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193073 - Business transactions

the question

I read a fatwa which says that it is haraam to sell that which we do not possess, but all of us pharmacists in our country receive shipments of medicine and agree with the suppliers that we will pay for it after one month, for example. Is this transaction permissible in and of itself, or not? Most transactions are done in this way.

Detailed answer

Praise be to Allah.

Firstly:

Selling that which one does not possess includes two things: selling what one does not possess at the time of drawing up the sales contract, or selling what one cannot deliver.

Ibn al-Qayyim al-Jawziyyah (may Allah have mercy on him) said: With regard to the words of the Prophet (blessings and peace of Allah be upon him) to Hakeem ibn Hizaam, "Do not sell that which is not in your possession," they may be interpreted in two ways:

- 1.. Selling a specific item that is not in his possession; rather it belongs to someone else, so he will sell it first, then he will try to get it and deliver it to the purchaser.
- 2.. Intending to sell something that he cannot deliver, even if the contract has to do with an item that meets certain specifications. This is more likely to be what the hadith is referring to, meaning that the would-be seller does not have the specific item in his possession or an item which meets the required specifications. In that case, he has sold something which he does not know whether he will be able to get it for him or not." (I'laam al-Muwaggi'een 2/19).

For more information, please see the answers to questions no. 184816 and 169750.

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Secondly:

With regard to the medicines that you buy from the suppliers and the like, if you actually receive them in a real sense and bring them to your warehouses or pharmacies, you become the owners thereof in a complete sense, in which case any profit you make is yours to keep and any losses incurred are yours to bear. This is completely different to the issue of selling that which is not in your possession, as is clear. The fact that the payment is to be paid later does not affect anything, because this is how people have always done business, and it is permissible so long as the items purchased in this transaction are not the type of items that are subject to riba (usury), and that is not the case with regard to the type of items you are dealing with, namely medicines and the like.

It says in *Fataawa al-Lajnah ad-Daa'imah* (Vol. 1, 13/256): Whoever buys goods and receives them after agreeing to the transaction may sell them for profit and keep that profit for himself, even if he has not yet paid the seller. End quote.

As for any medicines that are given to you on consignment, meaning that you must pay for whatever you manage to sell of them, and whatever you cannot sell will be returned to the suppliers, this comes under the heading of selling on consignment, which is not permissible. We have discussed this previously in the answers to questions no. 1810 and 46515; please see these answers as they are important.

And Allah knows best.