

Abstract

Unit Layanan Gadai Syariah (Shariah Pawn Service Unit-ULGS) of Perum Pegadaian is the representative branch of *Perum Pegadaian* that gives defrayal or channeling fund to society on the basis of lien based on the principle of Islamic Shariah. The existence of ULGS *Perum Pegadaian* may become an alternative choice for the Islamic society in Indonesia which at the moment fear of interest which is *riba* in the Islamic Shariah. Nevertheless ULGS is a vailable for all citizen, not only for moslem. The execution of defrayal mortgage in Moslem law (*rahn*) on ULGS *Perum Pegadain* at East Java show that this product very kind and useful for many people especially for middle faction downwards, and this defrayal can use for consumptive or productive needs. And also this defrayal aiming to micro defrayal.

Keywords : *ULGS Perum Pegadaian, interest, riba , rahn, micro defrayal*