# 69973 - Is it permissible to take a loan from the government’s social fund?

**the question**

The government in our country offers a loan to young people who graduate instead of employing them in government service. Is this loan halaal or haraam?.

**Detailed answer**

Praise be to Allah.

The scholars are unanimously agreed that if it is stipulated that a loan be repaid with an additional amount, this is riba, which is haraam.

Every loan in which it is stipulated that something extra be paid back is haraam, and there is no difference of scholarly opinion on this point. Ibn al-Mundhir said: They are unanimously agreed that if the lender stipulates that the borrower should pay something extra or give him a gift, and he gives the loan on that basis, then taking the extra amount in return for that is haraam.

It was narrated that Ubayy ibn Ka’b, Ibn ‘Abbaas and Ibn Mas’ood forbade loans that brought benefits. End quote. Al-Mughni (4/211)

Ibn ‘Abd al-Barr said: Every additional amount given in return for a loan or favour that benefits the lender is riba, even if it is just a handful of animal feed. That is haraam if it is stipulated. End quote.

Al-Kaafi (2/359).

Based on this, if the loan is riba-based, whereby it is stipulated that the amount borrowed be repaid with interest, then it is not permissible for you to take this loan, because the contract is based on riba, and it is clear to you that riba is a major sin. May Allaah make you independent of means so that you have no need of this loan and similar schemes.

But if this loan is a “goodly loan” and does not involve riba, and the borrower is required to repay only what he took, and no more, then there is nothing wrong with taking out this loan and benefiting from it.

And Allaah knows best.