. Right of Acquisition; Lawful Means of Acquisition; and Duties Ordained on Wealth) Islamic law makes its economic system susceptible to the nature of mankind and amenable to all eras and epochs.

## **NIGERIA AS A CASE STUDY FOR *BAY' AL-SALAM***

Nigeria is an agrarian society with over 70% of its estimated population of 235 million people in agricultural sector (Nigeria Population, 2025)<sup>17</sup>. It is richly endowed with agricultural products of varying importance out of which it was making 90% gross domestic product up till the late 1970s before the advent of crude oil. Agriculture engages about 70% of the labour force in Nigeria and produces about 80% of the total food for the nation despite the fact of using simple tools and shifting cultivation. With wide areas of arable land, abundant water supply and favourable climate productivity is restricted and agriculture could not contribute more than 32% to GDP (Nigeria GDP, 2025)<sup>18</sup>. The farmers' inability to access soft loans to finance their operations and the abysmally low income from farming are responsible for the declining productivity which in turn results into nation's inability to adequately feed itself.<sup>19</sup> In the recent time, there are other germane problems responsible for the declining productivity in agriculture in Nigeria prominent among which are insecurity with tribal conflicts, insurgency and banditry and the rise of kidnapping (Usman, Isah & Muhammed, 2024)<sup>20</sup>

The absent farmers among the urban traders and elites usually gain access to the various governmental agricultural programmes and soft loans through ways and means of sidelining the real farmers (Ahmed et al., 2021). The institution of *bay' al-salam* could adequately cater for the needs of these tiny real farmers if it is properly channeled and boost agricultural productivity in

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<sup>16</sup> Muslim ibn al-Hajjāj. (n.d.). *al-Jāmi' al-Ṣaḥīḥ (Ṣaḥīḥ Muslim)*, vol. 5. Dār al-'Arabiyyah, 138-139; *Ṣaḥīḥ Muslim*, 2012, no. hadith 1728.

<sup>17</sup> Nigeria Population. (2025). Worldometer's elaboration of the latest United Nations data. <https://www.worldometers.info>

<sup>18</sup> Trading Economics – Nigeria GDP (2025). <https://tradingeconomics.com>

<sup>19</sup> Trading Economics-Nigeria GDP.

<sup>20</sup> Usman, G, Isah, Y.U. & Muhammed, U.F. (2024). “Asymmetric Impact of Insecurity of Agricultural Productivity in Nigeria”, *Munich Personal RePEc Archive* (MPRA). <https://mpra.ub.uni-muenchen.de/123113/>

the country. *Bay' al-salam* means a contract in which advance payment is made for goods to be delivered later (al-Samarqandī 1994, 8; al-Shirbīnī, 1958).

Ibn Rushd said the concept of *bay' al-salam*, under the Shariah, is the sale of a commodity which is well specified and to be delivered in a specific future time for an immediate price to be paid by the buyer (Ibn Rushd 1960, 201-208). This concept has received the consensus of the Muslim jurists and it made *bay' al-salam* to cover the forward sales and manufacturing. Nevertheless, the institution was primarily instituted for agricultural produce (Abū Dāwūd 1952, 275). It was narrated from Ibn 'Abbās (R) where he said:

*“The Prophet SAW came to Madinah and the people were in habit of borrowing the fruits for one year and two years. He SAW then said: “Whoever borrows date he should borrow a known kilogram and known measurement to a known future time.”*

The words *aslafa, yuslifu* used in the *hadith* are the Hijaz language which means same thing as *aslama, yuslimu* (al-Sarakhsī 1993, 124). The *hadith* is evidence for the legality of *bay' al-salam* since the Prophet SAW did not condemn the practice. Rather, he SAW modified the practice and guided them to what would make it more standards and more susceptible to all commodities and sales. And going by this background, other *hadiths* which stipulate some conditions for the sale of agricultural produce are necessary to be mentioned. It was narrated from Ibn 'Umar (R):

*“Who said that the Prophet SAW prohibited sale of fruits before their propriety has started appearing. Prohibition to both the seller and the buyer. In another narration: “When he SAW was asked about their propriety he replied: ‘until their diseases and defects disappear”.*

(Sahih Muslim, 2021, Hadiths 3665 & 3666)

*“It was also narrated from Anas (R) that the Prophet SAW prohibited sale of fruits until they define. They (the companions) asked: ‘What is their definition?’ He SAW replied: When they started turning red or yellow”. Collectively Narrated.*

(Sahih Muslim, 2021, Hadith 3667)

The first *hadith* is an evidence of prohibition of sale of fruits before they appear on their trees and reach a stage that their fitness to be a commodity starts to show. Non-appearance of the fruits on their trees may tantamount to sale of non-existent commodity. It is also necessary to have indication that the appeared fruits are going to serve their primary purpose as commodities. Ibn

Rushd (1960, 201-208) submitted that this assurance is very germane to the contract of *bay' al-salam* as in the consensus of the Muslim jurists, because it is not for immediate delivery.

The prohibition which is placed upon the seller is to prevent him from taking the money of his brother unjustly, if the crops' disease affected the fruits and they develop defects at the growth stage. The buyer is also prevented in order not to waste his money upon commodity that has not promised to be fruitful.

The second hadith of Anas (R) shed more light on the susceptibility of the fruits to *bay' al-salam*. It requires definition of the fruits which involves turning into red or yellow colour. This is an indication that the growth has to be matured to the stage of changing the colour to a final ripping level. The first and second hadiths enjoyed the people to take precautionary measures in the process of *bay' al-salam* to avoid unnecessary rancor and rift under the pretext of calamity, plague or pest. Nevertheless, in the event of plague upon the agricultural produce if it could be established that it is by the act of God, the seller should bear the burden. It was narrated from Jabir b. °Abd-Allah (R) where he said:

*“The Messenger of Allah SAW said: If you sold to your brother an agricultural produce and the plague affected the farm, it is not permissible for you to take anything from him. For what will you take the money of your brother unjustly?”*

(Sahih Bukhari 2014, Hadith 534)

This hadith proves that the crops in the farm which have not been delivered and which have not been cut down remain the liability of the seller if plague or pests should destroy it. He could not request the buyer to bear any part of the liability. This is the apparent meaning of the hadith. Although there is some controversy upon whose liability is the loss-as well as the effective time of this hadith. It is obvious that the previous hadiths are made as a result of notorious rancours and disputes on *bay' al-salam* (al-Samarqandī 1994, 10-21). This means that this hadith of Jabir came before the hadiths of Ibn Umar and Anas in order to prevent the disputes. But there is no doubt that if the people work with hadiths of Ibn Umar and Anas the effect of plague and pest upon agricultural produce would be minima because the waiting period of the delivery has been drastically reduced.

In Nigeria, there is no categorical mechanism for the sale of agricultural produce except direct sales after harvest in the open market (Atah et al., 2019). This means that farmers can sell directly to the buyers/suppliers in the open

market. The situation gives some bourgeoisie traders to exploit the needy among the farmers by buying the crops on the trees with ridiculous low prices which will not benefit the farmers. Therefore, in this paper, we are canvassing for *bay' al-salam* as an alternative system for farmers to use in Nigeria. This is because farmers cannot access a *riba* free loan except by *bay' al-salam* system which is mainly through the mediation of financial institutions.

The governmental programme under the Abuja Securities and Commodity Exchange (ASCE) for agriculture produce is targeted towards buying from open market during the harvest and to guarantee settlement to every transaction between trading members.<sup>21</sup> Thus, the vacuum has been created. The Islamic Financial House has a duty to fill up this gap to reduce the hardship of the large farmers in the country. The Islamic Financial House can stand as the buyer in the contract of *bay' al-salam* as well as to be a guarantee for the intending buyer while the farmer will sell his agricultural produce at the time of his need. After all, the prerequisite would have been met as stipulated in the above *hadith*.

With the establishment of *Jaiz* Islamic Bank international in Nigeria, there is the possibility that *bay' al-salam* Islamic Banking products that mostly suit the funding of farmers for the improvement of agricultural production will be achieved. The *Jaiz* bank was established in Nigeria in 2012 primarily to pioneer non-interest Islamic banking aiming to offer ethical, *Shariah*-compliant financial services to all Nigerian regardless of religion.<sup>22</sup> Before the establishment of the bank, most farmers in Nigeria obtain agricultural loan which attract payment of interest. The interest pays on agricultural loan decrease the profit of the farmers and most times the farmers prefer to cultivate with little amount at their disposal rather than obtain loan. The *bay' al-salam* technique would be embraced by the farmers because of the absence of interest and the benefit of making use of the advance payment to be paid to them before the delivery of the agricultural products and there is possibility that *bay' al-salam* would increase the satisfaction level of farmers because they are trying to avoid *Riba* which Islamic banking is already providing.

There is also need to propagate the benefit of this institution of *bay' al-salam* among the farmers. Instead for them to be thinking of loans, they can be doing their normal jobs and work to meet up with the condition of *bay' al-salam* and sell at their own convenience and on their own terms, as the owners of the commodities to the interesting buyer on the same status, as parties to a

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<sup>21</sup> Abuja Securities & Commodity Exchange (ASCE) Plc. <<https://abuja.infoisinfo.ng>>

<sup>22</sup> Jaiz Bank. <https://jaizbankplc.com>

contract of *bay' al-salam*. If this is done, it will boost their economic standard, elevate their morale and free them from the burden of loan with interest which they called “soft loan” (Ojiegbe & Duruechi, 2015).

The process will also enable the farmer to concentrate on farming without waiting till after the harvest of a crop before getting money to invest upon another crop, especially in a country like Nigeria where a whole-year-round farming is possible with variety of crops. Through *bay' al-salam*, Islamic financial Houses, particularly *Jaiz* bank, stand to gain more with less risk because the process has reduced the risk to its minima. The sale of agricultural produce in a populous country of Nigeria is almost one hundred percent guarantee. After all, the country has not been able to produce what it needs for its local consumers. Additionally, the process does not require a guarantor if it is properly followed to the letter. This is because the condition of property of the commodity, as subject matter of *bay' al-salam*, is an indication that the harvest period is getting near.

Moreover, if the farmers themselves could understand this *bay' al-salam*, they may use it to revive the old system of trade-by-barter in which commodity is used as price for another commodity. It is an exchange of goods for goods without involving money (Financial Crime Academy, 2025).<sup>23</sup> This is the primary purpose for which they used the institution. And it was an old system of trading in every ancient society. The rural societies in Nigeria are not so far from that system. It should be encouraged to reduce the hardship of the scarcity of cash among them. In fact, the modern monetary system has brought about so many difficulties to the modern societies. Money stands as a barrier to proper enjoyment of exchange of good and service. It stands as the aim and objective of transactions whereas it is only a means to acquire our needs among the goods and services. The fluctuation embedded into the money makes it unsuitable for economic smooth growth. Any big fraud at any part of the world may affect the whole world as we witnessed it in 2008 economic meltdown (Andrew, 2008-2009).<sup>24</sup> There is no doubt that the monetary system favours most the usurious exchange in all its ramifications. Any opportunity that a Muslim society may have to do away with it should not be missed.

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<sup>23</sup> Financial Crime Academy. (2025). The Evolution of Modern Trade: from Barter to International Agreements. <https://financialcrimeacademy.org>

<sup>24</sup> Andrew, L. (2008-2009). Global Financial Crisis, Corporate Finance Institute. <https://corporatefinanceinstitute.com>

## ROLES OF PARTIES IN THE *BAY' AL SALAM* (FORWARD SALE)

Under Islamic law, the number of parties involved in *bay' al-salam* depends on whether it is a standard transaction or a modern parallel structure. In contemporary Islamic banking, the latter is commonly used.<sup>25</sup> The structure involves three parties across two separate contracts. That is, the initial buyer usually the financial institutions, the initial seller which is the farmer and the third party which is buyer/supplier.

Moreover, the roles of all the parties in the contract of *bay' al-salam* cannot be over-emphasized as they all play prominent roles in making the transaction a fulfilling one. The first party to be discussed is the farmer who normally approach the financial institution to get financing for a specified commodity. He is the seller and in needs of finance to provide the agricultural commodity in future. As the seller, he uses the funds for production, procurement, cultivation, or trade activity and on the agreed date, he delivers the commodity to the financial institution. If the seller defaults, he must find a similar commodity in the market to deliver or return the advance price to the buyer.<sup>26</sup>

The second party (buyer) is the financial institution and it must pay the full purchase price immediately at the inception of the contract. Deferred payment is not allowed. The financial institution is obligated to take possession of the commodity if they meet the agreed specifications. If the goods are unavailable at the due date, the financial institution has the option to wait or cancel the contract and claim back its money. It is not permitted for the financial institution to sell the commodity before he takes possession of that commodity (*Ibid*). In spite of this, the financial institution particularly *Jaiz* Bank has been able to provide the best solution to farmers in Nigeria by granting them interest free loans which help the farmers to increase their production needs in order to meet societal demands.

The third party (buyer in the second contract) who agrees to buy the goods from the financial institution with a separate contract does not have direct link with the original seller (farmer) to avoid a “buyback or *riba*” (*Ibid*). The third-party buys from the financial institution in parallel contract for onward sale to the public.

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<sup>25</sup> Blossom financial. (2018). Application of Bay' al-salam in Islamic financial institutions. <https://www.blossomfinance.com>

<sup>26</sup> Aims education. (2026). Salam Contract: Definitions, Rules, and Examples of this Islamic forward Sale. <https://aims.education>

## **DERIVATIVE BENEFITS TO THE SOCIETY**

An agrarian society like Nigeria stand to derive many benefits from the institution of *bay' al-salam*. First, the absence of any system that caters for the agricultural produce especially in the rural areas, will make the institution a welcome system to solve many of their economic and social problems. The economic problem is to serve as alternative to loan which is very difficult to access at present. Taking into consideration the impact of Covid-19 Pandemic on the economy of the country and other part of the world. The alternative is very much within their reach. It is their own property which they aim to sell. The institution, when it is well propagated, will attract to them the potential buyers with reasonable prices at the convenient time, known and planned ahead of the time as in the system of *bay' al-salam*. The social problem is to make them equal to the second party who will voluntarily offer to buy without aiming to exploiting the distressed farmers.

Second, the institution will serve as self-incentive to the farmers who will now have time to plan his work in accordance with the environment of the climate and produce that goes with it. He will be able to determine which crop is to be sowed to meet a particular period to be fixed for the sale under the institution. And this will motivate the farmers to work round the year since there is a sort of guarantee that the sale will come-up at the particular times which can be spread round a year and continuously.

Third, if the first and second benefits can be achieved, the next is the booster to the national economy. With the 70% of the population in the agricultural sector, any improvement in that sector is a greater improvement to the nation and large majority of the populace.

Fourth, the institution of *bay' al-salam* is a unique self-driving system which does not require technic know-how. It does not require additional labour from the farmers rather than simple planning of their normal jobs and some discipline to focus on their targets and fixing periods. They are not in need of lengthy lecturing or regular advice.

Fifth, with the boost in agricultural sector which engages 70% of the labour force, there is no doubt that the problem of unemployment will be reasonably reduced. The boost will also put more commodities into the market as by-products as well as finished products for the traders to be engaged with. Many factories that depend on agricultural produce will be revamped and get into operation again. The economy will regain its strength as the country will no more depend on crude oil alone. Rather, it will restore its glory as an agrarian society with the ability to feed itself.

Sixth, at the maturity of the system, some of the ordinary farmers will have transformed into large scale farming while some others will be in medium scale farming. The remaining will have become small-scale farmers. If the institution is properly utilized, it is unthinkable that the farmers will remain in the same situation because the incentives would encourage them to work for their own betterment.

All these benefits and others are instruments to rapid development in all facets of life of individuals and the nation will be better off for all.

## CONCLUSION

We have shown in this treatise the position of wealth, Islamic law and its management which accrued into what people know as economy. The importance of wealth as one of the cardinal points of the shari'ah objectives was elucidated. The relation between man and wealth has been explained. Allah created man after He has created the earth and deposited great potentialities therein. The man is enjoined to toil in order to detect these potentialities which in turn become wealth in his hand. Nevertheless, man is not the owner of his discovery, though it is through his labour, the owner is the original creator Allah, who creates these potentialities *ab initio*. He referred to Himself as the ownership of the wealth, all the wealth in the hand of man, for it is out of His favour that He bestows upon whoever has the wealth. He is the Providence. This belief about wealth, when it is established in the mind of mankind all injunctions related to the management of this wealth will be easily acceptable to man. This is the Islamic theory of wealth.

Shariah follows the nature of man in all its legislations. Nothing among its requirements or its prohibitions are anathema to man. He is given the right of acquisition after he has been given the capability to acquire the wealth. The means of acquisition are also explained to him. He is to follow the lawful means and avoid the unlawful ones. The duties ordained on wealth have been illustrated. Shari'ah enacts various laws for the benefit of individuals as well as for social joint responsibility.

Nigeria is used as a case study for *bay' al-salam* because of the relevance and usefulness of *bay' al-salam* to it. Nigeria being an agrarian society, stands to gain a lot from the institution of *bay' al-salam*. We have explained the institution properly as attainable in the books of *Ahadith* (Traditions) and *Al-Fiqh*. We explained how the institution is used for forward sales and manufacturing but we emphasized its special relevance to agricultural produce. It is this relevance that makes it to be very germane to agrarian society of

Nigeria. We explained how *bay' al-salam* could fill up the vacuum that the government programmes on agriculture create for the large numbers of the rural farmers who are denied, by one way or another, the access to the benefits of these programmes. We delved more into the benefits that the rural farmers in particular and the Nigeria society at large can derive from the institution without much labour or materials.

## **RECOMMENDATION**

We will like to reiterate the importance of the farmers' awareness and the availability of the potential buyers for their products. There is need for collaboration of strategy between the farmers, the potential buyers and Islamic financial institutions to build strong customer allegiance to achieve the expected objective. The regulatory authority ought to initiate policy for the institution to enhancing the effectiveness of the internal control structure and risk management practices. If these measures are taken, *bay' al-salam* will contribute to the alleviation of poverty from the large masses of the farmers in the rural areas and boost development in the country, Nigeria.

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