

FUNDAMENTALS OF ISLAMIC ECONOMIC SYSTEM

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FOREWORD

In the Name of Allah, the Beneficent, the Merciful.
 "..... O My Lord! Relieve my mind. And ease my task for me;
 and loose a knot from my tongue. That they may
 understand what I say" –(Al-Qur'an 20:25-28).

The most dominant economic systems of the world in the present century are capitalism and socialism. Capitalism is based on the private ownership of the means of production, distribution and exchange. In capitalistic economy, the profit motive constitutes the prime stimulus to productive exertion and the price mechanism determines what things shall be made and in what quantities and what conditions. Thus chief features of capitalism, in brief, include: existence of unrestricted economic freedom, unrestricted private ownership, profit motive, free market, competition and institution of interest. Socialism, on the contrary, believes in the public or state ownership of means of production, distribution and exchange. It suppresses economic freedom, abolishes private property and claims to achieve economic equality. Chief features of socialism, in brief, include state ownership of means of production, non-existence of private property, centrally planned economy, and establishment of totalitarian state under dictatorship of proletariat. Both capitalism and socialism are secular systems and their aim is the same i.e. the achievement of material well-being of their followers although the methods adopted by them for achieving this end are diametrically opposed. Interestingly both capitalism and socialism have failed in resolving principal economic problems of humankind. Thus the economic crisis of our age remains as deep and disturbing as ever. In this situation of despair and despondency, humanity is anxiously looking forward to a system which could deliver it from the present economic mess created by the dominant economic philosophies of the modern age. Islam perhaps offers that system.

In this book a sketch of the Islamic Economic System is being presented which has been prepared in the light of the Islamic teachings. Teachings of Islam on economic matters are widely scattered in the Holy Qur'an, books of Ahadith, and writings of classical Muslim jurists. Through in-depth study and intensive research, verses of the Qur'an, Ahadith of Prophet Muhammad (PBUH), conventions of prophet's companions and right-guided caliphs, and views of classical jurists on economic matters have been collected, analysed and classified under various subjects. The arrangement of these subjects follows the conventional style of a textbook on economics with a view to make it communicable to the readers of modern economics. All the aspects of the economic system of Islam have been discussed in detail in the light of the Verses of the Qur'an and Traditions of Prophet Muhammad (PBUH). Translation of the Verses of the Qur'an has been taken from Marmaduke Pickthall's renowned translation "The Meaning of the Glorious Qur'an." Ahadith have been taken from standard translations of various Ahadith compilations particularly from Al-Hadith of Maulana Fazlul Karim.

Before concluding I must pray to Allah "O, my Lord! Increase me in knowledge" so that I may be able to do some more valuable services to Islam.

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DEDICATION

This book is dedicated to ever-lasting memory of my mother and father who left for their heavenly abode on April 10, 1984 and June 23, 1998, respectively.

"..... My Lord! Have mercy on them both as they did care for me when I was little."

CHAPTER 1

SALIENT FEATURES

Every economic system has its own peculiar features, which form its foundation and from which it can be distinguished and recognised. Modern capitalism, which has emerged due to rapid industrialisation facilitated by unprecedented human advancement in science and technology, is based on free market economy, non-intervention or very limited intervention of state in economic affairs, interest and banking. Socialism, which has emerged as a reaction to capitalism, believes in complete control of state on economy and full ownership of means of production by the state or community. Feudalism stands for ownership of land by few persons or families and makes majority of people tenants or serfs who work on lands either as servants of the landlords or for meagre share in the produce of land.

Islam, on the other hand, believes in justice and fairness in the economic field. According to it, the man is God's viceroy or deputy in overall divine scheme and he has been given limited rights of ownership of means of production. It recognises intervention of state in the economic activity for the purpose of ensuring welfare of its citizens. Abolition of interest, institution of sadaqat and Zakat, concept of lawful and unlawful, equitable distribution of wealth, prohibition of hoarding and stress on circulation of wealth, concern for well being of the poor are the distinctive features of the Islamic economic system. We will elaborate and discuss some features of Islamic economy in this chapter as follows:

1- Allah is the Sustainer

One of the major features of Islamic economic system is the concept that Allah, the Almighty God of universe, is

the sustainer and provider. Allah provides livelihood and subsistence to all of His creatures in the universe. It is Allah who has created all means and resources through which man earns his livelihood. Allah, in fact, has committed to feed, sustain and nourish all creatures including human beings. It is Allah who expands or curtails rizq (sustenance).

To explain and elaborate this concept further, let us reproduce the relevant verses of the Holy Qur'an and Ahadith of the Prophet of Islam.

Verses of the Qur'an:

1. And there is not a beast in the earth but the sustenance thereof dependeth on Allah. He knoweth its habitation and its repository. All is in a clear record.
-(11 : 6)
2. Lo! Thy lord enlargeth the provision for whom He will, and straiteneth it (for whom He will). Lo, He was ever Knower, Seer of His slaves.
-(17 : 30)
3. And how many an animal there is that beareth not its own provision! Allah provideth for it and for you. He is the Hearer, the Knower.
-(29 : 60)
4. Allah maketh the provision wide for whom He will of His bondmen, and straiteneth it for whom (He will) Lo! Allah is Aware of all things.
-(29 : 62)
5. O' mankind! Remember Allah's grace towards you! Is there any creator other than Allah Who provideth for you from the sky and the earth?.....
-(35 : 3)
6. Have ye seen that which ye cultivate? Is it ye who foster it, or are We the fosterer?
-(56 : 63-64)

7. Or who is he that will provide for you if He should withhold His providence?.....
-(67 : 21)

Ahadith of Muhammad (PBUH) :

1. Omar-b-al-Khattab reported : I heard the Messenger of Allah say : If you all had relied on Allah with due reliance, He would have certainly given you provision as He supplies provisions to birds who get up hungry in the morning and return with full belly at dusk.
----- (Tirmizi, Ibn Majah)
2. Abu Darda'a reported that the Messenger of Allah said: Certainly provision seeks a servant just as his death seeks him.
----- (Abu Nayeem)
3. Jabir b. Abdullah reported : The Messenger of Allah (may peace be upon him) said: "O people, Fear God and cut your ambitions of livelihood, for a man will not court death unless he is provided full sustenance (decreed) for him even if he restrains himself from it. So, fear Allah and cut your ambitions in search of livelihood. Take whatever is lawful and leave whatever is unlawful."
----- (Ibn Majah)
4. 'Ali (Allah be pleased with him) said: "I heard the Messenger of Allah (may peace be upon him) saying: '(on the Day of Resurrection) when there will be no shade except that of the Throne of Allah, the person who undertakes a journey to earn his livelihood and then returns with it towards his dependents, will be under the shade of Allah's Throne'."----- (Masnud Zaid bin Ali)
5. 'Ali (Allah be pleased with him) said: "A person came to the Prophet of Allah (May peace be upon him) and asked: 'O Messenger of Allah: What type of earning is

best?’ The Prophet (may peace be upon him) said: ‘A man’s work with his hand and every business transaction which is approved, for Allah loves a believer who is a craftsman. A person who suffers pain to feed his dependents is like a person who fights in the cause of Allah, the Mighty and Glorious.’”

----- (Masnud Zaid bin Ali)

The conception of God’s Dispensation does not, however, suggest that one should sit idle and wait for sustenance which would automatically come to him. Instead of giving up struggle, Islam rather inspires a person to do his best in order to earn his livelihood by using all lawful (Halal) and fair means. The Qur’an encourages struggle when it says: “And that man hath only that for which he maketh effort, and that his effort will be seen”—(53 : 39-40). The revealed book of Islam encourages its followers even on Friday to disperse in the land after finishing their prayer and seek of the bounty of God (62:10). Ahadith of Prophet Muhammad (PBUH) also emphasis the importance of struggle and hardwork put in for earning livelihood for oneself and one’s family.

This concept only emphasises some basic truths, namely: God provides sustenance to all His creatures by placing sufficient and infinite resources in the earth, every thing has been created by God for service of man, and man should exploit these resources and things in lawful manner to earn his subsistence without violating the rights of others.

2- God is Real Owner of Everything and Man is merely a Trustee

The heavens and the earth and everything in the universe belongs to Allah. God is the real owner of everything, al-though He has given some rights to man for use of things required by the latter for his existence on the

earth. However, the rights given to man are very limited, the real position of man being that of a trustee and a beneficiary. Some of the relevant verses of the Qur'an which highlight this concept are given as under:

1. Unto Allah belongeth whatsoever is in the heavens and whatsoever is in the earth; and unto Allah all things are returned. -(3 : 109)
2. Unto Allah belongeth whatsoever is in the heavens and whatsoever is in the earth. Allah ever surroundeth all things. -(4 : 126)
3. 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 is Forgiving, Merciful. -(6 : 165)
4. Believe in Allah and His messenger, and spend of that whereof He hath made you trustees; and such of you as believe and spend (aright), theirs will be a great reward. -(57 : 7)

This limited ownership or trusteeship bestowed on man by Allah in respect of the wealth which is given to him is not without significance. The divine wisdom underlying this principle of trusteeship is that man should not hoard his wealth treating it as his absolute ownership and deprive others from its use. Rather the surplus wealth of man must go to his fellow beings who are in want. This principle has been made more clear when the Qur'an says : "..... and bestow upon them of the wealth of Allah which He has bestowed upon you....." (24 : 33). Thus the whole scheme of circulation of wealth through charity and Zakat and distribution of wealth through other equitable means envisaged by Islam is based on man's limited rights as a

trustee of wealth which has been bestowed on him by His Lord.

3- Everything Created for Service and Use of Man

It is God who has created everything in this universe. Many of the things created by God in the earth are of benefit to man directly or indirectly. Animals, plants, minerals, metals, water, air, fire, land, river, mountains, sea, and even sun, moon, stars, day and night, etc. are all for service to man. Many economic benefits have been placed by God in these things for man. The Qur'an brings this fact to light in its following verses:

1. He it is Who created for you all that is in the earth. Then turned He to the heaven, and fashioned it as seven heavens. And He is Knower of all things. -----
2:Al-Baqarah:29
2. And He it is Who hath set for you the stars that ye may guide your course by them amid the darkness of the land and the sea. We have detailed our revelations for a people Who have Knowledge. -----6:Al-An'am:97
3. He it is Who sendeth down water from the sky, whence ye have drink, and whence are trees on which ye send your beasts to pasture. Therewith He causeth crops to grow for you, and the olive and the date-palm and grapes and all kinds of fruit. Lo! herein is indeed a portent for people who reflect. And He hath constrained the night and the day and the sun and the moon to be of service unto you, and the stars are made subservient by His command. Lo! herein indeed are portents for people who have sense. And whatsoever He hath created for you in the earth of diverse hues, lo! therein is indeed a portent for people who take heed. And He it is Who hath constrained the

sea to be of service that ye eat fresh meat from thence, and thou seest the ships ploughing it that ye (mankind) may seek of His bounty, and that haply ye may give thanks. And He hath cast into the earth firm hills that it quake not with you, and streams and roads that ye may find a way. And landmarks (too), and by the star they find a way. -----16:An-Nahl:10-16

4. And Allah hath given you in your houses an abode, and hath given you (also), of the hides of cattle, tent-houses which ye find light (to carry) on the day of migration and on the day of pitching camp; and of their wool and their fur and their hair, caparison and comfort for a while. And Allah hath given you, of that which He hath created, shelter from the sun; and hath given you places of refuge in the mountains, and have given you coats to ward off the heat from you, and coats (of armour) to save you from your own foolhardiness. Thus doth He perfect His favours unto you, in order that ye may surrender (unto Him).

-----16:An-Nahl:80-81

5. See ye not how Allah hath made serviceable unto you whatsoever is in heavens and whatsoever is in the earth and hath loaded you with His favours both without and within? Yet of mankind is he who disputeth concerning Allah without knowledge or guidance or a Scripture giving light.

-----31:Luqman:20

4- Concept of Halal and Haram

Islam has introduced concept of Halal (lawful) and Haram (unlawful) in its economic system. In fact the foundations of the Islamic economy have been laid on this concept. This concept reigns supreme in the realm of production as well as consumption. Certain means of

earning livelihood and wealth have been declared unlawful such as interest, bribery, gambling and games of chance, speculation, short weighing and short measuring, business malpractices, etc. Unlawful means of earning are strictly forbidden and a follower of Islam is permitted to earn through lawful and fair means. Similarly in the field of consumption certain items of food are unlawful such as dead animals, blood, swine flesh and animals slaughtered in the name other than that of Allah. Even expenses on certain items such as drinks, narcotics, debauchery, prostitution, pornography, things that promote obscenity and vulgarity, lotteries and gambling are strictly inadmissible.

Now let us glance through relevant verses of the Quran and Ahadith of Muhammad (PBUH), the Prophet of Islam, to highlight in brief the concept of halal and haram.

Verses of the Quran:

1. O mankind! Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of the devil. Lo! he is an open enemy for you. (2:168)
2. O ye who believe! Eat of the good things wherewith We have provided you, and render thanks to Allah if it is (indeed) He Whom ye worship. He hath forbidden you only carrion, and blood, and swine flesh, and that which hath been immolated to (the name of) any other than Allah. But he who is driven by necessity, neither craving nor transgressing, it is no sin for him. Lo! Allah is Forgiving, Merciful. (2:172-173)
3. And eat not up your property among yourselves in vanity, nor seek by it to gain the hearing of the judges that ye may knowingly devour a portion of the property of others wrongfully. (2:188)

Ahadith of Prophet Muhammad (PBUH):

1. Abu Hurairah reported that the messenger of Allah said: Verily Allah is pure. He does not accept but what is pureThen he mentioned about a man disheveled in hair and laden with dust, making his journey long and extending his hands towards heaven: O Lord! O Lord! while his food was unlawful, his drink unlawful, his dress unlawful and he was nourished with unlawful things. How he can be responded for that? (Muslim)
2. Abu Masud Al Ansari reported that the messenger of Allah forbade the price of dogs, earnings of prostitute and foretelling of a soothsayer. (Bukhari,Muslim)
3. Jabir reported that the messenger of Allah cursed the devourer of usury, its payer, its scribe, and its two witnesses. And he said that they are equal (in sins) (Muslim)
4. Abdullah-bin-Amr reported that the messenger of Allah cursed the bribe taker and the bribe giver. (Abu Daud)
5. Jabir reported that the messenger of Allah.....forbade the sale of wine, dead animals, pigs and idols..... (Bukhari,Muslim)
6. Abdullah-bin-Amr reported that the messenger of Allah prohibited intoxicants, games of chance, card-playing and Gobairah and he said: Every intoxicant is unlawful. (Abu Daud)

5- System of Sadaqat and Zakat

Islamic economic order has introduced a comprehensive system of sadaqat which comprises: compulsory contributions

like Zakah, sadaqatul Fitr, monetary atonements; and voluntary contributions such as alms-giving, spending in the way of Allah on the poor, donations to charitable cause, waqf, etc. Charity and alms giving is sometimes called by the Qur'an a goodly loan to God Who Himself would compensate the giver manifold and also reward him in the Hereafter. Islam has declared that the poor and destitute have due share in the wealth of the rich and the rich are bound to return the share of the poor without stint.

The system of sadaqat ensures equitable distribution of wealth in the Muslim community and makes it certain that the wealth does not remain hoarded in idle channels. Circulation of wealth in productive channels is ensured by enhancing the purchasing power of the poor. Concentration of wealth in few hands is discouraged and the gap between the rich and the poor is bridged. Some of the verses of the Qur'an and Ahadith regarding system of sadaqat are reproduced as follows:

Verses of the Qur'an:

1. Establish worship, pay the poor-due, and bow your heads with those who bow (in worship). (2:43)
2. Spend your wealth for the cause of Allah, and be not cast by your own hands to ruin; and do good. Lo! Allah loveth the beneficent. (2:195)
3. They ask thee what they shall spend. Say : That which ye spend for good (must go) to parents and near kindred and orphans and the needy and the wayfarers. And what so ever good ye do, lo! Allah is Aware of it. (2:215)
4. Who is it that will lend unto Allah a goodly loan, so that He may cause it increase manifold? Allah straiteneth and enlargeth. Unto Him ye will return. (2:245)

5. O ye who believe! Spend of that wherewith We have provided you ere a day come when there will be no trafficking, nor friendship, nor intercession. The disbelievers, they are the wrong-doers. (2:254)
6. Ye will not attain unto piety until ye spend of that which ye love. And whatsoever ye spend, Allah is aware thereof. (3:92)
7. And in their wealth the beggar and the outcast had due share. (51:19)
8. Lo! those who give alms, both men and women, and lend unto Allah a goodly loan, it will be doubled for them, and theirs' will be a rich reward. (57:18)

Ahadith of the Prophet:

1. Anas reported that messenger of Allah said: verily charity appeases wrath of the Lord and removes pangs of death. (Tirmizi)
2. Abdullah bin Masud raising the tradition reported. There are three whom Allah loves. A man who gets up at night to read the Book of Allah, and a man giving alms with his right hand which he conceals (I consider that he said) from his left hand, and a man, being in a battalion, encounters the enemies, although his companions are routed. (Tirmizi)
3. Marsad bin Abdullah reported: Some of the companions of the Holy Prophet informed me that he heard the Prophet say: Surely the shade of the believer on the Resurrection Day will be his charity. (Ahmad)
4. Ibn Abbas reported that the Holy Prophet sent Mu'az to Yemen saying: Certainly you will come across a

people, the People of the Book. Call them to bear witness that there is no God but Allah and that Muhammad is the Messenger of Allah. If they submit to that, teach them that Allah has made obligatory upon them prayer for five times a day and a night. If they submit to that, teach them that Allah has made obligatory over them Zakat which will be taken from the rich and will be given to the poor among them. If they then obey that, avoid taking the best part of their property and fear the invocation of the oppressed, because between it and Allah, there is no veil.

-(Bukhari and Muslim)

5. Ibn Omar reported that the Messenger of Allah made obligatory the charity of Fitr one Sa'a of dried dates or one Sa'a of barley upon the slave and the free, male and female, young and old from among the Muslims. He directed its payment before the people go out for the (Eid) prayer. -(Bukhari , Muslim)

6- Prohibition of Interest

Interest, which forms the foundation of capitalistic system of economy and which has not been eliminated even in the socialist system, has been completely abolished by Islam. Charging of interest is a major sin and the usurers have been given the notice of war from God and His messenger. Following are some of the verses of the Qur'an and Ahadith of Muhammad (PBUH) dealing with interest.

Verses of the Qur'an :

1. Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say : Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury. He unto whom an admonition from his Lord

cometh and (he) refraineth (in obedience there to), he shall keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returneth (to usury). Such are rightful owners of the Fire. They will abide therein. Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty. (2:275-276)

2. O ye who believe ! Observe your duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. And if ye do not, then be warned of war (against you) from Allah and His messenger. And if ye repent, then ye have your principal (without interest). Wrong not and ye shall not be wronged. (2:278-279)
3. O, ye who believe ! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful. (3:130)

Ahadith of Muhammad (PBUH):

- 1- Jaber reported that the Messenger of Allah cursed the devourer of usury, its payer, its scribe, and its two witnesses. And he said that they are equal (in sin).
-(Muslim)
1. Abdullah-bin-Hanjalah reported that the Messenger of Allah said: A Dirham of usury a man devours with knowledge is greater than thirty-six fornications.
(Ahmad, Darqutni)

We would, insha Allah, focus on the subject of interest and elaborately discuss it in an independent chapter in this book.

7- Ban on Hoarding of Wealth

Hoarding of wealth has been condemned by Islam in very clear terms, and those who hoard wealth and do not spend it for good cause have been threatened with painful doom. Hoarding of wealth is a great evil as it tantamounts to obstruction of flow of God-given wealth from the rich to the poor who are in genuine need of it. Therefore, Islam discourages hoarding of wealth and instead encourages circulation of wealth among all the sections of society. Following verses of the Qur'an and Ahadith of the Prophet of Islam throw light on this subject.

Verses of the Qur'an :

2. And let not those who hoard up that which Allah hath bestowed upon them of His bounty think that it is better for them. Nay, it is worse for them. That which they hoard will be their collar on the Day of Resurrection.....
-(Al-Imran 3:180)

3. They who hoard up gold and silver and spend in not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom. On the Day when it will (all) be heated in the fire of hell and their foreheads and their flanks and their backs will be branded therewith (and it will be said unto them): Here is that which ye hoarded for yourselves. Now taste of what ye used to hoard!
----- (9:At-Taubah:34-35)

4. That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you. And whatsoever the messenger giveth you, take it. And

whatsoever he forbiddeth, abstain (from it). And keep your duty to Allah. Lo! Allah is stern in reprisal.

----- (Al Hashr 59:7)

Ahadith of Prophet Muhammad (PBUH):

1. Abu Hurairah reported that the Messenger of Allah used to store up nothing for the morrow. -(Tirmizi)
2. Ayesha reported that the Messenger of Allah said: This world is an abode for one who has got no abode, and a property for one who has got no property, and one who has got no wisdom hoards for it. (Ahmad, Baihaqi)

8- Policy of Moderation

Islam follows policy of middle way or moderation and avoids extremes. The two extremes of every action are bad and moderation between them is the best policy according to Islam. Following verses of the Qur'an and Ahadith of Muhammad exhort the Muslims to follow the way of moderation.

The verses of the Qur'an :

1. O ye, who believe ! Forbid not the good things, which Allah hath made lawful for you, and transgress not. Lo, Allah loveth not transgressors. -(5 : 87)
2. And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded. -(17 : 29)
3. And thou (Muhammad) be not loud voiced in thy worship nor yet silent therein, but follow a way between. -(17 : 110)

4. Be modest in thy bearing and subdue thy voice. Lo! the harshest of all voices is the voice of the ass.
(31 : 19)

Ahadith of the Prophet:

1. Good manners, delay and moderation form a part out of twenty-four parts of Prophethood.
-(Mishkat-ul-Masabih)
2. Abu Hurairah reported that the Messenger of Allah said: Moderation in expenditure is half of livelihood, and love for people is half of wisdom, and good questioning is half of learning. -(Bukhari)
- 2- Matref-b-Abdullah reported that the messenger of Allah said: The best of affairs is their mean.

The principle of moderation propounded by the above mentioned texts equally applies in economic field specially in the field of acquisition of wealth and consumption.

9- Condemnation of Monasticism and Materialism

Islam condemns Monasticism as well as Materialism and recommends its followers to adopt middle way between these two extremist ways of life.

A spiritual or a monastic lays all the emphasis on moral and spiritual aspect of life and ignores completely material aspect. He regards all economic activity as a vice and economic struggle as a sinful act. The Qur'an, the revealed scripture of Islam, expresses its dislike explicitly for the monastic way of life in its following verses:

1. O ye who believe ! Forbid not the good things which Allah hath made lawful for you, and transgress not. Lo! Allah loveth not transgressors. -(5 : 87)

2. But monasticism they invented. We ordained it not for them-only seeking Allah's pleasure, and they observed it not with right observance. So we give those of them who believe their reward, but many of them are evil-livers. -(57 : 27)

The Prophet of Islam has also discouraged the monastic way of life among his followers. Once he learnt that some companions had taken a vow to fast during the day, pass the night in worship, abstain from meat and fat and renounce intercourse with women. Thereupon he (peace be on him) delivered a sermon in the course of which he observed : "This is not my creed. Your body has rights over you. You should fast, but eat and drink also. Pray at night, but sleep also. Look at me. I sleep and I pray also. I both keep and omit fasts. I eat both meat and fat. So whoso does not subscribe to my way, he is not of mine.[1]

He (peace be on him) then said, "What has happened to people that they have renounced women, good food, perfume, sleep and worldly pleasure? I have never taught you to be a monk or a priest. In my Deen (Creed) there is not provision for renunciation of women or meat nor for abandoning the world. For self-control, I enjoin fast. All the advantages of asceticism can be had from the Jihad of Islam. Worship Allah and do not associate naught with him. Perform Hajj and Umra. Establish Namaz, pay Zakat, and keep fasts in Ramadan. The people who came to ruin before you met this fate because they were hard on themselves and Allah was hard on them too. It is the remnants of these people that you see in monasteries and convents.2

Some other traditions on the same subject relate that the Holy Prophet (peace be on him) once learned regarding a companion that it was long since he had gone in to his wife and was engaged in prayer day and night. The Holy Prophet (peace be on him) summoned him and ordered that he should go in to his wife at once. 'I am fasting', submitted the companion. "Break your fast and proceed," the Holy Prophet (peace be on him) told him.³

Thus Islam does not subscribe to the view of monks and ascetics that satisfaction of physical urges is an impediment in spiritual development. Rather Islam enjoins upon its followers that the things, which Allah has made lawful for them, should be enjoyed as enjoyment of them is piety and renunciation of them is transgression.

On the other hand Islam has expressed in unequivocal and unambiguous terms its condemnation of Materialism as well. Materialists are those who lay the entire stress on the material aspect of life. They ignore moral aspect of life and devote their entire time and energy to the attainment of material ends. They justify every means, right or wrong, to acquire wealth and comforts of this life and utterly disregard moral values, noble causes and human virtues. Following verses of the Qur'an reject materialism which, in fact, is passion for wealth and worldly pleasures:

1.But of mankind is he who saith: "Our Lord ! Give unto us in this world" and he hath no portion in the Hereafter. -(2 : 200)
2. Lo ! Those who expect not the meeting with Us but desire the life of the world and feel secure therein, and those who are neglectful of Our revelations; Their home will be the Fire because of what they used to earn. (10 : 7-8)

3. Whoso desireth the life of the world and its pomp, We shall repay them their deeds herein, and therein they will not be wronged. These are they for whom is naught in the Hereafter save the Fire. (All) that they contrive here is vain and (all) that they are wont to do is fruitless. -----(11 : 15-16)
4. Whoso desireth that (life) which hasteneth away, We hasten for him therein that We will for whom We please. And afterward We have appointed for him hell; he will endure the heat thereof, condemned, rejected. -----(17 : 18)
5. Rivalry in worldly increase distracteth you. Until ye come to the graves. -(102 : 1-2)
6. Woe unto every slandering traducer, who hath gathered wealth (of this world), and arranged it. He thinketh that his wealth will render him immortal. Nay, but verily he will be flung to the Consuming One. Ah, what will convey unto thee what the Consuming One is! (It is) the fire of Allah, kindled. -(104 : 1-6)

Islam adopts middle way between these two extremist views of life. It advises its followers that their success lies neither in monasticism nor in pure materialism. Therefore, they should neither give themselves up entirely to monasticism or spiritualism disregarding the importance of material means of life; nor they should go to the other extreme and judge everything by the materialistic point of view. They should strike balance between these extremes and follow middle path. The Muslims have been called by the Qur'an the people of the middle way and, therefore, they should not be extremists.

10- Equity and not Equality

Islam establishes equity, fairness and justice in the production and distribution of wealth, and in ownership of means of livelihood. However it recognises that like other natural things there is no equality among human beings as regards the economic means and possession of worldly wealth. This inequality has been presented by the Qur'an as a part of Divine Economic order. The Qur'an does not consider these inequalities in the distribution of Divine sustenance as punishment or reward and does not try to eliminate them, because no two individuals have been blessed with hundred percent equal mental and physical abilities.

Taking the existence of inequalities as a part of divine scheme, the Qur'an advises its followers not to covet those things in which Allah has made some of them excess others. By exalting some of you over others in rank or by favouring some of you over others in provisions, God in fact tries and tests the human beings whether they are thankful to Him in good circumstances and patient in bad circumstances.

The Qur'an highlights these inequalities in its following verses:

1. And covet not the thing in which Allah hath made some of you exceed others. Unto men a fortune from that which they have earned, and unto women a fortune from that which they have earned..... -(4 : 32)
2. 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..... -(6 : 165)

3. And Allah hath favoured some of you above others in provision..... -(16 : 71)
4. Lo ! thy Lord enlargeth the provision for whom He will, and straiteneth it (for whom He will)..... -(17 : 30)
5. Is it they who apportion their Lord's mercy? We have apportioned among them their livelihood in the life of the world, and raised some of them above others in rank that some of them may take labour from others; and the mercy of thy Lord is better than (The wealth) that they amass. -(43 : 32)

The existence of economic inequalities among the people is not only natural but is also a blessing for the purification of human soul and development of human personality. Those who have scarce means of sustenance should thereby learn to be patient and contented and not to be jealous; while those who have abundant resources should thereby learn to be grateful to God, to be kind and benevolent to the poor and to sacrifice their possessions for the cause of God.

Islam, in fact, teaches the people to regard the existence of differences in wealth as a test by which God tries them in this world. By granting abundance of wealth to some, God observes how they spend it; whether they consider it as their personal property denying the poor any share in that or they consider themselves as trustees in respect of the wealth bestowed by God and spend it in the way of God for the welfare of their poor brothers. And God tries the poor by straitening their sustenance whether they lose their trust in God and become jealous of the rich or whether they keep their faith in God and remain patient in the adverse circumstances.

However, Islam does not permit the difference in possession of wealth to assume such proportions that few lucky persons live in ease and luxury controlling major portion of community's wealth while the vast majority of people possessing negligible share in community's wealth lives a life of abject poverty, misery and hunger. According to Islam, difference in wealth must not exceed natural and reasonable limits, because if it happens the community invites wrath of God and meets its natural end of self-destruction. The Prophet of Islam has said : If anyone spent a night in a town and he remained hungry till morning, the promise of God's protection for that town comes to an end. Islam, therefore, does not allow the difference between the rich and poor reach an uncontrollable limits so as to disturb the peace of society. Although it does not believe in complete equality in possession of economic means, yet it perfectly stands for socio-economic justice. It believes in fair and equitable distribution of incomes and wealth and ensures that the Islamic state should provide for basic human needs to all of its citizens. Many legal and economic measures have been provided to bridge the gulf between the rich and the poor and to establish Islamic welfare state which guarantees provision of social security and secures basic needs to its less fortunate citizens. These aspects of Islamic economy we shall study in subsequent chapters of this book. Here we can safely conclude that Islam believes not in equal distribution but in equitable and just distribution of resources and wealth.

CHAPTER 2

OBJECTIVES AND PRINCIPLES

In this chapter we would focus on the objectives which the Islamic economic system aims to achieve and on the principles upon which it operates.

I- Objectives

Following are some of the main objectives of the Islamic economic system which are being highlighted in this section:

1. Achievement of Falah: The first and the foremost aim and objective of Islam is falah or well-being of the mankind in this world and in the next world. That is why al-Qur'an, the revealed book of Islam, admires those who pray to God : "Our Lord ! Give unto us in the world that which is good and in the Hereafter that which is good, and guard us from the doom of fire....." (2 : 201)

The Islamic concept of falah is very comprehensive. It refers to spiritual, moral and socio-economic well-being in this world and success in the Hereafter. At micro level, falah refers to a situation where an individual is adequately provided for in respect of his basic needs, and enjoys necessary freedom and leisure to work for his spiritual and material advancement; whereas at macro level, it aims at establishment of an egalitarian and happy society with clean environment, with freedom from want and with opportunities to its members for progress in socio-political and religious affairs. Although welfare of the individual and the society does not necessarily lie only in economic prosperity because moral, cultural and socio-political advancement is equally important, but still Islam does not

discourage achievement of material prosperity through fair means.

The concept of *falah*, in strictly economic field, refers to material well-being of the citizens of an Islamic state. The economic system of Islam, therefore, aims to achieve economic well-being and betterment of the people through equitable distribution of material resources and through establishment of social justice. Yet the basic objective of Islamic system remains the same which has been clearly laid down by the Qur'an thus : "But seek with (the wealth) which God has bestowed on thee, the home of the Hereafter, nor neglect thy portion in this world, but do thou good as God has been good to thee and seek not mischief in the land, for God loves not those who do mischief."(28 : 77)

2. Fair and Equitable Distribution: The second most important objective of the economic system of Islam is to make distribution of economic resources, wealth and income fair and equitable. Islam discourages concentration of wealth in few hands and ensures its circulation among all the sections of society. Al-Qur'an, the revealed book of Islam, says: "That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you." (Al-Hashr 59:7)

It means that, according to the Qur'an, the wealth should not be allowed to concentrate in few rich hands, rather it should freely circulate among all the people thus enabling the poor and destitute among the nation to also take benefit from it. Thus it is the primary objective of the Islamic economic system to bridge the gulf between the rich and the poor by modifying the distribution of wealth and economic resources in favour of the less-fortunate.

Islamic economic system ensures fair and equitable distribution of wealth through positive as well as negative measures, such as : institution of Zakat and Sadaqat, laws of inheritance and will, abolition of interest, prohibition of earning of wealth by Haram (unlawful) means, prohibition of hoarding, etc.

3. Provision of Basic Human Needs: It is also an important purpose and objective of the Islamic economic system that basic necessities of life like food, clothing and shelter should be provided to all the citizens of the Islamic state. The Prophet of Islam has beautifully defined the barest necessities of life in his famous Hadith which says: "The son of Adam has no better right than that he would have a house wherein he may live, and a piece of cloth whereby he may hide his nakedness, and a piece of bread and some water." (Tirmizi). Thus, in this Hadith the basic needs of an individual have been defined to include a house to live in, clothing to hide one's body and food for survival and maintenance of health.

To get the basic minimum necessities of life is one of the fundamental rights of every human being. It is the obligation of the Islamic state to provide the basic needs of life to those of its citizens who are unable to earn due to physical disability, unemployment or any other reason. God guarantees the basic needs to every creature on earth as stated by the Qur'an : "And there is no animal in the earth but on God is the sustenance thereof." (11.6). The Islamic state, being vicegerent of God, is duty-bound to fulfil this purpose of God and provide the basic needs to its poor citizens. The Islamic economic system ensures the provision of basic needs to every needy person through its comprehensive system of social security. This system of social security shall be elaborately discussed at proper place in this book.

4. Establishment of Social Justice: One of the major objectives of the Islamic economic system is to establish socio-economic justice among all the members of the nation. Al-Quran says: "He (Allah) placed therein firm hills rising above it, and blessed it and measured therein its sustenance in four days, alike for (all) who ask" (41 : 10). Allah has placed in the earth sustenance and provisions for all to cater their needs. However, on account of various reasons, the distribution of these provisions does not remain fair among all the human beings, thus making some lucky ones very rich who possess wealth more than their needs and making many others very poor who possess nothing or too little to meet their very basic necessities of life. Islam meets this challenge of disproportionate division of wealth by making it obligatory on the rich to surrender a part of their wealth for helping the poor and unfortunate members of the community. Al-Quran says: "Establish worship, pay Zakat and bow your heads with those who bow (in worship)"- (2 : 43). The Holy Book again says "Ye will not attain unto piety until ye spend of that which ye love. And whatsoever ye spend, Allah is aware thereof."(3:92). It further pronounces: "And in whose wealth there is a right acknowledged, for the beggar and the destitute" (70 : 24-25).

In order to make distribution of economic resources fair and just, the Islamic economic system has established an elaborate system of Zakat and Sadaqat. In addition to that, many restrictions have been placed barring an individual to earn wealth through unfair, illegal and unjust means. Besides that the Islamic state can also levy taxes. If all the economic teachings of Islamic are acted upon, the distribution of incomes and wealth properly based on the principles of socio-economic justice will be automatically achieved. The subject of social justice will be discussed in detail later on. For the purpose of the present discourse it is sufficient to say that the major objective of the economic

system of Islam is to establish social or economic justice among its followers.

5. Promotion of Brotherhood and Unity: Another objective of the Islamic economic system is to establish brotherhood and unity among the Muslims.

The Holy Quran says: "It is not righteousness that ye turn your faces to the East and the West; but righteous is he who believeth in Allah and the Last Day and the Angels and the Scripture and the Prophets; and giveth his wealth, for love of Him, to kinsfolk and to orphans and the needy and the wayfarer and to those who ask, and to set slaves free; and observeth proper worship and payeth Zakat" (2 : 177). Again the Holy Book enjoins upon its followers: "They ask thee, (O Muhammad), what they shall spend. Say : That which ye spend for good (must go) to parents and near kindred and orphans and the needy and the wayfarer. And whatsoever good ye do, Lo! Allah is aware of it" (2:215). Thus by enjoining upon the rich and wealthy to pay Zakat and spend for their poor parents, relatives, orphans and needy, Islam lays the foundations of fellow-feeling, brotherhood, friendship and love among all the members of Muslim Ummah. By helping the poor, the rich persons not only discharge their religious obligations but also earn their gratitude, love and affection. So the Zakat and alms pave the way for national solidarity and social cohesion by cementing the bonds of fraternity among the rich and the poor.

Dr. Khalifa Abdul Hakim writes: "Islam desires to mould the economic life of society in such a manner that antagonistic class divisions of millionaires and paupers shall not come into existence". Shaikh Mahmud Ahmad in his book 'Economics of Islam', writes, after discussing the injunctions of the Quran regarding prayer and Zakat: "The brotherhood of man is not realized only by bowing together

of the ruler and the subject, the lord and the peasant, the factory-owner and the wage-earner shoulder to shoulder before One God, but is established on a firm foundation even outside a mosque where the king and the lord and the factory-owner are made jointly responsible for the elementary necessities of life of the subject and the peasant and the wage-earner." Mr. M. A. Mannan in his book 'Islamic Economics: Theory and Practice,' writes: "Salat (prayer) rouses the feeling of equality and brotherhood between the rich and the poor, the high and the low, and Zakat puts that feeling of brotherhood on a firm footing by making the rich and the capitalists responsible for the maintenance of the poor and the needy."

Thus the Islamic economic system through Zakat, Sadaqat and other means of helping the poor, achieves social harmony and promotes brotherhood between different sections of society. In an Islamic society there exist no antagonist classes of haves and have-nots which are set against each other. Despite existence of inequalities of wealth, the Islamic society is not divided into conflicting classes because the difference between the rich and the poor is not too wide to provoke bloody revolution. Rather the rich and the poor are brothers of each other. Full cooperation and unity exists between them and it is all due to Islam's economic system.

6. Achievement of Moral and Material Development: The economic system of Islam aims at material as well as moral development of the Muslim community. It achieves this objective through its system of taxation and fiscal management particularly through Zakat.

Zakat discourages hoarding of wealth and encourages its circulation. Those persons who possess hoarded wealth know that if they keep it like that, it would be consumed by Zakat. So they would not keep it lying idle, rather they would

per force bring it into circulation by investing or spending it. Thus the consumption and investment would have multiplier effect on the growth of the national income. Moreover, taxes like Zakat are collected from the rich and returned to the poor and thus the purchasing power of the poor is strengthened. The poor people now having purchasing power in their hands will demand more goods. The industrialists would produce more in order to meet the increasing demand. Thus the increase in demand and supply will encourage industrialization and thereby expand the scope of employment in the country. In this way, the human and material resources of the country would be fully exploited and national income would grow rapidly. The Quran perhaps refers to this situation when it compares usury and Zakat and pronounces: "That which ye give in usury in order that it may increase on (other) people's property hath no increase with Allah; but that which ye give in charity, seeking Allah's countenance, hath increase manifold" (30 : 39)

Zakat and system of voluntary alms also helps in moral and spiritual development of the Muslim Ummah. Payment of Zakat and alms not only purifies wealth but also human soul. Wealth is dear to everybody and everyone loves to acquire and possess it. By encouraging a person to voluntarily pay Zakat and part with his wealth, Islam promotes sentiments of sacrifice, love, goodness of heart, mutual cooperation. The Quran says: "And likeness of those who spend their wealth, seeking to please Allah and to strengthen their souls, is as a garden, high and fertile....." (2 : 265). Payment of Zakat and voluntary alms purifies the human soul of vices like greed, miserliness, selfishness, etc.

7. Circulation of Wealth: Another important objective of economic system of Islam is to discourage hoarding and ensure the constant circulation of wealth. About hoarding of wealth the Quran says: "They who hoard

up gold and silver and spend it not in the way of Allah, unto them give tidings of a painful doom. On the day when it will (all) be heated in the fire of hell and their foreheads and their flanks and their backs will be branded therewith (and it will be said unto them). Here is that which ye hoarded for yourselves. Now taste of what ye used to hoard:" (At-Taubah-9 : 34-35). So the Quran not only discourages hoarding of wealth but also threatens persons responsible for this heinous crime with the dire consequences.

The economic system of Islam achieves this objective through Zakat. Zakat is a great enemy of hoarding. If it is paid regularly on the hoarded wealth, it would eat away the whole or main portion of such wealth in a few years time. Thus a person possessing such hoarded wealth is forced to bring it into circulation by investing it or spending it. The Prophet of Islam (PBUH) is reported to have said: "Beware! Whoever is the guardian of an orphan who has property, should trade with it and should not have it (hoarded), lest the Zakat should consume it. (Tirmizi)

The objective of circulation of wealth is also achieved through other compulsory and voluntary Sadaqat, through laws of inheritance and will and through monetary atonements.

8. Elimination of Exploitation: The last, but the most important, objective of Islamic economic system is elimination of exploitation of one human by another. To achieve this end Islam has taken many effective measures. First such measure is the abolition of interest or usury which is and has been perhaps the worst instrument of human exploitation. The Qur'an calls it *riba* and declares it a heinous crime which amounts to war against God and God's messenger. The Qur'an says : "O ye who believe ! Observe your duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. And if ye do not,

then be warned of war (against you) from Allah and His messenger. And if ye repent then ye have your principal (without interest). Wrong not and ye shall not be wronged. -(2 : 278-279)

Another measure taken by Islam for putting an end to human exploitation is regarding slavery. The slaves have been the most exploited class in human history. Islam declared the emancipation of slaves as the most pious at and enjoined upon its followers to earn God's pleasure by setting free as many slaves as they could. The Qur'an has made emancipation of slaves an expiation of some types of sins and criminal acts committed by the believers.

To eliminate exploitation of labour by the employer or the capitalist, the Prophet of Islam has laid down that the workers would be paid their wages promptly. On the authority of Abdullah-bin-Omar, it is reported that the Messenger of Allah said : "Pay the labourer his wages before his sweat dries up." (Ibn Majah).

The tenants and the farm workers are another most exploited class of humans which has been subjected to the worst type of tyranny by the feudal lords. To eliminate exploitation of this class, Islam almost abolished jagirdari or feudal system by repealing the system of absentee landlordism and by confiscating the lands of those who did not cultivate them for three continuous years. The Prophet of Islam also discouraged giving of land to others for cultivation on cash rent or for share in produce.

The debtors have been another exploited class. Islam has not only abolished interest, but to help this class, the Qur'an has laid down that the creditor should give as much time as possible to the debtor for repayment of debt and if the creditor remits the debt it shall be treated as almsgiving.

The orphans have always been an exploited class in every society as their property is generally devoured by their near relatives and their guardians. In the sight of Islam, devouring the property of the orphans is a major sin. The Qur'an warns such persons in these words: "Lo ! Those who devour the wealth of orphans wrongfully, they do but swallow fire into their bellies, and they will be exposed to burning flame." (4 : 10)

The women have been exploited by men throughout the history of humankind. They were denied in the past even the status of a human being and were treated as chattel. Islam restored their status of human beings and gave them rights equal to men in every sphere. In the economic field, Islam has given them rights to acquire property, own it, enjoy it and alienate it as the men do. The women have also been given rights of inheritance like men, they can inherit property from their parents, from their spouses, from their children and from their other near kindred. Thus Muslim women are no longer economically exploited by the men.

Supra are some of the steps, which have been taken by Islam to end economic exploitation of the weak by the strong.

2- Principles

Some of the principles of the Islamic economic system, as laid down by the Qur'an and the Sunnah, are discussed as follows:

1. Allah determines Right and Wrong: We have already discussed in the first chapter that Islamic economic system makes distinction between what is permitted being lawful (Halal) and what is forbidden being unlawful (Haram). To determine what is permitted or lawful (Halal) and what is forbidden or unlawful (haram) is the soul

prerogative of God. None but God is empowered to pronounce what is right and what is wrong. Allah has made demarcation between lawful and unlawful in the economic sphere and has allowed man to enjoy those food items and other articles of use which are lawful and avoid those things which are unlawful.

The Qur'an says: "O ye who believe ! Forbid not the good things which Allah hath made lawful for you, and transgress not, Lo! Allah loveth not the transgressors. Eat of that which Allah hath bestowed on you as food lawful and good and keep your duty to Allah in Whom ye are believers." (5 : 87-88)

No human being has power to say what is right (Halal) and what is wrong (Haram). The Qur'an clarifies this principle in unambiguous terms when it commands: "And speak not concerning that which your own tongues qualify (as clean or unclean), the falsehood: "This is lawful, and this is forbidden", so that ye invent a lie against Allah..." (16:116)

2. Principle of Use: Within the bounds of lawful (Halal) and unlawful (Haram) prescribed by Allah and also keeping in view the rules of moderation and prudence, the man has been allowed to make full enjoyment of God's gifts bestowed on him. The Qur'an says: "O mankind ! Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of the devil. Lo! he is an open enemy for you." (2:168). At another place, the revealed book of Islam states: "So eat of the lawful and good food, which Allah hath provided for you, and thank the bounty of your Lord if it is Him ye serve....." (16:114). However, the principle of use should not be over stretched so as to indulge in extravagance and wastage of economic resources. The Qur'an brings home this point when it addresses mankind: "O children of Adam ! Look to your adornment at every place

of worship, and eat and drink, but be not prodigal Lo! He (Allah) loveth not the prodigals.”(7:31)

All things have been created by Allah for man’s use and service. To restrain oneself or forbid others from the enjoyment of lawful items of food and other articles of use tantamounts to renouncing the blessings and favours of Allah which has been strongly condemned. The Qur’an prohibits it in very clear words when it says : “O ye who believe ! Forbid not the good things, which Allah hath made lawful for you, and transgress not, Lo! Allah loveth not transgressors.”(5:87). In another verse, the Holy Qur’an questions those who put restrictions on the use of certain things without divine sanction: “Say! Who hath forbidden the adornment of Allah which He hath brought forth for His bondmen, and the good things of His providing?.....”(7:32). Thus the Qur’an has disapproved the ways of monks and ascetics who consider the satisfaction of physical urges an obstacle in spiritual development.

3. Principle of Moderation: Islam unequivocally discourages its followers to cross the limits and follow extremes. The Muslims have been called by the Qur’an a middle nation (2:143). Therefore, the principle of moderation carries paramount importance especially in the economic field. This principle is followed by the true believers in the production of wealth as well as in the consumption and spending of wealth. Although earning of wealth through permitted (Halal) means is allowed, yet the piety demands that a Muslim should not become mad after amassing wealth like a greedy materialist. He should exercise restraint and earn wealth to meet his lawful needs. Extra wealth, if at all is earned by him somehow, may be spent in the path of Allah on charity and relief of the poor. Similarly, in the consumption and spending of wealth, the believer is recommended to strike balance avoiding miserliness and extravagance. Miser is he who does not

even provide for the legitimate needs of himself and his family let alone spending on charitable and noble causes. Extravagant or spend thrift is a person who squanders his wealth in luxury, gambling, drinking, and on lavish expenditure on festivities, weddings, day to day living. Islam condemns both miserliness and extravagance and enjoins upon a believer to exercise moderation. The Qur'an appreciates those who exercise moderation in spending when it says: "And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two."(25:67)

4. Economic Freedom: Every individual, according to Islam, is accountable for his actions done in this world. He would be rewarded for his good actions and punished for his evil actions in the hereafter. Accountability for individual's actions is meaningless if the individual is not provided reasonable freedom to act independently. Therefore, Islam puts highest value on individual's freedom of action in every field of human activity such as social, political, economic religious, moral, etc.

Islamic principle of economic freedom means that an individual has been allowed liberty by God to earn wealth, own it, enjoy it and spend it as he likes. It also entails freedom to adopt any profession, business or vocation to earn livelihood. But Islam has not allowed unlimited freedom in the economic sphere. As we have already discussed, Islam makes distinction between Halal (lawful) and Haram (unlawful). In the field of production, distribution, exchange and consumption, only Halal (lawful) means are permitted. Remaining within the restrictions of Halal and Haram, an individual enjoys full freedom to earn and spend wealth as he likes. Thus Islam recognises free enterprise, human initiative, and individuals potential. It also recognises role of organisation, capital, labour and market forces in economic field. No unnecessary curbs are placed on the individual or

the organisation regarding earning or owning of wealth. No upper limit or ceiling is imposed on properties or holdings. Besides restrictions of Halal and Haram, other restrictions are rarely placed on economic activities, prices of goods, ownership or on monopolies unless the same are really necessary for safeguarding the common interest of Muslim community.

5. Principle of Justice: Islamic principle of justice operates in every sphere of human activity, may it be legal, social, political or economic. Islamic economic system, in fact is based upon the principle of justice which governs all the basic aspects of economy like production, distribution, consumption and exchange.

In the sphere of production, Islamic principle of justice ensures that nobody is exploited by the other and that nobody acquires wealth by unjust, unfair, unlawful and fraudulent means. The followers of Islam have been allowed to acquire wealth through just and fair means. Islam admits the right of every individual to earn his livelihood, to acquire wealth, to own property and live a comfortable life. But it does not allow that people should amass wealth through bribery, corruption, embezzlement, stealing, robbery, gambling, trade in narcotics, exploitation, gambling, interest, fraud, hoarding, black marketing, prostitution, malpractices in business, immoral professions or through other unjust methods.

In the field of distribution, the Islamic principle of justice plays the most vital role. One of the greatest contribution of Islam to humanity is that Islam ensures just and equitable distribution of wealth among the people. Justice in distribution, which is called by various names like economic justice or social justice or distributive justice, demands that economic resources and wealth should be so distributed among the members of the community that on

the one hand the gulf between the rich and the poor should be bridged and on the other hand everyone should be provided with basic necessities of life. Islam discourages concentration of wealth in few hands and ensures its circulation in the community not only through moral education and training but also through effective legal measures. System of Sadaqat, Zakat and voluntary alms along with laws of inheritance helps distribution of wealth among the larger sections of society,

CHAPTER 3

PRODUCTION

It is said that just as man cannot destroy matter, he also cannot create matter. What he can do is to give it utility or value by arranging or re-arranging its particles in a particular way. Production as such may be defined as creation of utilities and adding value to utilities. According to Fraser, "if consuming means extracting utility from, production means putting utility into." Allah is real creator. Man can merely change the forms of matter and use it to satisfy his wants.

Land, labour, capital and enterprise are generally regarded as factors of production. In the economic sense, production consists of a long chain of producers covering the industries and services like: extracting such as mining, fishing, farming; manufacturing which turns raw material into finished goods; commercial services such as trade, transport, banking and insurance; and services sector such as services of servants, employees, doctors, engineers, lawyers, teachers.

Islamic concept of production of wealth is very broad-based. God has created man and knows the nature of man who loves wealth with the desire to accumulate, possess and enjoy it. The Holy Qur'an says: "Beautiful for mankind is love of the joys (that come) from women and offspring, and stored-up heaps of gold and silver, and horses branded (with their marks), and cattle and land (produce)....." (3 : 14)

The desire of man for possession of wealth besides having offspring, is quite natural. Man is fond of gold and

silver and other sources of wealth which he needs perhaps to satisfy his unending wants. He, therefore, struggles to earn and acquire as much wealth as he can. Islam has not discouraged man to acquire wealth. In fact, we are told by the Qur'an, that everything of this world has been created for the service and use of man. All the stars, the sun, the moon, the earth, are created to serve man. The Quran says: "See ye not how Allah hath made serviceable unto you whatsoever is in heavens and whatsoever is in the earth and hath loaded you with His favours both without and within?....." (31:20). These forces of nature and also all the economic resources placed in the earth are at the command of man who can exploit and utilize them, if he can, for his benefit.

Man's struggle for acquiring wealth has also been encouraged when the Qur'an says: "And that man hath only that for which he maketh effort, and that his effort will be seen, And afterward he will be repaid for it with fullest payment; -----(53 : 39-41)

In view of the great importance of production of wealth for human survival, the Holy Qur'an has allowed the earning of livelihood through trade even during the pilgrimage : "It is no sin for you that ye seek the bounty of your Lord (by trading)....." (2:198). Even on Friday, which is commonly considered to be a Muslim Holiday, the followers of Islam have not been restrained to pursue economic activities. Rather they have been encouraged to resume their economic activity on Friday after offering their congregational prayer. The Holy Quran speaks thus: "And when the prayer is ended, then disperse in the land and seek of Allah's Bounty, and remember Allah much, that ye may be successful." -(62 : 10)

The following traditions of Prophet Muhammad (PBUH) also approve man's struggle for earning of livelihood:[1]

1. The Holy Prophet said, "Acquisition of lawful livelihood is the most important obligation after the obligation of prayer".

2. The Holy Prophet is reported to have said, "When you finish the morning prayer, don't sleep (rest) until you have exerted yourself for your livelihood".

3. The Holy Prophet once said, "There are certain sins which can only be amended by constant struggle for economic ends".

4. The Holy Prophet is reported to have said: "All the Prophets, who have gone before me, engaged themselves in hunting and went out in search for hunting (for this was the only main method of earning livelihood in those days). As for the problem of prayer in congregation, it is enough for you, when absent from congregation, that you love congregation, love the people in congregation, love the name of God, love the people who praise God and wish to earn lawful livelihood for your family—all these things would suffice your absence from the congregation. You should endeavour to acquire lawful livelihood for your family for it is like fighting in the way of God."

Prohibited Means of Production of Wealth: Thus earning of livelihood and acquiring of wealth is neither prohibited in Islam nor it is discouraged. But the Holy Qur'an and the Sunnah of the Prophet of Islam have laid down that wealth should be earned through lawful (Halal) means and not through unlawful (Haram) means. Lawful means of

earning wealth have been strongly recommended with blessings of Allah in this world and promise of reward in the Hereafter; whereas unlawful means have been denounced with wrath of Allah in this world and warning of stern punishment in the Hereafter. Thus the economic system of Islam neither allows unrestricted freedom like capitalism to earning of wealth in whatever way the people like nor does it chain them in control like socialism that they are prohibited to have any individual freedom in this sphere. According to the Qur'an and the Sunnah, all the means of earning livelihood are allowed if they are fair, just and moral and if they are not specifically prohibited. Unjust and unlawful means of earning wealth have been defined and illustrated in the Qur'an and the Sunnah. Manufacture, sale and purchase and consumption of wine and narcotics is illegal. Interest, bribery, stealing, robbery, embezzlement and corruption is illegal. Prostitution, music, dancing and profession of singing is forbidden. Gambling, betting, speculation, forward selling, games of chance are unlawful means of earning. Business malpractices such as hoarding, black-marketing, profiteering, monopoly, short weighing and short measuring, adulteration, false oaths, misrepresentation, fraud, deception, etc. are prohibited.

Let us now discuss some of the unlawful means of earning wealth in Islam as follows:

1- Interest

Islam has prohibited 'Riba' (usury or interest) and, therefore, in the economic system based on the injunctions of the Qur'an and the Sunnah there is no permission for earning livelihood or acquiring wealth through interest. Some of the verses of the Quran and the Ahadith of the Prophet of Islam which forbid interest are:

1. Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury. He unto whom an admonition from his Lord cometh, and (he) refraineth (in obedience thereto), he shall keep (the profits of) that which is past, and his affair (hence-forth) is with Allah. As for him who returneth (to usury) - such are rightful owners of the Fire. They will abide therein. Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty.

----- (2 : Al-Baqarah : 275-276)

2. O ye who believe ! Observe your duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. And if ye do not, then be warned of war (against you) from Allah and His messenger. And if ye repent, then ye have your principal (without interest). Wrong not, and ye shall not be wronged.

----- (2 : Al-Baqarah : 278-279)

3. O ye who believe ! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful.

----- (3 : Al-Imran : 130)

4. Jaber reported that the Messenger of Allah cursed the devourer of usury, its payer, its scribe, and its two witnesses. And he said that they are equal (in sin).

- (Muslim)

5. Abu Sayeed al-Khodri reported that the Messenger of Allah said : Gold for gold, Silver for silver,

wheat for wheat, barley for barley, date for date, salt for salt and like for like in hand to hand (transaction). Whoso gives more or takes more, then the taker and the giver are equal in taking interest therein.

-(Muslim)

6. Abu Sayeed al-Khodri reported that the Messenger of Allah said : Don't sell gold for gold unless like for like and don't increase something of it upon something, and don't sell silver for silver unless like for like and don't increase something of it upon something, and don't sell the absent therefrom for the present. In a narration : Sell not gold for gold, nor silver for silver unless like for like.

-(Bukhari, Muslim)

7. Abu Hurairah reported that the Messenger of Allah said : Usury has got seventy divisions. The easiest division of them is a man's marrying his mother.

-(Ibn Majah)

8. Abu Harairah reported that the Messenger of Allah said : I came across a people in the night in which I was taken to heaven. Their bellies are like houses wherein there are serpents which can be seen from outside their bellies. I asked : O Gabriel ! who are they? He said : These are those who devoured usury.

----- (Ahmad, Ibn Majah)

Riba has not been defined by the Quran and the Sunnah. But both have condemned and prohibited it in the most severe possible terms. According to the Qur'an, Riba, which is generally translated into usury, decreases national wealth whereas Zakat increases it. Charging of Riba in the

sight of the Qur'an tantamounts to declaring of war against Allah; while in the words of Prophet Muhammad (PBUH), a dirham of usury a man devours with knowledge is greater (in sin) than thirty six fornications. During the times of the Prophet, Riba was not only charged on money loans but was also charged on exchange of commodities in barter transactions. So the Prophet prohibited Riba in both the forms. Some modern economists have tried to distinguish bank interest from Riba and have held that bank interest is not prohibited. But majority of the Muslim scholars are unanimous in holding that Riba in every form is prohibited including bank interest.

2- Bribery

Bribery eats justice and gives birth to many socio-economic evils. Islam has not only prohibited bribery but has also condemned both the parties to its transaction to Hell in the next world. Bribery is a major sin and a culpable crime in an Islamic state. Therefore, earning wealth through bribery is absolutely illegal (Haram). Let us see what the Qur'an and the Sunnah say about it.

1. And eat not up your property among yourselves in vanity, nor seek by it to gain the hearing of the judges that ye may knowingly devour a portion of the property of others wrongfully.

-(Al-Qur'an 2 : 188)

2. O ye who believe ! Let there be witnesses between you when death draweth nigh unto one of you, at the time of bequest—two witnesses, just men from among you, or two others from another tribe in case ye are campaigning in the land and the calamity of death befall

you. Ye shall empanel them both after the prayer, and, if ye doubt, they shall be made to swear by Allah (saying) : We will not take a bribe, even though it were (on behalf of) a near kinsman nor will we hide the testimony of Allah, for then indeed we should be of the sinful.

-(Al-Qur'an 5 : 106)

3. Abdullah-b-Amr reported that the Messenger of Allah cursed the bribe-taker and the bride-giver.

-(Abu Daud, Ibn Majah)

4. Abu Humaid-as-Sayidi reported: The Prophet appointed a man of Azd tribe called Ibnul Lutbiyyah as Zakat-collector. When he returned (to Madinah), he said: This is for you and these are presents to me. Then the Holy Prophet delivered sermon, praised Allah and glorified Him and said: The next thing is that I have appointed some men among you to manage some affairs of which Allah gave me authority. One of them comes and says : This is for you and this is a present given to me. Why then does he not sit down in the house of his father or in the house of his mother and then see whether he is given presents or not? By Him in whose hand there stands my life, nobody will take anything out of it but he will not be brought on the Resurrection Day carrying it on his shoulder.

-(Bukhari and Muslim)

5. Amr-bin-Al-A's reported: He heard the Messenger of Allah say: There is no people among whom adultery becomes widespread but are overtaken with famine and there is no people among whom bribery becomes widespread but are overtaken with fear.

-(Ahmad)

3- Usurpation of Orphan's Property

The orphans are the weakest and the most exploited class in human society. They are generally the easiest targets of those near relatives and guardians to whose care they are left. Unscrupulous persons do not feel any moral compunction and devour the property of the orphans with impunity. Such persons have been warned by the Qur'an and Hadith as follows :-

Verses of the Qur'an :

1- Give unto orphans their wealth. Exchange not the good for the bad (in your management thereof) nor absorb their wealth into your own wealth. Lo! that would be a great sin.

-(4 : 2)

2. Prove orphans till they reach the marriageable age; then if ye find them of sound judgement, deliver over unto them their fortune; and devour it not by squandering and in haste lest they should grow up. Whoso (of the guardians) is rich, let him abstain generously (from taking of the property of orphans); and whoso is poor, let him take thereof in reason (for his guardianship). And when ye deliver up their fortune unto orphans, have (the transaction) witnessed in their presence. Allah sufficeth as a Reckoner.

-(4 : 6)

3. Lo! Those who devour the wealth of orphans wrongfully, they do but swallow fire into their bellies and they will be exposed to burning flame.

-(4 : 9-10)

4. And approach not the wealth of the orphan save with that which is better, till he reach maturity. Give full measure and full weight, in justice. We task not any soul beyond its scope.

-(6 : 152)

5. Come not near the wealth of the orphan save with that which is better till he come to strength, and keep the covenant. Lo! of the covenant it will be asked.

-(17 : 34)

Ahadith of the Prophet :

1. Abu Hurairah reported that the Messenger of Allah said: The best home of Muslim is one wherein there is an orphan who is treated well; and the worst home of Muslims is one wherein there is an orphan who is treated badly.

-(Ibn Majah)

2. Amr-b-Shuaib from his father from his grandfather reported that the Messenger of Allah addressed the people and said: Beware! Whoever is entrusted with an orphan having property, let him make merchandise therewith, and let him not leave it till Zakat eats it up.

-(Abu Daud, Tirmizi)

4- Trade in Wine and Narcotics

Wine-drinking has been prohibited by the Qur'an and denounced as a great sin. The Prophet of Islam has declared manufacture, purchase, sale and transportation of wine illegal and unlawful. According to the Prophet, every intoxicant is unlawful (Haram) and thus, by implication, consumption of and trade in narcotics, wine, opium, heroin, etc is illegal. Therefore, income generated through transactions connected with narcotics is forbidden. The verses of the Quran and Ahadith of the Prophet which prohibit wine are as follows:

Verses of the Quran:

1. They question thee about strong drink, and games of chance. Say: In both is great sin, and (some) utility for men; but the sin of them is greater than their usefulness.

-(2 : 219)

2. O ye who believe! Strong drink and games of chance and idols and divining arrows are only an infamy of Satan's handiwork. Leave it aside in order that ye may succeed. Satan seeketh only to cast among you enmity and hatred by means of strong drink and games of chance, and to turn you from remembrance of Allah and from (His) worship. Will ye then have done?

-(5 : 90-91)

Traditions of Muhammad (PBUH):

1. Anas reported that the Prophet cursed ten about wine-one who squeezes it, one who is engaged for squeezing it, one who drinks it, one who carries it, one to whom it is carried, one who gives it to drink, one who sells

it, one who devours its price, one who purchases it and one from whom it is purchased.

-(Tirmizi, Ibn Majah)

2. Ibn 'Umar reported God's messenger as saying, 'Every intoxicant is Khamr and every intoxicant is forbidden.'".

-(Muslim)

3. We'il al-Hadrami said that Tariq b. Suwaid asked the Prophet about wine and he forbade him. When he told him that he made it only as a medicine he replied, "It is not a medicine, but is a disease."

-(Muslim)

4. Dailamah al-Humairi reported: I asked: O Messenger of Allah, verily we are in cold land, and we are to do hard works therein, and we prepare wine from this wheat which gives us strength in our works and in the chill of our cities. He said Does it intoxicate? 'Yes' said I, He said: Give it up. I said: Verily the people can not give it up. He said: If they do not give it up, fight with them.

-(Abu Daud)

5. Abdullah-bin-Amr reported that the Messenger of Allah prohibited intoxicants, games of chance, card-playing and Gobairah and he said: Every intoxicant is unlawful.

-(Abu Daud)

6. Abu Said Al-Khudri said he had wine belonging to an orphan, and when Al-Ma'idah came down, he asked

Allah's Messenger about it, telling him it belonged to an orphan, but he said, "Pour it away". (Tirmizi). And Anas asked the Prophet about orphans who had inherited wine and whether he might not make vinegar of it, and he told him he must not.

-(Abu Daud)

5- Gambling and Games of Chance

Earnings through gambling and games of chance have been strictly prohibited by Islam as Haram (unlawful). Following are relevant verses of the Qur'an and Ahadith of the Prophet:

1. They question thee about strong drink, and games of chance. Say: In both is great sin, and (some) utility for men; but the sin of them is greater than their usefulness.....

-(Al-Quran 2:219)

2. O ye who believe! Strong drink and games of chance and idols and divining arrows are only an infamy of Satan's handiwork. Leave it aside in order that ye may succeed. Satan seeketh only to cast among you enmity and hatred by means of strong drink and games of chance, and to turn you from remembrance of Allah and from (His) worship. Will ye then have done?

-(Al-Qur'an 5:90-91)

3. Abdullah-bin-Amr reported that the messenger of Allah prohibited intoxicants, games of chance, card playing and Gobairah.....

-(Abu Daud)

4. Abdullah-bin-Amr told that the Prophet (PBUH) forbade wine (Khamr), game of chance (Maisir), drum (Kubah) and wine made from millet (Ghubairah) saying: Every intoxicant is forbidden.

-(Abu Daud)

The word used by the Qur'an for gambling is 'maisir' which literally means 'getting something too easily' or 'getting a profit without working for it'. Originally, it stood for a game or play with unfeathered or headless arrows. Gambling can briefly be defined as wagering money or other valuable things upon the outcome of an event or making money upon some chance. Thus it is a game of chance by which you either win or lose. The evil of gambling is in vogue since the time immemorial. According to a writer: 'Games of chance' are as old and as wide-spread as humanity.....

The extent to which gambling prevails in the modern world is difficult to assess. Most of it is centred in the horse racing. Dice and wagering are rightly included in the definition of gambling. Modern form of gambling are lottery, betting, cross-word puzzles, card-playing (with bets), prize schemes, etc.

Gambling and all games of chance have been strictly prohibited by the Qur'an. According to the Qur'an, gambling, as wine-drinking, is devil's handiwork through which he seeks to cast enmity among the people and turns them away from remembrance of God.

6- Theft and Robbery

Earning livelihood and acquisition of wealth through theft and robbery has again been declared unlawful and illegal by Islam. The Qur'an has declared theft and robbery major offences, the former to be punished with amputation of hands while the latter to be punished, like rebellion, with death or with amputation of hands and feet or with banishment. The relevant verses of the Qur'an and Ahadith of the Prophet on this subject are:

The Verses of the Qur'an:

1. As for the thief, both male and female, cut off their hands. It is the reward of their own deeds: an exemplary punishment from Allah. Allah is Mighty, Wise. But whoso repenteth after his wrongdoing and amendeth, Lo! Allah will relent toward him. Lo! Allah is Forgiving, Merciful.

-(5:38-39)

2. Lurk not on every road to threaten (wayfarers), and to turn away from Allah's path him who believeth in Him, and to seek to make it crooked. And remember, when ye were but few, how he did multiply you. And see the nature of the consequence for the corrupters!

-(7:86)

3. O Prophet ! If believing women come unto thee, taking oath of allegiance unto thee that they will ascribe nothing as partner unto Allah, and will neither steal nor commit adultery nor kill their children, nor produce any lie that they have devised between their hands and feet, nor disobey thee in what is right then accept their allegiance and ask Allah to forgive them. Lo! Allah is Forgiving, Merciful.

-(60:12)

Ahadith of Muhammad (PBUH):

1. Ibn Omar reported that the Prophet cut off the hand of a thief for a shield, price of which was three dirhams.

-(Bukhari and Muslim)

2. Rafe-b-Khadiz reported from the Prophet who said: There is no cutting for (theft of) ripe fruits and white dates.

-(Abu Daud, Nisai, Malek, Tirmizi)

3. Amr Ibn Shu'aib, on his father's authority, said that Allah's Messenger was asked about hanging fruit and he said, "If a needy person takes some and does not take a supply in his garment, he is not to be blamed, but he who carries any of it away is to be fined twice the value and punished, and he who steals any of it after it has been put in the place where dates are dried is to have his hand cut off if their value reaches the price of a shield."

-(Nisai and Abu Daud).

The term 'theft' has neither been defined by the Qur'an nor by the Sunnah. In the common parlance, theft denotes to the act of depriving a person of his property dishonestly, stealthily and illegally. It is, thus, an act of taking other's property without any lawful claim to it. Protection of property is one of the fundamental rights of a citizen and the state is duty-bound to safeguard it from the encroachments of others. A thief is a person who not only infringes the right of a citizen with regard to his property but also deprives him permanently of his hard-earned belonging. The thief is a menace to peaceful society and is

looked upon with terror. The Qur'an has prescribed very severe punishment of cutting off the hands of a thief to make him an example for others and thus create a deterrent effect.

7- Hoarding of Essential Goods

Business of monopoly and hoarding of necessities of life has been condemned by Islam. Especially holding back or storing up of food grains, eatables and other articles of daily use for getting higher prices in times of scarcity and crises is absolutely unlawful (Haram). In times of scarcity and non-availability of food items, hoarding of such items becomes the worst type of human exploitation and hence a major crime and a great sin. Making undue profits from such business of exploitation and blackmail is illegal. Following are the verses of the Qur'an and Ahadith of the Prophet of Islam which pronounce Islamic view-point on this illegal business:

1. And let not those who hoard up that which Allah, hath bestowed upon them of His bounty think that it is better for them. Nay, it is worse for them. That which they hoard will be their collar on the Day of Resurrection.

-(Al-Quran 3:180)

2. Ibn Omar reported that the Messenger of Allah said: Whoever stores up food-grains for forty days, intending thereby a dear price, becomes free from Allah and Allah is free from him.

-(Razin)

3. Abu Omamah reported that the Messenger of Allah said : Whoso stores up food grain for forty days, and then gives it in charity, it will not be an expiation for his sins.

-(Razin)

4. Me-mar reported that the Messenger of Allah said: Whoever monopolises is a sinner.

-(Muslim)

5. Omar reported from the Messenger of Allah who said: Bringer of food-grains (to a city) is given provision, and the monopoliser is cursed.

-(Ibn Majah, Darimi)

6. Omar-bin' al-Khattab reported: I heard the Messenger of Allah say: Whoever monopolise over the Muslims their food-grains, Allah will inflict them with epidemics and bankruptcy.

-(Ibn Majah)

8- Embezzlement

Embezzlement means betraying of trust and unlawfully appropriating property belonging to others. Acquisition of wealth through embezzlement of public money or individual's property has been strictly forbidden to a believer in Islam. Quranic injunctions regarding embezzlement are:

1. If ye be on a journey and cannot find a scribe, then a pledge in hand (shall suffice). And if one of you

entrusteth to another let him who is trusted deliver up that which is entrusted to him (according to the pact between them) and let him observe his duty to Allah. Hide not testimony. He who hideth it, verily his heart is sinful. Allah is Aware of what ye do.

--(2:283)

2. Among the People of the Scripture there is he who, if thou trust him with a weight of treasure, will return it to thee. And among them there is he who, if thou trust him with a piece of gold, will not return it to thee unless thou keep standing over him. That is because they say: We have no duty to the Gentiles. They speak a lie concerning Allah knowingly.

-(3:75)

3. Lo! Allah commandeth you that ye restore deposits to their owners, and, if ye judge between mankind, that ye judge justly. Lo! comely is this, which Allah admonisheth you. Lo! Allah is ever Hearer, Seer.

-(4:58)

4. O ye who believe! Betray not Allah and His messenger, nor knowingly betray your trusts.

-(8:27)

9- Wrong Measuring and Weighing

Business malpractices such as wrong measuring and wrong weighing have been very common in the nations of old as of today. This device of spurious weights and

measures is adopted by unscrupulous traders to harm the interests of customers and earn undue profits. The practice of short measuring and short weighing while giving and over-measuring and over-weighing while taking has been condemned by the Qur'an and the Sunnah of the Prophet of Islam. The relevant verses of the Qur'an and Ahadith are:

Quranic Verses:

1. And approach not the wealth of the orphan save with that which is better, till he reach maturity. Give full measure and full weight, in justice. We task not any soul beyond its scope.

-(6:152)

2. And unto Midian (We sent) their brother Shu'eyb. He said: O my people! Serve Allah. Ye have no other God save Him! And give not short measure and short weight. Lo! I see you well-to-do, and Lo! I fear for you the doom of a besetting Day. O my people! Give full measure and full weight in justice, and wrong not people in respect of their goods. And do not evil in the earth causing corruption.

-(11:84-85)

3. Fill the measure when ye measure and weigh with a right balance; that is meet, and better in the end.

-(17:35)

4. Give full measure, and be not of those who give less (than the due). And weigh with the true balance. Wrong not mankind in their goods, and do not evil, making mischief, in the earth.

-(26:181-183)

5. That ye exceed not the measure. But observe the measure strictly, nor fall short thereof.

-(55:8-9)

6. Woe unto the defrauders: Those who when they take the measure from mankind demand it full, But if they measure unto them or weigh for them, they cause them loss. Do such (men) not consider that they will be raised again. Unto an awful Day: The day when (all) mankind stand before the Lord of the Worlds?

-(83:1-6)

Ahadith of the Prophet:

1. Ibn Abbas reported that the Messenger of Allah said to the owners of measurement and weight: You have been certainly entrusted with two affairs about which the former nations before you were destroyed.

-(Tirmizi)

2. Ibn Abbas reported: Treachery does not appear in a nation but Allah throws fear into their hearts, nor fornication becomes wide-spread in a nation but death becomes frequent in them, nor does a nation decrease weight and measure but provision is cut off from them, nor does a nation pass order unjustly but murder becomes prevalent among them, nor do a nation break a treaty but the enemy becomes powerful over them.

-(Malek)

3. Suwaid-bin-Qais reported: I and the slave Makhrafah brought cloth from Hajr and came therewith to Makkah. Then the Messenger of Allah came to us walking. He bargained with us for cloth and we sold to him. A man there was measuring with weight up. The Holy Prophet said to him: Measure and weigh down.

-(Ahmad, Abu Daud, Tirmizi)

Earning livelihood or acquiring wealth through such like business malpractices is unlawful (Haram). The Prophet of Islam, as the above mentioned traditions show, was very strict regarding weights and measures which are great trust. Every follower of him is, therefore, obliged to adopt standard weights and measures and use the same both for purchasing and selling commodities.

10- Prostitution

Fornication and adultery have been banned by Islam and declared a major crime in an Islamic state. Therefore, earning income from prostitution and adultery is strongly prohibited. By implication, all professions and vocations which directly or indirectly promote adultery in society such as obscenity, pornography, blue films and sex-songs become unlawful (Haram). The verses of the Qur'an and Ahadith of the Prophet of Islam concerning prostitution and adultery are:

Verses of the Qur'an:

1. And come not near unto adultery. Lo! it is an abomination and an evil way.

-(17:32)

2. The adulterer and the adulteress, scourge ye each one of them (with) a hundred stripes.....

-(24:2)

3. Force not your slave girls to whoredom that ye may seek enjoyment of the life of the world, if they would preserve their chastity. And if one force them, then (unto them), after their compulsion, Lo! Allah will be Forgiving, Merciful.

-(24:33)

Traditions of Muhammad (PBUH):

1. Abu Huzaifah reported that the Holy Prophet prohibited price of blood, price of dogs and earnings of a prostitute. And he cursed the devourer of usury and its giver, the tattooer and the tattooed and the painter (of life-pictures).

-(Bukhari)

2. Jaber reported that he heard the Messenger of Allah say in the Year of Victory while he was at Makkah: Verily Allah and His Messenger forbade the sale of wine, dead animals, pigs and idols. He was questioned: O Messenger of Allah! Inform about fat of dead and verily boats are smeared therewith, skins are oiled therewith and people prepare light therewith. "No" he said, "It is unlawful." He said at that time: May Allah destroy the Jews! When Allah made their fats unlawful, they took fancy to them. Then they sold them and devoured their price.

-(Bukhari and Muslim)

3. Rafe-bin-Khadiz reported that the Messenger of Allah said: Price of dog is impure, earning of a prostitute is impure, and earning of a cupper is impure.

-(Muslim)

4. Abu Mas'ud Al Ansari reported that the Messenger of Allah forbade the price of dogs, earnings of prostitutes and fore-telling of a sooth-sayer.

-(Bukhari, Muslim)

5. Abu Hurairah reported that the Messenger of Allah prohibited the price of dogs and earnings of singing girls.

-(Sharhi Sunnat)

11- Begging

Begging is a curse for humanity and is below one's dignity and self-respect. Begging tantamounts to lack of trust in God and lack of confidence in one's ability to earn through hard work. Begging is, therefore, unlawful in an Islamic state and adoption of it as a profession is strictly prohibited. The view-point of the Qur'an and that of the Sunnah is reflected below by the verses of the Holy Book and Ahadith of Muhammad (PBUH):

1. (Alms are) for the poor who are straitened for the cause of Allah, who cannot travel in the land (for trade). The unthinking men accounteth them wealthy because of their restraint. Thou shalt know them by their mark: They do not beg of men with importunity. And whatsoever good thing ye spend, Lo! Allah knoweth it.

-(Al-Quran 2:273)

2. Zubair-b-Awam reported that the Messenger of Allah said: That one of you takes his rope and then comes with a load of wood upon his back and sells it is better than to beg of men whether they give or reject him.

-(Bukhari)

3. Qabisah-bin-Maknareq reported : I became surety for a debt and came to the Messenger of Allah to ask him about it. He said: Wait till Zakat comes to us, and then we shall order something therefrom for you. Then he said: O dear Qabisah! Surely begging is not lawful except for one of these three (reasons)-a man who becomes surety for a debt, it then becomes lawful for him to beg till he gets it, after which he shall withhold; a man having met with a misfortune which has ruined his property-it is lawful for him to beg till it enables him to get livelihood (or he said means of livelihood); and a man who meets with dire necessity, till three men of understanding of his tribe stand up (and say): Dire necessity afflicted such one-it is lawful for him to beg till he finds means for livelihood. O Qabisah ! what is besides these in begging is unlawful and its owner eats unlawful things.

-(Muslim)

4. Abdullah-bin-Omar reported that the Messenger of Allah said: Man will continue to beg of men till he will come on the Resurrection Day without any piece of flesh in his face.

-(Bukhari, Muslim)

5. Ibn Omar reported that the Holy Prophet said while he was on the pulpit speaking about charity and refraining from begging. The upper hand is better than the lower, and the upper hand is that which gives and the lower is that which begs.

-(Bukhari, Muslim)

6. Samorah-bin-Jundub reported that the Messenger of Allah said: Begging are scratches with which a man scratches his own face. So whoever likes may make them permanent upon his face, and whoever likes may avoid them-except a man's begging to a man of power or in an affair from which there is no escape.

-(Abu Daud, Tirmizi, Nisai)

7. Sahl-bin-Hanjaliyyah reported that the Messenger of Allah said: Whoever begs while he has got sufficient means begs of Hell-fire. Nufali who was one of its narrators in another place asked: And who is a solvent man for whom begging is unlawful? He (Prophet) said: He who has means which give him food morning and night. He said in another place: He who has food for a day or for a night and a day.

-(Abu Daud)

8. Hubshi-bin-Junadah reported that the Messenger of Allah said: Begging is not lawful for the solvent, nor for one who is stout and strong except for one who has got pressing poverty or destroying debt. And whoso begs of men to increase his wealth will have scratches on his face on the Resurrection Day, and hot stone of Hell which he will devour.

-(Tirmizi)

12- Miscellaneous Unfair Means

Islam has prohibited earning of income through profession of singing and dancing. Income of a magician, soothsayer, foreteller and a painter of life portraits is also unlawful. Earning of income through unfair trade practices like fraud, deception, misrepresentation, sale of defective things or the things which are yet not in possession of the seller is strictly prohibited. Speculation and forward transactions are also un-Islamic. Relevant verses of the Quran and Ahadith are reproduced as follows :

Verses of the Qur'an:

1. O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent, and kill not yourselves. Lo! Allah is ever Merciful unto you.

----- (4:An-Nisa:29)

2. And of their taking usury when they were forbidden it, and of their devouring people's wealth by false pretences. We have prepared for those of them who disbelieve a painful doom.

----- (4:An-Nisa:161)

3. And thou seest many of them vying one with another in sin and transgression and their devouring of illicit gain. Verily evil is what they do. Why do not the rabbis and the priests forbid their evilspeaking and their devouring of illicit gain? Verily evil is their handiwork.

----- (5:Al-Ma'idah:62-63)

Ahadith of Muhammad (PBUH):

1. Jaber reported that the Messenger of Allah forbade Mukhabarah, Muhaqalah and Muzabanah. Muhaqalah is a man's selling corn for one hundred Farq of wheat, and Muzabanah is to sell dry dates upon the heads of date trees for one hundred Farq. And Mukhabarah is to let out land for one-third or one-fourth (of produce).

-(Muslim)

2. Abu Qatada reported that the Messenger of Allah said: Be careful of excessive swearing in sale, because it finds market but then reduces (blessing).

-(Muslim)

3. Abu Hurairah reported that the Holy Prophet forbade the sale by stone-throwing and the sale of unpossessed thing.

-(Muslim)

4. Abu Hurairah reported that the Holy Prophet passed by a heap of corns. He thrust his hand therein but his fingers touched moisture. He asked, O owner of corn! What is this? He replied: Rain fell on it, O Messenger of Allah. He enquired: Have you not done so over the corn so that people may see it? Whoso acts with deceit is not of me.

---(Muslim)

5. Ali reported that the Messenger of Allah forbade the (forced) purchase from a needy person, and purchase from the inconsiderate and purchase of fruit before it reaches maturity.

-(Abu Daud)

6. Waselah-b-Asqa's reported: I heard the Messenger of Allah say: Whoso sells a defective thing without disclosing it continues to be in the wrath of Allah
.....

--(Ibn Majah)

7. Abu Huzaifah reported that the Holy Prophet prohibited price of blood, price of dogs and earnings of a prostitute. And he cursed the devourer of usury and its giver, the tattooer and the tattooed and the painter (of life-pictures).

-(Bukhari)

8. Abu Hurairah reported that the Messenger of Allah prohibited the price of dogs and earnings of singing girls.

-(Sharhi Sunnat)

9. Abu Hurairah reported that the Messenger of Allah said: Verily Allah is pure. He does not accept but what is pure. And verily Allah ordered the believers with which He ordered the Prophets. He said: O Prophets! Eat of the pure things and do good deeds. And He said: Eat of the pure things with which We provided you. Then he mentioned about a man dishevelled in hair and laden with dust, making his journey long and extending his hand towards heaven: O Lord ! O Lord ! while his food was unlawful, his drink unlawful, his dress unlawful and he was nourished with unlawful things. How can he be responded to for that?

-(Muslim)

10. Nu'man-bin-Bashir reported that the Messenger of Allah said: Lawful things are manifest and unlawful things are also manifest, and between the two are the doubtful things which many people do not know. Whoso guards against the doubtful things, he makes his religion and honour pure; and whoso falls in the doubtful things, falls in unlawful things like a shepherd who grazes his flock round a reserved pasture ground and doubts grazing therein. Behold ! there is a reserved meadow for everything. Behold the reserved meadow of Allah is His forbidden things. Behold ! there is a piece of flesh in the body. When it is sound, the whole body is sound, and when it is unsound, the whole body becomes unsound. Behold ! it is the heart.

-(Bukhari, Muslim)

11. Ayesha reported that Abu Bakr had a slave who realised rent for him, and Abu Bakr used to enjoy it. One day he came with a thing, and Abu Bakr enjoyed there from. Then the slave said: Do you know what it is? Abu Bakr enquired: What it is? What is it? He said: I used to foretell for a man in the Days of Ignorance, but I did not make good the foretelling, except that I only deceived him. He met me and paid me for that. So this is what you enjoyed. She said that Abu Bakr then thrust his hand (into his mouth) and vomited everything in his belly.

-(Bukhari)

12. Jaber reported that the Messenger of Allah said: No flesh which has grown out of unlawful things has got better claim to Hell-fire.

-(Ahmad, Darimi, Baihaqi)

13. Abu Bakr reported that the Messenger of Allah said: A body which has been nourished by unlawful thing shall not enter Paradise.

-(Baihaqi)

14. Ibn Omar reported: Whoso purchases a cloth with ten dirhams wherein one dirham is unlawful, the Almighty Allah shall not accept his prayer so long as it will last upon him. Afterwards he entered his fingers into his ears and said: Be deaf. Would that I had not heard the Holy Prophet say (it) !

-(Ahmad, Baihaqi)

[1] . Traditions quoted by Afzal-ur-Rahman in Economic Doctrines of Islam.

CHAPTER 4

DISTRIBUTION

Means of Equitable Distribution

Zakat

Law of Inheritance

Law of Will

Law of Waqf

Charity of Fitr

Monetary Atonements

Charity and Alms

Feeding the Poor

Goodly Loan to Allah

Charity of Surplus

Hoarding of Wealth Forbidden

Prohibitive Measures

The economics of distribution signifies the sharing of wealth produced by a community among the agents, or the owners of the agents, which have been active in its production. The theory of distribution is thus concerned with the evaluation of the services of the factors of production like land, labour, capital and enterprise, and distribution of the rewards among them. But here we are not concerned with economics of distribution, rather we are concerned with social distribution of wealth which means fair and even distribution of wealth amongst the members of a community. If distribution of wealth in a community is unfair, unjust and inequitable, the social peace is always at stake and the conflict between the haves and have-nots results in bloody revolutions. Pockets of prosperity cannot survive in oceans of poverty and, therefore, fair and equitable distribution of wealth is vital to a community for its peace, well-being and ultimate prosperity.

Basic aim of Islam, as we have already stated earlier, is to ensure well-being (Falah) of its followers in this world and in the Hereafter, and also to establish brotherhood

among the members of the Muslim community (Ummah). This aim cannot be achieved if distribution of wealth among the members of Muslim community is uneven, the gulf between the rich and the poor is very wide and class conflict exists in the society. Therefore, the economic system of Islam tries to establish fair and equitable distribution of wealth among the members of the Muslim community by taking very effective measures. Al-Qur'an, the revealed book of Islam, declared in unequivocal terms: "..... That it (wealth) become not a commodity between the rich among you...." (59:7). It means that the wealth should not form a circuit among the rich only, rather it should remain in circulation amongst all the members of the community meeting the genuine needs of all. That is why the Quran has strongly condemned, with threats of punishment, those who hoard wealth. "They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom" (9:34)

The theory of distribution of wealth as propounded by Islam is based on sound philosophy. God is owner of everything in the heavens and the earth and He is the provider and sustainer of every creature. God is real producer of wealth. No doubt man is inspired to make efforts and his efforts are rewarded, but efforts of man are fruitless, his plans abortive and his projects fail if Allah withholds His help. The Qur'an very often draws attention of man to this fact: "Have ye seen that which ye cultivate? Is it ye who foster it, or are We the Fosterer? If We willed, We verily could make it chaff....." (56:63-65). The Qur'an continues: "Have ye observed the water which ye drink? Is it ye who shed it from the rain cloud, or are We the shedder? If We willed We verily could make it bitter. Why, then give ye not thanks? Have ye observed the fire which ye strike out; was it ye who made the tree thereof to grow, or were We the grower?" (56:68-72)

Since God is the real owner and producer of wealth, so God's share in the wealth is major and dominant. But it is also an un rebuttable fact that God is above all needs. Therefore, God's share, as logical corollary, must go to the poor, the needy, the destitute, the helpless and the less fortunate members of the community. Share of God in the wealth of the well-to-do is collected sometimes in the form of compulsory levies like Zakat, Fitr, monetary atonements, etc. and sometimes in the form of voluntary charities and alms. It helps, overall, in smooth distribution of wealth among the poorer members of Muslim community.

For fair, just and equitable distribution of wealth, Islam prescribes positive as well as prohibitive measures. Positive measures include Zakat, laws of inheritance and other compulsory and voluntary contributions (Sadaqat). Prohibitive measures comprise prohibition of interest, prohibition of hoarding, prohibition of drinking and gambling and above all prohibition of all immoral, unfair, unjust and unlawful means of acquiring wealth which, in fact, are the major cause leading to concentration of wealth in few hands. In the following pages we will insha Allah (if God will) dilate on some of these measures adopted by Islam for effecting fair and equitable distribution.

1- Zakat

First such measure is Zakat which is compulsory levy or tax collected from rich by the Islamic state or the community and distributed to or spent on the poor. Before understanding its significant role in the distributive system of Islam, let us have a glance through the relevant verses of the Qur'an and the Ahadith of Muhammad (PBUH).

Verses of the Qur'an:

1. Establish worship, pay the poor-due, and bow your heads with those who bow (in worship).

-(2:43)

2. Establish worship, and pay the poor-due and whatever of good ye send before (you) for your souls, ye will find it with Allah. Lo! Allah is Seer of what ye do.

-(2:110)

3. He it is Who produceth gardens trellised and untrellised and the date-palm, and crops of divers flavour, and the olive and the pomegranate, like and unlike. Eat ye of the fruit thereof when it fruiteth, and pay the due thereof upon the harvest day, and be not prodigals. Lo! Allah loveth not the prodigals.

-(6:141)

4. Then, when the sacred months have passed, slay the idolaters wherever ye find them, and take them (captive), and besiege them, and prepare for them each ambush. But if they repent and establish worship and pay the poor-due, then leave their way free. Lo! Allah is Forgiving, Merciful.

-(9:5)

5. The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captive and the debtor, and for the cause of Allah, and (for) the wayfarers: a duty imposed by Allah. Allah is Knower, Wise.

-(9:60)

6. Take alms of their wealth, wherewith thou mayst purify them and mayst make them grow, and pray for them. Lo! thy prayer is an assuagement for them. Allah is Hearer, Knower.

-(9:103)

7. Those who, if We give them power in the land, establish worship and pay the poor-due and enjoin kindness and forbid iniquity. And Allah's is the sequel of events.

-(22:41)

8. And strive for Allah with the endeavour which is His right. He hath chosen you and hath not laid upon you in religion any hardship; the faith of your father Abraham (is yours). He hath named you Muslims of old time and in this (Scripture), that the messenger may be a witness against you, and that ye may be witnesses against mankind. So establish worship, pay the poor-due, and hold fast to Allah. He is your Protecting Friend A blessed Patron and a blessed Helper !

-(22:78)

9. Establish worship and pay the poor-due and obey the messenger, that haply ye may find mercy.

-(24:56)

10. That which ye give in usury in order that it may increase on (other) people's property hath no increase with Allah; but that which ye give in charity, seeking Allah's countenance, hath increase manifold.

-(30:39)

Traditions of Muhammad (PBUH):

1. Ibn Omar reported that the Holy Prophet said: Islam is built on five things, to bear witness that there is no deity but Allah and that Muhammad (PBUH) is His servant, to keep up prayer, to pay Zakat, to make pilgrimage and to keep fast in Ramadan.

-(Mishkat-ul-Masabih)

2. Ibn Abbas reported that the Holy Prophet sent Mu'az to Yemen saying: Certainly you will come across a people, the People of the Book. Call them to bear witness that there is no God but Allah and that Muhammad is the Messenger of Allah. If they submit to that, teach them that Allah has made obligatory upon them prayer for five times a day and a night. If they submit to that, teach them that Allah has made obligatory over them Zakat which will be taken from the rich and will be given to the poor among them. If they then obey that, avoid taking the best part of their property and fear the invocation of the oppressed, because between it and Allah, there is no veil.

-(Bukhari and Muslim)

3. Abu Hurairah reported that the Messenger of Allah said: Whomsoever Allah gives wealth but who does not pay its Zakat, his wealth will be made to appear to him on the Resurrection day as a huge bald snake having two fangs for it. It will be put round his neck on the Resurrection day and then take hold of him with its two fangs meaning its two jaws. Afterwards it will say; I am your wealth, I am your hidden treasure. Then he recited: And let not those think who are niggardly, the verse.

-(Bukhari)

4. Ibn Omar reported that the Messenger of Allah said: Whoever acquires wealth, there is no Zakat therein till a year passed over it.

-(Tirmizi)

5. Ali reported that Abbas asked the Prophet about advance payment of his Zakat before a year passed. He gave him permission for that.

-(Ibn Majah, Abu Daud, Tirmizi)

6. Abu Hurairah reported: When the Holy Prophet was dead and Abu Bakr succeeded him, and those who returned to disbelief from desert Arabs returned to disbelief, Omar-bin-al Khattab said to Abu Bakr: How can you fight with the people while the Messenger of Allah said: I have been ordered to fight with the people till they utter: there is no deity but Allah, his property and life are under my protection except for its tax, and its account is upon Allah. Abu Bakr said: By Allah I shall surely fight against him who differentiates between prayer and Zakat, because Zakat is a duty on property. By Allah, if they refuse me to deliver young goats which they used to deliver to the Prophet of Allah, I will fight against them inspite of their refusal. Omar said: By Allah, he was not except that I saw that Allah expanded the chest of Abu Bakr for fighting. Then I recognised that it was right.

-(Bukhari and Muslim)

7. Ali reported: Zohair said: I take it from the Prophet who said: Bring one-fourth of Ushr, meaning there is one dirham for every 40 dirhams and there is nothing on you till it completes 200 dirhams. So when it comes up to 200 dirhams, there are 5 dirhams due, and what is in excess is

upon that (proportionate) account. And as for goats, there is one goat in every forty up to 120; if they increase by one, then up to 200 two she-goats (of one year); if they increase then up to 300-3 goats of one year; if you have no more than 39 goats, there is no Zakat due on you regarding them. And about cows, in every thirty there is one calf of one year, and in every forty, there is one calf of full two years, and there is no Zakat due for the cattle engaged in labour.

-(Abu Daud)

8. Amr-bin-Shuaib reported from his father from his grandfather who said that two women came to the Holy Prophet with two bangles of gold in their hands. He asked them: Have you paid its Zakat? "No" replied they. The Holy Prophet then asked them. Do you both like that Allah will dress you with bangles of Hell? "No" replied they. He said: Then pay its Zakat.

-(Tirmizi)

9. Samorah-bin-jundab reported: The Messenger of Allah used to direct us to collect Zakat from that which we counted as merchandise.

(Abu Daud)

10. Abu Hurairah reported that the Messenger of Allah said: The wounds caused by animals are exempted, well is exempted, and mines are exempted, and there is one-fifth due from the buried treasure.

-(Bukhari and Muslim)

11. Abu Sayeed al-Khodri reported that the Holy Prophet said: There is no Zakat for seeds or dates till they come up to 5 "Wasaqs".

-(Nisai)

12. Ibn Omar reported that the Messenger of Allah said about (Zakat of) honey: For every ten leather bottles, one bottle falls due.

-(Tirmizi)

13. Abdullah-bin-Omar reported from the Prophet who said: There is one tenth in what is watered by clouds or fountains or what grows in a fertile land. And there is half of one-tenth in what is watered by camels.

-(Bukhari)

14. Musa-bin-Talha reported: We had with us a letter of Mu'az-b-Jabal from the Holy Prophet. He said: The Prophet ordered him to take Zakat from wheat, barley, and dates.

-(Sharhi Sunnat (Defective))

15. Ali reported that the Messenger of Allah said: There is no Zakat for vegetables, nor there is Zakat for cultivated plants, nor there is Zakat for less than five 'Wasaqs' nor there is Zakat for animals of labour, nor there is Zakat for Jabha. (Saqr said: Jabha is horse, mule and servants.)

-(Darqutni)

16. Abdullah-bin-Amr reported that the Messenger of Allah said: Zakat is not lawful for the rich, nor for one possessing health and strength.

(Tirmizi Abu Daud).

Besides having religious importance, Zakat plays very important role in the socio-economic life of the Muslim Ummah. It is the corner-stone of the financial structure of the Islamic state. Zakat not only provides the required funds to Islamic state for its welfare activities in sectors like education, health and social services but also enables it to discharge its obligations regarding its poor and deprived of citizens. It also prevents the concentration of economic power in the hands of few and ensures fair and equitable distribution of wealth. It checks growing income disparities and bridges the gulf between the rich and the poor. Thus its distribution aspect brings about social justice in the society and protects the community from bloody revolutions and political upheavals which are generally the result of ever growing disparities between the haves and have-nots.

2- Law of Inheritance

Law of inheritance followed by a community plays a vital role in setting the pattern of distribution of wealth among its members. Those communities who adopt law of primogeniture, which makes the eldest son to inherit the whole of the property of his father, have concentration of wealth in few hands. Those communities who confine the inheritance to only male children and exclude the females also have a narrow base of distribution. Only those communities who confer the inheritance on a larger number of heirs without any discrimination between males and females have broad-based pattern of distribution.

Islamic law of inheritance is perhaps the only such law in the world which conceives a very broad-based distribution pattern. This law not only makes the male and female children of the deceased his legal heirs but also includes

among his legal heirs his spouse or spouses and his parents. In case the deceased leaves no children and no parents, his estate goes to his brothers and sisters and sometimes even to his distant kindred. In case a deceased person leaves behind him no near or distant relatives, his property may go to the community or the state for benefit of all the members or the citizens.

The basic principle of inheritance has been setup by verses 7 and 8 of chapter 4 of the Holy Qur'an. According to these verses, both men and women of a family would inherit the estate left by their parents and near relatives and something shall also be bestowed on kinsfolk, orphans and the needy who are present at the time of division of inheritance. These verses read:

Unto the men (of a family) belongeth a share of that which parents and near kindred leave, and unto the women a share of that which parents and near kindred leave, whether it be little or much – a legal share. And when kinsfolk and the orphans and the needy are present at the division (of the heritage), bestow on them therefrom and speak kindly unto them.

-(4:7-8)

The verse No. 11 of chapter 4 of al-Qur'an prescribes the shares of the children and parents of the deceased. This verse reads:

Allah chargeth you concerning (the provisions for) your children: to the male the equivalent of the portion of two females, and if there be women more than two, then theirs is two-third of the inheritance, and if there be one (only), then the half. And to his parents a sixth of the inheritance, if he have a son; and if he have no son and his parents are his heirs, then to his mother appertaineth the

third; and if he have brethren, then to his mother appertaineth the sixth, after any legacy he may have bequeathed, or debt (hath been paid). Your parents or your children; Ye know not which of them is nearer unto you in usefulness. It is an injunction from Allah. Lo! Allah is Knower, Wise.

-(4:11)

The verse No. 12 of chapter 4 of the revealed book of Islam prescribes the shares of the husband and wife in each other's heritage. It also prescribes shares of the distant relatives in case the deceased leaves no children and no parents. This verse reads:

And unto you belongeth a half of that which your wives leave, if they have no child; but if they have a child then unto you the fourth of that which they leave, after any legacy they may have bequeathed, or debt (they may have contracted, hath been paid). And unto them belongeth fourth of that which ye leave if ye have no child, but if ye have a child then the eighth of that which ye leave, after any legacy ye may have bequeathed, or debt (ye may have contracted, hath been paid). And if a man or a woman have a distant heir (having left neither parent nor child), and he (or she) have a brother or a sister (only on the mother's side then to each of them twain the brother and the sister) the sixth, and if they be more than two, then they shall be sharers in the third, after any legacy that may have been bequeathed or debt (contracted) not injuring (the heirs by willing away, more than a third of the heritage) hath been paid. A commandment from Allah. Allah is Knower, Indulgent.

-(4:12)

In case the deceased is not survived by parents and children but has brothers and sisters, his or her estate shall be distributed in accordance with verse No. 176 of chapter 4 of the Holy Qur'an, which reads:

They ask thee for a pronouncement. Say: Allah hath pronounced for you concerning distant kindred. If a man die childless and he have a sister, her's is half the heritage, and he would have inherited from her had she died childless. And if there be two sisters, then theirs are two-thirds of the heritage, and if they be brethren, men and women, unto the male is the equivalent of the share of two females. Allah expoundeth unto you, so that ye err not. Allah is Knower of all things.

-(4:176)

The detailed discussion of Islamic law of inheritance is in fact subject of a law book or a book of Fiqh and not that of the present book. However, we can briefly say that Islamic law prescribes a long line of legal heirs who have been divided by the jurists into three classes, namely: sharers, residuaries and distant kindred. In case of non-existence of any legal heir, the estate goes to the Bait-ul-Mal (Public treasury of the Islamic state). The main objective of the Islamic law of inheritance is, thus, the fair and equitable distribution of wealth among a larger number of near and distant kindred of the deceased, and so prevention of concentration of fortune in few hands.

3-Law of Will

Law of will serves cause of charity and thus assists distribution of wealth among the poor and the destitute. Before elaborating the law, however, let us glance through

the relevant verses of al-Qur'an and Ahadith of Prophet Muhammad (PBUH).

1. It is prescribed for you, when one of you approacheth death, if he leave wealth, that he bequeath unto parents and near relatives in kindness. (This is) a duty for all those who ward off (evil). And whoso changeth (the will) after he hath heard it the sin thereof is only upon those who change it. Lo! Allah is Hearer, Knower. But he who feareth from a testator some unjust or sinful clause, and maketh peace between the parties, (it shall be) no sin for him. Lo! Allah is Forgiving, Merciful.

-(2:180-182)

2. Ibn Omar reported that the Messenger of Allah said: It is not proper for a Muslim who has got something to bequeath that he should pass even two nights without his will kept written near him.

-(Bukhari and Muslim)

3. Sa'ad-bin-Abi Waqqas reported: The Holy Prophet came to me while I was ill. He asked: Have you made bequest? 'Yes' said I. He asked: To what extent? I replied: To the extent of the whole of my property in the way of Allah. He asked: What then have you left for your children? I replied: They are rich in wealth. He said: Bequeath one-tenth. Then I continued to think it little till he said: Bequeath one-third and one-third is too much.

-(Tirmizi)

4. Abu Omama told of hearing God's messenger say in his sermon in the year of the Farewell Pilgrimage, "God has appointed for everyone who has a right what is

due to him, and no legacy must be made to an heir.” (Abu Daud and Ibn Majah).

Before the revelation of the verses regarding division of inheritance, it was prescribed that will or bequest should be made in favour of parents and near kindred. But when the Qur'an (in its chapter 4) revealed the law of inheritance and prescribed the shares of parents, children, spouses and other relatives, bequest is no longer valid in favour of an heir, as declared by the Prophet. The Holy Prophet has also prescribed that will should not be made in respect of more than one-third of total property which one is likely to leave after death. Although, in the opinion of some jurists, will can be made in favour of an heir provided all the other heirs agree yet the law of will generally understood is that will of one-third property should be made in favour of persons other than legal heirs.

The law of will generally inspires rich and well-to-do Muslims to bequeath some fortune in the path of God for charitable causes like relief of the poor, education and medical relief, etc. This law has helped, in Islamic society, the establishment of waqfs, trusts, hospitals, educational institutions. This law, thus promotes Jihad against poverty, misery, disease, ignorance and illiteracy. Thus the institution of will helps transfer of wealth from the rich to the poor.

4- Law of Waqf

The institution of waqf in Islam gets its inspiration from the following verses of the Qur'an and Ahadith of Prophet Muhammad (PBUH):

1. Ye will not attain unto piety until ye spend of that which ye love. And whatsoever ye spend, Allah is aware thereof.

-(Qur'an 3:92)

2. Ibn 'Umar told that when 'Umar got some land in Khaibar he went to the Prophet and said, "Messenger of God, I have acquired land in Khaibar which I consider to be more valuable than any I have ever acquired, so what do you command me to do with it?" He replied, "If you wish you may make the property an inalienable possession and give its produce as sadaqa." So 'Umar gave it as sadaqa declaring that the property must not be sold, given away, or inherited, and he gave its produce as sadaqa to be devoted to the poor, relatives, the emancipation of slaves, God's path, travellers and guests, no sin being committed by the one who administers it if he eats something from it in a reasonable manner or gives something to someone else to eat, provided he is not storing up goods (for himself). Ibn Sirin said, "provided he is not acquiring capital for himself."

-(Bukhari and Muslim)

The institution of waqf, thus, got its roots when verse 92 of chapter Three of the Holy Qur'an was revealed and the well-to-do companions of the Prophet sought his guidance expressing their desire to donate their property in the path of Allah. So the followers of Islam throughout their history have been maintaining this institution to earn the pleasure of Allah in this world and in the Hereafter. As stated earlier, a Muslim can bequeath one-third of his property for charity after his death. But during his lifetime he has right to spend whole of his property in the way of Allah. According to law of gift, one can donate or gift as much of his property as he likes to any person during his life. Good-natured and virtuous believers, who are rich, exercise their powers under

the law of will or the law of gift and establish waqf for a charitable cause.

Waqf, in the language of Shariah, means the dedication of the corpus of property to Almighty God. The property thus transfers from the dedicator (waqif) to the ownership of Allah but its usufruct or benefit is dedicated to the poor, sick, travellers, or any other noble cause recognised by Islam.

The institution of waqf helps elimination of poverty, misery, disease, illiteracy and in this way promotes the cause of equitable distribution of wealth.

5- Charity of Fitr

The Prophet of Islam has prescribed for every well-to-do Muslim to pay Sadaqat-ul-Fitr to the poor Muslims to enable them to participate in the celebrations of Eid after the Holy month of Ramadan. Fitr means alms which is incumbent upon every Muslim possessing property equal to the amount of Nisab of Zakat. The well-to-do are required to pay it not only for themselves but also for their families, children, servants and slaves. The measure of Eid charity in wheat, flour, barley, dates, etc. is one Sa'a which is equivalent to 112 ounces, nearly 3.5 seers. It is also lawful to pay the equivalent price. The charity can be paid in the month of Ramadan but it should certainly be paid before Eid prayer so that the wants of the poor in connection with the Eid festival are satisfied and they also enjoy the festival.

Some of the Ahadith of the Prophet are reproduced below to understand the importance of this charity and its rules:

1. Ibn Omar reported that the Messenger of Allah made obligatory the charity of 'Fitr'-one sa'a of dried dates or one sa'a of barley upon the slave and the free, male and female, young and old from among the Muslims. He directed its payment before the people go out for the prayer.

-(Bukhari, Muslims)

2. Abu Sayeed al-Khodri reported: We used to levy charity of Fitr-one sa'a from food crops, or one sa'a from barley, or one sa'a from dried dates, or one sa'a from 'cheese, or one sa'a from raisins.

-(Bukhari, Muslim)

3. Ibn Abbas reported that the Messenger of Allah made charity of Fitr compulsory as a purification of fast from vile discourse and vain talks and also as food to the poor.

-(Abu Daud)

6- Monetary Atonements

Monetary atonements have been prescribed by the Qur'an for certain sins. Those who commit certain sins, offences or omissions intentionally or unintentionally have been enjoined upon by the Qur'an to make prescribed charity in expiation of these sins. The Verses of the Qur'an relevant to some atonements are reproduced as under:

1. (Fast a certain number of days) and (for) him who is sick among you, or on a journey, (the same) number of other days; and for those who can afford it there is a ransom: the feeding of a man in need – But whoso doth

good of his own accord, it is better for him: and that ye fast is better for you if ye did but know.

-(2:184)

2. It is not for a believer to kill a believer unless (it be) by mistake. He who hath killed a believer by mistake must set free a believing slave, and pay the blood-money to the family of the slain, unless they remit it as a charity. If he (the victim) be of a people hostile unto you, and he is a believer, then (the penance is) to set free a believing slave. And if he cometh of a folk between whom and you there is a covenant, then the blood-money must be paid unto his folk and (also) a believing slave must be set free. And whoso hath not the wherewithal must fast two consecutive months. A penance from Allah. Allah is Knower, Wise.

-(4:92)

3. Allah will not take you to task for that which is unintentional in your oaths, but He will take you to task for the oaths which ye swear in earnest. The expiation thereof is the feeding of ten of the needy with the average of that wherewith ye feed your own folk, or the clothing of them, or the liberation of a slave, and for him who findeth not (the wherewithal to do so) then a three days' fast. This is the expiation of your oaths when ye have sworn; and keep your oaths. Thus Allah expoundeth unto you His revelations in order that ye may give thanks.

-(5:89)

4. Those who put away their wives (by saying they are as their mothers) and afterward would go back on that which they have said, (the penalty) in that case (is) the freeing of a slave before they touch one another. Unto this ye are exhorted; and Allah is Informed of what ye do. And

he who findeth not (the wherewithal), let him fast for two successive months before they touch one another; and for him who is unable to do so (the penance is) the feeding of sixty needy ones. This, that ye may put trust in Allah and His messenger. Such are the limits (imposed by Allah); and for disbelievers is a painful doom.

-(58:3-4)

These prescribed monetary atonements are also a channel of flow of wealth from the well-to-do to the poor people.

7- Charity and Alms

After discussing compulsory charities, now we turn to optional charities and alms. If Zakat and other compulsory charities fail to satisfy the needs of the poor, the state can either impose taxes or motivate the rich to donate voluntarily and generously to help eradicate poverty and want. Let us reproduce the verses of the Holy Book and Ahadith of Muhammad (PBUH) regarding Sadaqat or Infal fi Sabil Allah.

Verses of the Qur'an:

1. Who believe in the unseen and establish worship, and, spend of that We have bestowed upon them; And who believe in that which is revealed unto thee (Muhammad) and that which was revealed before thee, and are certain of the Hereafter. These depend on guidance from their Lord. These are the successful.

-(2 : 3-5)

2. It is not righteousness that ye turn your faces to the East and the West; but righteous is he who believeth in Allah and the Last Day and the angels and the Scripture and the Prophets; and giveth his wealth, for love of Him, to kinsfolk and to orphans and the needy and the wayfarer and to those who ask, and setteth slaves free; and observeth proper worship and payeth the poor-due and those who keep their treaty when they make one, and the patient in tribulation and adversity and time of stress, such are they who are sincere. Such are the Godfearing.

-(2:177)

3. Spend your wealth for the cause of Allah, and be not cast by your own hands to ruin; and do good. Lo! Allah loveth the beneficent.

-(2:195)

4. They ask thee, (O Muhammad), what they shall spend. Say: That which ye spend for good (must go) to parents and near kindred and orphans and the needy and the wayfarer. And whatsoever good ye do, Lo! Allah is Aware of it.

-(2:215)

5. And they ask thee what they ought to spend. Say: That which is superfluous. Thus Allah maketh plain to you (His) revelations, that haply ye may reflect:

-(2:219)

6. O ye who believe! Spend of that wherewith We have provided you ere a day come when there will be no trafficking, nor friendship, nor intercession. The disbelievers, they are the wrong-doers.

-(2:254)

7. The likeness of those who spend their wealth in Allah's way is as the likeness of a grain which groweth seven ears, in every ear a hundred grains. Allah giveth increase manifold to whom He will. Allah is All-Embracing, All-Knowing. Those who spend their wealth for the cause of Allah and afterward make not reproach and injury to follow that which they have spent: their reward is with their Lord, and there shall no fear come upon them, neither shall they grieve. A kind word with forgiveness is better than almsgiving followed by injury. Allah is Absolute, Clement. O ye who believe! Render not vain your almsgiving by reproach and injury, like him who spendeth his wealth only to be seen of men and believeth not in Allah and the Last Day. His likeness is as the likeness of a rock whereon is dust of earth; a rainstorm smiteth it, leaving it smooth and bare. They have no control of aught of that which they have gained. Allah guideth not the disbelieving folk. And the likeness of those who spend their wealth in search of Allah's pleasure, and for the strengthening of their souls is as the likeness of a garden on a height. The rainstorm smiteth it and it bringeth forth its fruit twofold. And if the rainstorm smite it not, then the shower. Allah is Seer of what ye do.

-(2:261-265)

8. Whatever alms ye spend or vow ye vow, Lo! Allah knoweth it. Wrong-doers have no helpers. If ye publish your alms-giving, it is well, but if ye hide it and give it to the poor, it will be better for you, and will atone for some of your ill deeds, Allah is Informed of what ye do. The guiding of them is not thy duty (O Muhammad) , but Allah guideth whom He will. And whatsoever good thing ye spend, it is for yourselves, when ye spend not save in search of Allah's countenance; and whatsoever good thing ye spend, it will

be repaid to you in full, and ye will not be wronged. (Alms are) for the poor who are straitened for the cause of Allah, who cannot travel in the land (for trade). The unthinking man accounteth them wealthy because of their restraint. Thou shalt know them by their mark: They do not beg of men with importunity. And whatsoever good thing ye spend, Lo! Allah knoweth it. Those who spend their wealth by night and day, by stealth and openly, verily their reward is with their Lord, and there shall no fear come upon them neither shall they grieve.

-(2:270-274)

9. Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty.

-(2:276)

10. Ye will not attain unto piety until ye spend of that which ye love. And whatsoever ye spend, Allah is aware thereof.

-(3:92)

11. Believe in Allah and His messenger, and spend of that whereof He hath made you trustees; and such of you as believe and spend (aright), theirs will be a great reward.

-(57:7)

12. And spend of that wherewith We have provided you before death cometh unto one of you and he saith: My Lord! If only Thou wouldst reprieve me for a little while, then I would give alms and be among the righteous.

-(63:10)

13. Let him who hath abundance spend of his abundance, and he whose provision is measured, let him spend of that which Allah hath given him. Allah asketh naught of any soul save that which He hath given it. Allah will vouchsafe, after hardship, ease.

-(65:7)

14. And in whose wealth there is a right acknowledged. For the beggar and the destitute;

-(70:24-25)

Ahadith of Muhammad (PBUH):

1. Anas reported that the Messenger of Allah said: verily charity appeases wrath of the Lord and removes pangs of death.

-(Tirmizi)

2. Abdullah-bin-Mas'ud reported: There are three whom Allah loves-a man who gets up at night to read the Book of Allah, and a man giving alms with his right hand which he conceals (I consider that he said) from his left hand: and a man, being in a battalion, encounters the enemies, although his companions are routed.

-(Tirmizi)

3. Marsad-bin-Abdullah reported: Some of companions of the Holy Prophet informed me that he heard the Prophet say: Surely the shade of the believer on the Resurrection Day will be his charity.

-(Ahmad)

4. Abu Hurairah reported that the Messenger of Allah said: Had there been gold for me like the mount of Uhud, it would have pleased me that three nights should not pass over me with something with me therefrom except what I should keep in wait for debt.

-(Bukhari)

5. Asmma's reported that the Messenger of Allah said: Spend and don't count lest Allah counts for you, and don't hoard up lest Allah withhold from you. Spend what you can.

-(Bukhari, Muslim)

6. Abu Hurairah reported that a man enquired: O Messenger of Allah! which charity is greatest in reward? He replied: Your charity while you are sound, greedy, fear poverty and hope for riches. Don't put off, till when it reaches the throat, you say: Such and such is for so and so, such and such is for so and so, while it belonged to so and so.

-(Bukhari, Muslim)

7. Abu Hurairah reported that the Messenger of Allah said: The generous man is near Allah, near Paradise, near the people and, far off from Hell; and the miser is far off from Allah, far off from Paradise, far off from the people near Hell; and illiterate charitable man is dearer to Allah than the pious miser.

(Tirmizi)

Voluntary charities to earn the pleasure of God almighty are rewarded in this world as well as in the next one. These also help in flow of wealth from the rich of the

community to the poor and needy. Thus the cause of distributive and social justice is achieved through this voluntary measure.

8- Feeding the Poor

Feeding the poor is one of the voluntary charities and is a very common practice among the generous and pious Muslims.

Rewards for this are very numerous and both the Qura'n and the Prophet of Islam inspire the believers to feed the poor and the needy. This measure is also a good step to mitigate want and misery from the Islamic society. The relevant verses and Ahadith are:

Verses of the Quran:

1. That they may witness things that are of benefit to them, and mention the name of Allah on appointed days over the beast of cattle that He hath bestowed upon them. Then eat thereof and feed therewith the poor unfortunate.

-(22:28)

2. And the camels! We have appointed them among the ceremonies of Allah. Therein ye have much good. So mention the name of Allah over them when they are drawn up in lines. Then when their flanks fall (dead), eat thereof and feed the beggar and the suppliant. Thus have We made them subject unto you, that haply ye may give thanks.

-(22:36)

3. (Because) they perform the vow and fear a day whereof the evil is wide-spreading. And feed with food the needy wretch, the orphan and the prisoner, for love of Him. (Saying): We feed you, for the sake of Allah only. We wish for no reward nor thanks from you. Lo! We fear from our Lord a day of frowning and of fate. Therefore, Allah hath warded off from them the evil of that day, and hath made them find brightness and joy;

-(76:7-11)

Ahadith of the Prophet:

1. Abdullah-bin-Amr reported that the Messenger of Allah said: Serve the Merciful, give food and spread peace; you will then enter paradise with peace.

(Tirmizi, Ibn Majah)

2. Ibn Abbas reported: I heard the Messenger of Allah say: No Muslim gives a cloth to a Muslim except that he is in the protection of Allah so long as a piece thereof remains upon him.

(Ahmad, Tirmizi)

3. Abu Hurairah reported that a man complained to the Holy Prophet about his hardness of heart. He said: Pass thy hand over the head of the orphans and give food to the poor.

(Ahmad)

4. Anas reported that the Messenger of Allah said: The best charity is to satisfy a hungry belly.

(Baihaqi)

9- Goodly Loan to Allah

It is grace of Allah, the Almighty God, that any expense incurred by a person in His path on charity or alms to the poor is regarded by Him as goodly loan to Him and He undertakes to repay it manifold. The rich are inspired to give loan to God in the form of helping the poor people and to earn many times big rewards for this. The verses of the Qur'an pertaining to this subject are:

1. Who is it that will lend unto Allah a goodly loan, so that He may cause it increase manifold? Allah straiteneth and enlargeth. Unto Him ye will return.

-(2:245)

2. Allah made a covenant of old with the Children of Israel and We raised among them twelve chieftains, and Allah said: Lo! I am with you. If ye establish worship and pay the poor-due, and believe in My messengers and support them, and lend unto Allah a kindly loan, surely I shall remit your sins, and surely I shall bring you into gardens underneath which rivers flow. Whoso among you disbelieveth after this will go astray from a plain road.

-(5:12)

3. Who is he that will lend unto Allah a goodly loan, that He may double it for him and his may be a rich reward?

-(57:11)

4. Lo! those who give alms, both men and women, and lend unto Allah a goodly loan, it will be doubled for them, and theirs will be a rich reward.

-(57:18)

5. If ye lend unto Allah a goodly loan, He will double it for you and will forgive you, for Allah is Responsive, Clement.

-(64:17)

Following are comments of two leading scholars of Islam on the concept of goodly loan to God:

According to Abdullah Yusuf Ali: "Spending in the cause of God is called metaphorically "a beautiful loan". It is excellent in many ways: (1) it shows a beautiful spirit of self-denial; (2) in other loans there may be a doubt as to the safety of your capital or any return thereon: here you give to the Lord of All in Whose hands are the keys of want or plenty: giving, you may have manifold blessings, and withholding, you may even lose what you have. If we remember that our goal is God, can we turn away from His cause?

According to Abul A'la Maududi: "Good loan" is that which is lent without any idea of personal gain or interest but is given with the sole intention to please Allah. Allah in His bounty credits the wealth thus spent in His Way as a loan to Himself. He promises that He will not only return the actual debt but increase it manifold, provided that it is a goodly loan in the real sense and is lent merely to please Him and for the sake of those objects He approves."

10- Charity of Surplus

The highest degree of charity, which has always remained an ideal for a Muslim, is the charity of surplus (Anfaq al-Afw). It requires a believer to spend all his wealth which is over and above his needs. The word Afw means that wealth which is left over after meeting one's needs. The Injunction of the Qur'an on spending surplus wealth is: ".....And they ask thee what they ought to spend. Say: That which is superfluous. Thus Allah maketh plain to you (His) revelation, that haply ye may reflect." -(2 : 219)

If the principle of Anfaq al-Afw comes into play in its full force and all the believers voluntarily spend all their wealth in the way of God, there will be no poverty, no disease, and no illiteracy in the Muslim society. The cause of distribution of wealth cannot be served better by any measure than this.

11- Hoarding of Wealth Forbidden

Hoarding of wealth has been condemned by Islam with threats of severe punishment whereas circulation of wealth has been ordained. This measure not only forces the hoarded wealth out of coffers of the rich but also ensures its flow into investment channels ultimately helping its natural distribution. Following are Verses of the Qur'an and Ahadith of Muhammad (PBUH) which highlight Islamic viewpoint on hoarding:-

1. They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom: On the Day when it will (all) be heated in the fire of hell, and their foreheads and their flanks and their backs will be branded there with (and it will

be said unto them): Here is that which ye hoarded for yourselves. Now taste of what ye used to hoard.

-(Al-Qur'an 9:34-35)

2. That which Allah giveth as spoils unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphan and the needy and the wayfarer, that it becometh not commodity between the rich among you.....

-(Al-Qur'an 59:7)

3. But nay! for lo! it is the fire of hell, Eager to roast, It calleth him who turned and fled (from truth), And hoarded (wealth) and withheld it.

-(Al-Qur'an 70:15-18)

4. Woe unto every slandering traducer. Who hath gathered wealth (of this world) and arranged it: He thinketh that his wealth will render him immortal. Nay, but verily he will be flung to the Consuming One.

-(Al-Qur'an 104:1-4)

5. Abu Hurairah reported that the Messenger of Allah used to store up nothing for the morrow.

-(Tirmizi)

6. Ayesha reported that the Messenger of Allah said: This world is an abode for one who has got no abode, and a property for one who has got no property, and one who has got no wisdom hoards for it.

-(Ahmad, Baihaqi)

12- Prohibitive Measures

It is a notorious fact that concentration of wealth in few hands usually takes place through unlawful means and corrupt practices adopted for acquiring wealth. It is through unfair and illegal means that few privileged individuals pile up big fortunes depriving the multitude of people from their legitimate share in national wealth. If natural process of distribution of wealth is allowed to flow unobstructed and all persons earn their livelihood through lawful means there cannot be concentration of wealth in few hands and there cannot be unbridgeable gulf between the rich and the poor. Thus the means adopted for earning play a vital role in governing distribution of wealth in a state or a community.

With a view to prevent concentration of wealth and ensure its fair and equitable distribution, Islam has adopted certain prohibitive measures, i.e. all the unjust, unfair and illegal means of earning have been declared Haram (unlawful) and hence prohibited. Following are some of these measures:-

1. Riba or usury in every conceivable form has been abolished root and branch.
2. Bribery and corruption in every form is haram (unlawful).
3. Earning through wine, hard drinks, narcotics and other forbidden things is illegal.
4. Earning through gambling, speculation, forward sale, and games of chance is absolutely prohibited.

5. Theft and robbery are prohibited and declared punishable offences.

6. Income through adultery, prostitution, music, dancing, blue films, obscene literature, pornography, etc. is haram.

7. Business malpractices such as wrong measuring and wrong weighing, adulteration, etc. are forbidden.

8. Usurpation of the wealth of orphans, women and other weak persons is haram.

9. Hoarding of commodities especially food items and other necessities of life with a view to earn undue profits is prohibited.

10. Earning through exploitation, blackmail, fraud, duress, deception, false oaths, misrepresentation of goods, is prohibited.

11. Financial benefits derived through misuse of office or power or through intercession, favouritism, nepotism, etc., are illegal.

12. Non-payment of debt or loan including loans of banks and financial institutions or remission of these loans secured through political or other influence is unlawful.

13. Embezzlement of individual or public money or misappropriation thereof, is absolutely haram.

14. Non-payment of Zakat and other taxes or non-payment of dues for utilities and services is strictly prohibited.

15. Non-payment of wages or salaries to the labourers or employees is forbidden.

The above mentioned means of earning livelihood or acquiring and accumulating wealth have been prohibited directly or indirectly by the Qur'an and the Sunnah. These have already been discussed under the head "unlawful means of earning wealth" in previous chapter and, therefore, there is no need of repeating the discussion here.

CHAPTER 5

EXCHANGE

Exchange

Trade

Sale

Swearing in Trade

Forward Transactions

Speculative Business

Weights and Measures

Monopoly

Price Control

I- Exchange

Meaning and Importance: Exchange means transfer of one thing for another or for money. Thus any commercial or business transaction which involves transfer of one thing for another-it may be one commodity in exchange for another commodity or one commodity in exchange for money-is called exchange.

In primitive times exchange was through barter only i.e. one commodity was exchanged for another commodity. Since barter was an inconvenient, rigid and unjust method of exchange, man looked for a medium of exchange which was ultimately developed in the form of money. Now in all organised and developed societies exchange takes place through money.

Exchange has ever been, and now it has become more, indispensable to human existence, because man is not self sufficient. He does not produce all his necessities of life and everything he needs. For many things he needs he is dependent upon others. Thus he satisfies his wants through exchange. Therefore, exchange has assumed vital importance in economics as it coordinates and adjusts consumption and production.

Forms of Exchange: Forms or methods of exchange have been changing with the needs of the time and the place. Broadly speaking, exchange has generally existed in two forms: exchange of one commodity for another commodity called barter and exchange of commodity for money. Barter exchange or barter trade existed in ancient and medieval times. It still exists in very under-developed communities or in villages especially in agricultural sector. But mostly this method of exchange has given place to money as medium of exchange, because the value of

commodities or services can be easily expressed and instantly translated into terms of money.

Money has also been assuming many forms i.e from coins of metals especially of gold and silver to paper currency and banknotes.

Islamic Approach: At the time of advent of Islam i.e. in the beginning of sixth century AD money was already known to the people and the coins of various denominations were in circulation among the then developed communities. The Arab traders who were in frequent touch with other countries were not only aware of these coins but also used them in their daily business transactions. But barter was still in vogue and a large number of transactions were still conducted through barter system particularly in agricultural commodities. This was, in brief, the situation when Prophet Muhammad (PBUH) was busy in establishing a small Islamic state at al-Madinah.

The Holy Prophet clearly saw elements of exploitation, injustice and usury and many other economic ills in the barter system of exchange. He, therefore, decided to replace barter system by exchange through money. Following traditions of the Prophet of Islam highlight his attitude towards exchange.

1. Umar reported that the Holy Prophet said: "To sell wheat for wheat, barley for barley, dates for dates is 'Riba' except when sold from hand to hand (i.e., transaction is completed on the spot) (and also in equal quantity)

-(Bukhari, Muslim)

2. Abu Saeed and Abu Hurairah reported that the Holy Prophet appointed a man as tax collector to Khaiber. He returned to him with best dates. So he (the Prophet)

enquired: "Is every date of Khaibar like this"? "No by Allah" he said "O Prophet ! verily we take one sa'a of this for two sa'a and two sa'a for three sa'a. The Prophet said: Don't do it, sell (your) dates for Dirhams and then purchase the best dates for Dirhams.

-(Bukhari, Muslim)

3. Abu Saeed Khudri reported that one day Bilal came to the Messenger of Allah with green variety of dates. The Messenger of Allah enquired, "wherefrom did you bring this"? Bilal replied, "We had dates of inferior quality,. We therefore, gave two Sa'a of that quality in exchange for one Sa'a of this (superior) quality with the object of presenting it to the noble Prophet." On hearing this the Prophet said:"...this is clear riba. Don't do it again, rather when you wish to acquire dates of superior quality, first sell your dates of inferior quality for money, and then purchase dates of superior quality therewith."

-(Bukhari)

Thus the Prophet of Islam discouraged barter transactions. Exchange of two commodities of same kind was not allowed except that the quantity was equal and possession was transferred at the same time. Although barter transactions were tolerated (with certain conditions) due to their prevalence, but the same were not considered desirable. In many cases the Prophet issued clear instructions to his companions not to enter into barter transactions. He rather advised them to sell their commodity for money and purchase the desired commodity with its price. The object was partly to abolish the practice of "riba" in commercial dealings and partly to encourage adoption of money as medium of exchange.

II- Trade

Trade (Tajarah) plays significant role in acquisition of wealth. It is certainly superior to agriculture, service and even industry. History is witness to the fact how individuals and communities have gained prosperity through trade and how nations acquired territories and built up colonial empires through trade. Islam recognises role of trade in acquiring fortune and greatness. There are many verses of the Qur'an about trade and sale. The Prophet of Islam also highlighted importance of trade. Let us have a glance through the relevant verses of the Qur'an and traditions of Holy Prophet.

The Verses of the Qur'an:

1. It is no sin for you that ye seek the bounty of your Lord (by trading). But, when ye press on in the multitude from 'Arafat, remember Allah by the sacred monument. Remember Him as He hath guided you, although before ye were of those astray.

-(2:198)

2. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury.....

-(2:275)

3. O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent, and kill not yourselves. Lo! Allah is ever Merciful unto you.

-(4:29)

4. Say: If your fathers and your sons, and your brethren, and your wives, and your tribe, and the wealth ye have acquired, and merchandise for which ye fear that there will be no sale and dwellings ye desire are dearer to you than Allah and His messenger and striving in His way: then wait till Allah bringeth His command to pass. Allah guideth not wrong-doing folk.

-(9:24)

5. Men whom neither merchandise nor sale beguileth from remembrance of Allah and constancy in prayer and paying to the poor their due; who fear a day when hearts and eyeballs will be overturned;

-(24:37)

6. O ye who believe! Shall I show you a commerce that will save you from a painful doom? Ye should believe in Allah and His messenger, and should strive for the cause of Allah with your wealth and your lives. That is better for you, if ye did but know.

-(61:10-11)

7. O ye who believe! When the call is heard for the prayer of the day of congregation, haste unto the remembrance of Allah and leave your trading. That is better for you if ye did but know. And when the prayer is ended, then disperse in the land and seek of Allah's bounty, and remember Allah much, that ye may be successful.

-(62:9-10)

Ahadith of Muhammad (PBUH):

1. Jaber reported that the Messenger of Allah said: May Allah be kind to a man of gentle dealings when he sells, when he purchases and when he gives decision.

-(Bukhari)

2. Hazaifah reported that the Messenger of Allah said: There was a man amongst those who were before you. The angel came to him to take his breath. He was questioned: Have you done any good deed? "I don't" know" replied he. "Look" it was directed to him. He said: I don't know anything except that I used to carry on business with the people in the world, show kindness to them, give time to the solvent and remit the needy. Then Allah admitted him in Paradise.

-(Bukhari and Muslim)

3. Abu Sayeed reported that the Messenger of Allah said: The truthful trustworthy merchant will be with the prophets, truthful and martyrs.

-(Tirmizi, Ibn Majah (Rare))

4. Obaid-bin-Rafa'a from his father reported that the Holy Prophet said: The merchants will be gathered on the Resurrection Day as transgressors except those who were fearful of Allah, pious and truthful.

-(Ibn Majah, Tirmizi (Approved, Correct))

5. Abu Hurairah reported from the Messenger of Allah who said: The two (seller and buyer) must not part away except by mutual consent.

-(Abu Daud)

6. Ayesha reported that the Messenger of Allah ordered to enjoy the skin of dead animals when tanned.

-(Malek, Abu Daud)

7. Abdullah-bin-Omar reported that the Prophet forbade the sale of fruits till the good ones become ripe. He prohibited the seller and the buyer. Agreed upon it. And in a narration of Muslim. He forbade the sale of dates till they are ripe, and of corns till they become white and safe from mishaps.

-(Bukhari, Muslim)

8. Ibn Omar reported: They (people) used to purchase food-grain in a place confronting the market and sell it also in its place. Then the Holy Prophet forbade them to sell it in its place till they take it in possession.

-(Abu Daud)

9. Ibn Abbas reported: As for that of which the Holy Prophet prohibited sale, it is food-crops till they come in possession. Ibn Abbas said: I don't consider anything but just like it.

-(Bukhari and Muslim)

10. Abu Hurairah reported that the Messenger of Allah said: Nobody shall bargain over the bargain of his brother Muslim.

-(Muslim)

The Prophet of Islam himself adopted the profession of trade during his youth and worked as agent of Khadijah, a wealthy lady of Makkah, who was very impressed by his

honesty, fair dealing and trust-worthiness and who later on became his wife. His companions Abu Bakr and Usman traded in cloth whereas Umar carried on trade in corn. He issued instructions to his followers to be honest and trustworthy in their commercial dealings as the trustworthy merchant will be with the prophets, truthful and the martyrs on the Day of Judgement. His followers not only carried on maritime and land trade throughout the then known world but also became the torch bearers of Islam to the darkest corners of the world causing the spread of message of Allah.

III- Sale

Just and fair dealings have been stressed in sale or 'Bai' by the Qur'an and the Prophet of Islam. Let us have a look at the relevant verses of the Qur'an and the Sunnah before elaborating dimensions of this subject.

The verses of al-Qur'an:

1. Be not averse to writing down (the contract) whether it be small or great, with (record of) the term thereof. That is more equitable in the sight of Allah and more sure for testimony, and the best way of avoiding doubt between you; save only in the case when it is actual merchandise which ye transfer among yourselves from hand to hand. In that case it is no sin for you if ye write it not. And have witnesses when ye sell one to another, and let no harm be done to scribe or witness. If ye do (harm to them) Lo! it is a sin in you. Observe your duty to Allah. Allah is teaching you. And Allah is Knower of all things.

-(2:282)

1. Men whom neither merchandise nor sale beguileth from remembrance of Allah and constancy in prayer and paying to the poor their due; who fear a day when hearts and eyeballs will be overturned;

-(24:37)

Ahadith of Prophet Muhammad (PBUH):

1. Abu Hurairah reported from the Messenger of Allah who said: The two (seller and buyer) must not part away except by mutual consent.

-(Abu Daud)

2. Ibn Omar reported that a man said to the Holy Prophet: Verily I am cheated in sale. He said: When sale is held, say—There's no cheating. The man used to utter it.

-(Bukhari, Muslim)

3. Ibn Omar reported that the Messenger of Allah said: The buyer and the seller each of them has got option on his partner so long as they have not separated themselves except the option of buying. Agreed. In a narration of Muslim—When the buyer and seller carry on transaction, each of them has got option with respect to his sale so long as they do not part away or their sale is held conditional on option. When their sale is held on option, it becomes binding. And in a narration of Tirmizi: The buyer and seller are on option till they do not become separate till they choose.

4. Hakim-bin-Hizam reported that the Messenger of Allah said: The buyer and seller have got option so long as they do not part away. If they speak the truth and disclose (defect), they are blessed in their sale transaction,

and if they conceal and speak falsely, the blessing of their sale is decreased.

-(Bukhari, Muslim)

5. Abdullah-bin-Mas'ud reported that the Messenger of Allah said: Where the seller and buyer differ, swearing is the swearing of the seller, and the purchaser has got the right of option. Tirmizi narrated it. In a narration of Ibn Majah, he said: When the seller and the buyer disagree, and the seller is standing on his own position while there is no proof between them, then the oath is what the seller takes or both should rescind the sale.

6. Anas reported that the Messenger of Allah sold a saddle and a cup and said: Who will purchase this saddle and cup? A man replied. I shall take them both for one dirham. The Holy Prophet said: Who will increase over one dirham? A man offered him two dirhams. Then he sold them both to him."

-(Trimizi, Abu Daud, Ibn Majah)

7. Jaber reported that the Messenger of Allah forbade Mukhabarah, Muhaqalah and Muzabanah. Muhaqalah is a man's selling corn for one hundred Farq of wheat, and Muzabanah is to sell dry dates upon the heads of date trees for one hundred Farq. And Mukhabarah is to let out land for one-third or one-fourth (of produce).

-(Muslim)

8. Abdullah-bin-Omar reported that the Prophet forbade the sale of fruits, till the good ones become ripe. He prohibited the seller and the buyer. Agreed upon it. And in a narration of Muslim: He forbade the sale of dates till they

are ripe, and of corns till they become white and safe from mishaps.

9. Jaber reported that the Messenger of Allah forbade the sale (of fruits upon the trees) for years, and ordered to wait for mishaps.

-(Muslim)

10. Jaber reported that the Messenger of Allah said: If you purchase dry date from your brother and then mishap afflicts it, it is not lawful for you to take out of it for what you take unjustly from your brother's property.

-(Muslim)

11. Abu Hurairah reported that the Messenger of Allah said: Don't go forward to meet the caravans for purchase, and none of you shall purchase on the purchase of others. Don't interfere with one another in bargain, and no citizen shall sell to a villager, and don't keep back the milk of camels and goats. Whoso purchases them after that has got two options after milking them. If he likes, he may keep them and if he does not like, he may return them with one sa'a of dry dates.

Agreed upon it. And in narration of Muslim: Whoso purchases a goat full of milk in udder has got an option for three days. If he then returns it, he shall return one sa'a of food-grain with it and not wheat.

12. Abu Hurairah reported that the Messenger of Allah said: Don't meet corn merchant ahead. Whoso meets him ahead and then purchases from him---when its owner comes to market, he has got an option.

-(Muslim)

13. Ibn Omar reported that the Messenger of Allah said: Don't meet merchandise beforehand till it is taken down in market.

-(Bukhari, Muslim)

14. Ibn Umar reported that the Holy Prophet said: Nobody shall bargain over the bargain of his brother, nor will he seek the hand in marriage which his brother (Muslim) sought unless permission is granted to him.

-(Muslim)

15. Abu Hurairah reported that the Holy Prophet forbade the sale by stone-throwing and the sale of unpossessed thing.

-(Muslim)

16. Ibn Omar reported that the Holy Prophet forbade bargain of Habalul Habajah: and it was a bargain which the people of ignorance used to carry on. A man used to purchase a camel till a she-camel became pregnant and then till what was in the womb became pregnant.

-(Bukhari, Muslim)

17. Jaber reported that the Holy Prophet prohibited the bargain of camel's sock and sale of water and cultivable land.

-(Muslim)

18. Abu Hurairah reported that the Holy Prophet passed by a heap of corns. He thrust his hand therein but his fingers touched moisture. He asked, O owner of corn!

What is this? He replied: Rain fell on it, O Messenger of Allah. He enquired: Have you not done so over the corn so that people may see it? Whoso acts with deceit is not of me.

-(Muslim)

19. Ali reported that the Messenger of Allah forbade the (forced) purchase from a needy person, and purchase from the inconsiderate and purchase of fruit before it reaches maturity.

-(Abu Daud)

20. Abu Hurairah reported that the Holy Prophet forbade two bargains in one sale.

-(Malek, Tirmizi, Abu Daud, Nisai)

21. Waselah-bin-Asqa'a reported: I heard the Messenger of Allah say: Whoso sells a defective thing without disclosing it continues to be in the wrath of Allah or angels continue to curse him.

-(Ibn Majah)

Now in the light of the verses of the Qur'an and particularly in the light of Ahadith of the Prophet, let us understand various aspects of sale.

What is Sale? Sale is contract, like any other civil contract, which is made by declaration and acceptance expressed clearly in words or in expression conveying the same meaning. The declaration may be made personally or by letter or message. The acceptance may be deferred until the breaking up of the meeting. An offer made by purchaser cannot be restricted by seller or to any particular parts of the goods. A little deviation from the offer or acceptance will

not make the sale complete. If the acceptance be not expressed in due time, the declaration is null and void. A sale may be entered into either for ready money or for payment within a fixed time. In case of a house sale, the foundations and superstructure are included. In the sale of land, trees upon it are included but corn is not included unless there is stipulation.[1]

The contract of sale, according to the Qur'an, should be made in writing, be it small or great, along with its terms and conditions and also witnesses. However, there is no sin if you write or do not write a contract of sale involving merchandise which you transfer among yourselves from hand to hand.

Kinds of Sale: There are four types of sale:

1. Muqaezah: It is sale of kind for kind.
2. Sarf: It is sale of cash for cash as sale of gold for silver.
3. Salm: It is sale of a credit for kind in cash as crops are taken for payment in future.
4. Mutleq Sale: Free sale as sale of a thing in cash for price in cash, is called Mutleq sale.

Option in Sale: The power to withhold or accept in trade is called option. It occurs before the sale is complete and there are due proposal and acceptance. A purchaser has got the right of option and may reject an article upon inspection of the article if he has not seen it at the time of purchase. A seller has no option of inspection after sale. Option of inspection continues in force to any distance of time after the contract, unless destroyed by circumstances. A condition of option may lawfully be stipulated by either

party provided it does not exceed three days. Imam Muhammad and Abu Yusuf fixed no time limit. The possession of option may annul the sale with knowledge of the party or confirm it without his knowledge. A purchaser detecting any defect in the article may annul the sale.[2]

Unlawful Sales: Following types of sales, which were very common in Arabia in those days, were prohibited and declared unlawful by the Holy Prophet as they involved some element of riba, exploitation, fraud, blackmail, deception, misrepresentation, injustice, gamble, chance or unfairness:

1. **Sale Muzabanah:** Sale of a known quantity for unknown quantity or price. It is applicable to fruits on trees which are sold in exchange for dry fruits.

2. **Sale Munabazah:** Sale by stone-throwing at commodity of sale. One man throws the cloth he has for sale towards another and the sale becomes confirmed, even though the other man may not have touched it or seen it.

3. **Habal-Al-Habala:** Sale of foetus in womb. One purchased a she-camel with the promise that he would pay the price when it would give birth to a she-camel.

4. **Mulamasah:** Sale by touch. One purchases cloth by touching it without opening it or seeing it or examining it.

5. **Muhaqalah:** Grain in ear was sold for dry grain.

6. **Mu'awamah:** Sale of fruits while upon trees for one year, two years or more whether the fruits appear or not.

7. **Mukhabarah:** Transfer of a limited and not absolute interest in a land.

8. Sunnayah: Sale of fruits upon trees after leaving some fruit from the subject matter of sale.

9. Talqi-Jalab: Purchase of corn and food-stuffs on the way before merchandize actually reach their destined places. It was a common practice with the people of Madinah that, when the farmers brought grain to the town, they would meet them outside the town and purchase all the grain, and then sell it at their own price.

10. Sale by Al-Hadir-Libad: Some people worked as agents of the grain-sellers (middle-men) and all grain was sold through them. They earned a profit from both the seller and the buyer and often deprived the cultivator of his just profit and the buyer of a just and fair price. The Holy Prophet forbade this type of bargaining in the interest of the cultivator as well as the buyer.

11. Sale Ainiyah: Sale of commodities, especially perishable, without obtaining their possession.

12. Sale Sarf: Sale of gold and silver for gold and silver is prohibited unless sold hand to hand and in equal quantity, otherwise it is `riba'.

13. Sale al-Gharar: Any sale by deceiving the opposite party. Examples of such type of sale are as follows.:

(a) Misrat: Sale of animal which is not milked for a number of days and its milk is left in the udder to deceive the buyer.

(b) Najsh: Raising the price of an article of merchandise or outbidding in sale, not from a desire to purchase it, but with a view to trap the buyer.

(c) Sale by Oath: To sell articles by taking oaths regarding their superior quality.

(d) Adulteration of articles of inferior quality with superior quality as water in milk.

14. Sale of fruits and corns till they are ripe and fit for human consumption.

15. Sale or lease of water and grass.

16. Sale of grapes till they are black, and corns till they become hard.

17. Sale of goods without delivery and cash price i.e. sale with a promise of delivery of goods for a promise of price.

18. Bargaining with the needy persons and the poor.

19. A sale in exchange of carrion, blood, person of free man, uncaught fish in water, a bird in air which will not return, milk in udder, and hair or wool upon an animal.

20. Sale of wine, pork etc.

21. Any article which cannot be separated from its situation without injury or of which the quality or existence cannot be ascertained or the quantity of which can be judged by conjecture.

22. The sale of an absconded slave, woman's milk, bristles of hog, human hair and undressed hides. It is lawful to sell or apply in use bones, wools, sinews, horns or hairs of all animals which are dead excepting those of men and hogs.

IV- Swearing in Trade

It was a common practice in the times of the Prophet, as today, that the sellers used to sell their goods by taking oaths to convince the buyers about the superior quality of their goods although they were of bad or defective quality. This practice has been strictly prohibited and condemned by the Holy Qur'an and the Prophet. Relevant verses of the Qur'an and traditions of the Prophet are as under.

Verses of the Qur'an :

1. Lo! Those who purchase a small gain at the cost of Allah's covenant and their oaths, they have no portion in the Hereafter. Allah will neither speak to them nor look upon them on the Day of Resurrection, nor will He make them grow. There's will be a painful doom.

-(3:77)

2. Allah will not take you to task for that which is unintentional in your oaths, but He will take you to task for the oaths which ye swear in earnest.....

-(5:89)

Ahadith of Muhammad (PBUH):

1. Abu Qatada reported that the Messenger of Allah said: Be careful of excessive swearing in sale, because it finds market but then reduces (blessing).

-(Muslim)

2. Abu Hurairah reported that the Messenger of Allah said: Oath is a means of bargain for the commodities but a cause of deterioration in blessing.

---(Bukhari, Muslim)

3. Qais-bin-Abi-Gerzata reported: We were called 'Samaserah' at the time of the Holy Prophet. The Prophet passed by us and named us with a name which is better than the former. He addressed: O chamber of merchants ! (As) for sale, futile words and false swearings are often used in it. So mix it with alms.

-(Tirmizi, Nisai, Ibn Majah, Abu Daud)

4. Abu Omamah reported that the Prophet said: Whoso takes the right of a Muslim with his oath, Allah makes hell sure for him and Paradise unlawful. A man asked him: O Prophet of Allah, even though it be a small thing? He said: Even if it is a rod of Arak.

-(Muslim)

V- Forward Transactions

Islam disapproves business involving forward transactions. The Holy Prophet has prohibited to sell goods which are not in one's possessions. Following traditions of the Prophet indicate the prohibition of such business:

1. Amr-bin-Shuaib reported from his father who from his grandfather that the Messenger of Allah said: Advance loan and sale are not lawful, and there are no two conditions in a sale, and no profit till it comes in possession, and no sale what is not in your possession.

-(Abu Daud, Nisai, Tirmizi (correct)

2. Ibn Omar reported: They (people) used to purchase food-grain in a place confronting the market and sell it also in its place. Then the Holy Prophet forbade them to sell it in its place till they take it in possession.

-(Abu Daud)

3. Ibn Omar reported that the Messenger of Allah said: Whoso purchases food stuffs should not sell them till he takes their full measurement. In a narration of Ibn Abbas till he measures it.

-(Bukhari, Muslim)

4. Hakim-bin-Hezam reported: The Messenger of Allah prohibited me to sell what is not in my possession. Tirmizi narrated it. And in a narration of Abu Daud and Nisai, he said, I asked: O Messenger of Allah ! a man comes to me and intends to make bargain with me, but it is not in my possession. Shall I purchase it from the market? He said: Don't purchase what is not in your possession.

It has been proved by the modern economic theory that trade cycles, which cause disruption in economy, are partly caused by brisk activity of those who indulge in forward transactions.

VI- Speculative Business

Speculation signifies the phenomenon of buying something at cheap rates and selling the same in future at higher rates. When the future price is expected to be higher

than the present price of a thing, speculative buyers purchase it with a view to selling it at a higher price in future. Similarly, if the future price is expected to be lower than the present, speculators will sell now in order to avoid selling at a lower price in future. This type of business has been disapproved by Islam. Especially the withholding of cereals or other essential articles of common use with a view to raise their prices artificially (which is also called hoarding) has been strongly condemned by the Prophet of Islam. His Ahadith are:

1. Ma'mar reported that the Messenger of Allah said: whoever withholds stocks of grain to make them scarce and dear is a sinner.

-(Muslim)

2. The Holy Prophet once condemned the mentality of a hoarder thus: He is a very bad man, who is grieved at low prices and is pleased at higher prices.

-(Bukhari)

3. 'Umar reported: The Prophet (be peace on him) said : "One who imports grain from outside and sells at the market rate his maintenance is blessed, while he who withholds grain from sale in view of an estimated dearness in future, he is thrown away from God's pleasure.

4. Umar said: "one who brings grain in our city will be blessed with (abundance of) wealth and one who hoards will be cursed. If any one withholds grain (or other articles of use) while men of God (i.e. the people) need it, the ruler can forcibly sell his grain (or other articles of use)"

-(Mutta)

VII- Weights and Measures

Deceiving the buyers or customers and harming their interest by spurious or defective weights and measures has been strictly prohibited by Islam. The Qur'an has strongly condemned the practice of wrong weighing and wrong measuring among the people of old specially the people of Median to whom Prophet Shuaib was sent. The believers have been warned to give full measure and weight with the true balance in order to escape punishment of God. The Qur'an says:

1. Give full measure and full weight, in justice.

-(Al-Anam 6:152)

2. And unto Median (We sent) their brother Shuaib. He said: O my people ! Serve Allah. Ye have no other God save Him! And give not short measure and short weight. Lo! I see you well-to-do, and Lo! I fear for you the doom of a besetting Day. O my people ! Give full measure and full weight in justice, and wrong not people in respect of their goods. And do not evil in the earth, causing corruption.

-(Hud 11:84-85)

3. Fill the measure when ye measure, and weigh with a right balance; that is meet, and better in the end.

-(Bani-Israil 17:35)

4. Give full measure, and be not of those who give less (than the due). And weight with the true balance. Wrong not mankind in their goods, and do not evil, making mischief in the earth.

-(Ash Shuara 26:181-183)

5. And the sky He hath uplifted; and He hath set the measure. That ye exceed not the measure, But observe the measure strictly, nor fall short thereof.

-(Ar-Rahman 55:7-9)

6. Woe unto the defrauders: Those who when they take the measure from mankind demand it full, But if they measure unto them or weigh for them, they cause them less. Do such (men) not consider that they will be raised again Unto an awful Day, the day when (all) mankind stand before the Lord of the Worlds?

-(Al-Mutaffifin 83:1-6)

The Prophet of Islam took every possible step to popularise the use of standard weights and measures in the market. He blessed those who were honest in weighing and measuring. It is reported by Anas bin Malik and Abdullah bin Zaid that the Messenger of Allah prayed once: O God ! bless the measure of the people of Madinah (Mishkat)

The Prophet also emphasised that the goods should be measured or weighed before purchasing or selling them. Usman reports that the Holy Prophet told him to always weight and measure anything he bought or sold (Bukhari). Ibn Umar reports that the Apostle of Allah told them that measure of Madinah was trustworthy and weight of Makkah (Mishkat).

VIII- Monopoly

Monopoly or Ijarah is said to exist when the sole control of the supply of any commodity or service is in the hands of one person or a one business organisation. The monopolist controls the supply of the commodity or the service and fixes its price at his discretion to the detriment of the interest of the consumers or the public. Islam does not permit the establishment of monopolies over commodities or services which are harmful to the interests of the community. Especially monopolies over food-stuffs or articles of daily use are banned by Islam and those essential things which are required by everyone are maintained under joint or common ownership of the community. Following traditions of the Prophet of Islam bring home this point:

1. It is reported by Ibn Abbas that the Messenger of Allah said: Grazing land belongs to Allah and His Messenger and no one is permitted to keep it to himself.

_(Bukhari)

2. Ibn Abbas reported that the Apostle of Allah said: All Muslims jointly share three things i.e., water, grass and fire.

-(Abu Daud)

3. Abyaz bin Hamal Marbi reported that the Holy Prophet took back allotment of salt mine from him when he found that it was for common use of all Muslims.

-(Tirmizi, Ibn Majah)

4. Ma'mar reported that the Messenger of Allah said: Whoever monopolises is a sinner.

-(Muslim)

IX- Price Control

The artificial scarcity of goods created by unscrupulous businessmen generally results in price-like. It may be on account of speculative business, hoarding, black marketing or smuggling. As we have studied earlier, all these practices are banned in Islamic society. Therefore, ordinarily there is no fear that price would rise artificially because the true Muslims are not expected to indulge in hoarding or speculation. However, black sheep are there who do not abstain from indulging in these malpractices with a view to harvest undue profits and thus cause inflationary rise in price. Such situation took place once even during the reign of the Prophet. The relevant tradition is as under:

Anas reported that the current price once became dear at the time of the Messenger of Allah. They asked: O Messenger of Allah! Fix a rate for us. The Holy Prophet replied: Verily Allah is One who controls price, curtails, gives amply and provides sustenance; and certainly I hope that I should meet my Lord while there will be none amongst you who will hold me responsible either for blood or for property.

-(Tirmizi, Abu Daud, Ibn Majah)

Although the Prophet declined to intervene to fix or control prices, yet steps were taken by him so often to eliminate hoarding, abolish monopolies and forbid speculative business so that prices should not unduly rise.

However, the jurists hold that Islamic government can intervene and fix prices if unscrupulous businessmen, speculators and hoarders have raised prices of food-stuffs and articles of common use by artificially creating scarcity of these things in the market. But the government should

not generally interfere in natural flow of prices in free market in normal circumstances.

[1]. Fazlul-Karim: Al-Hadith.

[2]. Fazlul Karim: Al-Hadith.

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 6

CONSUMPTION

Principles of Consumption

Human Wants and their Satisfaction

Moderation and not Extravagance or Miserliness

Lawful and Unlawful (Halal and Haram)

Standard of Living

In the economic cycle which starts with earning and acquisition of wealth, consumption is perhaps the last and very important stage. In economics, consumption stands for expending of wealth for satisfaction of human wants such as food, clothing, housing, other articles of daily use, education, health, other personal or family needs, etc. Needless to say that there is no limit to human wants which are insatiable. As such, it is absolutely necessary that one

should be very careful in the consumption of wealth. Islam, therefore, enjoins moderation, self-control and prudence in spending of wealth.

I- Principles of Consumption

The basic principles of consumption laid down by Islam are three: Consumption of lawful (Halal) things, consumption of pure and clean things and exercise of moderation in consumption. These principles are briefly described as under:

1. Principle of Halal: A Muslim has been enjoined upon by Islam to eat only that food which is 'Halal' (lawful and permitted) and not to take that which is 'Haram' (unlawful and forbidden). The Qur'an says: ".....Eat of that which Allah hath bestowed on you as food lawful and good, and keep your duty to Allah in whom ye are believers".(5:88). In other verse, the Qur'an has mentioned prohibited or Haram items of food and has said: "Forbidden unto you (for food) are carrion and blood and swine-flesh, and that which hath been dedicated unto any other than Allah....."(5:3) The principle of Halal and Haram also applies to items of expenditure besides food. The followers of Islam are required to spend their earnings on Halal or permitted expenses and refrain from spending on Haram or prohibited things such as wine, narcotics, prostitutes, gambling, luxuries, etc. We shall, insha Allah, discuss the Islamic concept of Halal and Haram in detail later on.

2. Principle of Cleanliness and Wholesomeness: The Qur'an enjoins upon mankind: "O mankind ! Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of devil. Lo! he is an open enemy for you" (2:168). At another place, the revealed book of Islam

addresses its followers thus: "O ye who believe! Eat of the good things wherewith We have provided you, and render thanks to Allah....."(2:172). Again the Qur'an says: "So eat of the lawful and good food which Allah hath provided for you....." (16:114). Thus the Holy Qur'an impresses upon the people to eat good things which Allah has bestowed upon them. The word used by the Qur'an is 'Tayyab' which means anything one finds pleasing, sweet, agreeable, wholesome, pure and conducive to health. The word 'Khabaith' is opposite of Tayyab which means things one finds impure, displeasing, bad, and disagreeable in sight, smell or eating. The believers have been exhorted to take for food those things which are Tayyab and avoid those which are Khabaith. Prophet Muhammad (PBUH) in his following Ahadith has stressed cleanliness in food:

(i) Salman reported that the Messenger of Allah said: "The blessing of food is washing of hands before it and washing of hands after it."

-(Tirmizi)

(ii) Abu Qatadah reported that the Messenger of Allah said: "When one of you drinks, he should not blow into the vessel."

-(Bukhari)

(iii) Jaber reported that the Messenger of Allah said: "When you go to sleep, put out the lamp and shut the doors and cover the food and drink."

-(Bukhari)

3. Principle of Moderation: The principle of moderation in consumption means that one should take the food and drinks with moderation and avoid excess because

excess of intake is harmful to health. The Qur'an says: "..... and eat and drink, but be not prodigal. Lo! He loveth not the prodigals....." (7:31). Again the Qur'an says: "O ye who believe ! Forbid not the good things which Allah hath made lawful for you, and transgress not....."(5:87). Thus overloading of stomach is prohibited. It is also prohibited that one should adopt self-denying practices followed by ascetics and monks and deprive himself of some foods which Allah has made lawful. The principle of moderation is also applicable to spending. One must not be miser in spending nor extravagant. The Qur'an says: "And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two".....(25:67)

II- Human Wants and their Satisfaction

By 'wants' we mean those human needs which can be satisfied. These wants are in fact unlimited. If you satisfy one want, another would arise, and if that is satisfied still another one would emerge, and thus your struggle would go on through all your life to satisfy an endless chain of wants. Wants and their satisfaction thus becomes the pivot in the economic struggle of man.

Human wants are generally classified into: Necessaries, comforts and luxuries. Let us briefly discuss these three classes of human wants and Islamic attitude towards their satisfaction.

1. Necessaries: Necessaries are those wants whose satisfaction is absolutely essential as without doing it man cannot survive. For example: food, clothing and shelter, etc. are necessities of life because without satisfaction of them human existence is not possible. The Prophet of Islam has

beautifully summed up these necessities of life in his following saying: "That is enough for you of this world if it meets your hunger and covers your body and along with these, you get some (house) to live in....." According to a Hadith reported in Tirmizi, Prophet Muhammad (PBUH) mentioned bare necessities of life to comprise a house wherein to live, necessary clothing wherewith to hide nakedness, bread and water to satisfy hunger and thirst. Islam not only recognises one's right to satisfy basic necessities of life but also it encourages one to make struggle and earn them. If one is unable to earn them because of some disability or some other reason, Islam places responsibility on Muslim community and state to provide for basic needs of such a person.

2. Comforts: Comforts, as term of economics, stand for those wants which provide comfort and convenience to man and whose utility in general is greater than their cost. Comforts are above necessities of life and satisfaction of them makes life easy and comfortable. A man's ordinary food, clothing and shelter are bare necessities for his survival, but good food, good clothes and a good house are his comforts. Enjoyment of comforts is permissible in Islam.

The Qur'an, the revealed book of Islam, says: "O children of Adam ! Look to your adornment at every place of worship and eat and drink, but be not prodigal....." (7:31). In this verse, the Holy Book has enjoined upon the people to wear good clothes, take good food and drinks but be not extravagant. In another verse, the Holy Qur'an disapproves those who discourage the people to enjoy good life, as follows: "Say: who hath forbidden the adornment of Allah which He hath brought forth for His bondmen, and the good things of His providing?....." (7:32) Islam rather wants that a person should lead a life according to economic resources which have been bestowed upon him by God so

that people should know God's bounty upon him. The Qur'an says: "Who hoard their wealth and enjoin niggardliness on others and hide that which Allah hath bestowed upon them of His bounty. For disbelievers We prepare a shameful doom;" (4:37). Thus concealment of bounties of Allah is in fact equivalent to their denial and is, therefore, liable for punishment of Allah. According to a Hadith reported in Abu Daud, once a wealthy person in dirty clothes came to the Prophet of Allah who was very displeased to see him in that condition and said: When God has bestowed His bounty upon you, He likes that the effect of His bounty should appear on you." According to another Hadith in Bukhari, the Prophet of Allah is reported to have said: "Eat and wear to your full satisfaction and give charity without being extravagant and proud."

3. Luxuries: Excessive expenditure on unnecessary and superfluous wants is called luxury; e.g., very expensive dress, use of wine, use of gold and silver utensils, lavish expenditure on marriage functions and other festivities, and above all wastage of wealth on gambling, on prostitutes and singers and dancers, etc. Wastage of wealth on luxuries, by those in whose hands wealth is concentrated due to unfair distribution, leads to deprivation of majority of the nation from bare necessities of life and thus causes disunity and dissension in society. To this fact the Qur'an has thus drawn the attention of its followers: "Satan seeketh only to cast among you enmity and hatred by means of strong drinks and games of chance....." (5:91). It has thus warned its followers: ".....Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of the devil....."(2:168) "..... and eat and drink, but be not prodigal....." (7:31)

The Prophet of Islam prohibited the use of expensive silk clothes and utensils of gold and silver which were considered luxuries in those days. His Ahadith are:

1. According to Umm Salama, the Holy Prophet said, "Anyone who eats or drinks in vessels of gold or silver pours fire into his belly'.

-(Muatta)

2. Anas-bin-Malik reported that the Holy Prophet said, "Anyone (man) who wears silken clothes in this world, will not wear them in the Hereafter."

-(Muatta)

3. According to Abu Hurairah, the Holy Prophet had forbidden the wearing of a golden ring (for men).

-(Bukhari)

III- Moderation in Consumption

The Qur'an has called the Muslims a 'middle' nation, and thus Islam enjoins upon them principle of moderation and balanced policy in every walk of life. In the field of consumption – of wealth as well as food—moderation is the golden mean. Both 'less than due' (i.e. miserliness) and 'more than due' (i.e. extravagance) have been prohibited. Let us discuss below the Islamic attitude towards miserliness and extravagance before highlighting its recommendation for moderation.

(A) Miserliness: Miser is one who does not spend on himself and his family according to his means, and also he does not spend on any charitable purpose. Miserliness has been condemned by the following verses of the Qur'an and Ahadith of Muhammad (PBUH):

Verses of the Qur'an :

1. And let not those who hoard up that which Allah hath bestowed upon them of His bounty think that it is better for them. Nay, it is worse for them. That which they hoard will be their collar on the Day of Resurrection. Allah's is the heritage of the heavens and the earth, and Allah is Informed of what ye do.

-(3:180)

2. Who hoard their wealth and enjoin avarice on others, and hide that which Allah hath bestowed upon them of His bounty. For disbelievers We prepare a shameful doom;

-(4:37)

3. They who hoard up gold and silver and spend it not in the way of Allah, unto them give tidings (O Muhammad) of a painful doom. On the Day when it will (all) be heated in the fire of hell and their foreheads and their flanks and their backs will be branded therewith (and it will be said unto them): Here is that which ye hoarded for yourselves. Now taste of what ye used to hoard!

-(9:34-35)

4. And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded.

-(17:29)

5. But as for him who hoardeth and deemeth 'himself independent, And disbelieveth in goodness; Surely

We will ease his way unto adversity. His riches will not save him when he perisheth.

-(92:8-11)

6. Woe unto every slandering traducer, who hath gathered wealth (of this world), and arranged it. He thinketh that his wealth will render him immortal.

-(104:1-3)

Ahadith of Muhammad (PBUH) :

1. Abu Hurairah reported that the Messenger of Allah said: There is no day wherein a servant gets up at morn but two angels do not come down. One of them say: O Allah! give the charitable man success. Another say: O Allah! give the miser destruction.

-(Bukhari and Muslim)

2. Asmma'a reported that the Messenger of Allah said: Spend and don't count lest Allah counts for you, and don't hoard up lest Allah withhold from you. Spend what you can.

-(Bukhari and Muslim)

3. Abu Omamah reported that the Messenger of Allah said: O son of Adam! that you spend wealth is good for you and that you withhold it is bad for you, and you should not be backbited for miserliness. Begin with those who are in your family.

-(Muslim)

4. Abu Hurairah reported that the Messenger of Allah said: The likeness of the miser and the charitable man is the likeness of two men upon whom there are two helmets of iron which their hands tied up to their chests and throats. Whenever the charitable man gives alms, it unloosens; and whenever the miser intends to give alms, it tightens up and overtakes every ring in its place.

-(Bukhari and Muslim)

5. Abu Hurairah reported that the Messenger of Allah said: The generous man is near Allah, near Paradise, near the people and far off from Hell; and the miser is far off from Allah, far off from Paradise, far off from the people and near Hell; and the illiterate charitable man is dearer to Allah than the pious miser.

-(Tirmizi)

6. Abu Sayeed reported that the Messenger of Allah said; There are two habits which do not unite in a believer – miserliness and bad conduct.

-(Tirmizi)

7. Abu Bakr Siddiq reported that the Messenger of Allah said: Neither the diplomat, nor the miser, nor the hard-hearted shall enter Paradise.

-(Tirmizi)

(B) Extravagance: Extravagance, according to a Muslim scholar, means firstly spending wealth on unlawful things, such as gambling, drinking, prostitution etc., even if the amount involved is insignificant; secondly excessive expenditure on lawful things, whether within or beyond

one's means; thirdly expenditure for good and charitable purposes merely for show.

Islam has condemned extravagance, as it has miserliness, because both these extremes are harmful to Islamic economy. Miserliness withholds community's resources from being properly utilised; whereas extravagance wastes them on unnecessary and superfluous wants. The Holy Qur'an and the Prophet of Islam have condemned extravagance as follows:

1. O Children of Adam! Look to your adornment at every place of worship and eat and drink, but be not prodigal. Lo! He loveth not the prodigals.

-(7:31)

2. Give the kinsman his due, and the needy, and the wayfarer, and squander not (thy wealth) in wantonness. Lo! the squanderers were ever brothers of the devil, and the devil was ever an ingrate to his Lord.

-(17:26-27)

3. And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded.

-(17:29)

4. And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two;

-(25:67)

5. It is reported by Abu Hurairah that the Apostle of Allah once remarked that one thing at which God is most displeased with you is extravagance.

-(Muatta Imam Malik)

(C) Moderation : Moderation between two extremes of miserliness and extravagance has been recommended by Islam as golden mean. Following are the relevant verses of the Qur'an and Ahadith of Muhammad (PBUH):

Verses of the Qur'an :

1. O children of Adam! Look to your adornment at every place of worship and eat and drink, but be not prodigal. Lo! He loveth not the prodigals.

-(7:31)

2. And let not thy hand be chained to thy neck nor open it with a complete opening, lest thou sit down rebuked, denuded.

-(17:29)

3. And those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two;

-(25:67)

4. Let the man of means spend according to his means; and the man whose resources are straitened, let him spend according to what God has given him.

-(65:7)

Ahadith of Muhammad (PBUH):

1. Moderation is half of the success in economic life.

-(Kanz-ul-Ammal)

2. Moderation is the best course in everything.

-(Kanz-ul-Ammal)

3. It is a part of intelligence and wisdom of a man that he should adopt moderation in his economy.

-(Ahmad)

4. Abdullah-bin-Amr reported that the Messenger of Allah said: When four things are in you, there is nothing against you in the world which may cause your loss; guarding of trust, truthfulness in speech and beauty in conduct, and moderation in food.

-(Ahmad, Baihaqi)

IV- Lawful and Unlawful Food

(HALAL AND HARAM)

Islamic conception of Halal and Haram governs all the economic activities of man especially in the field of production of wealth and consumption of wealth as well as consumption of food items. But here in this section, we shall confine ourselves to the rules regarding consumption of eatables. However, before making any meaningful discussion it is most appropriate if we reproduce the

relevant Verses of the Qur'an and Traditions of Muhammad (PBUH).

Verses of the Qur'an :

1. O mankind! Eat of that which is lawful and wholesome in the earth, and follow not the footsteps of the devil. Lo! he is an open enemy for you.

-(2 : 168)

2. O ye who believe! Eat of the good things wherewith We have provided you, and render thanks to Allah if it is (indeed) He whom ye worship. He hath forbidden you only carrion, and blood, and swineflesh, and that which hath been immolated to (the name of) any other than Allah. But he who is driven by necessity, neither craving nor transgressing, it is no sin for him. Lo! Allah is Forgiving, Merciful.

-(2:172-173)

3. Forbidden unto you (for food) are carrion and blood and swine-flesh, and that which hath been dedicated unto any other than Allah, and the dead through beating, and the strangled, and the dead through falling from a height, and that which hath been killed by (the goring of) horns, and the devoured of wild beasts, saving that which ye make lawful (by the death-stroke), and that which hath been immolated unto idols. And (forbidden is it) that ye swear by the divining arrows. This is an abomination..... Whoso is forced by hunger, not by will, to sin (for him) Lo! Allah is Forgiving, Merciful. They ask thee (O Muhammad) what is made lawful for them. Say: (all) good things are made lawful for you. And those beasts and birds of prey which ye have trained as hounds are trained, ye teach them that which Allah taught you; so eat of that which they catch

for you and mention Allah's name upon it, and observe your duty to Allah. Lo! Allah is swift to take account.

-(5:3-4)

4. This day are (all) good things made lawful for you. The food of those who have received the Scripture is lawful for you, and your food is lawful for them. And so are the virtuous women of the believers and the virtuous women of those who received the Scripture before you (lawful for you) when ye give them their marriage portions and live with them in honour, not in fornication, nor taking them as secret concubines. Whoso denieth the faith, his work is vain and he will be among the losers in the Hereafter.

-(5:5)

5. O ye who believe! Forbid not the good things which Allah hath made lawful for you, and transgress not, Lo! Allah loveth not transgressors. Eat of that which Allah hath bestowed on you as food lawful and good, and keep your duty to Allah in Whom ye are believers.

-(5:87-88)

6. O ye who believe! Strong drinks and games of chance and idols and divining arrows are only an infamy of Satan's handiwork. Leave it aside in order that ye may succeed. Satan seeketh only to cast among you enmity and hatred by means of strong drink and games of chance, and to turn you from remembrance of Allah and from (His) worship. Will ye then have done?

-(5:90-91)

7. To hunt and to eat the fish of the sea is made lawful for you, a provision for you and for seafarers; but to

hunt on land is forbidden you so long as ye are on the pilgrimage, Be mindful of your duty to Allah, unto Whom ye will be gathered.

-(5:96)

8. Say: The evil and the good are not alike even though the plenty of the evil attract thee. So be mindful of your duty to Allah. O men of understanding, that ye may succeed.

-(5:100)

9. Eat of that over which the name of Allah hath been mentioned, if ye are believers in His revelations. How should ye not eat of that over which the name of Allah hath been mentioned, when He hath explained unto you that which is forbidden unto you, unless ye are compelled thereto. But Lo! many are led astray by their own lusts through ignorance. Lo! thy Lord, He is best aware of the transgressors.

-(6:118-119)

10. And eat not of that whereon Allah's name hath not been mentioned, for Lo! it is abomination. Lo! the devils do inspire their minions to dispute with you. But if ye obey them, ye will be in truth as idolaters.

-(6:121)

11. Say: I find not in that which is revealed unto me aught prohibited to an eater that he eat thereof, except it be carrion, or blood poured forth, or swine-flesh-for that verily is foul – or the abomination which was immolated to the name of other than Allah. But whoso is compelled

(thereto) neither craving nor transgressing, (for him) Lo! your Lord is Forgiving, Merciful.

-(6:145)

12. O Children of Adam! Look to your adornment at every place of worship, and eat and drink, but be not prodigal. Lo! He loveth not the prodigals. Say: Who hath forbidden the adornment of Allah which He hath brought forth for His bondmen, and the good things of His providing? Say: Such, on the Day of Resurrection, will be only for those who believed during the life of the world. Thus do We detail Our revelations for people who have knowledge. Say My Lord forbiddeth only indecencies, such of them as are apparent and such as are within, and sin and wrongful oppression, and that ye associate with Allah that for which no warrant hath been revealed, and that ye tell concerning Allah that which ye know not.

-(7:31-33)

13. So eat of the lawful and good food which Allah hath provided for you, and thank the bounty of your Lord if it is Him ye serve. He hath forbidden for you only carrion and blood and swine-flesh and that which hath been immolated in the name of any other than Allah; but he who is driven thereto, neither craving no transgressing, Lo! then Allah is Forgiving, Merciful. And speak not, concerning that which your own tongues qualify (as clean or unclean), the falsehood: "This is lawful, and this is forbidden," so that ye invent a lie against Allah. Lo! those who invent a lie against Allah will not succeed.

-(16:114-116)

14. That they may witness things that are of benefit to them, and mention the name of Allah on appointed days

over the beast of cattle that He hath bestowed upon them. Then eat thereof and feed therewith the poor, unfortunate.

-(22:28)

15. That (is the command). And whoso magnifieth the sacred things of Allah, it will be well for him in the sight of his Lord. The cattle are lawful unto you save that which hath been told you. So shun the filth of idols, and shun lying speech.

-(22:30)

16. And for every nation have We appointed a ritual, that they may mention the name of Allah over the beast of cattle that He hath given them for food, and your God is one God, therefore, surrender unto Him. And give good tidings (O Muhammad) to the humble.

-(22:34)

Ahadith of Muhammad (PBUH):

1. Jaber reported that the Messenger of Allah made unlawful (that is) on the day of Khaiber the domestic asses, meat of mules, every beast of prey having a fang and every bird having a talon.

-(Tirmizi (Rare))

2. Khalid-bin-Walid reported that the Messenger of Allah prohibited the eating of the meat of horses, mules and asses.

-(Abu Daud, Nisai)

3. Abu Waqad Laisi reported that the Prophet came to Madinah and they had liking for humps of camels and for cuttings of the tails of sheep. He said: What is taken off from animals while they are alive is a dead thing. It shall not be eaten.

-(Tirmizi, Abu Daud)

4. Ibn Omar reported that the Messenger of Allah said: Two dead things and two bloods have been made lawful for us: the dead things are fishes and locusts, and the blood are liver and spleen.

-(Ahmad, Ibn Majah, Darqutni)

5. Abu Zubair reported from Jaber who said that the Messenger of Allah said: Eat what the sea throws up (fish) and is left by the tide, and don't eat what dies therein and floats.

-(Abu Daud, Ibn Majah)

6. Jaber reported that the Messenger of Allah said: There is no animal in sea which Allah has not but made pure for the children of Adam.

-(Darqutni)

7. Ibn Omar reported that the Messenger of Allah prohibited the eating of filthy animals and their milk.

-(Tirmizi)

8. Abdur Rahman-bin-Shibl reported that the Prophet prohibited the eating of the meat of lizards.

-(Abu Daud)

9. Jaber reported that the Prophet prohibited the eating of cats and taking its price.

-(Abu Daud, Tirmizi)

10. Abu Musa reported: I saw the Messenger of Allah eating fowls.

-(Bukhari, Muslim)

11. Ibn Aufa reported : We fought along with the Messenger of Allah on seven expeditions and ate locusts with him.

-(Bukhari, Muslim)

12. Safinah reported : I ate with the Messenger of Allah the meat of a bustard (bird)

-(Abu Daud)

13. Jaber reported that the Messenger of Allah said: There is no animal in sea which Allah has not but made pure for the children of Adam.

-(Darqutni)

Rules and Regulations :

1. From the above verses of the Holy Qur'an and Traditions of Prophet Muhammad (PBUH) it is very clear that prohibited (Haram) items of food have been mentioned by Islam in unambiguous terms. Following eatables have been especially declared haram or unlawful by the Qur'an and the Sunnah:

1) All animals and birds which die of themselves without being slaughtered in the name of Allah. These include animals strangled to death, or beaten to death or killed by a fall or attacked by horns and killed, or torn to death by beasts.

2) Blood

3) Swine – flesh.

4) Food on which Allah's name is not taken or meat of even lawful animal which is not slaughtered in the name of Allah, or which is slaughtered in the name of other than Allah.

5) Everything which is offered to idols.

6) All beasts and birds of prey i.e. all quadrupeds that seize prey with teeth such as lions, tigers, leopards, jackals, etc, and all birds such as hawks, kites, crows, raven, etc. which attack with claws.

7) All unclean things repugnant to health and morality. These include dogs, cats, mules, horses, asses, lizards.

8) Wine and all other intoxicants.

9) All the food items though lawful but acquired by unlawful means.

2. Principle of necessity however makes temporarily an unlawful thing lawful. However this principle can be applied only where there is real necessity and not merely an excuse. For example if someone is dying of hunger and he has nothing to save his life except a dead animal or swine-flesh to eat, then he can take it. Similarly a sick person can

take alcohol or wine provided a doctor certifies that he would die if he is not instantly given that. According to the Qur'an, following two conditions should be kept in view while making use of a haram thing, namely :

(a) that such a thing should not be taken with a view to rebel against Allah or to break the law of Allah and

(b) that such a thing should be taken only in a minimum possible quantity just with a view to save life.

V- Standard of Living

Standard of living is generally understood to refer to the mode of living and level of comforts a person enjoys in society. But according to economists, standard of living means the minimum amount of necessities and comforts which man regards absolutely essential for him and for the acquisition of which he can make any sacrifice.

Islam has not decreed any fixed standard of living with any minimum or maximum ceiling for its followers. Adoption of standard of living has been by and large left to the discretion as well as to the conscience of the individual. However, it is the basic principle of the economic system of Islam that every citizen of an Islamic state should have at least basic necessities of life. So in a society where poverty, misery and want is prevailing, no individual can be permitted to enjoy comforts of life although he is very rich, until and unless every other individual is provided with basic human needs. But with the rise of general level of prosperity in the society, those who can afford are permitted to enjoy comfortable life. In any case Islam does not permit life of luxury to any Muslim even though he is very rich.

Moderation in life is the general Islamic principle which should not be lost sight of in adopting a lifestyle.

Teachings of Islam generally recommend that one should lead a life of simplicity and austerity. For a Muslim the Prophet of Islam and his companions are role model. Let us quote some Ahadith and traditions to see how the Prophet and his successors, named in history as Righteous caliphs, lived.

1. The Holy Prophet once remarked: "Successful is the man who has acted on the principles of Islam and lived on simple necessities of life".

-(Ahmad, Tirmizi)

2. Jabir bin 'Abdullah reported that Allah's Messenger (may peace be upon him) said: "There should be a bedding for a man, bedding for his wife and the third one for the guest, and the fourth one is for the Satan."

-(Bukhari, Daud)

3. 'Ubaidullah bin Muhdin al-Khutami reported on the authority of his father with whom he had cordial relations that the Messenger of Allah (may peace be upon him) said: "If anyone among you is secure in mind in the morning, healthy in body, possessed of food for the day, it is as if the whole world had been brought into his possession."

-(Tirmizi, Ahmad)

4. 'Uthman bin 'Affan reported that the Apostle of Allah (may peace be upon him) said: "The son of Adam has no right except to the following: a house in which he lives, a garment with which he conceals his private parts, dry bread and water."

-(Tirmizi)

5. Abu Umamah reported the Apostle of Allah (may peace be upon him) as saying: "The most enviable of my friends in my estimation is a believer with little property who finds pleasure in prayer, who performs the worship of his Lord well, who obeys Him in secret who is obscure among them, who is not pointed out by people, and whose sustenance is bare sufficiency, with which he is content." Then he snapped his fingers and said: "His death will come up speedily, the women who mourn over him will be few and what he leaves will be little."

And with this chain of transmitters, it has been reported from the Apostle of Allah (may peace be upon him): My Lord offered to turn the valley of Mecca into gold for me but I said: "No, my Lord, but let me have enough to eat a day and be hungry on the other." He said this thrice or so when I am hungry I shall make supplication to Thee and make mention of Thee and when I have enough shall thank Thee and praise Thee. And he (the narrator) said: "This is a hasan hadith."

-(Tirmizi)

6. 'A'isha reported: We the family of Muhammad (may peace be upon him) used to spend (the whole) month in which we (did not need to) kindle the fire as (we had nothing to cook); we had only dates and water (to fill our bellies).

-(Bukhari, Muslim)

7. 'A'isha reported: Never had the family of Muhammad (may peace be upon him) eaten to the fill since

their arrival in Madinah with the bread of wheat for three successive nights until his (Holy Prophet's) death.

-(Bukhari, Muslim)

8. It is reported about Umar, the second Caliph, that Utbah-bin-Farqad, a governor of some province, once visited the Caliph while he was taking his meals. The governor seeing his coarse food, remarked, "why don't you take food made of fine flour"? Umar replied, "Ibn Farqad! Is there anyone with greater resources than myself in the land of Arabia at present? Utbah said that there was none with greater resources than you. Then Umar enquired from him saying, "Ibn Farqad! Do all the Muslims get fine flour (to eat)?" He replied in negative. Then Umar said, "I would be a bad ruler if I were to take nice (and good) things for myself and leave the bad ones for the people".

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 7

LAND

Importance as Factor of Production

Private Ownership of Land

Acquisition of Ownership Rights

Tenancy or Muzara'a

Irrigation

State or Public Ownership of Land

Feudalism or Jaqirdari System

I- Importance as Factor of Production

The factors of production have been classified as land, labour, capital and organisation or enterprise. In this chapter, we shall discuss land while in following chapters we shall discuss labour, capital and enterprise.

The term land has been given a special meaning in Economics. It does not mean soil only, as understood in ordinary speech, but it is synonymous with all the natural resources available from air and water, from above the land surface and below it, which yield income or useful produce. In the words of Marshall, land means "the materials and the forces which nature gives freely for man's aid, in land and water, in air and light and heat." Most of the economic activities of man depend directly on land even today, as in the past, such as hunting, fishing, breeding of cattle and sheep, agricultural produce, gardens, minerals, metals, industrial raw material, electric power, water and other natural resources.

Islam has recognised land as one of the most important factor of production. But in this chapter, we will discuss Islamic view-point regarding agricultural use of land. Since most of the matters pertaining to agriculture are of temporal character, Islam has not laid down any hard and fast rules to govern each and every affair so as to restrict

the freedom of action of the people. Rather most of these matters have been left to the discretion of the people of each age and each place to decide the same according to their ever changing socio-economic situations. Only a few general instructions have been issued by al-Qur'an, the revealed book of Islam and Muhammad (PBUH), the Prophet of Islam, in the fields of land-ownership, land cultivation, reclamation of dead lands, peasant-landlord relationship, irrigation, etc.

A tradition is reported in Sahih Bukhari on the authority of Abu Umamah that when the Prophet saw a plough and some other agricultural implements, he said: "This does not enter the house of a people but it brings ingloriousness with it". From this Hadith, some critics have tried to deduce that the Prophet of Islam discouraged rather condemned agriculture. But this is a misconceived impression. In fact, the Hadith implies that a people which gives itself up entirely to agriculture to the neglect of other sectors like trade and industry cannot rise to the position of glory among the comity of nations. Subsequent history has proved this fact right as the nations who have concentrated only on agriculture have been left much behind in the race of economic development in comparison to the nations who have paid attention to trade and industry and have followed policy of balanced sectoral growth.

II- Private Ownership of Land

Some people, especially those having inclination towards socialism, believe that the concept of ownership of land is alien to Islam. However, this view does not have any locus standi when we look at the teachings of Islam. The institution of ownership of land, which exists among the humankind since time immemorial, has not been abolished

either by the Qur'an or by the Sunnah of the Prophet of Islam. No doubt according to the Qur'an overall concept of absolute ownership over everything including earth and heavens belongs to Allah, but the man has been vested with proprietary rights over land as Allah's trustee or vicegerent. Institution of individual or private ownership of land has thus been recognised by Islam.

Land is needed by man either for habitation or for the purpose of earning livelihood through its cultivation. For both these purposes the Holy Qur'an concedes individual's right of ownership and possession of land. For the purpose of habitation, the Qur'an says: O ye who believe! Enter not houses other than your own without first announcing your presence and invoking peace upon the folk thereof..... -(24:27)

Thus ownership of land for the purpose of houses has been recognised by the Holy Book in this verse. In another verse the Qur'an affirms the right of ownership of land for the purposes of cultivation and earning sustenance. The verse states: Eat ye of the fruit thereof when it fruiteth, and pay the due thereof upon the harvest day, and be not prodigal....." -(6:141)

From the above verse it is clear that one has to pay Zakat on his fruits and agricultural produce if one owns and cultivates land. This verse thus concedes the individual or private ownership of land for the purpose of agriculture.

III- Acquisition of Ownership Rights

Initially private ownership of land is acquired through colonisation of land or through allotment or grant of land by the state. These two methods of acquisition of ownership

rights over land have been recognised by society since ancient times. Although land is also acquired by an individual through purchase from another person, through inheritance, through gift, through bequest, etc. but these are the subsequent transfers with which we are not concerned. In this section we would, therefore, discuss initial two methods of acquisition of ownership rights over land and see what is the view-point of Islam about them. Discussion would be restricted to agricultural land only.

Colonisation : When man settled on earth, the rule of ownership of land which emerged in due course of time was: The land which one occupies and develops for cultivation is his and he has better right to use it. This ancient rule was maintained by the Prophet of Islam with certain useful conditions. Some of his traditions are reproduced below:[1]

1. Aisha (Allah be pleased with her) reported that the Holy Prophet (peace be on him) said: "Whoever colonizes a land which does not belong to another, has the better right to keep it. Urwa bin Zubair states that Hadrat Umar (Allah be pleased with him) acted upon the same rule during his reign."

-(Bukhari, Ahmad, Nisai)

2. Jabir bin Abdullah (Allah be pleased with him) related the tradition that whoever reclaims dead land (i.e. colonizes wasteland), acquired proprietary right over it.

-(Ahmad Tirmidhi, Nisai, Ibn-e-Haban)

3. Tawus (Tabii) reported that the Holy Prophet (peace be on him) had said: "Ownerless land which has no trustee or heir belongs to God and His Apostle and then it is open to use by you. Hence anyone who reclaims dead land

shall keep it; and he who occupies it without using it shall lose his ownership right over it at the expiry of three years."

-(Abu Yusuf : Kitab-ul-Kharaj)

4. Saeed bin Zaid reported that the Holy Prophet (peace be on him) had said: "Anyone who reclaims some wasteland shall keep it. But he who colonizes another person's land illegally has no right over it."

-(Ahmad, Abu Dawud, Tirmidhi)

From the above traditions of the Prophet, two principles emerge which regulate the rights of ownership arising out of colonisation of land:

(i) Whoever colonizes a land which does not belong to other acquires proprietary right over it. But he who colonises another person's land illegally has no right over it.

(ii) He who reclaims dead land shall keep it; and he who occupies it without using it, shall lose his ownership over it at the expiry of three years.

Grants or Allotments: The Prophet of Islam as head of Islamic state and his immediate successors known in history as right-guided caliphs made grants of land to people. Some of their traditions are related as under:[2]

1. Alqama bin Wail reports that his father (Wail bin Hajr) stated that the Holy Prophet (peace and blessings of Allah be on him) had granted him a tract of land in Hadramut.

-(Abu Dawud, Tirmidhi)

2. Asma, the daughter of Hadrat Abu Bakr states that the Holy Prophet (peace be on him) had granted her husband Hadrat Zubair a tract of land in Khyber which contained date-palms and other trees. Apart from this Urwa b. Zubair reports that the Holy Prophet (peace be on him) had granted him an Oasis situated in the lands formerly belonging to Beni Nazeer. Furthermore, Abdullah b. Umar relates that the Holy Prophet (peace and blessings of Allah be on him) had granted another large tract of land to Hadrat Zubair in the following manner. The Holy Prophet (peace be on him) told Zubair:

"Race your horse and the point where it stops shall be the boundary of your estate. Zubair raced his horse and when it stopped at a spot, he cast forward his lash. The Holy Prophet (peace be on him) then said:

"All right, give him the land up to where his lash has fallen."

-(Bukhari, Ahmad, Abu Dawud)

3. Amr bin Dinar reported that when the Holy Prophet (peace and blessings of Allah be on him) arrived in Madinah, he granted lands both to Abu Bakr and Umar (Allah be pleased with them).

4. Abu Rafia states that the Holy Prophet (peace be on him) had granted a tract of land to his (Rafia's) family, but they could not colonize it. (Abu Rafia) sold it for 8,000 Dinars in the reign of Hadrat Umar (Allah be pleased with him)

-(Kitab-ul-Kharaj)

5. Bilal bin Harith Muzni related that the Holy Prophet (peace and blessings of Allah be on him) had granted to him the entire land of Aqiq.

-(Kitab-ul-Amwal)

6. Nafa, the son of the famous physician in Arabia Harith bin Kaalda, represented to Hadrat Umar (Allah be pleased with him) that a certain estate in Basra was neither a tribute paying tract, nor was the interest of any Muslim involved in it, so it should be granted to him and he would grow on it fodder for his horses. Hadrat Umar (Allah be pleased with him) issued a decree to his Governor Abu Musa al-Ashari that if the facts stated by Nafa were true, the estate should be granted to him.

-(Kitab-ul-Amwal)

7. Musa bin Talha reported that Hadrat Uthman (Allah be pleased with him) during his reign had granted lands to Zubair b. Awam, Saad b. Abi Waqqas, Abdullah b. Masud, Usama b. Zaid, Khubab b. Art, Ammar b. Yasar and Saad b. Malik (Allah be pleased with them).

-(Kitab-ul-Kharaj : Kitab-ul-Amwal)

8. Abdullah b. Hasan related that on Ali's application Umar had granted to him the estate of Uniey.

-(Kanz al-Ammal)

9. It is further reported : The Holy Prophet (peace and blessings of Allah be on him) had granted the whole valley of Aqiq to Bilal b. Harith Muzni. But he could not bring a major part of it under cultivation. Hadrat Umar, therefore, in his reign said to him, "The Holy Prophet (peace be on him) had not granted this land to you to keep it fallow and

withhold it from use by others. So retain as much of it as you can use and return the remainder so that I may distribute it among the Muslims.” Bilal b. Harith refused to comply with this advice. Umar persisted in his demand. Finally, except the land which was actually under his (Bilal’s) use, Umar (Allah be pleased with them) took away all the land from him and divided it into plots, which were distributed among the Muslims.

-(Kitab-ul-Amwal by Abu Obaid)

Following principles emerge from the land-grants made by the Prophet and the right-guided caliphs:

i) A grant which is not being put to proper use or if a grantee could not develop his land, his ownership over it could be abolished, as was done by Umar in case of land granted to Bilal by the Prophet himself.

ii) State can make grants only out of state lands and dead lands. State has no power to deprive a person from his land illegally and grant it to some other person.

iii) State lands are not to be distributed as gifts among favourites. Such lands are to be allotted in accordance with rules made in this behalf to those persons who have rendered some meritorious services or who can be helpful in Jihad against the enemies of Islam.

IV- Tenancy or Muzara’a

Cultivation of land can be done in two ways: Either the owner of the land may cultivate his land himself, or he may give his land for cultivation to another person on the basis of share in produce or fixed rental in cash. If land is given

by the owner to another person for cultivation, it is called tenancy or Muzara'a. Tenancy is of two types: one is share-tenancy in which the tenant and the landlord share the produce of the land in agreed proportions, and the other is cash-tenancy in which the tenant pays the fixed rent of the land to the land owner in cash.

In this section we shall discuss in detail both types of tenancy, in the light of the traditions of the Prophet of Islam and practice of his companions, in order to understand Islamic view-point regarding this important issue.

Share Tenancy: In this form of cultivation the landlord receives from the tenant a certain fixed share of the produce, may be one half or one third or one fourth, as agreed in the contract. This system is called batai or produce-sharing. In Arabic it is called Muzaraat in case of land and Musaqat in case of garden.

Those who support share tenancy and consider it as permissible in Islam produce the following traditions of the Prophet (PBUH) and his companions in favour of their contention:[3]

1. Abdullah bin Umar reports that when the land of Khaibar fell into the hands of the Muslims, half of it was made the property of the state and the other half was divided among the fighters. The Jews requested the Holy Prophet to allow them to stay and they would cultivate the land and would be prepared to accept one half of the produce of the land. The Holy Prophet agreed but warned them that they would have to vacate the land if they broke the contract or the state wanted to take it back. This arrangement continued until the time of the Caliphate of Umar when the Jews broke the contract and were asked to vacate and were settled in Taima and Ariha.

-(Bukhari)

2. Abu Hurairah says that when the Holy Prophet came to Madinah, the Ansar wanted that their gardens be divided between the Muhajirin and themselves. The Holy Prophet did not accede to their request. Afterwards, the Ansar asked the Muhajirin to look after their gardens and thereby share the fruit crop with them. The Muhajirin agreed to this proposal and the Holy Prophet approved of it.

-(Bukhari)

3. Many companions of the Holy Prophet, including Quais bin Muslim, Abu Jaffar, Ibn Abi Shaiba and Musa bin Talha say that every Muhajirin family in Madinah used to cultivate land on a crop-sharing basis with their landowners. And that many famous companions of the Holy Prophet like Abu Bakr, Umar, Ali, Sa'd bin Malik, Abdullah bin Masud, Umar bin Abdul Aziz, Qasim and Urwah used to let their land for cultivation on share tenancy.

-(Bukhari)

4. It is reported that Othman, the third Caliph, gave lands to Abdullah bin Masud, Ammar bin Yasar, Khubab bin Artat and Sa'd bin Malik; and that Sa'd bin Malik and Abdullah bin Masud gave their lands for cultivation on share tenancy and shared the crop by one-third or one-fourth.

-(Kitab-ul-Kharaj)

5. Taaos reports that Muaz bin Jabal gave his land for cultivation on share tenancy and shared the crop by one-third or one-fourth during the reign of the Holy Prophet, Abu Bakr, Umar and Othman.

-(Ibn Majah)

Those who oppose share tenancy and consider it prohibited in Islam rely on the following traditions:[4]

1. Rafey bin Khadij reports that while he was watering his fields, the Holy Prophet passed that way and enquired about the land. He told the Holy Prophet that it belonged to him and that labour and seed were supplied by another person who would share half of the total produce of the land with him. On hearing this, the Holy Prophet told him not to indulge in such a transaction which contained the element of Riba.

-(Abu-Daud)

2. According to Rafey bin Khadij, his family used to buy land and give it for cultivation on share tenancy, taking one-third or one-fourth or a fixed quantity of the produce of land. One day one of his uncles came and told them that the Holy Prophet had forbidden them a business which was profitable. The Holy Prophet forbade them from letting land on rent and sharing produce of the land by one-third or one-fourth or a fixed quantity. The Holy Prophet told the landowner either to cultivate land himself or give it gratis to others for cultivation. And he disliked the letting of land on rent or on any other basis.

-(Muslim)

3. Abu Hurairah reports that the Holy Prophet said that anyone who owned any land should either himself cultivate it or give it gratis to one of his brothers in Islam or leave it fallow.

-(Bukhari)

4. Zaid bin Thabat reports that the Holy Prophet forbade Mukhabira which meant letting land on a crop-sharing basis by one-half one-third or one-fourth.

-(Abu Daud)

5. According to Salim bin Abdullah, Abdullah stopped the practice of letting his land on hire when he heard from Rafey that the Holy Prophet had forbidden this form of cultivation. Abdullah stopped this practice, but he said that, though he knew that land was given on hire during the time of the Holy Prophet, he stopped from letting land on hire fearing that the Holy Prophet might have forbidden it and he might not have heard it.

Cash Tenancy: In this form of cultivation, the landlord gives his land to another person for cultivation and gets fixed rent from him in the form of cash.

Those who support this system of tenancy and consider it as permitted by Islam produce the following traditions in their favour:[5]

1. According to Saeed bin Musayyib, Rafey bin Khadij said that the Holy Prophet forbade crop-sharing and the sale of dates on trees and said that the cultivation may only be done by three persons:

- (i) The owner of land who himself cultivates it;
- (ii) One who gets land gratis from another and cultivates; and
- (iii) one who hires the land on cash tenancy (for gold or silver).

-(Abu Daud, Ibn Majah)

2. Abdullah bin Mufaddal reports from Thabat bin Zahhaq that the Holy Prophet had forbidden Muzaraa and permitted letting it on hire and had said that there was no harm in letting it on hire.

-(Muslim)

3. Rafey bin Khadij reports that no one among the Ansar cultivated land more than us and we used to give land on rent. We fixed one part of that land for rent but sometimes it grew (rich crop) and nothing was reaped from the other part and vice versa. Therefore we were forbidden by the Holy Prophet from this form of cultivation but were not forbidden to give land for cultivation in exchange for gold or silver.

-(Bukhari)

4. It is reported that someone asked Rafey about letting land on hire in exchange for payment in dinars and dirhams and he replied that there was no harm in letting land on hire in return for dirhams.

-(Mutta)

5. Hanzalah-bin-Qais from Rafe-b-Khadiz reported that he said: My two uncles informed me that they used to let out lands at the time of the Holy Prophet for what the aqueducts produced or something which the owner of the land set apart. The Holy Prophet prohibited us from that. I asked Rafe': Then how is it in exchange of dirhams and dinars? He said: There is no harm in it? And that was what was prohibited as it were. If any man of understanding looks therein with (a sense of) legality and illegality, he will hold it as unlawful on account of what is therein of cheating.

-(Bukhari, Muslim)

Those who say that cash tenancy is not permitted by Islam quote the following traditions in the support of their contention:[6]

1. Thabat bin Zahak is reported to have said that the Holy Prophet had forbidden landlordism (i.e., letting land on hire for cultivation).

-(Bukhari)

2. According to Jabir bin Abdullah, the Holy Prophet forbade Muzanba and Haqal. He explained that Muzanba was exchanging plucked dates with the dates on the trees and Haqal was giving land on hire.

-(Muslim)

3. Nafey reports that Abdullah bin Umar kept letting his land on hire during the time of the Holy Prophet and his four Caliphs till the year 50 Hijra. Then he was told that the Holy Prophet had forbidden letting of land on hire. When he confirmed it from Rafey bin Khadij, he stopped letting land on hire.

4. Rafe-b-Khadiz reported: We were many men of Madinah who had cultivation. Someone amongst us used to let out his land and say: This plot is for me, and this is for you. Often it yielded crops and another did not yield. The Holy Prophet prohibited it.

-(Bukhari, Muslim)

5. Amr reported: I said to Taus: Would that you had given up agricultural leases! Verily they think that the Holy Prophet forbade that. He said: O Amr! Verily I give

them and help them, and verily the most learned of them meaning Ibn Abbas informed me that the Holy Prophet did not prohibit it but he said. The gift of anyone of you to his brother is better than his realising a fixed rent from him.

-(Bukhari, Muslim)

6. Abdullah-b-Mugaffal reported that Sabet-b-Zuhhak held that the Messenger of Allah prohibited agricultural leases and enjoined mutual labour. He said: There's no harm in it.

-(Muslim)

Conclusion: From the way the traditions of the Prophet of Islam are used by different people to promote their particular point of view, some immature mind are led to believe that the traditions are inconsistent with each other or contradict each other. But this belief, I am afraid to say, is absolutely incorrect and misconceived. There is no contradiction or inconsistency in the Ahadith of the Prophet, but there may be some discrepancies in the reporting of these Ahadith. In the contract of tenancy what has been prohibited by the Prophet is the element of exploitation, riba (usury) and gambling. So the legality of the tenancy system will have to be judged with the criterion whether it contains or does not contain any element of exploitation or riba or gambling. If the system contains such elements, it would be unlawful; but if it is clear of such elements, it would be lawful. Since judgement on the basis of this criterion is very difficult if not impossible, the system of tenancy itself has become very controversial.

Some jurists hold that both the forms of tenancy i.e. share tenancy as well as cash tenancy are illegal; whereas some others hold that both are lawful. Some jurists prefer share tenancy over cash tenancy, while some other jurists

prefer cash tenancy over share tenancy. Imam Abu Yusuf, for example, holds both the forms of tenancy lawful. He says:

“Just as ‘Muzarabah’ is lawful i.e., one man gives capital and the other labour and both share in the profits, similarly in my opinion, land is Muzarabah capital (), one man owns the land and the other hires it and both share the profit, whether it is a matter of share tenancy (Muzaraa) or hire.”

But this view of the great Imam does not appear to be very sound. What the great Imam seems to have forgotten is that in case of Muzarabah business if there is loss the capitalist bears the whole of such loss; whereas in tenancy the landlord does not bear any loss when crops are damaged or lost. So the contract of tenancy cannot be likened to contract of Muzarabah business.

Maulana Maududi, however, holds that only share tenancy is permitted in Islam. According to him, cash tenancy is not permitted because in this form of tenancy the landlord does not share any loss in case the crop is damaged. The landlord gets his rent even if nothing is produced from his land and thus the tenant suffers the whole loss. In the view of Maududi, giving of land on rent is like lending of capital on *riba*, and thus the transaction being in the nature of *riba* is unlawful in Islam.

Although tenancy system has not been prohibited by Islam as it was in vogue during the time of the Holy Prophet and many famous companions used to let their lands for cultivation on crop-sharing or on cash rental, but the best course of action is what has been suggested by the Prophet himself. Abu Hurairah reports that the Holy Prophet said: Anyone who owns any land should either himself cultivate it or give it gratis to one of his brothers in Islam or leave it

fallow (Bukhari). So this Hadith prefers leaving the land fallow rather than giving it on rent in kind or cash to others. Thus this Hadith on the one hand promotes brotherhood among the Muslims by enjoining upon them to give their land gratis to their brothers and on the other hand it cuts at the root of feudalism which exists on the tenancy system.

V- Irrigation

Irrigation of land has been attached paramount importance by Islam as without proper irrigation, agricultural produce cannot be enhanced. Disputes regarding irrigation of land among the people living around the same water channel were common in those days, as are today. The Prophet of Islam, therefore, made certain rules regulating the use of water by such people. These rules are found in the following Ahadith:

1. Urwah reported that Zubair had a dispute with one of the Ansars about streamlets in the lava plain. The Holy Prophet said: O Zubair, enjoy water and then send the water to your neighbours. The Ansars said: In case he is your cousin. His face became changed (in rage) and he said: O Zubair, water your ground and then stop water, till it returns to the enclosure and then send the water down to your neighbour. He gave Zubair his full right in clear order when the Ansar made him angry. And he had pointed out to them both an affair wherein there was advantage for both.

-(Bukhari and Muslim)

2. Abu Hurairah reported that the Messenger of Allah said: Don't withhold excess water so as to prevent therewith the (growth of) additional herbage.

-(Bukhari and Muslim)

3. Abu Hurairah reported that the Messenger of Allah said: There are three persons with whom Allah will neither speak on the Resurrection Day, nor look towards them: A man who took goods in excess of what he was given by taking a false oath; a man who took false oath after afternoon prayer to deprive there-with a Muslim of his property; and a man who denied excess water. Allah will say: This day I shall withhold My favour on you as you withheld excess water which your hands did not produce.

-(Bukhari and Muslim)

4. Ibn Abbas reported that the Messenger of Allah said: All Muslims are partners in three things-in water, herbage and fire.

-(Abu Daud, Ibn Majah)

5. Asmara-b-Muqarres reported: I came to the Holy Prophet and took allegiance to him. He said: He who first occupies a place of water which no Muslim had occupied before becomes its owner.

-(Abu Daud)

6. Amr-b-Shuaib from his father from his grandfather reported that the Messenger of Allah gave decision about the Mahzur stream that it should be withheld till it should reach the ankles and then it should be flowed down from the upper to the lower.

-(Abu Daud, Ibn Majah)

VI- State or Public Ownership of Land

The idea of state control or public ownership of land came to the mind of the Muslims during the caliphate of Umar when vast lands of Iraq, Syria, Egypt and Iran fell to the sword of Islam. The institution of state ownership was introduced by caliph Umar, which continued during the time of later caliphs. The aims and objectives of the great caliph in establishing this institution were:

1. He wanted a regular of revenue for the government to pay the soldiers and other state officials and also to purchase the arms.
2. He wanted to retain the land not only for the generation then living but also as Fai belonging for all time to the whole Muslim Ummah for the benefit of all future generations.
3. He also feared that if the Arabs devoted themselves to agriculture, they would become ease-loving and non-martial.
4. He knew that the stability of the state depended on the prosperity of the agricultural classes and depriving the farmers of their lands would not only be a great hardship to them but also would undermine the stability of the government.
5. He had noticed evils of feudal system which was mainly responsible for the fall of Iranian and Roman empires, and, therefore, he wanted to save the Islamic state from the evils of this oppressive system.

However, it would be of great academic interest if we describe, in brief, the events which led to the introduction of the institution of public ownership of lands of the above

mentioned countries and how the caliph could do this great act despite a lot of resistance from the very influential persons.

After the death of the Prophet, when Iraq, Iran and Egypt were conquered by Muslim armies, there was a controversy among the people concerning the lands of these countries. Companions of the Prophet at request of caliph Umar held meetings to discuss and deliberate upon the issue. Imam Abu Yusuf in his book Kitab-ul-Kharaj gives a lengthy and interesting account of these debates. Abdul Rahman, Zubair and Bilal backed by the army generals were of the view that the conquered lands should be divided among the soldiers just like other categories of spoils from which one-fifth is taken out for the Muslim community and four-fifth is distributed among the participating soldiers. On the other hand Hadrat Umar backed by Ali-b-Abi Talib and Muadh-b-Jabal were of the opinion that these lands should be retained in state control and should not be distributed among the soldiers. Letter written by Hadrat Umar to Saad bin Abi Waqqas, the commander of Islamic forces in Iraq and Persia, throws light on the views of the Caliph: "You urge in your letter that whatever property God has given you in booty should be distributed. On receipt of my letter you should distribute all the chattels including animals among the army after deducting one-fifth provided the booty has been obtained after the actual warfare, and allow the lands and the camels to remain in the hands of the original owners so that they may be used in support of the allowances of the Muslims. If you distribute (the latter) among the present generation, there would be left nothing for the posterity."

Hadrat Umar addressed the companions, in order to persuade them to accept his view, as follows:

You heard the people who say I am depriving them of their right. I think that after the lands of Kisra (Chosroe) no lands will be left for conquest. God has granted us their wealth and lands. I have distributed wealth among Muslims, but I wish that lands be left with their tillers and I should impose Kharaj and Jizyah which they would be paying us to meet the expenses of the army, children of Muslims and generations to come. You have seen the borders, we need the army to protect them; you have seen the big cities and to protect them a regularly paid army is necessary, and if I distribute the lands, how will they be paid?"

So on the basis of these arguments Hadrat Umar tried to press his point but was not successful due to strong opposition of Bilal and others who were not ready to concede anything for future generations. At last he did Ijtihad for some days and then convinced the companions of the Holy Prophet relying on the verses 7 to 10 of Surah Al Hashr of the Holy Quran. In these verses, Allah declares that Fai belongs to the poor among the Muhajreen and the Ansar ---- and to "those who come after them." Hadrat Umar laid emphasis on the clause "to those who come after them" and carried his point through. In this way with the consensus of Majlis-e-Shura, it was declared that the conquered lands in these countries would be considered Fai property and would be kept under state control for the benefit of all Muslim Ummah including future generations.

Soon after taking over the conquered lands in the state control, Hadrat Umar applied his best administrative abilities to reorganize the administrative system of these areas. He entrusted the work of survey of land in Iraq to Usman-b-Hanif who was an expert in this field. Usman-b-Hanif carried out the survey very efficiently. Imam Abu Yusuf writes that the area of swad of Iraq amounted to 3,60,00,000 Jaribs (one Jarib equal to almost 3000 square yards of these days). Kharaj was imposed on these lands. Total Kharaj collected

from these lands of Iraq rose before the death of the great caliph to impressive figure of 12,80,00,000 Dirhams. Similarly lands of Egypt and Syria placed under state control brought Kharaj of 1,20,00,000 and 1,40,00,000 Dinars respectively to Muslim treasury.

With this considerable amount of funds in Bait-ul-Mal, the great caliph introduced a widespread network of social security unparalleled in the hitherto history of the mankind.

VII- Feudalism or Jagirdari System

A feudal lord or jagirdar is a person who owns vast tracts of land on which hundred of farmers or cultivators work either for petty wages or for some share in the produce and so often without any compensation. In this system the whole of the produce or the lion's share of the produce goes to the jagirdar who does not work and lives in ease and luxury and sucks the blood of the poor farm worker like a parasite. The owner of the big chunk of land is called feudal lord or landlord or Jagirdar, the land is called estate or Jagir and peasants are called serfs or tenants.

The tenant does not enjoy many rights in this system. He does not own the land he cultivates, nor can he inherit or alienate rights of cultivation. He so often is compelled to work in jagir without any wages. He works from morning till evening and sometimes during the night on the land under most unfavourable circumstances and unfriendly weather, but hardly gets enough to satisfy his hunger, to hide his nakedness and to meet other basic human needs. He spends all his life in misery, poverty and drudgery in a single room hut which he does not own. On the other hand, the Jagirdar who owns hundreds of hectares of land enjoys life of luxury on the labour of others. Most often he lives in a

big town or a city, but despite being an absentee landlord he rolls in wealth without working. His treatment with his tenants and farm workers is usually that of an oppressor and a tyrant.

Although Islam recognises the right of an individual to own land, but it does not favour landlordism or feudalism. In fact, Islam condemns all oppressive, tyrannical and reactionary institutions which lead to suppression of basic human rights such as right to equality, right to liberty and right to basic human needs. How Islam a religion of peace, equality and brotherhood, can tolerate such an undemocratic and tyrannical institution like feudalism which renders millions of humans to the status of serfs and slaves?

Those who contend that feudalism or landlordism exists in Islam mainly give two arguments in the favour of their view: firstly that the Holy Prophet as well as his successors granted lands to the people, and secondly that the system of cultivation of land through tenants on the basis of produce-sharing or cash-rent remained in vogue during their times. But both these argument hardly carry any force if examined impartially and dispassionately. No doubt the Holy Prophet allotted some tracts of land to his companions but such allotments were made in small tracts of land only to those needy persons among the Muhajirin and Ansars, who had no possessions and no source of income, just to enable them to earn their livelihood. These small land owners generally cultivated their land themselves. Those who could not cultivate their lands themselves due to some reason, they got it cultivated through tenants on crop-sharing basis or cash rent. But when the system of cultivation through others came to the notice of the Holy Prophet, he discouraged his companions to do so. He enjoined upon them to cultivate their land themselves or to give it gratis to their brothers in faith or to leave it fallow rather than giving it on hire. As we have

stated earlier, caliph Umar placed all the lands of conquered countries like Iraq, Syria and Egypt under state ownership and refused to allot the same to individuals who participated in the conquest thereof despite the pressure of some influential companions. So the lands of these countries remained in the control of the peasants and farmers who paid Kharaj in kind or in cash to the state. This land tenure system was continued during the period of Usman and Ali. So the system of Jagirdari was never allowed to take its roots during the reign of the Prophet and the pious caliphs.

For the following reasons, I believe, the system of Jagirdari is incompatible with the teachings of Islam and so it cannot be allowed to exist in an Islamic state:

1. Feudalism or Jagirdari system is the most exploitive, the most oppressive and the most retrogressive system that has ever lived in the history of man on earth. How a humanitarian religion like Islam which believes in justice, fairness and equity can tolerate this system?

2. Economically feudalism is even worse and more exploitive than usury because a feudal lord lives on the blood of his farm workers treating them as chattel and paying them little or insignificant compensation while the usurer does not maltreat his debtor as long as he regularly gets his usury. Usury, as we have already studied, has not only been prohibited by Islam but has also been declared by its revealed book as equivalent to war against God and God's Messenger.

3. Islam provides all the fundamental human rights to its followers including right to equality; right to liberty; right to protection of person, honour and property; right to basic needs; right to freedom of profession or vocation and right to rest and leisure. But all these rights are denied to

farm workers and tenants by the feudal system. This system makes them serfs and slaves having no rights.

4. In feudal system, the landlords own thousands of hectares of land without any limit or ceiling. Vast tracts of lands are placed in the possession of few jagirdars while majority of the people have no lands and are thus forced to work on the lands of these jagirdars. Such a tyrannical and unjust system is alien to Islam which believes in equitable and fair distribution of wealth and economic resources. As stated earlier, if a landowner colonises some land or is granted some land by the state and does not put it to use for a period of three years, he loses his ownership rights according to Islamic system. Similarly, state can make law prohibiting purchase of land by certain persons in certain areas as was done by Caliph Umar who prohibited the Arabs to purchase lands in the conquered countries. Thus, in this situation, one cannot be a jagirdar in an Islamic state as all the means of acquiring of land are placed under the control of the Islamic state which exercises its powers judiciously so as to keep the distribution of land among its citizens fair and equitable.

5. We have gone through the Ahadith of the Prophet of Islam and we know that the Prophet not only discouraged Muzara'a or tenancy system but also forbade his companion like Abu Rafea, whose family was a big landowner family of Madina in those days, to indulge in this practice.

The Prophet advised those who owned lands to cultivate their lands themselves or to give their lands gratis to their brothers-in-faith without any charge or to leave the land fallow. Thus the Prophet preferred to leave the land fallow instead of giving it on Muzara'a or tenancy system because of the evils attached with this system such as exploitation, riba, idle life, and unearned money.

Feudalism depends on cultivation of land through Muzaraa or tenancy system because no single individual or family, how much efficient and hardworking it may be, can cultivate vast lands of jagir or estate. Since Muzara'a is disallowed, Jagirdari cannot exist in Islamic state.

6. Both the major forms of Muzara'a or tenancy system contain elements of riba and exploitation. In cash tenancy, the landlord gets his fixed rent of land even if the tenant suffers a loss, and so the transaction becomes like that of riba on capital because the lender of capital also gets his riba without having any concern whether the borrower earns any profit or suffers a loss in his business. In case of share-tenancy, the landlord suffers only loss of his share when the crop is damaged, but the tenant suffers not only loss of his share but also loss of capital spent on seeds, fertilisers, pesticide and other inputs. Thus the transaction becomes tainted with exploitation.

[1]. Ahadith quoted by Abul 'Ala Maududi in Economic System of Islam.

[2]. Traditions quoted by Maududi in Economic System of Islam.

[3]. Traditions quoted by Afzal-ur-Rahman in Economic Doctrines of Islam.

[4]. Traditions quoted by Afzal-ur-Rahman in Economic Doctrines of Islam.

[5]. Traditions quoted by Afzal-ur-Rahman: Economic Doctrines of Islam.

[6]. Ahadith quoted by Afzal-ur-Rahman

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 8

LABOUR

Meaning and Importance as Factor of Production

Dignity of Labour

Lawful and Unlawful Wages

Rights of Labour

Obligations of Labour

Determination of Wages

Contract of Service

I- Meaning and Importance as Factor of Production

The term labour in Economics is used in a very wide sense. Any work whether manual or mental which is undertaken for a monetary consideration is called labour. Any work done for the sake of pleasure and pastime only

having no consideration of any reward or compensation is not labour. According to Marshall, "any exertion of mind and body undergone partly or wholly with a view to some good other than the pleasure derived directly from work, is called labour. Labour in this sense includes the very highest professional skill of all kinds as well as the labour of a mass of unskilled workers. Thus it includes labour of highly educated professionals like scientists, engineers, doctors, economists, professors, lawyers, judges, accountants, diplomats, administrators, as well as that of ordinary workers in factories, agricultural farms, government departments, private sector, etc.

Some economists divide the labour into productive and non-productive labour. It is productive if it adds some material value like labour in the agricultural sector and manufacture. If it does not result in some material value then it is unproductive. According to Adam Smith, labour of menial servants as well as of the most respectable orders in society such as sovereign with all its officers in civil administration, justice and armed forces, is unproductive. However, according to modern conception all labour is called productive provided it is done to earn an income.

Labour is synonymous with man and is by far the most important factor of production. Even the natural wealth of a country is of no use if it is not properly exploited by its men. Nature may be very generous to a country in providing unlimited natural resources but without human endeavour, they remain unused. "Pakistan", it is said, "is a rich country inhabited by poor people." On the other hand, Japan is a country blessed with little natural wealth but it is an economic power of the first order because of its hard working, diligent and intelligent people. Thus human resource comprising committed, hardworking and patriotic labour, manual as well as intellectual, is a must for economic development of a nation.

In view of its importance in the production of wealth, Islam has laid great emphasis on human labour. Al-Qur'an, the revealed book of Islam, promulgates the fundamental principle regarding role of labour when it says: "There is nothing for man but what he strives for"- (53:39). According to this verse, there is no royal road or easy way to success. The way to progress and success in the world is through struggle and effort. The harder a man or a people work., the higher reward they are likely to get. According to Prophet Muhammad (PBUH), "God loves those who work and strive for their livelihood" and "to search lawful earning is obligatory after the compulsory things (like prayer, fasting, belief in God).

Both physical and intellectual labour have been emphasised in Islam. The Qur'an refers to manual labour when it talks of construction of boat by Prophet Noah, manufacture of coats of mail by Prophet David, tending of sheep by Prophet Moses and building of wall by Zul-Qarnain. The Holy Book also refers to intellectual labour when it relates the story of Prophet Joseph who was appointed incharge of treasures of Egypt by its king.

II- Dignity of Labour

Dignity and honour is attached to labour and work in Islam while the sources of unearned income and easy gains like usury, games of chance, etc. are despised and forbidden. Work is so much dignified and honourable that the Prophets who are the noblest of the human beings had engaged themselves in labour and hard work for earning their livelihood. The Qur'an mentions the example of Prophet David and Prophet Moses who respectively worked as ironsmith and shepherd. Prophet of Islam himself

pastured sheep. He did not consider any work as menial or below dignity. In Ghazwah Ahzab (Battle of Allies), the Prophet was seen working and lifting stones alongwith his companions to dig a ditch to defend Madinah from the enemy. Let us glance through some verses of the Qur'an and Ahadith of Prophet Muhammad (PBUH) to highlight the honour in which labour, both manual and intellectual, is held by Islam.

Verses of Holy Qur'an :

1. And he was building the ship and every time the chieftains of his people passed him, they made mock of him. He said: Though ye make mock of us, yet we mock at you even as ye mock.

-(11:38)

2. So they twain journeyed on till, when they came unto the folk of a certain township, they asked its folk for food, but they refused to make them guests. And they found therein a wall upon the point of falling into ruin, and he repaired it. (Moses) said: If thou hadst wished, thou couldst have taken payment for it.

-(18:77)

3. One of the two women said: O my father! Hire him! For the best (man) that thou canst hire is the strong, the trustworthy. He said: Lo! I fain would marry thee to one of these two daughters of mine on condition that thou hirest thyself to me for (the term of) eight pilgrimages. Then if thou completest ten it will be of thine own accord, for I would not make it hard for thee. Allah willing, thou will find me of the righteous.

-(28:26-27)

4. And assuredly We gave David grace from us, (saying) : O ye hills and birds, echo his psalms of praise! And We made the iron supple unto him. Saying: Make thou long coats of mail and measure the links (thereof). And do ye right. Lo! I am Seer of what ye do.

-(34:10-11)

Ahadith of Muhammad (PBUH) :

1. Abu Hurairah reported from the Holy Prophet who said: Allah did not raise up any Prophet who did not graze goats. His companions asked: you too? 'yes' said he, I used to tend goats for the inhabitants of Makkah for some qirats.

-(Bukhari)

2. Ayesha reported that the Holy Prophet used to mend his shoes, sew his clothes and work in his household just as one of you works in his own house. She also reported that he was a man among men who used to patch his clothes, milk his goats and engage himself in work.

-(Tirmizi)

3. Zubari-b-Awam reported that the Messenger of Allah said: That one of you takes his rope and then comes with a load of wood upon his back and sells it, and that thereby Allah guards his face, is better for him than that he should beg of men whether they give him or refuse him.

-(Bukhari)

4. Meqdam-b-Ma'de Yakrab reported that the Messenger of Allah said: Never has any one eaten a better food than what he has eaten out of the labour of his own

hands; and David, the Prophet of Allah, used to eat out of the labour of his own hands.

-(Bukhari)

5. Utbah-b-Munzir reported. We were near the Messenger of Allah when he recited – ‘Twa, Sin, Mim’, till he reached the story of Moses. He said: verily Moses engaged himself as a labourer for nine or ten years on condition of keeping his private parts chaste and of food for his belly.

-(Ahmad, Ibn Majah)

6. Ayesha reported that the Holy Prophet said: The purest of what you eat come from your own earnings, and your children come from your own earnings.

-(Trimizi, Nisai, Ibn Majah)

7. Abu Zarr reported that the Messenger of Allah said; O Abu Zarr! There is no wisdom like efforts, no piety like self-denial and no goodness like good conduct.

-(Bukhari)

8. Refe-b-Khudaiz reported that it was questioned: O Messenger of Allah, which earning is purest? He said: The earning of a man with his own hand, and every honest transaction.

-(Ahmad)

9. Abdullah-b-Masud reported that the Messenger of Allah said: To search after lawful earning is compulsory after the compulsory things.

-(Baihaqi)

10. Once the hands of a companion of the Holy Prophet became black by working with a hammer. The Holy Prophet, seeing his hands, enquired as to what had happened? He replied that it was because he had worked with a hammer on a very hard ground to earn livelihood for his family. Hearing this the Holy Prophet kissed his hands (and was pleased to know that he was earning an honest living by hard work).

11. Ali the fourth Caliph, used to say (with pride) that one day he came to know that the Holy Prophet was hungry. He went in search of work so that he might earn something for the Holy Prophet. He saw a Jew in a garden outside Madinah who had a heap of mud and wanted some-one to put water into it. He struck a bargain with him at one date for a bucket of water and earned seventeen dates in wages for seventeen buckets of water and came home. Then he went to the Holy Prophet and informed him about the bargain and then both ate them.

12. Abu Hurairah reported : "Once the Ansars asked the Holy Prophet to divide the date trees between the Muhajirin and themselves. The Holy Prophet did not allow this. But when the Ansars asked the Muhajirin to work in the gardens and share the produce with them, they readily accepted the offer (and the Holy Prophet was very pleased with this arrangement)."

13. Abdur Rahman bin Auf said: "When we came to Madinah, the Holy Prophet (created brotherly relations between the Ansar and Muhajirin and) created this relationship between Saad bin Rabee and myself. Saad was the richest of all the Ansar and wanted to give me half of his wealth and one of his two wives. I refused to accept his offer but asked him to tell me of a trade centre. He told me of a Qainuqa bazar, I went there next morning and bought

some curd and ghee (for sale) and then I went there every day (to do this kind of business)."

14. It is reported that once an unemployed Ansar asked the Holy Prophet for some charity. The Holy Prophet enquired from him if he had any property. He replied that he had a blanket to cover his body and a cup to drink. The Holy Prophet asked him to bring these things. When he brought them, the Holy

Traditions No 10 to 14 quoted by Afzal-ur-Rahman in Economic Doctrines of Islam.

Prophet took them in his hand and auctioned them among the people. One of the present offered one dirham. The Holy Prophet requested him to raise the bid. Another man offered two dirhams and bought these things. The Holy Prophet gave two dirhams to that man and advised him to purchase an axe with one dirham. When he bought the axe, the Holy Prophet fixed the handle in it with his own hands and, giving it over to that man, said, "go to the jungle and cut wood and don't see me before fifteen days". After a fortnight, when he came back, the Holy Prophet enquired how he was. He replied that he earned twelve dirhams during that period and purchased some cloth and grain. The Holy Prophet remarked, "this is better than begging and disgracing yourself on the Day of Judgement".

Above mentioned verses of the Holy Qur'an and traditions of the Prophet of Islam establish beyond any doubt that work is to be honoured and respected and the worker who earns his livelihood by his own hands is very much respectable. In Islam there is no work which is lowly or menial. Lowly or mean is the person who divides the work into high or low.

III- Lawful and Unlawful Wages

Wages are lawful when the work to be done is lawful. But when the work to be done is unlawful, then its wages would be unlawful. For example, if one is employed to commit theft or murder, wages received for the work shall be unlawful because the work is abinitio unlawful. Similarly wages are unlawful when the work to be done is your religious or social obligation (farz) for example, wages cannot be received for offering prayer or visiting sick. But wages for medically treating a person are lawful. Work which is done to please Allah, e.g. recitation of Holy Qur'an or teaching Qur'an to children, is not entitled for wages. However, a person engaged in the profession of teaching Qur'an as a source of his livelihood can charge wages for teaching the Qur'an. According to opinion of jurists, wages can be charged for washing dead, burying dead, digging graves, leading tarawih prayers and for guiding the pilgrims by those who are engaged in such professions. Wages for participation in Jihad or wages for preaching of Islam are not lawful unless the persons participating in these activities are professional soldiers and preachers.

Ibn Abbas reported that a party of the Prophet's companions passed by a place of water. There was man among them who was beaten by a scorpion or snake. A man from among the owners of the place of water came before them and said: Is there any charmer among you? Verily in the place of water there is a man bitten by a scorpion or snake. A man from them advanced and read the Opening of the Book for wages of a goat and then he was cured. He came with the goat to his companions who disliked that and said: "You have taken wages for the Book of Allah!" Then they came to Madinah and enquired: O Messenger of Allah, he has taken wages for the Book of Allah. The Messenger of Allah said: The book of Allah has got more right for wages

than what you have taken for. Bukhari narrated it. And in a narration: You have done well! Divide it and set up a share for me with you.

IV- Rights of Labour

Islam recognises the fact that wealth is jointly produced by labour and capital. Since labour is in a comparatively weaker position, Islam has taken many measure to protect its rights. Rights of labour are in fact duties of the employer and vice versa. In this section we shall study rights of labour while in the next section we shall discuss the obligations of labour.

Rights of a labourer and a worker include: that a labourer should be treated as a human being and not as a beast of burden; that dignity and respect should be attached to labour and work; that reasonable wages should be fixed at the time of employment, and that wages should be promptly paid. All these rights were given by Islam to the labour some fourteen hundred years ago when there was no concept of such rights, there were no labour unions, there were no charters of demand, there was no labour movement and there was no concept of collective bargaining.

1. In the sight of Islam all men and women are equal. Islam has established brotherhood, fraternity and equality among the Muslims and has abolished all distinctions between man and man based on race, colour, language, nationality or wealth. In Islam rich or poor, white or black, employer or employee, Arab or non – Arab, wealthy or worker, are all equal as all the human beings hail from the same stock and belong to the same parents.

The Prophet of Islam treated his servants as members of his family. It has been reported by Anas that he served the Prophet (PBUH) for a long time and the Prophet treated him well and never said 'oof' (an expression of condemnation) to him.

2. Before the times of Prophet of Islam, labour was mainly provided by the slaves. The slaves worked in commerce, agricultural sector and in household while the fruits of their labour were enjoyed by their masters. The treatment given to the slaves was very inhuman and cruel. They were ill-clad, ill-fed and mal-treated. The Prophet of Islam not only restored their human dignity but also raised their status to the level of brothers and colleagues. The Holy Qur'an says: "And serve Allah and ascribe nothing as partner unto Him. (Show) kindness unto parents, and unto near kindred, and orphans, and the needy, and unto the neighbour who is of kin and the neighbour who is not of kin, and the fellow traveller and the wayfarer and (the slaves) whom your right hands possess". (4:36). It is reported on the authority of Abu Zarr that the Messenger of Allah instructed his followers regarding slaves as follows: "Your brethren – Allah has placed them under your hands; whosoever's brother Allah has placed under his hands, let him feed him out of what he himself eats, let him clothe him out of what he clothes himself with; and let him not be entrusted with a work which will overcome him. If he entrusts him with what will overcome him, let him assist him therein."

-(Bukhari and Muslim)

3. Besides ensuring human treatment and dignity and respect to labour, Islam provided for fixation and prompt payment of wages. Following measures were recommended by Prophet Muhammad (PBUH) in this behalf :-

(a) The employers are required to fix the wages before the workers are employed. It was declared unlawful to employ any labourer at work without fixing his wages. It is reported by Abu Saeed Khudri that the Holy Prophet had forbidden to employ any labourer or worker without first fixing his wages.

(b) Following traditions of the Prophet enjoin the believers to pay the wages without any delay:-

Abu Hurairah reported that the Messenger of Allah said: The Almighty Allah said : There will be three persons whose opponent I shall become on the Resurrection Day: A man who gave in My name and then broke trust, and a man who sold a free man and enjoyed his price, and a man who engaged a labourer and enjoyed full labour from him but did not pay him his wages.

-(Bukhari)

Abdullah-b-Umar reported that the Messenger of Allah said: Pay the labourer his wages before his sweat dries up.

-(Ibn Majah)

4. About the prompt payment of wages, the Holy Qur'an in the following verse refers to the story of Moses when he fled from Egypt and went to Madain where he helped two women in watering their flock of sheep and was paid his wages promptly by their father. The verse reads:

Then there came unto him one of the two women, walking shyly. She said: Lo! my father biddeth thee, that he may reward thee with a payment for that thou didst water (the flock) for us. Then, when he came unto him and told

him the (whole) story, he said: Fear not! Thou hast escaped from the wrong folk. -(28:25)

5. The Prophet of Islam also enjoined upon his followers not to burden their employees with heavy work which is beyond the physical strength of the latter to do. If the work is heavy and the employee cannot do it, the employer should help him in doing that. Hadith reported by Abu Zarr in Bukhari and Muslim which has been reproduced at serial No. 2 above can be cited in this connection.

6. The Holy Prophet was so kind to his servants that if any of them was sick, he would visit him and enquire about his health. Caliph Umar is reported to have made it one of the duties of government officers to look after the sick particularly slaves and servants. From this it has been deduced by the jurists that employers should make adequate provision for medical treatment of their employees.

V- Obligations of Labour

The obligations of labour are in fact the rights of the employer. It is the basic obligation of the worker to fulfil the terms of his part of the contract of service. He should discharge all of his duties in accordance with terms and conditions of his service efficiently and honestly. He should be devoted and committed to his job. If he is provided some in-service training to improve his skills and qualifications, he should whole heartedly benefit from the training facility and should leave no stone unturned to improve his knowledge and skill. He is morally bound to remain loyal and sincere to his employer and no temptation or bribe should induce him to work against the interest of his master. In case he is entrusted with the property of his employer, he should

prove trustworthy and should neither embezzle nor damage such property.

Traditions of the Prophet of Islam which highlight the responsibilities and duties of an employee are related below:

1. 'Abdullah reported that the Apostle of Allah (may peace be upon him) said: "When a slave sincerely works for his master, and worships (his God) well there is for him double reward."

-(Bukhari)

2. Abu Huraira (may Allah be pleased with him) reported that the Apostle of Allah (may peace be upon him) said: "How excellent is (the slave) which one of you has? He worships his Lord well and is a well-wisher of his master."

-(Bukhari)

Physical fitness is very essential for efficiency of labour. A strong and healthy worker would be more productive and efficient than a weak and sickly one. Similarly a trustworthy and honest worker who realised his duties will be more committed and responsible than a dishonest one. These qualities have been prescribed by the Qur'an for an ordinary labour in the story of Moses in the following verse: One of the two women said: O my father ! Hire him! For the best (man) that thou canst hire is the strong, the trustworthy. -(28:26)

Thus a worker should be both physically strong and trustworthy and should serve his employer diligently, efficiently and honestly.

For a mental worker, it is essential that he should have knowledge and skill and thus he should be able to serve in

a position of responsibility to the satisfaction of his employer. These qualities have been stressed when the Qur'an relates the story of Joseph who was appointed incharge of storehouses of Egyptian empire. The relevant verse of the Holy Book reads : "He said: Set me over the storehouses of the land. Lo! I am a skilled custodian." - (12:55)

Thus qualifications of skill and trustworthiness would enable the worker to discharge the duties of his office with professional competence and integrity.

VI- Determination of Wages

Labour, as we have already submitted, is very important factor of production and its remuneration is called wages. The term 'wages' may be used in a narrow or a wide sense. In the wide sense, it means payment made for the services of labour. In the narrow sense, "a wage may be defined as a sum of money paid under contract by an employer to a worker for services rendered." But generally in Economics the term 'wage' is used in a wide sense and it means the share of the national dividend which goes to those who work with their hands or brains, whether independently or for an employer.

The problem of wages is very important as it effects the whole society. If the workers do not get fair and reasonable wages, it will not only affect their subsistence but also their purchasing power. And if a large portion of population like labourers have no purchasing power, it would adversely effect all those industries which are supplying consumer goods to the working class. Moreover, injustice to working class would lead to discontentment, frustration, agitation and strikes. Thus if the labourers are

deprived of their just share from the national income, it would be in the long run an economic suicide' for a country.

Various theories have been propounded by modern economists for determination of wages. According to Subsistence Theory, wages tend to settle a level just sufficient to maintain the worker and his family at minimum subsistence. 'Wages Fund Theory' explains that 'wages' depend upon the demand and supply of labour. Residual Claimant Theory states that wages are the residue left over after the other factors of production have been paid. According to Marginal Productivity Theory, under condition of perfect competition every worker of same skill and efficiency in a given category will receive a wage equal to the value of the marginal product of that type of labour. Thus there is no agreement among the economists about the problem how the wages are to be determined.

Islam offers a very reasonable solution of wage problem which is based on justice and fairness and protects the interests of both the employer and the employee. Wages, according to Islam, are to be determined in equitable manner, without harming the interests of any party, keeping in view the following Islamic teachings:

(1) Wrong not, and ye shall not be wronged.

-(Al-Qur'an 2:279)

(2) Lo! Allah enjoineth justice and kindness.....

-(Al-Qur'an 16:90)

(3) Abu Dhar reports that the Holy Prophet said: "They (your slaves or servants) are your brethren, God has placed them under your control; so whoever has his brother under his control should feed him from what he (himself)

eats and give him clothes the like of which he (himself) wears; and do not impose on them task which should be too hard for them, and if you impose on them such a task, then help them (in doing it)."

-(Bukhari, Muslim)

Thus the employer and the employee should treat one another as brothers and not as master and servant. They should not wrong each other and show justice and kindness in their relationship. The employer should not forget that contribution of the labour in his produce is considerable. He should, therefore, pay reasonable wages to an employee to enable him to enjoy a reasonably decent living.

The minimum wage rate in an Islamic society will be determined keeping in view the basic human needs which include food, clothing and house. A worker shall be paid adequate wages so that he can meet expenses on his and his family's food, clothing and house. He should also be provided for his children's education and medical treatment of his ownself and his family. It is reported that Prophet Muhammad (PBUH) used to prescribe minimum wages of a person engaged for some government job with a view to provide him decent living. He used to say:

"For a Government servant, if he is not married, he should get married; if he has no servant, he may have one; if he has no house to live, he may build one' and any one who exceeds this limit is either a usurper or a thief."

This yardstick fixed by the Prophet of Islam should be kept in view while fixing minimum wages in an Islamic state.

VII- Contract of Service

Employment of labour by a capitalist is a civil contract and it is recommended by Islam that all contracts should be reduced into black and white. Stressing the importance of writing down of contract, al-Qur'an, the revealed book of Islam, states: ".....Be not averse to writing down (the contract) whether it be small or great, with (record of) the term thereof. That is more equitable in the sight of Allah and more sure for testimony, and the best way of avoiding doubt between you....." (2:282) Although the instructions of the Qur'an in this verse pertain to business transactions and contracts of debt, but in fact they are applicable to every type of contract. Thus it would be most appropriate if contract of service between an employer and an employee is also reduced in writing and all the terms settled between the parties are recorded in this contract. It is equitable in the sight of Allah and it would help resolving differences or disputes which may arise in future between the employer and the employee.

The Holy Qur'an itself talks of a contract of service in the story of Prophet Moses in its chapter 28. After leaving Egypt when Moses reached Midian and helped daughters of Shuaib, Shuaib called him and offered him employment which was accepted by Moses. The relevant verses of the Qur'an throw light on this contract of service and terms thereof as follows:

He said: Lo! I fain would marry thee to one of these two daughters of mine on condition that thou hirest thyself to me for (the term of) eight pilgrimages. Then if thou completest ten it will be of thine own accord, for I would not make it hard for thee. Allah willing, thou wilt find me of the righteous. He said: That (is settled) between thee and me. Which-ever of the two terms I fulfil, there will be no injustice to me, and Allah is Surety over what we say. -(28:27-28)

In the above mentioned verses the Holy Qur'an not only makes mention of the terms of service settled between two righteous men of God but also points out that both the parties to the contract resolved to fulfil its terms and made God surety over it. The employers and the employee of today should follow this example and should not only write down the terms and conditions of service but should also express their determination to fulfil the same. It would help them in resolving their mutual disputes and thus make their life peaceful and prosperous.

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 9

CAPITAL

What is Capital?

Importance of Capital

Capital Formation

Reward for Capital

What is Capital?:

Capital is the third factor of production. It is that wealth which assists in the production of further wealth. It is "produced means of production" or in other words "man-

made instrument of production". It includes all those goods which are produced not for consumption but for use in future production. Machines, tools and instruments, transport equipment's, irrigation projects like canals and dams, stocks of raw materials, cash invested in business, etc. are some of the examples of capital. Thus capital is the wealth which man acquires by his own labour and then uses it for producing more wealth.

The above mentioned meaning of capital distinguish it both from land and labour because both land and labour are not produced factors but are gifted by nature. Therefore, land and labour are called primary or original factors of production whereas capital is man-made or produced factor of production.

Capital is generally classified into fixed capital and working capital. Fixed capital comprises durable-use produce goods which are used in production again and again till they wear out. Plant and machinery, tools and instruments, tractors and trucks, etc. are examples of fixed capital. Working capital comprises single-use producer goods like raw materials which are used up on a single act of use.

Fixed capital does not mean fixed in location. It is called so because money spent upon durable-use goods like plant and machinery becomes 'fixed' for a long period whereas money spent on raw materials is released as soon as goods manufactured with these raw materials are sold in the market.

II- Importance of Capital :

Capital plays a vital role in production as production without capital would be very hard to achieve. If man does not use tools and machines in farming, mining and manufacturing sectors and works with his own hands, productivity would be very low. So man has been using some sort of tools and equipment's to assist him in his work of production. Even primitive man made use of bow and arrow for hunting and fishing-net for catching fish. With the growth of science and technology, man has invented heavy and complex machines to assist him in every field of production such as agriculture, mining, manufacturing, transportation, communication, etc. In the modern age production without aid of capital can hardly be achieved. Economic development of the countries like USA, Japan, Germany, France, UK, is largely due to extensive use of capital.

Capital occupies a pivotal position in the process of economic development as well as in creation of employment opportunities. Besides escalating production, employment is also enhanced when capital goods like plant and machinery are produced and when these goods are used for further production.

Thus capital is indeed like blood in human body which runs into the veins of industry and keeps it going. Because of vital role of capital in production, Islam has given much importance to capital. Al-Qur'an, the revealed book of Islam, in the following verses talks of the use of cattle wealth as capital goods of production :

- And the cattle hath He created, whence ye have warm clothing and uses, and whereof ye eat..... And they bear your loads for you unto a land ye could not reach save with great trouble to yourselves..... And horses and mules and asses that ye may ride them.....

-(16:5-8)

- And Lo! in the cattle there is a lesson for you. We give you to drink of that which is in their bellies..... pure milk palatable to the drinkers.

-(16:66)

- And Allah hath given you in your houses an abode, and hath given (also), of the hides of cattle, tent-houses which ye find light (to carry) on the day of migration and on the day of pitching camp; and of their wool and their fur and their heir, caparison and comfort for a while.

-(16:80)

Thus in the above mentioned verses, the Holy Qur'an has referred to various uses of cattle and horses as factors of production such as in transportation, in production of milk, wool, fur, hides for tent-houses, and so on.

Umar a great companion of the Prophet and second right guided caliph of Islam used to impress upon some of the recipients of state allowances and stipends that they should purchase goats or other cattle so that they could increase their capital and leave after them for their children something to fall back upon.

III- Capital Formation: Capital formation means increasing the stock of real capital in the country. It involves production of more capital goods, encouraging savings and investments, etc. In modern economics, capital formation is encouraged through many fiscal and financial measures such as rebates and exemptions from taxes, high dividends on investments, attractive rates of interest and above all

protection of capital. Islam believes in all such measures except interest on investments as interest is prohibited. Islam in fact, took measures for capital formation in Islamic state much earlier such as condemnation of hoarding of wealth, tax exemption on productive goods and avoidance of extravagant spending. Some of the steps taken by Islam in ensuring capital formation are that :

1. Zakat has been imposed on hoarded wealth in the form of gold and silver, bank deposits, cash, etc. If this wealth is put into productive channels, its Zakat would be paid out of its income and thus the wealth would grow despite Zakat. But if the wealth is kept hoarded and idle, the regular payment of Zakat out of it every year would reduce it and ultimately diminish it. That is why Prophet Muhammad asked the guardian of the wealth of orphans to put their wealth in business that Zakat should not consume it. Thus Zakat forces a hoarder of wealth to bring it out of idle channels and to invest it in production. This helps in capital formation.

2. Wealth employed in production has been exempted from Zakat. For example agricultural land is exempt from Zakat; cattle employed in farming are exempt; horses used for riding, transport and jihad are exempt; plant and machinery used in factories and farms for production of goods are exempt; tools and instruments used by a professional or an artisan are exempt, and so on. Thus exemption of capital goods from Zakat Tax is a great fiscal measure which helps capital formation in an Islamic society. And don't forget that this measure was taken by Islam some fourteen centuries ago when there was no concept of fiscal incentives for capital formation.

3. Those who dispose of their capital assets like house or land have been enjoined upon by the Prophet (PBUH) to re-invest the cash in the purchase of some other

land or house. The Prophet is reported to have said: "God may not bless the price of that land and that house which is not again re-invested in land or a house".

4. Squandering of wealth on extravagant spending has been strictly prohibited. Spending on luxuries is strongly forbidden and ostentatious living has been discouraged. The Qur'an says:

- Eat and drink, but be not prodigal. Lo! He (Allah) loveth not the prodigals.

-(7:31)

- and squander not (thy wealth) in wantonness. Lo! the squanderers were ever brothers of the devil.....

-(17:26-27)

Since moderation in expenditure and simple living is the golden rule of Islam, so wastage of wealth stops and wealth starts flowing into productive channels. This also helps in capital formation.

IV- Reward for Capital:

We have already studied that land receives its reward in the form of rent and labour receives reward in the form of wages. Third factor of production i.e. capital receives its reward in capitalist economies in the form of interest. But Islam has prohibited interest on capital. It has, however, tied the concept of reward on capital with the responsibility to risk loss.

In Islamic economy, there is no doubt that savings are encouraged but those who save can neither keep their savings in a bank or financial institution to earn interest nor lend it to a business enterprise on the basis of interest. The saver can either invest his capital as a sole proprietor and do the business, or he can invest in a Mudarabah or a Musharika. In Mudarabah, one person provides capital, the other labour and both share in profit in stipulated proportions, but in case the business results in loss the whole of loss is borne by the capitalist. In Musharika or Shirkat, all the partners put up their capital and do the business in partnership sharing profits and losses in agreed proportions.

However, when capital is not in the shape of money, rather it is in the shape of building, factory, plant or machinery, it can be leased on the basis of fixed rent.

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 10

ENTERPRISE

Enterprise and Entrepreneur

Forms of Organisation

Mudarabah

Musharika or Shirkah

I- Enterprise and Entrepreneur

Enterprise, after land, labour and capital, is the fourth factor of production. Enterprise plays a leading role in production. The supplier of this factor is called entrepreneur or organiser. Enterprise is also called organisation. The whole job of organisation, planning and managing of business is called enterprise.

In the simple economic life of earlier times, all the factors of production i.e. land, labour, capital and enterprise were normally controlled by one person. He owned his own land or workshop, supplied his own capital, worked with his own tools, planned the operations himself and faced the consequences of the venture himself. In other words, one himself was the landlord, the labourer, the capitalist and the entrepreneur all combined in one. But due to emergence of large scale production as a result of industrial revolution, specialisation of functions started as all the functions connected with land, labour, capital and enterprise could not be discharged by one person. Factors of production today like land, labour and capital are separately owned and thus lie scattered. Some one is required to bring them together and put them to work of production. This is done by a person who is called entrepreneur.

The entrepreneur is a specialist in the work of organisation. He may not own any land, he may not have any capital, he will not be expected to be like a common labourer, but he possesses organising ability and management skill. He gets land on rent, borrows capital, hires labour and uses each in best possible manner so as to get best possible results. Thus the main function performed by the entrepreneur is to organise and co-ordinate the other factors of production after securing them and putting them together. He remunerates all the other factors of production

: pays rent on land, interest on capital and wages to labour, and after making these payments he is left with the residue which may be profit or loss. A successful entrepreneur is a good judge of men and possesses qualities of leadership. He is very intelligent, worldly wise, tactful, hardworking, sharp, quick witted and patient. Thus to make a good entrepreneur, a rare combination of the qualities of head and heart is required.

In the modern industrial world, organisation or enterprise plays a very significant role and it has become the most important factor of production. It is the entrepreneur who employs other factors of production, remunerates them and gets maximum production with minimum cost. He is thus like a captain of a ship who steers the ship of industry to safe waters in the harbour of economic prosperity.

Islam has attached much importance to organisation and enterprise. Al-Qur'an, the revealed book of Islam, in its chapter 12 in the story of Joseph relates how Prophet Joseph persuades the king of Egypt to appoint him incharge of storehouses. The relevant verse reads : "He said : set me over the storehouses of the land. Lo! I am a skilled custodian." (12:55). The Arabic version of this verse is more clear. In that version two words 'Aleem' and 'Hafeez' have been used which mean knowledgeable and trustworthy or custodian. Both these qualities are essential requirement for a entrepreneur or organiser. Thus on the basis of these two qualities, the great Prophet requests the king to put him over the organisation of storehouses of kingdom. That post in old egypt resembled today's minister of finance.

II- Forms of Organisation

In the modern world, enterprise finds its manifestations in the form of different business organisations. Sole proprietorship, firm or partnership, Joint-stock company, public sector corporation, etc. are examples of business organisation. In Islam, mainly business organisations like sole proprietorships, Mudarabah, Shirkah and Agency, etc. have existed. But Islam does not oust any modern business organisation from its fold provided it is not involved in usury or in gambling or in other un-Islamic business practices. We shall discuss in the subsequent sections Islamic business organisations like Mudarabah and Shirkah.

III- Mudarabah

Meaning of Mudarabah: Mudarabah is form of business organisation in which one person gives capital to another person for business and both of them share profits in mutually agreed proportions. The former, the supplier of capital, is called the 'Mudarib' and the latter, the user of capital or entrepreneur, is called 'Darib'. Thus 'Mudarabah' is a contractual relationship executed between two parties, one supplying the capital and the other supplying the labour and skill, for business the profits of which are shared by both in accordance with agreed terms. In case the business sustains loss, the entire loss is borne by the Mudarib who assumes full responsibility and makes no claim on the Darib, although the latter also suffers because he does not receive any share in profit or any reward for his services.

The 'Mudarabah' is an Iraqi term which is derived from the Arabic word 'Darb'. The 'Darb' means to walk or travel in the land. It is so called because in mediaval times the 'Darib' had to travel in distant lands for commercial ventures to make profits. "In the language of law Mudarabah signifies

a contract of partnership of which the one partner (namely, the proprietor) is entitled to profit on account of his stock, he being denominated 'Rabbi Mal', proprietor of the stock (which is termed Rasmal); and the other partner is entitled to a profit on account of his labour, who is denominated the Darib (or manager) in so much as he derives a benefit from his own labour and endeavour." Some jurists call 'Mudarabah' a partnership contract because both the Mudarib and Darib participate in sharing profits, but some others call it an agency contract between the principal (Mudarib) and the agent (Darib) because the entire loss is borne by the principal.

The Medinites called this form of business as 'Muqaradah' which is derived from the Arabic word 'Qard'. 'Qard' means loan which signifies surrender of right over capital by the owner to the user. The Muqaradah is also called Qirad.

It is said that Mudarabah was in vogue at the time of advent of Islam and the Arabs widely practiced it. The Holy Prophet himself is reported to have worked as Darib for Khadijah during his youth. His companions are also reported to have been practicing this form of business partnership. But had the Mudarabah business been so common, there would have been its detailed mention in Hadith literature. However, there is no reference to it in any Qur'anic verse and there is hardly any instruction about it in any tradition of the Prophet of Islam.

It appears that concept of Mudarabah was developed by the Muslim jurists later on. They have taken pains to build up sizeable amount of literature regarding the concept of Mudarabah. They have laid down detailed rules and regulations about the terms and nature of its contract, about the duties and rights of the Darib as well as the Mudarib,

duration of the contract, etc. Some of the basic rules laid down by the jurists are:

Rules & Conditions : 1. Two or more persons, of their own free will, should enter into contract whereby one party provides a specified amount of capital to the other who employs this capital in business to make profit.

2. Share of each party in the profit should be clearly defined in definite ratio or percentage. However, the loss of business should be the responsibility of the Mudarib.

3. The capital should be in terms of gold or silver coins or standard money in circulation and not in commodities.

4. The Mudarib should hand over the capital to the Darib before the Darib starts business.

5. The Darib is absolutely free to trade or do business with the capital as he deems fit. Any condition limiting his freedom may render the contract invalid.

6. The duration of Mudarabah is neither predetermined nor limited but either party can terminate it by giving a notice of his intention to do so.

The Mudarabah is not restricted to trade or business only but it can be extended to industry also.

IV- Musharikah or Shirkah

Shirkah means conjunction of two or more estates. In law, however, Shirkah stands for partnership of two or more persons in business or in property. Doing business in

partnership has been upheld by Islam as legal and valid. This form of business organisation has existed among all communities from time immemorial. During the time of the Prophet and his companions, partnership was popular among the Muslims not only in business but also in agriculture and gardening. The Prophet of Islam, in fact, helped in establishing partnership between the Muhajrin and Ansar in Madinah in field of agriculture and gardening.

Kinds of Partnership : Shirkah is of two kinds : Shirkah Milk and Shirkah Akid. Shirkah Milk or partnership by the right of property applies where two or more persons are owners of one thing. It is optional where two persons make a joint purchase of one particular property. It is compulsory where properties of two or more persons become united without their willful act, for example inheritance.

Shirkah Abid or partnership by contract comes into existence when two or more persons, by their free consent, enter into contract to do some business with a view to share its profits and losses. It is effected by proposal and acceptance. It is of four kinds which are briefly described as follows:

1. Shirkat-ul-Mufavadha : In this form of partnership, the capital contribution of the partners and their shares in profits and losses are equal.
2. Shirkat-ul-Anan : In this form of partnership, the partners neither contribute equally in capital nor do they share the profits and losses equally. This form of partnership was very common among the men with women or children or between masters and their servants.
3. Shirkat-ul-Sanai : In this form of partnership, artisans, technicians and other manual labourers participate.

4. Shirkat-ul-Wujooh : This is a form of partnership which is started by the person who have neither capital nor skill but they start the business on credit as partners and share the profits among themselves.

Conditions of Partnership : Jurists have laid down the following conditions which should be fulfilled in order to made a valid contract of partnership :

1. All the partners should enter into contract with their own free consent to do a business in partnership, and the date from which partnership would come into force would be clearly mentioned in the contract.

2. Partnership contract, according to some jurists is legal only if it is in legal tender money.

3. Jurists like Imam Sariikhsi prescribe that partnership contract should be executed in writing. According to him, Quranic condition laid down in verse 282 of its chapter 2 for a contract of debt is also applicable to contract of partnership because like contract of debt this contract is also made for a definite period.

4. The amount of capital contributed by each partner should be clearly stated in the deed of partnership.

5. The share in the profit or loss to be obtained by each partner should also be clearly stated in the deed so as to avoid any dispute which may arise.

Similarities between Islamic concept of partnership and the provisions of British Partnership Act of 1890 are so real that one is tempted to say that the British draftsman of the partnership Act had been influenced by Hedaya, a

renowned work of Islamic Fiqh, which had been translated by Charles Hamilton in English in the year 1870.

CHAPTER 11

INTEREST

The Qur'an on Interest

Ahadith of Prophet Muhammad on Interest

Types of Riba at the Advent of Islam

What is Riba?

Interest and Trade

Interest and Zakat

Interest and Rent

Why is Interest Prohibited?

COMPUTING ERRORS

I- The Qur'an on Interest

At the time of emergence of Islam, the institution of interest existed in the Arabian society both in the

transactions of money loans and barter transactions of commodities. Since it was deeply rooted in the economic life of the people, the injunctions of the Holy Qur'an on its prohibitions were gradually revealed, like those regarding prohibition of wine, so that the economic life of the people may not be abruptly disrupted. Following are the verses of the Holy Qur'an which deal with interest :

1. Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury. He unto whom an admonition from his Lord cometh, and (he) refraineth (in obedience thereto), he shall keep (the profits of) that which is past, and his affair (hence-forth) is with Allah. As for him who returneth (to usury) – such are rightful owners of the Fire. They will abide therein. Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty.

-(2:275-276)

2. O ye who believe! Observe your duty to Allah, and give up what remaineth (due to you) from usury, if ye are (in truth) believers. And if ye do not, then be warned of war (against you) from Allah and His messenger. And if ye repent, then ye have your principal (without interest). Wrong not, and ye shall not be wronged.

-(2:278-279)

3. O ye who believe! Devour not usury, doubling and quadrupling (the sum lent). Observe your duty to Allah, that ye may be successful.

-(3:130)

4. Because of the wrong-doing of the Jews, We forbade them good things which were (before) made lawful unto them and because of their much hindering from Allah's way: And of their taking usury when they were forbidden it, and of their devouring people's wealth by false pretences. We have prepared for those of them who disbelieve a painful doom.

-(4:160-161)

5. That which ye give in usury in order that it may increase on (other) people's property hath no increase with Allah; but that which ye give in charity, seeking Allah's countenance, hath increase manifold.

-(30:39)

If put in the order of revelation, the above verses gradually prohibited interest. The first verse of the Holy Qur'an (30:39) which was revealed regarding interest compares it with Zakat and states that interest does not increase one's wealth, in fact it decreases it, whereas Zakat increases it manifold. In the next verse (3:130), the believers are told not to devour compound usury doubling or quadrupling the sum of loan. In the next two verses (4:160-161), the Muslims are warned to obey the Qur'anic injunctions of prohibition of interest lest they suffer the fate of the Jews who infringed prohibition of interest and will meet a painful doom. Then comes the famous para of the revealed book of Islam (verses 275,276,278 and 279 of chapter 2) which finally prohibited interest. It distinguishes between trade (Bai) and interest (Riba). It condemns usury and the usurer and praises the fruitfulness of charity. It absolutely prohibits charging of usury and commands the believers to give it up and get back only their principal amounts of loans. Finally, it warns them to take notice of

war from Allah and Allah's Messenger if they violate prohibition and revert back to usury.

II- Ahadith of Prophet Muhammad (PBUH) on Interest

In this section we are reproducing some of the well-known Ahadith of the Prophet of Islam which show that the Prophet has not only condemned 'Riba' (interest) in possibly the most severest terms but has also identified it in money as well as in commodity transactions in very clear words. These Ahadith facilitate our understanding of the Islamic concept of 'Riba' and bring into focus its various aspects for our guidance. The relevant Ahadith are:

1. Abu Sayeed al-Khodri reported that the Messenger of Allah said: Gold for gold, silver for silver, wheat for wheat, barley for barley, date for date, salt for salt and like for like in hand to hand (transaction). Whoso gives more or takes more, then the taker and the giver are equal in taking interest therein.

(Muslim)

2. Abu Sayeed al-Khodri reported that the Messenger of Allah said: Don't sell gold for gold unless like for like and don't increase something of it upon something, and don't sell silver for silver unless like for like and don't increase something of it upon something, and don't sell the absent therefrom for the present. Agreed upon it. In a narration: Sell not gold for gold, nor silver for silver unless like for like.

(Bukhari, Muslim)

3. Abu Sayeed reported that Bilal came to the Holy Prophet with Barni dates. The Prophet asked him: whence

is this? He replied. There were old dates with me and I sold out of them two sa'as for one. He said: Alas! Veritable interest! Don't do (it), but when you intend to purchase, sell the dates for purchasing another kind, and then purchase therewith.

(Bukhari and Muslim)

4. Osamah-b-Zaid reported that the Messenger of Allah said: Usury is in promise. And in another narration he said: There is no usury in what is hand to hand.

(Bukhari and Muslim)

5. Omar reported that the Messenger of Allah said: Gold for gold is interest unless in hand to hand (transaction); silver for silver is interest unless in hand to hand (transaction); wheat for wheat is interest unless in hand to hand (transaction), barley for barley is interest unless in hand to hand (transaction), and date for date is interest unless in hand to hand (transaction).

-(Bukhari, Muslim)

6. Abu Sayeed and Abu Hurairah reported that the Holy Prophet engaged a man as a labourer at Khaiber. He came to him with best dates. So he enquired : Is every date of Khaiber like this? 'No, by Allah' he said, 'O Prophet ! verily we take one sa'a of this for two sa'as, and two sa'as for three. He said: Don't do (it), sell the whole for dirhams, and purchase the best dates for dirhams. He said: In weight also like that.

-(Bukhari, Muslim)

7. According to Abu Saeed Khudri, the Holy Prophet said, "Sell not two 'saa' (measure) of dates for one 'saa' nor exchange two dirhams for one dirham (for it is 'Riba')".

-(Bukhari)

8. It is related by Abu Bakr that the Holy Prophet said, "Sell not gold for gold and silver for silver but in equal quantity; but sell gold for silver or silver for gold as you please".

-(Bukhari)

9. It is reported by Abu Saeed Khudri that the Holy Prophet said, "Sell not gold for gold and silver for silver but in equal quantity nor sell anything for the same thing in lesser quantity, nor sell anything present for that which is absent."

-(Bukhari)

10. It is related by Abu Huraira that the Holy Prophet said, "Sell one dinar in exchange for one dinar and one dirham in exchange for one dirham and not for more".

-(Mutta)

11. 'Uthman reported that the Holy Prophet said, "Sell not one dinar for two dinars, nor one dirham for two dirhams".

-(Mutta)

12. Abu Sayeed says that one day Bilal came to the Holy Prophet with green variety of dates. The Holy Prophet enquired, "Where from did you bring this?" Bilal replied, "We had dates of inferior quality; we therefore gave two 'saa' of

that quality in exchange for one 'saa' of this (superior) quality with the object of presenting to the noble Prophet". On hearing this the Holy Prophet exclaimed, "A Wa A Wa (expression of condemnation). This is clear interest. Do not do so (again), rather when you wish to acquire dates of superior quality, first sell the dates of inferior variety for money, and then purchase dates of superior quality". - (Bukhari)

13. Sa'ad-bin-Abi Waqqas reported : I heard that the Holy Prophet was questioned about the purchase of dry dates for fresh ones. He asked: Shall the fresh dates be diminished when they become dry? 'Yes' said he. So he prohibited him from that.

-(Malek, Tirmizi, Abu Daud, Nisai, Ibn Majah)

14. Samorah-b-Jundub reported that the Holy Prophet prohibited from selling animal for animal by way of promise.

-(Tirmizi, Abu Daud, Nisai)

15. Jaber reported that the Holy Prophet prohibited selling of 'subrah' date of unknown measurement for a fixed measurement of dates.

-(Muslim)

16. Abu Hurairah reported that the Messenger of Allah said: I came across a people in the night in which I was taken to heaven. Their bellies are like houses wherein there are serpents which can be seen from outside their bellies. I asked : O Gabriel ! who are they? He said: These are those who devoured usury.

-(Ahmad, Ibn Majah)

17. Omar-b-al-Khattab reported : The last of what was revealed was the verse of usury, and the Messenger of Allah expired while he did not explain it to us. So give up usury and doubt.

- (Ibn Majah, Darimi)

18. Abdullah-b-Hanjalah (one washed by angels) reported that the Messenger of Allah said: A dirham of usury a man devours with knowledge is greater than 36 fornications.

-(Ahmad, Darqutni)

19. Abu Hurairah reported that the Messenger of Allah said: Usury has got seventy divisions. The easiest division of them is a man's marrying his mother.

-(Ibn Majah)

20. Ibn Mas'ud reported that the Messenger of Allah said: Though usury increases, its effect indeed turns towards decrease.

-(Ibn Majah)

21. Jaber reported that the Messenger of Allah cursed the devourer of usury, its payer, its scribe, and its two witnesses. And he said that they are equal (in sin).

-(Muslim)

22. It is reported that the Holy Prophet, on his last Pilgrimage and in his last address, said, "Every form of interest ('Riba') is cancelled; capital indeed is yours which you shall have, wrong not, and you shall not be wronged.

God has given His injunctions that interest is totally forbidden. I first start with (the amount of) interest (which people owe) to 'Abbas and declare it all cancelled".

23. Abu Hurairah reported that the Holy Prophet said: A time will certainly come over people when none will remain who will not devour usury. If he does not devour it, its vapour will overtake him.

-(Ahmad, Abu Daud, Nisai, Ibn Majah)

III- Types of Riba at the Advent of Islam

On the basis of practice prevailing at the time of emergence of Islam and keeping in view the Ahadith of Prophet Muhammad (PBUH), the Muslim jurists have classified 'Riba' into two types, namely: Riba-an-Nasia and Riba-al-Fadl. The former is in cash loans whereas the latter is in barter transactions.

Riba-an-Nasia means interest charged on money loans. Some examples of Riba-an-Nasia are as follows:

1. In times of ignorance, if a debtor owed some loan to his creditor, but had no means to repay it within the fixed time, he would request the creditor to extend time. The creditor stipulated certain increase or addition in his principal on the consideration of which he would agree to extend the time of payment

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P(OP PPPPPdPüRüRüR84Sabia, 'Riba' was in this form : when a person owed some money to another person and the period of debt expired, the lender would demand his principal sum; if the debtor expressed his inability to pay, the lender would then grant him an extension on the condition that he would pay in excess of the capital. The period was then extended with an increased debt. The additional amount charged was called Riba.

The above mentioned transactions are typical examples of Riba-an-Nasia. Riba-an-Nasia, according to jurists, contains the following three elements:

- (a) Excess or surplus over and above the loan capital.
- (b) Determination of this surplus in relation to time; and
- (c) Bargain to be conditional on the payment of a predetermined surplus.

Riba-al-Fadl is the name of the interest which is charged in barter transactions of commodities. It lies in the payment of an addition by the debtor to the creditor in the exchange of commodities of the same kind i.e. wheat for wheat or barley for barley or dates for dates. etc.

Barter system for exchange of commodities was very common in Arabia at the time of emergence of Islam. People used to change goods for goods, especially the poor used to borrow some food items from the rich with a promise to repay more than the borrowed quantity after a certain specified time. This was exploitation of the poor by the rich and Islam eliminated it. As we have already seen that Prophet Muhammad (PBUH) declared such transactions as usurious and, therefore, unlawful.

According to Ahadith reproduced in the relevant section, to sell wheat for wheat, dates for dates, barley for barley and like for like is 'Riba' except when sold from hand to hand and in equal quantity. According to jurists, elements of Riba-al-Fadl are as follows:

(a) The two things of exchange between the parties must be homogeneous or of same kind, viz, gold for gold or corn for corn.

(b) They must be unequal in measurement and weight. If gold is exchanged for gold of the same weight and quality in hand to hand transactions, it is not interest. If unequal, the excess must be interest.

(c) They must not be in hand to hand transactions. If a guinea is given for 1½ guinea to be paid at a future date, the excess will be considered as interest.

Islam has abolished both types of Riba mentioned above.

IV- What is Riba?

The Qur'an and Hadith have used the term 'Riba' which has been translated by the scholars as 'usury' or 'interest'. We do not find definition of this term either in the Qur'an or in Ahadith of the Prophet of Islam. It would be, therefore, most appropriate if we reproduce the views of some renowned commentators of the Qur'an and the jurists of Islam who have explained the meaning and nature of 'Riba'.

1. According to Muhammad Asad : "In its general, linguistic sense, this term denotes an "addition" to or an "increase" of a thing over and above its original size or amount: in the terminology of the Qur'an, it signifies any unlawful addition, by way of interest, to a sum of money or goods lent by one person or body of persons to another. Considering the problem in terms of the economic conditions prevailing at or before their time, most of the early Muslim jurists identified this "unlawful addition" with profits obtained through any kind of interest-bearing loans irrespective of the rate of interest and the economic motivation involved. With all this-as is evidenced by the voluminous juridical literature on this subject – Islamic scholars have not yet been able to reach an absolute agreement on the definition of riba: a definition that is, which would cover all conceivable legal situations and positively respond to all the exigencies of a variable economic environment. In the words of Ibn Kathir (in his commentary on 2 : 275), "the subject of riba is one of the most difficult subjects for many of the scholars (ahl-al-ilm)". It should be borne in mind that the passage condemning and prohibiting riba in legal terms (2 : 275-281) was the last revelation received by the Prophet, who died a few days later hence, the Companions had no opportunity to ask him about the shar'i' implications of the relevant injunction – so much so that even "Umar ibn al-Khattab is reliably reported to have said: "The last [of the Qur'an] that was revealed was the passage [lit., "the verse"] on riba; and, behold, the

Apostle of God passed away without [lit., "before"] having explained its meaning to us " (Ibn Hanbal, on the authority of sa'id ibn al-Musayyab) Nevertheless, the severity with which the Qur'an condemns riba and those who practice it furnishes – especially when viewed against the background of mankind's economic experiences during the intervening centuries – a sufficiently clear indication of its nature and its social as well as moral implications. Roughly speaking, the opprobrium of riba (in the sense in which this term is used in the Qur'an and in many saying of the Prophet) attaches to profits obtained through interest- bearing loans involving an exploitation of the economically weak by the strong and resourceful: an exploitation characterized by the fact that the lender, while retaining full ownership of the capital loaned and having no legal concern with the purpose for which it is to be used or with the manner of its use remains contractually assured of gain irrespective of any losses which the borrower may suffer in consequence of this transaction".[1]

2. According to Syed Abul Ala Maududi, "The Arabic word riba literally means "increase in" or "addition to" anything. Technically it was applied to that additional sum which the creditor charged from the debtor at a fixed rate on the principal he lent, that is, interest. At the time of the revelations of the Quran, interest was charged in several ways. For instance, a person sold something and fixed a time-limit for the payment of its price, and if the buyer failed to pay it within the fixed period, he was allowed more time but had to pay an additional sum. Or a person lent a sum of money and asked the debtor to pay it back together with an agreed additional sum of money within a fixed period. Or a rate of interest was fixed for a specific period and if the principal along with the interest was not paid within that period, the rate of interest was enhanced for the extended period, and so on."[2]

3. Afzal-ur-Rahman explains the meaning of 'Riba' in detail in the light of the opinions of some classical jurists of Islam in the following words:

The Holy Qur'an has used the word 'Riba' for interest. The dictionary meaning of 'Riba' is excess or increase or surplus but, in economics, it refers to that surplus income, which the lender receives from the borrower, over and above the principal amount, as a reward for waiting or parting with the liquid part of his capital for a specified time.

'Riba', in Islam, particularly refers to that excess which is commanded in a particular way. Ibn Hajar 'Askalani, talking of 'Riba' says, that "essence of 'Riba' is excess whether it is in the commodity (itself) or in money, as two dinars in exchange for one dinar. According to Allama Mahmud al-Hassan Taunki, 'Riba' means excess or increase; and when, in a contract of barter (exchange of goods for goods), more of one thing is demanded in exchange for exactly similar thing, it is called 'Riba'.

In the words of Shah Wali Ullah of Delhi, element of 'Riba' exists in the debt which is advanced on the condition that the borrower will pay more or better than what he has received from the lender. In the opinion of Abu Bakr Ibn al-Arabi, every excess is 'Riba' in return for which no reward is paid. Qatada says that pre-Islamic 'Riba' was this that one person sold goods to another person for a specified period, when the period expired and the buyer had not made the payment, then the seller would extend the time of payment along with increase in the purchasing price (to be paid back)".

According to Mujahid, element of 'Riba' existed in all the dealings of this nature in the pre-Islamic days: whenever a person contracted a loan from someone, he would ask the creditor to give him more time for payment,

and that he would, in return, pay him a fixed amount in excess of the principal loan.

The findings of Abu Bakr Jassas also show that whenever people in the pre-Islamic times contracted loans from one another, it was agreed upon between the parties concerned that so much amount of money (a definite sum) would be paid by the borrower in excess of loan after a certain specified time.

In the opinion of Imam Razi this was the custom in the pre-Islamic times that they advanced a sum of money to a person for a specified time and received from him a fixed amount of money every month as interest; when the time expired, the borrower was asked to repay the debt, if he could not repay the debt, he was given extension in the time for repayment and the interest was increased”.

Such forms of loan business were in vogue in Arabia in those times and were called by the name ‘Riba’. It is this surplus or excess over principal amount which is prohibited in Islam.[3]

After going through the verses of the Qur’an, Ahadith of the Prophet of Islam and views of the Muslim doctors, we can now understand the meaning of Islam’s concept of ‘Riba’.

The Verse No. 278 of chapter 2 of the Holy Qur’an commands to give up ‘Riba’ while the next verse numbering 279 allows the lenders to take back their principal amount of loan and nothing more. It means that ‘Riba’ is the amount which is charged by the lender from his debtor in addition to the capital lent by him. It is this amount which has been declared unlawful by the Qur’an. Thus, according to the Qur’an, every increase obtained in addition to the principal amount of loan is ‘riba’ irrespective of the fact how much

rate of interest is charged and for what purpose the loan is advanced.

Prophet Muhammad, in his Ahadith, has explained and clarified that element of 'Riba' is found not only in cash loans or money transactions but also in all forms of barter transactions in which one person receives an excess over and above the commodity exchanged. From the address of the Prophet delivered during his last pilgrimage, we can easily derive the definition of riba. The Prophet is reported to have said: "Every form of 'riba' is cancelled; principal indeed is yours which ye shall have; wrong not and you shall not be wronged. God has given His injunctions that interest is totally forbidden. I first start with interest (which people owe) to Abbas and declare it all cancelled." Thus every form of riba has been cancelled by the Prophet and the lenders are allowed to recover their principal amount of loan only, which means that every addition to principal amount lent is 'riba' without reference to rate of interest charged and without reference to the purpose for which loan is given.

Some liberal scholars hold that Islam has prohibited usury only which is charged at exorbitant rate of interest by the money lenders from the poor on consumption loans contracted by the latter for their personal needs. However, this view is erroneous in the opinion of majority of the contemporary Muslim scholars who hold that 'Riba' covers all forms of usury and interest on loans irrespective of the purpose for which loan is contracted, irrespective of the parties to the loan and also irrespective of the rate of interest and the period involved.

V- Interest and Trade

The Holy Quran says: "Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury....."(2:275) Why does God permit trade and forbid usury?

It is because trade and usury are absolutely different. In trade one earns profit as a result of initiative, enterprise, efficiency and hard work. But the interest is not earned through hard work or any value creating process. It is not the reward of labour but is in fact unearned income. Moreover interest is fixed whereas profit fluctuates. In case of trade there is risk of loss also, but in case of interest the lender gets his fixed amount irrespective of the fact whether the debtor earns any profit or sustains loss. God has forbidden interest but has permitted trade.

VI- Interest and Zakat

The Holy Qur'an states : "Allah hath blighted usury and made almsgiving fruitful. Allah loveth not the impious and guilty". (2:276). In another verse, the Qur'an mentions the benefit of Zakat over usury in these words: "That which ye give in usury in order that it may increase on (other) people's property hath no increase with Allah; but that which ye give in charity, seeking Allah's countenance, hath increase manifold". (30:39)

The above verses of the Holy Qur'an have inspired many scholars of Islam to compare interest with Zakat and underline the advantages of Zakat and disadvantages of interest. Commenting upon these verses Mr. Akram Khan writes: "The meaning of these verses have become abundantly apparent in this age. The conventional economic

theory recognizes that interest discourages investment and causes unemployment thus adding to human misery. The physical and human resources remain idle for want of finance which does not become available except at a certain rate of interest. Since all proposals of investment cannot be as productive as to pay for the going rate of interest the human and physical resources cannot be deployed productively. This by itself leads to human misery. But in recent years the monster of public debt has engulfed the entire world. As a result, governments are facing huge fiscal deficits leading to inflation, high taxation, retardation of trade and poverty of the mankind as a whole. Another channel of human misery through interest is the net negative transfer of resources from the poor countries to the rich countries. It is a phenomenon which has been aptly called by Willy Brandt as "blood transfusion from the sick to the healthy". Now large masses of the poor countries are toiling hard just to pay back the past debt along with interest. The cycle of wealth has been turned from the poor to the rich at a global scale. What else could be the evidence for interest being a source of human misery?" As compared to interest, charity leads to economic expansion. It attracts God's blessings. One evidence of the charity being a blessing is the great boom which all Western economies experienced in the post-war period. All these economies introduced programs of social security. These programs provided the necessary purchasing power to the poor people so that the aggregate demand in the economy could be maintained at a desirable level."[4]

Interest discourages economic growth and ruins national prosperity and also individual's well-being by causing many distortions in national economy such as inflation, unemployment, uneven distribution of wealth and recession. Zakat, on the other hand, helps economic growth and national prosperity in two ways. Firstly it discourages hoarding of wealth and encourages its circulation. The

hoarder of wealth knows that if he keeps his wealth idle then the Zakat would gradually consume it. So he would perforce bring his wealth into circulation by spending or investing it. Thus the investment and consumption both would have multiplier effect on the growth of national income. Secondly, Zakat is collected from the rich who are few and returned to the poor who are many, and this process ultimately increases aggregate demand of the consumer goods in the society as the poor people after having purchasing power in their hands start demanding more such goods. The industrialists would produce more in order to meet the increasing demand. Thus increase in demand and supply would lead to industrialization, business activity, expansion of employment and growth of national income.

VII- Interest and Rent

Interest, as we have already discussed in detail, is charged by the creditor from the debtor on money loan or on exchange of commodities in barter transactions at pre-determined rate or prefixed amount with reference to time. Rent, on the other hand, is charged on the lease of land, building, plant and machinery, furniture and fixtures, motor vehicles or on use of other capital goods. Interest and rent are both different from each other in nature. Mr. Mannan has pointed out the following difference between the two:

Firstly, rent is the result of initiative, enterprise and efficiency. It results after a definite value creating process, because, the owner of the property or asset remains involved in and concerned with its use by the user throughout. But it is not so with interest, because the lender becomes unconcerned with the use of the loan after his loan is secured and interest thereon guaranteed.

Secondly, it follows that in case of rent productive effort is very necessary in the process of value creating, because economic endeavour is made by the owner of the capital by converting it into property or asset. Thus the element of entrepreneur remains as much patent and alive as in producing any goods and services but interest may even retard the value-creating process. Since the lender remains unconcerned with the use of the loan, the element of the entrepreneur is altogether missing.

Thirdly, in the case of rent the owner of capital himself determines the pattern, size and utility of the product. Therefore, it is restricted to definite and purposeful use, whereas in the case of interest the real owner does not seem to be interested in the economic use of his capital; therefore, capital is rendered liable to abuse.

Fourthly, in a sense rent does not enter into price. "Corn is not high because a rent is paid but rent is paid because corn is high." But interest does enter into price, retards the process of production and poor consumers are hard hit.

Fifthly, since the element of loss is very much present in the case of rent, the use of capital by the owner for earning rent does not create any idle class in the society, whereas the element of loss is missing altogether in the case of interest which can make the rich richer and the poor poorer.

Finally, it is true that "capital is converted and has the potentiality to be converted to any property or asset, but this potentiality of capital is left to the discretion of the user, viz the means or production are vested in the borrower; whereas in the other case the capital remains vested in the owner and not the user. The fact of the matter is that rent on a property or hire on an asset is more synonymous to

wages and salary or the margin of gross profit determined by the manufacturer or trader on his good or 'remuneration' charged by any profession; and strictly unlike interest on capital".[5]

As far as their permissibility in Islam is concerned, we have already seen that interest in every form has been prohibited by Islam whereas it is not the case with rent. Rent on building and lease of capital goods and other articles is justified by Muslim jurists like Syed Maududi on the ground that the owner of these things maintains them for the use of the tenant by spending his time, labour and money. Moreover, these things suffer wear and tear and also depreciation in value when under the use of the tenant. Thus, charging of rent on such things is not only justified, according to them, but is also permitted by Islam.

Regarding lease of agricultural land on fixed cash or quantity of produce, the opinions of scholars widely differ. While majority of the scholars hold it lawful, some jurists such as Syed Maududi consider it similar to interest and hence prohibited in Islam.

Prohibition of interest, according to professor Smith, if taken seriously, would include the prohibition of land rent and of the whole landlord system and it would mean precisely the socialization of agriculture in the interests of those who labour on land. The reason given by him is briefly as under: "of course, where tenants are made to pay a fixed rent whether in case or in kind, it is morally identical with interest. Because, here, the landlord is to the same extent indifferent to the actual return from land as the banker is to the actual return from industry and commerce."[6]

VIII- Why is Interest Prohibited?

As we have already discussed, interest has not only been prohibited and declared unlawful by Islam but has also been strongly condemned as a criminal offence in this world and a major sin liable to punishment in the Hereafter. According to al-Qur'an, charging of interest amounts to declaration of war against God and God's Messenger; while according to the Sunnah it is a criminal and sinful act worse than adultery. But no reason for its prohibition has been provided either in the Qur'an or by the Sunnah of the Prophet. This has left the scholars and jurists to find out reasons and explain as to why interest has been prohibited. Regarding reasons of prohibition of interest views differ widely. However, they are unanimous on one single point at least that the prohibition is due to moral, social and economic harms of interest.

Let us briefly underline some of the very harmful effects of interest and decide for ourselves why it has been prohibited.

1. Riba or usury inculcates miserliness, selfishness, callousness, indifference, inhumanity, greed and worship of wealth. It destroys the spirit of sympathy, mutual help and cooperation, and thus effects adversely the feelings of love, brotherhood and unity among the community. We find around us that the usurers are generally miser, selfish and hard-hearted Shylocks, devoid of milk of human kindness, who exploit the misery of the poor and charge their pound of flesh without feeling any moral compunction for the sufferings of the borrowers.

2. Interest breeds idleness and promotes unearned income. Instead of undertaking business ventures and using their business acumen, skill, knowledge and entrepreneurship, people having money start lending it on interest and thus living like parasites. Such easily gained money is generally wasted on vices like gambling, horse-

racing, betting, drinking and adultery, and in expenditure on luxurious living, marriage ceremonies and festivities.

3. Interest causes many economic evils as well. It leads to hoarding of money adversely effecting its circulation among larger sections of society. It also causes establishment of monopolies, cartels and concentration of wealth in few hands. Thus distribution of wealth in the community becomes uneven and gulf between the rich and the poor widens. The community is divided sharply into two camps-have and have-nots-whose conflicting interests badly effect peace and harmony in the society. Moreover, due to interest economic distortions like recession, depression, inflation, unemployment, etc. are also caused.

4. Capital investment is withheld from those enterprises which cannot yield profit equal to the prevailing rate of interest, even though such projects may be very vital for the country and nation. The flow of all financial resources in the country turns in the direction of those enterprises which carry the prospect of a profit margin equal to or more than the current rate of interest, even though such enterprises may have little or no social value.

Interest charged on international loans has aggravated debt-servicing problem of the debtor countries. It has not only impeded the economic development of the poor nations, but has also resulted into transfer of resources from the poor to the rich nations. Moreover, it is adversely effecting the relations between the rich and the poor states and thus harming the cause of international security and peace.

- [2]. The Meaning of the Qur'an.
- [3]. Economic Doctrines of Islam.
- [4]. Economic Message of the Qur'an.
- [5]. Islamic Economics: Theory and Practice.
- [6]. Shaikh Mahmood Ahmad: Economics of Islam.

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 12

LOAN

The Qur'an and the Sunnah on Loan

General Rules in the Light of the Qur'an and the Sunnah

Duties of Debtors

Duties of Creditors

I- The Qur'an and the Sunnah

Before dealing with the subject of loan in detail and discussing its various aspects, we shall reproduce the verses of al-Qur'an and traditions of Prophet Muhammad (PBUH) relating to this subject.

Verses of the Qur'an :

1. O ye who believe ! Observe your duty to Allah, and give up what remaineth due to you) from usury, if ye are (in truth) believers. And if ye do not, then be warned of war (against you) from Allah and His Messenger. And if ye repent, then ye have your principal (without interest). Wrong not, and ye shall not be wronged.

-(2:278-279)

2. And if the debtor is in straitened circumstances, then (let there be) postponement to (the time of) ease; and that ye remit the debt as almsgiving would be better for you if ye did but know.

-(2:280)

3. O ye who believe! When ye contract a debt for a fixed term, record it in writing. Let a scribe record it in writing between you in (terms of) equity. No scribe should refuse to write as Allah hath taught him, so let him write, and let him who incurreth the debt dictate, and let him observe his duty to Allah his Lord, and diminish naught thereof. But if he who oweth the debt is of low understanding, or weak, or unable himself to dictate, then let the guardian of his interests dictate in (terms of) equity. And call to witness, from among your men, two witnesses.

And if two men be not (at hand) then a man and two women, of such as ye approve as witnesses, so that if the one erreth (through forgetfulness) the other will cause her to recollect. And the witnesses must not refuse when they are summoned. Be not averse to writing down (the contract) whether it be small or great, with (record of) the term thereof. That is more equitable in the sight of Allah and more sure for testimony, and the best way of avoiding doubt between you; save only in the case when it is actual merchandise which ye transfer among yourselves from hand to hand. In that case it is no sin for you if ye write it not. And have witnesses when ye sell one to another, and let no harm be done to scribe or witness. If ye do (harm to them) lo! it is a sin in you. Observe your duty to Allah. Allah is teaching you. And Allah is Knower of all things.

-(2:282)

4. If ye be on a journey and cannot find a scribe, then a pledge in hand (shall suffice). And if one of you entrusteth to another let him who is trusted deliver up that which is entrusted to him (according to the pact between them) and let him observe his duty to Allah. Hide not testimony. He who hideth it, verily his heart is sinful. Allah is Aware of what ye do.

-(2:283)

5. Allah chargeth you concerning (the provision for) your children: to the male the equivalent of the portion of two females, and if there be women more than two, then theirs is two-thirds of the inheritance, and if there be one (only) then the half. And to his parents a sixth of the inheritance, if he have a son; and if he have no son and his parents are his heirs, then to his mother appertaineth the third; and if he have brethren, then to his mother

appertaineth the sixth, after any legacy he may have bequeathed, or debt (hath been paid).

-(4:11)

6. The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah. Allah is Knower, Wise.

-(9:60)

Ahadiith of Prophet Muhammad (PBUH) :

1. Abu Qatadah reported: I heard the Holy Prophet say: Whoso gives respite to a debtor or grants him remission, Allah will save him from the calamities of the Resurrection Day.

-(Muslim)

2. Abu Hurairah reported that the Messenger of Allah said: Whoso takes loan of the properties of men intending to pay it back, Allah gives him means to pay it, and whoso takes loan intending to destroy it, Allah will destroy him on its account.

-(Bukhari)

3. Abu Qatadah reported that a man enquired: O Messenger of Allah inform me that if I be killed in the way of Allah, patient, hopeful of reward, advancing forward without retreating, whether Allah will forgive my sins, "Yes" replied the Apostle of Allah. When he retraced his steps, he called him and said: Yes, except debt. Thus said Gabriel.

-(Muslim)

4. Abu Hurairah reported: If any dead body with debts due was brought before the Messenger of Allah, he used to ask: Has he left any source of payment for his debt? If he was informed that he left means for payment, he used to say his funeral prayer, but if not, he used to address the Muslims: Say prayer for your companion. When Allah granted him victories, he stood and said: I am an object of love of the Muslims more than their ownelves. So whoso among the believers dies and leaves debt, its payment devolves on me, and whoso leaves property, it is for his heirs.

-(Bukhari and Muslim)

5. Osamah bin Zaid reported that the Messenger of Allah said: Usury is in promise. And in another narration he said: There is no usury in what is hand to hand.

-(Bukhari and Muslim)

6. Abdullah bin Hanjalah reported that the Messenger of Allah said: A dirham of usury a man devours with knowledge is greater than thirty six fornications.

-(Ahmad, Darqutni)

7. Abu Musa reported from the Prophet who said: Verily the greatest of sins to Allah with which a man shall meet Him after the great sins which Allah prohibited is his debt outstanding at death but leaving nothing for its payment.

-(Ahmad, Abu Daud)

8. Anas reported that the Messenger of Allah said: When someone of you gives a loan, and then he (debtor) sends present to him or carries him upon a beast – don't ride on it, nor accept it unless it was prevalent between them previous to it.

-(Ibn Majah, Baihaqi)

9. Imran-b-Hussain reported that the Messenger of Allah said: Whoso has his dues from a man and then gives time to him (for payment), he will get his reward of charity every day.

-(Ahmad)

10. Muhammad-b-Abdullah reported that the Prophet of Allah said: "And by One in Whose Hand there is the life of Muhammad, if a man be killed in the way of Allah and then raised to life, and again be killed in the way of Allah and again raised to life, and again be killed in the way of Allah and again raised to life with debt due from him, he shall not enter Paradise till his debt is satisfied.

-(Ahmad, Sharhi-Sunnat)

11. Abu Hurairah reported that the Messenger of Allah said: There was a man who used to give loan to the people. He used often to say to his son: When you come to a needy man, grant him remission, so that Allah may remit us (of sins). He said that he then met Allah and He granted him pardon.

-(Bukhari and Muslim)

12. Abul-Yasar reported: I heard the Messenger of Allah say: Whoso gives respite to a debtor or grants him remission, Allah will give him shade under His shade.

-(Muslim)

13. Abu Hurairah reported that a man demanded of the Holy Prophet for repayment of a loan and was greatly harsh to him. His companions were about to attack him, but he said: Leave him, as the creditor has got a demand. Buy a camel for him and give it to him. They said: We don't but find senior to it in years. He said: Then buy it and give it to him, and verily the best of you is he who is the best of you in repayment of loan.

-(Bukhari, Muslim)

14. Abu-Omamah reported : I heard the Messenger of Allah say: Areeat loan must be paid back, and Minha present must be returned, and debt must be paid, and the surety is a debtor.

-(Abu Daud, Tirmizi)

15. Ka'b-b-Malek reported that he made demand to Ibn Abi Hadrad within the mosque of a loan which he owed to him at the time of the Holy Prophet. Their voices were so loud that the Prophet heard it while he was within the mosque. The Holy Prophet came out to him till the screen of his room was exposed. He called Ka'ab-b-Malek. He asked : O Ka'ab ! 'present' replied he 'O Messenger of Allah! Then he hinted with his finger : Remit half of your debt. Ka'ab said: O Prophet of Allah ! I have just done,' He said (to debtor) : Get up and pay it (remaining half).

-(Bukhari, Muslim)

16. Abdullah-b-Amr reported that the Apostle of Allah said: Every sin of a martyr shall be forgiven except debt.

-(Muslim)

17. Abu Hurairah reported that the Messenger of Allah said: The soul of the believer remains hanging with his debt till it is paid.

-(Ahmad, Tirmizi, Ibn Majah)

18. Jaber reported: I had a debt due from the Apostle of Allah. He paid it back and paid me excess.

-(Abu Daud)

19. Abu Burdah-b-Musa reported : I came to Medina and met Abdullah-b-Salam. He said : Verily you are in a land wherein usury is prevalent. So when you have got dues from a man, and the latter gives you present of wheat or a load of grass, don't accept it as it is usury.

-(Bukhari)

20. And it has been narrated by Bara'a bin Arib that Mu'az was indebted, and his creditor came to the Holy Prophet. So the Prophet purchased all his properties in exchange of his debt till Mu'az stood penniless.

-(Mishkat)

21. Abu Sayeed al-Khudri reported that a dead body was brought to the Messenger of Allah for his funeral prayer. He enquired : Is there any debt due from your companion? 'Yes' said they. He asked: Has he left anything for payment? 'No' said they. He then said: Pray for your companion. Ali-b-Abi Taleb said: O Messenger of Allah ! his debt is upon me. Then he stepped forward and offered his funeral prayer. In a narration of the same meaning he said: May Allah save your surety from Hell as you saved the loan of your brother

Muslim. There is no Muslim who pays off the debts of his brother but Allah will save his surety on the Resurrection Day.

-(Sharhi-Sunnat)

22. Sa'ad-b-al-Atwal reported: My brother died and left one third of one hundred dinars and left behind minor children. I wished to spend (it) for them. The Messenger of Allah said to me : Your brother is confined for his debt, so pay it off. He said: Then I went, paid it, returned and said: O Messenger of Allah ! I have paid it, and there remains none except a woman who claims two dinars without any proof. He said : Pay her, as she is truthful.

-(Ahmad)

23. Abu Hurairah reported that the Messenger of Allah said: Whoso becomes insolvent and afterwards a man (creditor) takes hold of his exact property, he is more entitled to it than others.

-(Bukhari, Muslim)

24. Abu Sayeed reported that a man suffered damage during the time of the Holy Prophet in respect of fruits which he had purchased. His debt became heavy. The Messenger of Allah addressed: Give alms to him. So the people paid him alms but that did not come up towards satisfaction of his (entire) debt. Then the Apostle of Allah said to his creditors: Take what you find, and there is nothing besides that for you.

-(Muslim)

25. Sharid reported that the Messenger of Allah said: For a solvent man, his honour and punishment become

lawful. Ibnul Mubarik said: "His honour is lawful" – means to treat him harshly is lawful and his punishment by confining him is lawful.

-(Abu Daud, Nisai)

26. The Messenger of Allah is reported to have said: "Three kinds of people cry out to Allah for help but are not answered : first, those who have ill-tempered wives but do not divorce them; second, those who are entrusted with the property of orphans but return it to them before they attain maturity; third, those who lend money to others without any document or evidence."

-(Mishkat-ul-Masabih)

27. Anas reported that the Messenger of Allah said: when someone of you gives a loan and then he (debtor) sends present to him or carries him upon a beast do not ride on it, nor accept it unless it was prevalent between them previous to it.

-(Ibn Majah)

28. Ayesha reported that the Holy Prophet died while his coat of mail was in pledge to a Jew for thirty Sa'as of barley.

-(Bukhari)

29. Abu Hurairah reported that the Messenger of Allah said: A back may be ridden upon with his expense when it is a pledge, and the milk of the udder may be drunk with his expense when it is a pledge. And on one who rides on or drinks is the expense.

-(Bukhari)

II- General Rules in the Light of the

Qur'an and the Sunnah

Following principles flow from the verses of the Qur'an and Ahadith of the Prophet of Islam:

1. Islam recognises Qard Hasanah (gratuitous loan) only. Loan may be in any form i.e. in cash or in commodity, it may be big or small, it may be for personal needs of the debtor or for purpose of business, the loan shall be given without interest. Interest has been prohibited by Islam and so it cannot be charged on any loan in any form. The Prophet (PBUH) has even forbidden the creditor to accept any gift or any favour from the debtor after giving him loan as it would be considered usury unless the practice of exchanging gifts or accepting favours was prevalent between them previously.

2. No loan should be contracted except in case of extreme necessity. Borrowing for purpose of luxurious and extravagant living is not permitted. It can only be resorted to if one's basic needs are not being fulfilled. indebtedness has been discouraged by Islam as it ruins the individuals as well as nations. This can be easily known from the severe warnings that have been given in case of debts left unsatisfied. All the sins of a martyr are forgiven except debt. The Prophet did not offer funeral prayer of a debtor who did not leave behind provision for payment of his debts. The greatest of sins with which a man shall meet Allah on the Day of Judgement is his debt outstanding at death for payment of which he leaves nothing. Keeping in view these warnings, great precaution should be taken in contracting debt.

3. Since the verbal agreements regarding loans lead to disputes, feuds and litigations, the revealed book of Islam has made it obligatory on both the parties, creditor as well as debtor, to reduce the contract of debt into writing in the presence of two witnesses and settle terms and conditions regarding its repayment. The scribe is to write the contract according to the dictation of the debtor and in case the debtor is of unsound mind or minor, according to the dictation of his guardian. But in case a debt is contracted during a journey and no scribe is available, then the debtor should give some of his property in pledge to the creditor. The scribe and the witnesses owe duty to be fair in writing and giving evidence, while the creditor and debtor owe duty not to harm them in any way. Writing down of contracts of loan is so much important that the Prophet of Islam is reported to have said that those who lend money to others without any document or evidence are not helped by Allah when they cry for help in case of non-recovery of such loan.

4. The lender can ask for some security in the shape of any asset or property from the debtor as a guarantee of repayment of loan. It is technically called mortgage or 'Rahn'. The creditor is, however, strictly prohibited to make any profit out of mortgaged property because it would be usury. But he is allowed to drink the milk of or ride on the animal which is a pledge if he incurs expenses of its fodder.

5. Payment of debt is a first charge upon the estate of deceased before the estate is divided among its legal heirs.

6. In the absence of any such contract, the repayment of debt voluntarily with excess amount is lawful. It is not riba. According to Jaber, the Prophet owed him some debt and when he paid it back he paid excess.

7. Loan should be contracted with an intention of repaying it. According to a Hadith, whoever takes a loan with an intention of not returning it is a thief.

8. Creditor has right to use harsh words against a debtor who does not pay back his loan. Even a debtor can be imprisoned for non-payment of loan by a court when suit for recovery is filed by the creditor before such court.

9. If a debtor is in straitened circumstances and is not in a financial position of repaying his debt, then the creditor should postpone his demand to the time when the financial position of the debtor improves and he is able to repay it. However, if the creditor remits the debt as almsgiving, it would earn him high rewards from God.

10. A debtor is eligible for Zakat for discharging burden of his debt. Islamic state is obliged to help the debtors out of its Zakat revenues as freeing the debtors of their debt liabilities is one of the heads prescribed by the Qur'an on which Zakat collected by the state should be spent.

11. When there is dispute between the creditor and the debtor regarding repayment of loan and the debtor is unable to satisfy the demand of the creditor, the ruler or the judge should try to make settlement between them. The creditor should be asked to remit part of the debt while the debtor should be asked to make prompt payment of the remaining debt.

12. To free the neck of a poor debtor is very virtuous act which carries great reward. The Prophet of Islam is reported to have said: There is no Muslim who pays off the debt of his brother but Allah will save his surety on the Resurrection Day.

13. If a poor person dies with unpaid debt leaving no property for its discharge, Islamic state is responsible for its payment provided the debt is genuine and the Islamic state is financially in a position to do so. It can repay such debts from its Zakat funds also. The Prophet, as first head of the Islami state accepted this responsibility when the state under him attained sound financial position.

III- Duties of Debtors

1. A person should avoid indebtedness because debt is a great burden and responsibility. Debt destroys peace of mind and in case of non-payment it destroys one's prospects of salvation in the Hereafter. One must try to refrain from incurring debt and should always pray: "Allah ! I seek refuge to thee from overwhelming debt and oppression of men". The Prophet himself used to pray like that so often.

2. Debt should be incurred only when it is unavoidable. It may be incurred to satisfy basic needs or to discharge an essential responsibility such as marriage or education of children, medical treatment of a member of family or building a house. In no case debts should be contracted for unlawful purposes or for luxurious living.

3. Debt should be taken with a clear intention to pay it back. If one takes loan intending to repay it, God gives him means to do so, but if he takes it with the intention to destroy it, God will destroy him on its account.

4. If a creditor demands for some security in shape of property or asset, the debtor is bound to provide him the same. In case the creditor asks for some surety or

guarantee of a third person, the debtor should provide such surety or guarantee. However, the debtor is duty-bound to honour his promise of repayment of loan and in no case he should place the dignity of his surety at stake.

5. Debtor should pay back the debt promptly on the promised date or earlier. In any case debt should be discharged even if he has to sell all his property and he is left with nothing. Repayment of loan is so much stressed in Islam that the debtor has been given permission to beg for alms or seek Zakat in order to discharge his burden.

6. If the debtor does not honour his pledge and does not make the payment of loan despite persistent demand of the creditor, the creditor has the right to use harsh words and sue him in a court. Confinement of the debtor in a prison or auction of his properties is lawful for satisfying his debt.

7. Non-payment of debt is a great sin. If a man is killed in the way of Allah many times but dies without paying his debt, he shall not enter paradise till his debt is satisfied. All the sins of a martyr are forgiven except his debt. Therefore, the debtor is duty-bound to clear his debts before his death. Otherwise his legal heirs should clear his debts.

8. Contract of loan should be reduced in writing in the presence of two witnesses. The debtor has the right to give dictation to the scribe when the contract of loan is being written. He should, however, give dictation according to the terms settled and should not diminish anything.

IV- Duties of the Creditors

1. A Muslim who advances loan should know that interest is forbidden in Islam. So he should help his brother in need with a gratuitous loan (Qard-e-Hasan). He should not charge any interest, neither he should expect any gift or any other unusual favour from his debtor. Acceptance of present or even riding upon the beast of debtor amounts to 'Riba' (interest) according to a tradition. Qard-e-Hasan (loan without interest) in itself is an act of great virtue and Allah rewards the lender out of His infinite bounty who helps Allah's creatures. A well-to-do Muslim, therefore, should not hesitate to give Qard-e-Hasanah to another needy Muslim.

2. Loan should be advanced to a genuinely needy person who requires the loan for his genuine needs and not for the purpose of luxuries or extravagant expenses on marriages and festivities or for unlawful activities like drinking and gambling. If a non-genuine person requests for loan, you have every right to turn down such request because you have no social responsibility under Islamic Shariah to help those who indulge in extravagance and illegal activities.

3. When a creditor lends money to someone, he should make a contract in writing with the debtor settling terms and conditions of loan and the time for its return. Such contract or document should be executed in the presence of two witnesses. According to a Hadith of the Holy Prophet, a person who lends money without any document or evidence is not helped by Allah when he cries for such help in case of non-recovery of loan.

4. The creditor should be generous enough in extending the time of repayment of loan if the debtor is in straitened circumstance and is unable to meet his demand. Giving respite to a debtor or postponing recovery of loan till the debtor is in easy circumstances is an act of great virtue

which gets reward of charity from Allah every day till the date of final recovery.

5. If the debtor has become insolvent and is not in a position to pay back the loan, the creditor is enjoined upon to remit the debt. Remission of loan amounts to almsgiving and is an act of great virtue which carries many rewards. According to Prophet Muhammad (PBUH), whoso gives respite to a debtor or grants him remission, Allah will protect him from the calamities of the Resurrection Day and will give him shade under His shade. According to another Hadith, a man was given pardon by Allah as he used to say to his son : "When you come to a needy person, grant him remission so that Allah may remit us of our sins."

6. If the debtor is not able to make full payment, the creditor shall accept partial payment and remit the balance or accept payment in installments. In case debtor's property is sold and the sale proceeds thereof are not able to fully satisfy the claim of the creditor, the creditor should content himself with the sale-proceeds and remit the remaining debt.

7. Although a creditor is allowed to use harsh words in case of a solvent debtor who does not repay the loan despite persistent demand, but still he is instructed not to lose his cool. He should kindly treat his debtor and should not injure dignity of the debtor by indecent course of recovery. Allah enjoins justice and kindness in mutual dealings.

If the debtor has surrendered some property or asset as security to the creditor, the creditor is not entitled to take any undue profit or benefit out of that because, according to jurists, it would amount to usury. However, he can ride the animal or get its milk if it is in pledge and he maintains it on his own expense.

Fundamentals of Islamic Economic System

By Dr. Muhammad Sharif Chaudhry

CHAPTER 13

PUBLIC REVENUE

Az-Zakat

Al-Ushr

Al-Khums

Al-Jizyah

Al-Fai

Al-Kharaj

Miscellaneous Sources

Can an Islamic State Levy Modern Taxes?

Public finance deals with the income and expenditure of a state. It consists of the efficient management of taxes

and other sources of revenue, proper budgeting and effective control over state expenditures. In this chapter, we would study in detail the sources of revenue, while in the next chapter we would discuss budget and expenditure of the Islamic state.

Sources of revenue of the public treasury (Bait-ul-Mal) in the Islamic state in the time of Prophet Muhammad (PBUH) and early caliphs included Zakat, Ushr, Khums, Fai, Jizyah and Kharaj. The first five sources have been mentioned in the revealed book of Islam, while the sixth arose out of the extended application of the Fai properties of the Islamic State. These sources were tapped and utilized by the state to defray its essential expenses incurred on discharging various functions, and also with a motive to distribute wealth among the poor and destitute classes of the society. Let us discuss these sources briefly as under.

1- Az-Zakat

‘Zakat’ or ‘Zakah’ literally means ‘growth’ or ‘increase’ or ‘nourishment’ Another derivative of this word carries the sense of purification. Thus, Zakat means ‘to grow’, ‘to increase’ or ‘to purify’. It is because of the fact that Zakat helps the purification of human soul from miserliness, selfishness, lust and greed of wealth and, thus, it paves the way for its growth and development. Technically, Zakat is a compulsory contribution, a sort of tax which is collected from the rich and distributed among poor or spent by the state for the welfare of the needy and helpless.

Zakat is levied on the authority of the Qur’an and Sunnah. The Qur’an says ! “establish worship, pay the poor-due (Zakat) and bow your heads with those who bow (in worship)”. (2:43). At another place, the Qur’an enjoins upon

the prophet of Islam to collect Zakat in these words: "take alms of their wealth, wherewith thou mayst purify them and mayst make them grow and pray for them. Lo! Thy prayer is an assuagement for them. Allah is Hearer, Knower" (9:103). The Prophet of Islam has been quoted by Mishkat-ul-Masabih on the authority of Ibn Umar as follows: "Islam is built on five things; to bear witness that there is no God but Allah and that Muhammad (PBUH) is His Messenger; to establish prayer; to pay Zakat; to make pilgrimage; and to keep fast in Ramadan".

Zakat is not only a tax but also an act of worship. It is one of the five fundamental articles of faith for a Muslim. It is the corner-stone of the financial structure of the Islamic State. Next to Salat (prayer), Zakat is the most important of the religious obligations enjoined on the followers of Islam. The importance of Zakat in Islam can be judged from this very fact that the Qur'an mentions Zakat for more than eighty times, while for twenty seven times commandments regarding Zakat are found in close connection with obligatory prayers. Hadrat Muhammad (PBUH), the Prophet of Islam, not only established a model system of collection and disbursement of Zakat but also made rules and regulations of this levy. Zakat is not a private charge but it is a State institution as referred to in the verses 60 and 103 of chapter 9 and verse no 41 of chapter 22 of the Holy Qur'an. Practice of the Prophet also establishes that system of Zakat was set up in the Islamic State as governmental institution. After the demise of the Prophet of Islam, when some people declined to pay Zakat, Hadrat Abu Bakar, the successor of the Prophet, declared war on them to enforce Zakat as a state levy.

Briefly speaking, following rules and regulations govern the system of Zakat:

1. According to jurists and scholars, Zakat is imposed on the wealth of a person who is (a) Muslim (b) adult (c) sane (d) free and (e) solvent. However, Zakat is payable on the wealth of a minor as well as on the wealth of an insane person and that is paid by the guardian. As it is a religious duty, it is obligatory on a Muslims only and no non-Muslim is obliged to pay it. A slave and insolvent debtor is also not liable to its payment.

2. Nisab of Zakat or the minimum limit of wealth which attracts liability of Zakat has also been fixed at various levels in case of different categories of wealth. Nisab in case of gold is 20 Misqal or 7.5 tolas or 3 ounces. In case of silver, it is 200 Dirhams or 52.5 tolas or 21 ounces. In case of camels, it is 5 in numbers. In case of cows, it is 30 and in case of goats and sheep, it is 40 in numbers. Articles of trade and general merchandise qualify for Zakat when their value is equal to Nisab of silver.

3. Rate of Zakat in case of gold and silver is 2.5%, in case of cattle wealth it varies between 1% to 2.5%, while in case of articles of trade it has been fixed at 2.5%. Assets of modern times like shares and stocks, cash and coins, investments and debentures, etc. are also charged to Zakat at the rate of 2.5%.

4. No Zakat is due on property before a year elapses. Ibn Umar reported that the Messenger of Allah said; 'Whoever acquires wealth, there is no Zakat therein till a year passed over it' (Tirmizi). For the purpose of Zakat, the Muslim financial year begins with the month of Ramadan. Advance payment of Zakat is also permitted like the advance payment of Income Tax these days.

5. Deduction of Zakat at source is also reported to have been initiated by the early Muslims as Muawiyah introduced the system of deduction of Zakat from pensions.

6. For the purpose of levy of Zakat, properties or goods are divided into two categories; goods of increase and goods of no increase. Goods of increase are real and capable of measurement such as animals, gold and silver, articles of trade, etc. Goods of no increase are buildings and personal effects. On the principle of productivity, Zakat is levied on the former but not on the latter.

Another classification for the purpose of charging Zakat is that of Amwal-e-Zahirah (visible or apparent wealth) and Amwal-e-Batinah (invisible or non-apparent wealth). Example of the former is farm produce, sheep, cattle, etc., while example of the latter is gold, silver, cash, etc.

7. Properties which were subjected to Zakat in the early Islamic State included gold and silver, animal wealth, articles of trade, etc. During the reign of Hadrat Umar, horses were also subjected to Zakat where they were bred and traded on a larger scale.

Industrial revolution and technological development have brought in their wake certain properties and assets which were not known in the early days of Islam such as; industrial machinery, bank or currency notes, bank deposits, bonds, securities, shares, stocks, debentures, certificates of credit, bills of exchange, insurance policies, provident funds, certificates of investment etc. Modern jurists and scholars of Islam are almost unanimously agreed that these assets are chargeable to Zakat in an Islamic State.

8. The following properties and assets have been exempted from the levy of Zakat:-

a) Personal effects like clothes, articles of furniture, household goods except ornaments and utensils of gold and silver.

b) Horses and asses for conveyance or Jihad.

c) Arms or weapons for personal use.

d) Cattle employed in farming or transportation of goods.

e) Tools of a professional for his personal use.

f) Residential house.

g) Slaves and servants.

h) Books.

i) Food for the owner and his family.

j) Agricultural land and factory building and machinery etc.

9. Zakat cannot be lawfully paid to members of the tribe of Hashim who was the great grand-father of the prophet of Islam. It cannot be paid to Non-Muslims. Servants and slaves are also not eligible for Zakat when it is paid to them in consideration of their services. A person possessing Nisab property is also not eligible for it. One's ascendants and descendants are also not eligible for Zakat. Wife and husband cannot pay Zakat to each other. Similarly, according to some jurists Zakat cannot be spent on the construction of a Mosque.

10. Zakat is levied only on what remains after satisfaction of one's basic necessities. Wealth for Zakat is

computed after deducting the amount of debt which the assessee owes to the others. All the wealth and assets owned by an assessee are not clubbed together for the purpose of Zakat because every category of wealth has its own Nisab and its own rate. In case of joint ownership of wealth, the share of each partner is considered separately. Zakat can be collected or paid in kind or cash, whichever method is convenient. Zakat on visible or apparent wealth is assessed and collected by the Islamic State but in case of invisible or non-apparent wealth Zakat can be assessed and determined by the Zakat payer himself. However, in this case also Zakat should be paid to the State.

2- Al-Ushr

Ushr means one-tenth. It is a tax on agricultural produce. It is frequently used in the sense of Sadaka and Zakat, because no strict line is drawn between Zakat and Ushr in Fiqh books. The term Ushr is not found in the Qur'an, but two verses (2:267 and 6:141) are taken to refer to it and it is on the authority of these verses that ushr is levied. The Qur'an says:

1. O Ye! Who believe! Spend of the good things which ye have earned and of that which We bring forth from the earth for you.....

-(Al-Baqarah 2:267)

2.Eat ye of the fruit thereof when it fruiteth, and pay the due thereof upon the harvest day, and be not prodigal.

-(Al-An'am 6:141)

Keeping in view the above - mentioned Qur'anic mandate, the prophet of Islam Hadrat Muhammad (peace be upon him) levied Ushr on agricultural produce.

The following rules and regulations framed in the light of the Qur'an and Sunnah of the prophet of Islam govern the levy of Ushr:-

1. Ushr is collected on the agricultural produce of Ushr lands. Concept of Ushr lands was developed by the Muslim Jurists and scholars in Fiqh books. Briefly speaking the lands of those who accepted Islam, and which remained in their possession, as Makkah, Madina, Taif, Hijaz, Yemen and other Arabian Territories are included in Ushr lands. Lands granted by the Imam to Muslims as fiefs, lands obtained by Muslims from the state lands of Al-Swad etc., are also included in Ushr lands.

2. Jurists have classified the agricultural produce in two categories for the purpose of determination of Ushr dues: Firstly, farm produce like corn and vegetable and secondly, garden produce like fruits, honey, etc. In the view of Imam Abu Hanifa, Ushr is chargeable on all farm produce such as corn, vegetables and fodder. On the other hand, Imam Shafii, Imam Malik and Imam Abu Yusuf have opined that no Ushr is chargeable on the produce which cannot be stored or measured. Thus, according to them, Ushr is not chargeable on vegetables and fodder. So far as garden produce is concerned, Imam Abu Hanifa subjects all kinds of fruit to Ushr, while Imam Shafii is of the opinion that Ushr can be imposed on dates and grapes only.

3. According to Ahadith and Sunnah of the Prophet of Islam, Ushr is levied at the rate of one-tenth or 10% of the produce in case of land irrigated by natural sources like rain, springs or streams. However, the rate of Ushr is one-half i.e. 1/20 or 5% of the entire produce in case of land

watered by artificial means of irrigation such as wells, buckets etc. The tax is charged before deduction of any expenses on account of cultivation or production.

4. Nisab or minimum amount of agricultural produce which is liable to Ushr is 5 Vasqs or 948 Kg. in weight. If the produce is less than that, no Ushr is chargeable.

5. Ushr on agricultural produce is paid at the time of harvest when the crops are reaped or fruits are taken away. The Qur'an says; "... And pay the due thereof upon the harvest day....." (6:141). Thus, period of one year is not essential for levy of Ushr like Zakat on gold and silver.

6. Ushr is payable only when there is actual produce, the land is Ushr land and the producer or the owner of the produce is a Muslim. Owner may be an adult or a minor, a man or a woman, a slave or a makatab, Ushr will have to be paid. Even a Waqf is subjected to Ushr.

In case the owner of the land has himself cultivated it, he will be charged to Ushr. If the land has been given on lease or rent by the owner and has been cultivated by the tenant or leaseholder, then the tenant or the leaseholder would be paying the Ushr because he is the owner of the produce (Abu Yusuf).

In Mazaraat, i.e. when the land is given to the tenant on the basis of produce sharing, Ushr would be paid by the landlord if the seed has been supplied by him. If the seed is supplied by the tenant, then the land-owner and the tenant, both of them, would be paying Ushr according to their shares in the produce.

If the land is leased or rented to a Zimmi, the Ushr would be paid by its Muslim owner, because by renting the

land to a non-Muslim, he has deprived the state of its right to Ushr.

7. If the crops are destroyed on account of natural calamities or theft, there would be no Ushr. If the owner gets compensation for destruction of the crop, then he would be paying Ushr out of such compensation.

3- Al-Khums

Al-Khums means one-fifth. It is the share of the Islamic state which was collected from the following:-

1. Spoils of war or war booty is subjected to Al-Khums at the rate of one-fifth on the authority of Al-Qur'an. The Qur'an says; "and know that whatever ye take as spoils of war, Lo! A fifth thereof is for Allah, and for the messenger and for the Kinsman (who hath need) and orphans and the needy and the wayfarer, if ye believe in Allah and that which We revealed unto Our slave on the Day of Discrimination, the day when the two armies met. And Allah is able to do all things" (Al-Anfal 8:41)

Khums on spoils of war used to be the major source of revenue of the Islamic State during its expansionist period, particularly during the period of the Prophet and the right-guided caliphs.

2. Khums on the produce of the mines or mineral wealth was charged by the Islamic State at the rate of 20%. However, Imam Shafii and Imam Hanbal are of the view that mines should be charged to Zakat at the rate of 2.5%.

3. Khums on Treasure-Trove or Rikaz is also charged by the Islamic State. The finder or discoverer of

such treasures, be he a Muslim or Zimmi, gets four-fifth, while one-fifth goes to the State.

4. Khums is also levied on what is extracted from the sea like pearls, ambergris, etc. It is reported that Hadrat Umar levied Khums on the pearls and appointed Yaali-b-Ummayah as tax collector.

4- Al-Jizyah

Jizyah is derived from 'Jaza' which means 'recompense' or 'compensation'. It is a tax imposed by an Islamic State on its non-Muslim subjects in lieu of protection given to their lives and properties. The non-Muslims are called Zimmis or protected or covenanted people. The tax is also called 'tribute' or 'poll-tax'.

Jizyah is levied on the authority of Al-Qur'an (Chapter 9, verse 29) which commands the believers : "Fight against such of those who have been given the scripture as believe not in Allah nor the Last Day, and forbid not that which Allah hath forbidden by His messenger, and follow not the religion of truth, until they pay the tribute (Jizyah) readily, being brought low".

Rules framed in respect of Jizyah in the light of the Qur'an, Sunnah of the Prophet and practice of the right-guided caliphs are as follows:-

1. Though Jizyah was initially imposed on people of scripture (Ahl-e-Kitab), later on when the non-Arab countries were conquered by the Muslims it was imposed on all non-Muslim communities of every faith. However, it is levied on able-bodied adult male non-Muslims who are

capable to participate in war but who do not join the defence forces of the Islamic State.

2. The following classes of Zimmis (protected people) are exempt from the payment of Jizyah tax:-

- a) All females.
- b) Males below age of puberty.
- c) Old men.
- d) All sick, blind or crippled.
- e) Priests and monks.
- f) The slaves.
- g) Persons who join military service.
- h) The destitute, poor and beggars.
- i) Insane and mentally retarded persons.

3. The Prophet of Islam imposed Jizyah at the rate of one Dinar or 12 Dirhams per person per annum. However, during the reign of Hadrat Umar, the rates of Jizyah were raised according to the income level of the tax-payers. For the rich, the rate was fixed at 4 Dinars; for the middle class, it was fixed at 2 Dinars, and for the lower class it was retained at one Dinar. Disabled and poor Zimmis who have been reduced to begging or who have been over-taken by a calamity are not only exempted from Jizyah but also are eligible for support from the public treasury of the Islamic State.

4. No harsh or oppressive measures to collect Jizyah were allowed under the instructions of the right-guided caliphs. Since Jizyah was imposed on non-Muslims for the protection of their lives and properties, it is not chargeable when the Islamic State is unable to provide such protection. There are many examples in the history of Islam when the amount of Jizyah collected from the non-Muslims was refunded to them in times of war because the Islamic State found itself unable to defend the non-Muslims.

5. No doubt, Jizyah has been subjected to bitter criticism by the non-Muslim scholars, yet there is ample justification for imposition of Jizyah on non-Muslims by the Islamic State. Muslim scholars and jurists have held the imposition of Jizah tax on zimmi as justified on the following grounds:-

(a) In the Islamic State every adult Muslim citizen is obliged to take up arms for its defence when the State is attacked. In the case of non-Muslim citizens, there is no such compulsion. Therefore, non-Muslim citizens are required in all fairness to compensate the Muslim community in sharing of financial burdens. However, those non-Muslims who participate in war are exempted from the payment of Jizyah.

(b) The Muslim citizens of an Islamic State pay Zakat to the state while the non-Muslims are exempted from it. In this situation, the non-Muslims are rightly expected to contribute to the State Treasury for sharing the civic burdens of the Islamic State. It is interesting to note that the rate of Zakat is much higher as compared with rates of Jizyah. In case of a wealthy Muslim the incidence of Zakat would be in thousands while in case of a wealthy non-Muslim the amount of Jizyah would be only 4 Dinars at the most.

5- Al-Fai

Fai means 'to return', 'to revert', 'to come back'. When the Muslims conquered enemy countries by armed force they gave name of Fai to perpetuated incomes obtained once and returned again each year. The term Fai is applied in the Qur'an and the Sunnah exclusively to war gains—whether consisting of lands or tribute or indemnities—which are obtained from an enemy who has laid down arms before actual fighting has taken place.

Revenue from Fai is derived by the Islamic State under authority from the Qur'an. The Qur'an says: "And that which Allah gave as spoil unto His messenger from them, ye urged not any horse or riding-camel for the sake thereof, but Allah giveth His messenger lordship over whom He will. Allah is Able to do all things. That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you. And whatsoever the messenger giveth you, take it. And whatsoever he forbiddeth, abstain (from it). And keep your duty to Allah. Lo! Allah is stern in reprisal. -(59: 6-7)

Thus according to the Qur'an, Fai means such of properties of the unbelievers as are returned to the Muslims without war. It is not to be distributed like booty among the soldiers, but the whole of it is for Allah and His apostle. From the Sunnah and Practice of the Prophet of Islam it is evident that the Prophet himself used to manage Fai as the head of the Islamic republic.

After the death of the Prophet, when Iraq, Iran and Egypt were conquered by Muslim armies, there was a

controversy among the Muslims concerning the lands of these countries. Companions of the Prophet at the request of caliph Hadrat Umar held meetings to discuss and deliberate upon the issue. Imam Abu Yusuf in his book Kitab-ul-Kharaj gives a lengthy and interesting account of these debates. Abdul Rahman, Zubair and Bilal backed by the army generals were of the view that the conquered lands should be divided among the soldiers just like other categories of booty from which one-fifth is taken out for the Muslim community and four-fifth is distributed among the participating soldiers. On the other hand Hadrat Umar backed by Ali-b-Abi Talib and Muadh-b-Jabal was of the opinion that these lands should be retained in state control and should not be distributed among the soldiers. The reasons why Hadrat Umar wanted to retain lands in state control were that he wanted a regular source for the government for war expenses, for the pay of soldiers and other state officials and also for the purchase of arms. Moreover, he wanted to retain the land in the state control as Fai belonging for all time to the whole Muslim Ummah for the benefit of all future generations. At last Hadrat Umar succeeded in persuading the members of Shura with his convincing arguments to agree to his point of view. Thus, it was decided that the conquered lands of these countries would be considered Fai property and would be kept under state control for the benefit of all Muslim Ummah including future generations. Income from these lands would be considered Fai revenue and would be utilized for common benefits and for state expenses in the light of the Qur'an and the Sunnah.

6- Al- Kharaj

Kharaj means revenue, tax, rent, rate, lease, produce, income, wages, etc. received from land which the Muslim

jurists call Kharaj land. According to Imam Abu Obaid, Kharaj is rent or produce received from land. It is, in fact, an agricultural tax received from non-Muslim owners of the lands.

Kharaj was levied by the early Muslims on the authority of the Qur'an, on the basis of the interpretation of the verses numbering from 7 to 10 of surah 59 called Al-Hashr. Sanction for the levy of Kharaj is also found from the practice of the Prophet of Islam who gave the conquered lands of Khaiber to the Jews (who were previous owners of these lands) on the agreement that they would pay half of the produce to the Islamic State.

It has already been discussed in detail under the head Fai that Hadrat Umar, after consultation with his Shura, retained the conquered lands of Iraq, Iran, Egypt and other provinces under State control. The State in turn permitted the previous owners of these lands to cultivate the lands on behalf of the state and pay a definite part of the produce as a tribute to the public treasury. This tax which came to be called Al-Kharaj was fixed either per unit of land in the form of cash or share of the harvest in kind. Once the lands was declared as Kharaj land, Kharaj Tax continued to be paid by the tiller even if he embraced Islam.

Soon after taking over the conquered lands in the State control, Hadrat Umar set to re-organise the system of revenue. Survey of these lands was carried out and Kharaj was imposed according to the rates fixed per unit of land on different categories of crops. The system was set up so efficiently that the revenue from Kharaj rose before the death of Hadrat Umar to an impressive level of 12.80 crore Dirham in Iraq, in Egypt it rose to 1.20 crore Dinar and in Syria it amounted to 1.40 crore Dinar.

Some of the rules and by-laws of Kharaj are briefly stated as under:-

1. Kharaj has been historically charged on either of the two basis i.e. on fixed rate or on proportional basis. Hence the jurists have classified Kharaj into two types; fixed Kharaj levied at a fixed amount per unit of area; proportional Kharaj which is charged in the form of a definite portion of the produce, for example, one-half or one-third etc. During the times of Hadrat Umar fixed Kharaj was charged while in the Abbaside period proportional Kharaj was levied.

2. Kharaj is charged on the Kharaj land. Whether the owner is minor or adult, free or slave, Muslim or Zimmi, does not make any difference.

3. The land once declared as Kharaj land continues to remain as such even if the owner becomes Muslim or he sells the land to a Muslim.

4. In case of destruction of the entire crop by some natural calamity, no Kharaj is charged if the land is being subjected to proportional Kharaj.

5. No Ushr can be levied on land which is Kharaj land.

6. No Kharaj is payable on the habitations or houses of the land-owners.

7. In case of payment of Kharaj every facility is given to the tax-payer and very lenient treatment is accorded. Hadrat Ali issued special instructions to the Kharaj collectors not to attach household effects, clothes, cattle and implements of the farmer in the recovery of Kharaj.

7- Miscellaneous Sources

Apart from the six major sources of revenue narrated above, the following miscellaneous revenues also contributed towards the public treasury of the early Islamic State:-

1. Hadrat Umar introduced import duties which were charged on the articles of trade and merchandise imported into Islamic State. Abu Musa Ashari, the Governor of Iraq apprised the caliph about the fact that the Roman and Persian Governments of the neighbouring countries were levying import tax on the Muslim traders who visited their countries to sell their articles of trade. So the Islamic State also levied a tax of 10% on the goods brought into Muslim territories by Harbi traders as a reciprocal measure. Later on, the tax was also extended to the Zimmi and Muslim traders at the rate of 5% and 2.5% respectively. These import duties on mercantile goods are called 'ushur' by the Muslim jurists. In the modern world these taxes are called import duties or custom duties or tolls.

2. Income from public domain or the lands owned by Bait-ul-Mal is another source of revenue in an Islamic State.

3. Income from Waqf properties (Properties or lands donated by generous persons to the Islamic State for charitable cause) is yet another source of substantial revenue for the Islamic State.

4. Other minor sources include the following:-

- a) Income from lease or license to exploit or use certain things belonging to Islamic State.

- b) The proceeds from things found on the highways when there is no claimant of such things.
- c) Property found in the hands of thieves and highway robbers when there is no owner to claim it.
- d) Estates of persons leaving no heir and no will.
- e) Property of apostates confiscated by the State.
- f) Property of Zimmi-rebels guilty of treason.
- g) Income from forests, etc, etc.

8- Can an Islamic State Levy Modern Taxes?

Can an Islamic state impose taxes such as Wealth tax, Income tax, Customs Excise, Sales tax, Gift tax, Capital Gains tax, Property tax, etc., on its Muslim citizens in addition to Zakat? This question is being hotly debated these days. The issue cannot be resolved easily since there are no clear instructions either in the Qur'an and the Sunnah in the favour of or against the proposition under debate. Some people argue that an Islamic state cannot charge taxes besides Zakat from its Muslim subjects, while others are of the opinion that the State, in case of need, is well authorised to levy taxes in addition to Zakat. Interestingly, both the groups try to build up their arguments from the Qur'an and the Sunnah and also quote the early jurists in order to prove their contention. Since there is no direct injunction of the Holy Qur'an or of the Sunnah which would either authorise the Islamic state to impose taxes or would prohibit it to do so, there is no need of analyzing and discussing the arguments of both the groups of contenders.

However the study of the Qur'an, the Ahadith and the practice of the Prophet of Islam, the conventions of right-guided caliphs, the opinions of the jurists of Islam and the experience of states through history reveals that some sort of justification can be found enabling the Islamic state to impose extra-Shariah or worldly taxes in addition to Zakat for funding emergency needs and for meeting the huge expenses of its welfare functions. Such justification has been found by the scholars on the following grounds:

1. The activities of a modern Islamic state have expanded, like any other modern state, due to socio-economic changes brought about by the industrial revolution and the progress made in science and technology. In addition to performing the traditional functions of a conventional state, a modern state is expected to provide socio-economic infrastructure for industrial development, education and medical relief, means of communication and transport, employment and civil amenities, etc. Thus, the need for finances has increased for meeting the huge expenses on newly assumed manifold responsibilities by the state. But on the other hand, the sources of finance like Khums on spoils of war, Fai, Kharaj and Jizyah etc. which were available to the early Islamic state are no longer available to a modern Islamic state. So a modern Islamic state has to impose taxes to supplement its Zakat revenues for meeting its ever-growing expenses.

2. The Qur'an prescribes the heads of expenditure of Zakat funds of an Islamic State when it says: "The alms are only for the poor and the needy and those who collect them and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers....." (9:60). Thus, the Zakat revenues can be applied by the Islamic state only on the expenditures enumerated by the Qur'an. It has no discretion to utilize Zakat funds on the heads of expenditure other than

listed by the Qur'an. Therefore, the government of an Islamic state has to impose taxes in order to meet its expenses other than those to which Zakat revenues can be applied.

3. In another verse, the Qur'an says: "It is not righteousness that ye turn your faces to the East and the West: but righteous is he who believes in Allah and the last day and the Angels, and the Scripture and the Prophets and giveth his wealth for love of Him, to kinsfolk and to orphans and the needy and wayfarer and to those who ask, and to set slaves free; and observeth proper worship and payeth the poor due (Zakat)....." (2:177). This verse of the Qur'an is making the rich liable (in addition to the payment of Zakat) to spend their wealth for their kinsfolk, for orphans, for the poor and the needy and also for the emancipation of slaves and assistance to the wayfarer. Many jurists see in this verse a clear authority enabling the Islamic state to impose taxes in addition to Zakat for the purpose of meeting its expenses on such welfare activities.

In yet another verse, the revealed book of Islam ordains: "And they ask thee what they ought to spend. Say: That which is superfluous" –(2:219). From the word "afw" (superfluous) used in this verse, many scholars like Maulana Maududi understand that it provides clear scope for taxation besides Zakat.

4. There is a well known Hadith which says: "There are other claims too on the wealth of a person besides Zakat." This Hadith is interpreted by the scholars to authorise the Islamic state to impose taxes besides Zakat when the state needs funds for its expenditures. Moreover, the Nisab and rates of Zakat have been prescribed by the Prophet of Islam and the same cannot be changed, according to the opinion of many of the jurists. Thus, the Zakat revenues cannot be increased beyond a certain limit

and, therefore, are unable to meet the ever-growing expenses of the state. Therefore, the state will have to explore additional sources.

5. The early jurists of Islam have unanimously held that the Islamic state can impose extra-Shariah taxes or compulsory contributions (whom they call *Nawa'ib*) in case of emergency needs like war, flood, earth-quake, cyclone, outbreak of epidemic, etc. The Holy Prophet himself asked for contributions for the Battle of Tabuk and his companions even contributed all of their belongings.

6. History bears witness to the fact that taxes in addition to Zakat were levied even in the early period of Islam. Hadrat Umar imposed duties on imports which were called *Ushur* in those days. He also included the horses (which had not been subjected to Zakat in the time of the Prophet) in the list of properties chargeable to Zakat.

7. It is a cardinal principle of Islamic Jurisprudence that anything which is for the welfare of the Muslim Ummah can be done provided it is not explicitly prohibited by any Injunction of the Qur'an and Sunnah and it also does not violate any tenet of Islam. Thus, the Islamic state can impose taxes to augment its Zakat revenues for the welfare of the Ummah provided in doing so no Injunction of Islam is violated.

On the basis of the above-mentioned arguments, it has been held that the Islamic state is authorised to levy and collect taxes like Income tax, Wealth tax, Property tax, Customs, Excise, Sales Tax, etc. in addition to Zakat from its Muslim citizens provided the following conditions are fulfilled:-

a) Taxes should be levied for emergencies, contingencies or genuine needs of the state and not for benefit of the ruling classes.

b) Tax proceeds should be prudently applied and honestly spent for the welfare of all in the public interest without any discrimination.

c) Principles of equity, justice and fairness should govern the charge, assessment and collection of taxes.

d) When the objective or the purpose of imposing a certain tax is achieved, that tax should be withdrawn.

e) And the last condition is that the rules and regulations and the tax laws and procedures should not be inconsistent with or repugnant to any injunction or provision of Islam.

If the above-mentioned provisions are met the Islamic state can levy as many taxes as are required to meet its expenditure.

CHAPTER 14

PUBLIC EXPENDITURE

Types of Budget

The System of Budgeting

Classification of Expenditure

Principles of Expenditure

Bait-ul-Mal

In this chapter, if God will, we shall deal in detail with government budget and public expenditure.

I- Types of Budget

Budgets in modern secular states are generally of two types – current budget and capital budget. Current budget is prepared to meet current expenditure on civil administration, defence, debt servicing and other expenses of current nature; whereas capital budget is prepared to meet for capital expenditure of enduring nature such as building of infrastructure, educational institutions and health facilities, tele-communications, defence projects, dams, canals, power stations, roads and railways.

However, budgeting in an Islamic state is a little different. All revenues from Zakat, Ushr and Sadaqat are transferred to BaitulMal (public treasury) for expenditure on welfare of the poor and needy; while other revenues from taxes and non-tax resources are allocated for expenditure on civil administration, defence, economic development projects, payment of state debt if any, and other items of revenue or capital nature.

It means that budget in the Islamic state is of two types: Welfare budget and general budget. Sources of welfare budget are Zakat and Sadaqat and it is expended on heads of expenditure mentioned in the Qur'n (9:60) which concern mainly the welfare and relief of the poor and have-nots. General budget is financed through taxes and

non-tax revenues, while it is spent on all the current and capital expenditure of the state pertaining to its general and administrative activities. However, when funds from Zakat and Sadaqat fall short of meeting the needs of the poor, the state would transfer the funds from general budget to welfare budget. But it cannot be vice versa i-e, revenues from welfare budget cannot be transferred to general budget because Allah Himself has prescribed the heads of expenditure on which Zakat and Sadaqat can be spent.

II- The System of Budgeting

The system of budgeting followed in the Islamic state is that a fair estimate of revenues from all the resources of the state is carefully prepared and then distributed for various categories of expenditures. Thus, in the Islamic State the basis of budgeting is the revenue, which determines the amount available for expenditure. In simple words, the system of Islamic budgeting is based on the maxim: "cut your coat according to your cloth." Expenditure is determined in accordance with the quantum of revenues available on account of taxes and other sources of income of the Islamic State. On the other hand, the budgeting system being followed these days in modern states of the world is just the opposite. According to the modern system of budgeting, an estimate of expenditure under various heads is prepared and then ways are found to raise the required finances by manipulating various taxes and sources of income of the state in order to balance revenue with the expenditure. Thus, the noticeable tendency on the part of a modern state is to incur expenditure beyond its means. Huge expenditures under various heads are undertaken despite scarcity of resources, which result in substantial deficits. These deficits are financed through internal and external borrowings, printing of currency notes, etc. which

lead ultimately to inflation and sometimes to recession and economic depression.

On the contrary, the Islamic budgetary system is simple, convenient and logical. In this system we cut our coat according to the cloth available. Thus, we do not outstrip our means. Expenditure is according to the revenue available. The budget is normally a surplus or at least a balanced budget. There is no need of loans or printing of notes for deficit financing. Thus, the Islamic system provides safeguards against the dangerous tendencies inherent in the modern budgets such as heavy debts, inflation, and cyclic depressions and recessions.

Islam is religion of moderate or middle way. In spending, the Qur'an has condemned miserliness as well as extravagance, while moderation in expenditure has been recommended. Al-Qur'an says:

1. And let not thy hand be chained to thy neck nor open it with a complete opening lest thou sit down rebuked, denuded.

-(17 : 29)

2. An those who, when they spend, are neither prodigal nor grudging; and there is ever a firm station between the two.

-(25 : 67)

The principles laid down by the Qur'an regarding moderation in expenditure are observed while preparing estimates of public expenditure by the Islamic state at the time of budgeting.

III- Classification of Expenditure

Since the Islamic Shariah has prescribed the items of expenditure in respect of certain categories of revenues, the classification of expenditure follows the lines of revenue. In the Islamic State, the revenue derived is either from Zakat and Sadaqat or from other sources like Jizyah, Kharaj, etc. Therefore, the broad classification of the revenues in the Islamic state is as follows:-

1. Zakat and Sadaqat.
2. Ghanaim or Spoils like Khums and Fai.
3. Revenues from Jizyah, Kharaj, Import duties, and other financial imposts and extra-Sharaih taxes.

The heads of expenditure of Zakat and Sadaqat funds have been prescribed by the Qur'an in its verse No. 60 of Chapter 9 which reads as follows: "The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled, and to free the captives and the debtors, and for the cause of Allah, and for the wayfarer; a duty imposed by Allah....." An Islamic state is bound-as it is a duty imposed by Allah- to apply the Zakat funds on the categories of the beneficiaries enumerated in this verse. Thus, the revealed book of Islam prescribes eight heads of expenditure in respect of revenues from Zakat and Sadaqat namely: (1) The poor (2) The needy (3) The collectors of these revenues (4) Persons whose hearts are to be reconciled (5) Freeing of captives (6) Freeing of debtors (7) The cause of Allah and (8) The wayfarers. In the time of the Prophet of Islam and early Caliphate, Zakat revenues were applied in accordance with Qur'anic injunctions. Even the modern Islamic state has to apply

these funds on all or any of the heads of expenses listed by the Qur'an.

For second category of revenues, that is the Ghanaim, the Qur'an has recommended the items upon which they can be spent by the Islamic state. In its verse 41 of chapter 8, al-Qur'an prescribes the one-fifth share of spoils of war for the Islamic state and also mentions the categories of its beneficiaries. The verse reads: "And know that whatever ye take as spoils of war, Lo ! a fifth thereof is for Allah, and for the messenger and for the kinsman (who hath need) and orphans and the needy and the wayfarer....." Regarding the expenditure of revenue from Fai, the Holy Qur'an says: "That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it becomes not commodity between the rich among you....." (59 : 7). In the next verses numbering 8, 9 and 10 of this Surah, mention has also been made of the poor fugitives (Muhajirin) and the needy among Ansar of Madinah and also of those who came after them. Thus, according to the Qur'an, heads of expenditure of Khums and al-Fai revenues are almost the same, namely: (1) Allah and his messenger (2) Near of kin (3) The orphans (4) The needy (5) The wayfarers. The Prophet (PBUH) used to spend his share on his own needs and on the needs of his family. The share of kinsmen was disbursed by him among the descendants of Hashim and Abdul Muttalib. In the times of Hadrat Abu Bakr and Hadrat Umar, the shares of the Prophet and his kinsmen were spent on the purchase of weapons for the Muslim armies.

The third group of revenues i.e. Kharaj, Jizyah, tolls and other financial imposts which formed major source of governmental income, were spent by the Islamic state for the expenses of defence, general administration, public

works and all other expenses which cannot be allowed out of Zakat funds.

IV- Principles of Expenditure

The following principles of public expenditure have been laid down by Majallah, the Ottomon Civil Code, which is based on Sunni Fiqh:[1]

1. The principal criterion for all expenditure allocations should be the well-being of the people;
2. The larger interest of the majority should take precedence over the narrower interest of a minority;
3. The removal of hardship and injury must take priority over the provision of comfort.
4. A private sacrifice or loss may be inflicted to save a public sacrifice or loss and a greater sacrifice or loss may be averted by imposing a smaller sacrifice or loss.
5. Whoever receives the benefit must bear the cost.

All the above mentioned five principles should be strictly observed while making expenditure allocations to various sectors and heads of expenses. Rule 2, 3, 4 and 5 can also be applied to taxation.

V- Bait-ul-Mal

Bait-ul-Mal or public treasury, according to some view, was founded by Prophet of Islam himself when he established Islamic state at Al-Madinah. But this view is not supported by majority of the scholars of Islamic history for the reason that in the reign of the Prophet the income of the state was meagre which never exceeded its expenses and hence the need of Bait-ul-Mal was never felt. According to more current and dominant view, Bait-ul-Mal was first established during the reign of Abu Bakr who succeeded the Prophet in the year 632, A.D. as First caliph of the Islamic state. With the conquests of Iraq, Syria and other countries there was considerable increase in the revenues of the Islamic state which necessitated the establishment of public treasury. However, Bait-ul-Mal took its real shape on permanent footing during the rule of Umar Farooq, the second caliph of Islam. It is during his time that the treasures of countries conquered from former Iranian and Roman empires started pouring into Muslim capital which made the institution of Bait-ul-Mal a powerful and very important department of the Islamic state.

It is better to explain the concept of Bait-ul-Mal, as envisaged by early Muslims who founded it, before we proceed to dilate upon sources of its income and heads of its expenses. "Every property which belongs to Muslims in general and not to any Muslim in particular constitutes a part of the assets of the public treasury (Bait-ul-Mal). It is not necessary that the property should be actually in the vaults (hirz) of the treasury for it to be considered an asset of the treasury, because the conception of Bait-ul-Mal refers to the destination of the property, not to its actual location. Therefore, every expenditure which must be incurred in the interests of the Muslims in general is a liability of Bait-ul-Mal and when it is made, it is considered to have been made by it, whether or not it has actually been paid out of the vaults of Bait-ul-Mal; this is for the reason that a revenue which has gone into the hands of the public collectors or has been

directly spent by them is really a part of the income and expenditure of the Bait-ul-Mal itself, and therefore, subject to the regulations governing the same".[2]

The revenues which accrue to the Bait-ul-Mal of the Islamic state have been placed by the classical jurists of Islam under three categories. They are :

(1) the 'Zakat' and 'Sadaqah' revenues; (2) the 'ghanimah' revenue or spoils of war; (3) the 'fai' revenues such as Jizyah and Kharaj. These revenues have already been discussed in detail in the previous chapter. Since the revenues falling under the second and third category are no longer available to a modern Islamic state, the same would be substituted by the modern taxes.

The above mentioned classes of revenue are maintained distinctly under separate heads or titles by the Bait-ul-Mal as the items of expenditure to which they can be allocated are different in Shariah. The Zakat and Sadaqat revenues can be applied to the heads of expenditure as prescribed by the Qur'an (in its verse 60 of chapter 9) which relate mainly to the welfare of the poor; whereas other revenues are expended by the Islamic state at its discretion to fulfil its multifarious responsibilities such as establishment of law and justice, defence, civil administration, transport and communication, economic development, education and health and social action programme.

A full-fledged proper organisation of Bait-ul-Mal existed during the Muslim rule right from the time of Umar Farooq, the second caliph of Islam. Central Bait-ul-Mal existed at the capital of the empire under the direct control of the caliph, whereas at provincial level the Bait-ul-Mal was controlled by the governor of the province. There were no commercial banks or central bank during those times. It appears that all the requirements and needs of the

government and the society used to be met by Bait-ul-Mal which supervised public revenues and public expenditure, helped the poor and performed almost similar functions which the ministry of finance performs today. In addition to that, it also performed the functions of a central bank except issue of currency, and control of credit and interest rates which are modern devices.

[1]. Quoted by M. Umer Chapra: Islam and the Economic Challenge.

[2]. Nicolos P. Aghnides: Muhammadan Theories of Finance.

CHAPTER 15

SOCIAL SECURITY

General Meaning

Islamic Concept of Social Security

Social Security in Practice

I- General Meaning

The term social security has recently come into common usage. However, this term has not been exactly defined. So every individual and community assigns to it meanings of his or her own liking.

Social security laws, according to a jurists, are "those legal mechanisms primarily concerned to ensure the provision for the individual of a cash income adequate, when taken along with the benefits in kind provided by other social services, to ensure for him a culturally acceptable minimum standard of living when the normal means of doing so fail."

Broadly speaking, social security embraces in its fold social assistance, provision of basic necessities of life, social insurance against risks of hazards (such as sickness, old age, unemployment), public maintenance, etc.

The idea of social security originated in realisation by the state of its responsibility to provide its citizens adequately against certain contingencies like want, poverty, disease, illiteracy, unemployment and old age. Formerly social security benefits were confined merely to workers, but lately the same have been extended to all citizens. Thus in the modern world, almost, all the countries are maintaining some sort of social security schemes for providing monetary benefit to persons suffering economic hardship. Such schemes embrace in their fold insurance against sickness and unemployment; pensions to old people, widows and disabled; compensation to workers who have met with some accident; maternity benefits; family allowances etc.

II- Islamic Concept of Social Security

The Islamic concept of social security originates from the following verses of the Qur'an and the Ahadith which enjoin upon the believers of Islam to help their poor and needy brothers-in-faith who are unable to fulfil their basic human needs:

1. They ask thee, (O Muhammad), What they shall spend. Say: That which ye spend for good (must go) to parents and near kindred and orphans and the needy and the wayfarer. And whatsoever good ye do; Lo! Allah is Aware of it.

-(2 : 215)

2. And serve Allah. Ascribe nothing as partner unto Him. (Show) kindness unto parents, and unto near kindred, and orphans, and the needy, and unto the neighbour who is of kin (unto you) and the neighbour who is not of kin, and the fellow-traveller and the wayfarer and (the slaves) whom your right hands possess. Lo! Allah loveth not such as are proud and boastful.

-(4 : 36)

3. The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to be reconciled and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah. Allah is Knower, Wise.

-(9 : 60)

4. And in their wealth the beggar and the outcast had due share.

-(51 : 19)

5. That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you....

-(59 : 7)

6. And in whose wealth there is a right acknowledged. For the beggar and the destitute.

-(70 : 24-25)

7. The Holy Prophet is reported to have said: The government is the guardian of anyone who has no other guardian.

-(Abu Daud, Tirmizi)

8. Miqdam reported that the Messenger of Allah said: "I am nearer to every believer than his own self; so whoever leaves behind a debt or children to support, it shall be our charge; and whoever leaves property, it is for his heirs, and I am the heir of the person who has no heir. – I inherit his property and pay his debt."

-(Muslim)

9. It is reported from Abu Hurairah that the Messenger of Allah said: "I am, according to the Book of Allah, nearest to the believers of all human beings. So whoever amongst you dies in debt or leaves behind destitute children, you should call me for help, for I am his guardian. And who amongst you leaves property, that is for his inheritor, whoever he is."

-(Muslim)

10. Abu Hurairah reported that the Messenger of Allah said: One who strives for the widows and the poor is like one who fights in the way of Allah. He said: I shall regard him as one who stands up (for prayer) without rest and as one who fasts without break.

-(Bukhari and Muslim)

11. Ibn Umar reported that the Messenger of Allah said: There is a key for everything and the key of Paradise is love for the poor.

-(Darqutni)

12. Anas reported that the Messenger of Allah said: The best charity is to satisfy a hungry belly.

-(Baihaqi)

13. If anyone spent a night in a town and he remained hungry till morning, the promise of God's protection for that town came to an end.

-(Musnad Ahmad)

14. Abu Saeed Khudri reports that the Apostle of Allah said: Anyone who possesses goods more than his needs, should give the surplus wealth to the weak (poor) and whosoever possesses food more than his needs should give the surplus food to the needy and the destitute.....

-(Quoted by Ibn Hazm)

15. Ali is reported to have said: God has made it obligatory on the rich to meet the economic needs of the poor upto the extent of their absolute necessities. If they are hungry or naked or in financial hardship, it is because the rich are not doing their duty. God will question them about it on the Day of Judgement.

-(Quoted by Ibn Hazm)

From the above mentioned verses of the Qur'an and Ahadith of the Holy Prophet, it is clear that Islamic state being guardian of the poor and helpless is responsible for providing the barest necessities of life to its poor and needy citizens. In the income of the state from Zakat, spoils of war and fai, the Qur'an has especially mentioned the share of the poor and the needy. Besides making the Islamic state responsible to provide for the poor, Islam also enjoins upon its rich followers to help their poor relatives, friends and neighbours.

Basic human needs or the barest necessities of life have been defined by the following verse of the Qur'an and Hadith of the Holy Prophet:

1. There is therein (enough provision) for thee not to go hungry nor to go naked; nor to suffer from thirst, nor from the sun's heat.

-(Al-Quran 20 : 118-119)

2. The son of Adam has no better right than that he would have a house wherein he may live, and a piece of cloth whereby he may hide his nakedness, and a piece of bread and some water.

-(Tirmizi)

Thus the basic human needs, according to the Qur'an and the Sunnah, include food, clothes and a house.

Every person living in the Islamic state is entitled to these basic needs. But if he is unable to procure them for himself and for his family due to unemployment, sickness, disability, old age or due to any other reason, then the Islamic state is duty-bound to provide him with the same. In case of lack of resources, the state must find out means

to make arrangements to help its needy citizens. For this purpose, the state has been allowed to levy taxes in addition to Zakat on the authority of the following Hadith of the Prophet : "In one's wealth there are rights other than Zakat also".

Many Muslim jurists of classical age have taken the notion of state responsibility for meeting the basic human needs of every eligible citizen so seriously that they have ruled that the allegiance of the Islamic state depends upon this condition. If the state fails to provide these needs to its citizens, it forfeits its right to their obedience.

An eminent economist of Islam, Mr. Afzal-ur-Rahman calls Zakat (which is collected by the Islamic state) an insurance fund of the Islam state. He says :

"It is an insurance fund to which only the wealthy make contributions. If you are rich today, you contribute to this fund. The needy and the poor benefit from this fund today, but if you (or your children) are rendered poor tomorrow by the vicissitudes of this world, you (or your children) will also benefit from it. Thus no member of the Muslim community need ever feel financially insecure for himself, his wife or his children after him because the social insurance fund (Zakat) will always look after the interests of the needy and the poor. A Muslim should, therefore, never worry himself even about unforeseeable catastrophes, such as diseases, fire, accidents, floods, bank-ruptcies, death etc., which might wreck his career, destroy his property or business and render his descendants penniless, for the Zakat fund is his permanent insurance against all types of risks. Even when one is on a journey and becomes penniless through theft, sickness or other reasons, this fund will meet all one's needs".

III- Social Security in Practice

From its very inception at Al-Madinah in the early seventh century, the Islamic state accepted its responsibility towards the poor and the destitutes. The Prophet of Islam as the first head of this state initiated the policy of providing economic assistance to the needy and the poor from the state treasury although this tiny state during his time had meagre resources which were always under pressure due to constant wars. He utilized the limited revenues of the state collected from Zakat, Khums and Fai to meet the needs of the poor, orphans, widows, the disabled, debtors, slaves, prisoners of war and those who were unemployed.

Prophet's policy was followed by Abu Bakr, his successor, who continued helping the poor and the needy. It was, however, during the time of Umar, Abu Bakr's successor and second caliph of Islamic state, that the scheme of social security for all was established on permanent footing as the state had expanded to include in its fold many rich countries like Iraq, Syria and Egypt and its revenues had substantially increased.

In the year 20 A.H., Umar established a government department called Divan for the purpose of holding census of population at regular intervals. On the basis of this census annual pensions were fixed for (i) widows and orphans, (ii) all disabled, sick and old people, (iii) widows of the prophet, (iv) survivors of the battle of Badr and all others who had been in the forefront of the struggle for Islam and (v) early muhajirs and Ansars. Encyclopedia of Seerah gives the following account of rates of grants fixed for each category by Umar. "He fixed an allowance of 5,000 dirhams per annum for anyone who had fought in the Battle of Badr, and for all others whose Islam was of the same degree as those who had fought at Badr, e.g., who had migrated to

Abbyssinia, or fought at the battle of Uhud, were given 4,000 dirhams per annum; the children of those who had fought at Badr received 1,000 dirhams, but Hassan and Hussain, for their relation with the Holy Prophet, received the same amount of allowance as their father, i.e., 5,000 dirhams each. Everyone who had migrated before the conquest of Makkah was given an annual allowance of 3,000 dirhams : and those who embraced Islam at the conquest of Makkah were given 2,000 dirham each, and young children of the Muhajirin and Ansar also received some amount. Wives of the Holy Prophet were paid 12000 dirhams each.

The caliph also established a special department for maintenance of record of pension. Pensions and allowances were paid to all deserving persons, and even the destitute and needy among the Zimmis received financial assistance. With a view to find out the minimum amount of food an average person needed to maintain proper health, Umar is reported to have made experiment with a group of thirty people of good appetite. He kept them for two meals and on the basis of this experiment he ordered that every citizen should receive a monthly amount of wheat sufficient for two square meals a day in addition to monetary pension which he was already receiving.

The department maintained separate registers for each category of grant. The purpose of this department was that nobody in the Islamic state should remain hungry or naked. All those who were poor, needy, disabled, orphans or widows and were unable to earn their livelihood for one reason or the other were enrolled by this department and were paid regular grants by the Bait-ul-Mal (public treasury).

The disabled, old and destitute among the non-Muslims were also provided financial assistance from public

treasury and their taxes like Jizyah were remitted. Caliph Umar once saw an old man begging and he asked him why he was doing so. The old man replied that he was a non-Muslim and he had to beg in order to pay his Jizyah tax to the state. Umar took him home, gave him some money and sent him to the incharge of Bait-ul-Mal with the order that such people should be helped financially and should be exempted from Jizyah. He also issued a general order, based on his own *ijtihad* (interpretation) of verse 60 of chapter 9 of the Holy Qur'an, that destitute among the non-Muslims should also be provided financial assistance from the Sadaqat Fund of the public treasury.

Guest houses were built in most of the cities to provide free meals and accommodation to the travellers. Arrangements were made for the care and nursing of children who were left on roadside by their mothers. Allowances were paid to children, family allowances were provided, allowances to the old and widows were paid, debtors and prisoners were helped and slaves were assisted in their manumission. During a famine in Madinah, the cash and food stores of public treasury were all spent on the sufferers. Even the provinces were directed to dispatch foodgrains to Madinah.

The caliph was so conscious of his responsibilities towards have-nots that he is reported to have once remarked that he would be held responsible on the Day of Judgement if a camel dies of thirst near a bank of river Tigris (Dajala).

After Umar, the system of social security continued to be maintained with almost same zeal by his successors Usman and Ali, the third and fourth right-guided caliphs. However, with the dismemberment of pious caliphate, this noble system of helping the poor also deteriorated. Umar-bin-Abdul Aziz, another pious caliph, revived it for a shorter

period during his brief reign. But unfortunately, during the later period, the system gradually disappeared due to lack of personal interest of the Muslim rulers.

CHAPTER 16

SOCIAL JUSTICE

General Meaning

Islamic Concept

Foundations of Islamic Social Justice

Elements of Social Justice of Islam

I- General Meaning

The term social justice is of recent vintage. It first appeared in political debate in the early nineteenth century. It was employed by political thinkers like John Stuart Mill and its use has since become widespread. Social justice implies that overall pattern of distribution in a society ought to be brought into line with principles of justice. There have been two major conception of social justice, one embodying the notions of merit and desert, the other those of need and equality.

The first conception entails that each person's social position and material rewards should as far as possible correspond to their place on a scale of merit, an idea also expressed in demands for 'careers open to talents' and 'equality of opportunity'. It implies the ending of hereditary

privilege and an open society in which people have the chance to display their desert. The second conception entails that goods should be allocated according to each person's various needs. It is closely allied to an idea of equality, since a programme which successfully satisfies need makes people materially equal in one important respect.

II- Islamic Concept

Islam, being religion of nature, understands that human beings are born with varying gifts. As they differ in their bodies and their features so they differ in their mental and other capabilities. Their environment, their circumstances and their hereditary gains also differ. In this situation there can be no possibility of economic equality. Thus the existence of economic inequalities among the human beings is but natural. It is also there because Islam allows individual initiative in earning wealth and gives right of private ownership of property. Moreover, existence of inequalities in economic and social life is a part of Divine scheme whereby God tests and tries the people to know who are good and who are bad. To this fact, the Holy Qur'an refers when it says:

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.....

-(6 : 165)

And Allah hath favoured some of you above others in provision.....

-(16 : 71)

..... We have apportioned among them their livelihood in the life of the world, and raised some of them above others in rank that some of them may take labour from others.....

-(43 : 32)

However, despite recognising inequalities as natural and part of Divine world order, Islam permits differences in wealth within reasonable limits only. It does not tolerate that these differences should grow so wide that some people live their life in absolute luxury while millions are left to lead a life of abject poverty and misery. It does not allow economic disparities turn into an extreme position wherein millions of have-nots' become serfs and slaves in the hands of few 'haves' of the society. In other words, we can say that Islam does not believe in equal distribution of economic resources and wealth among the people rather it believes in equitable, just and fair distribution. It bridges the gulf between the rich and the poor by taking very effective measures to modify the distribution of wealth in favour of the poor.

Islam, on the one hand, ensures just and equitable distribution of wealth among the people and, on the other hand, provides social security to the poor and the destitute in the form of basic necessities of life. Besides that, Islam also protects the weak from the economic exploitation by the strong. All there are various aspects and manifestations of what is called Islamic social justice.

Thus social justice (which is also referred to as economic justice or distributive justice) according to Islamic conception includes three things, namely : (1) fair and equitable distribution of wealth, (2) provision of basic

necessities of life to the poor and the needy, and (3) protection of the weak against economic exploitation by the strong.

III- Foundations of Islamic Social Justice

Ideological basis of the above mentioned concept of Islamic social justice are found in the following verses of the Holy Qur'an, Ahadith of Prophet Muhammad (PBUH) and traditions of Prophet's companions :-

1. Give unto orphans their wealth. Exchange not the good for the bad (in your management thereof) nor absorb their wealth into your own wealth. Lo ! that would be a great sin.

-(Al-Qur'an 4 : 2)

2.Give full measure and full weight, in justice.....

_(Al-Qur'an 6 : 152)

3. And know that whatever ye take as spoils of war, Lo! A fifth thereof is for Allah, and for the messenger and for the kinsman (who hath need) and orphans and the needy and the wayfarer. If ye believe in Allah and that which We revealed unto Our slave on the Day of Discrimination, the day when the two armies met. And Allah is Able to do all things.

-(Al-Qur'an 8:41)

4. The alms are only for the poor and the needy, and those who collect them, and those whose hearts are to

be reconciled and to free the captives and the debtors, and for the cause of Allah, and (for) the wayfarers; a duty imposed by Allah. Allah is Knower, Wise.

-(Al-Qur'an 9:60)

5. And Allah hath favoured some of you above others in provision. Now those who are more favoured will by no means hand over their provision to those (slaves) whom their right hands possess, so that they may be equal with them in respect thereof. It is then the grace of Allah that they deny?

-(Al-Qur'an 16 : 71)

6. He placed therein firm hills rising above it, and blessed it and measured therein its sustenance in four Days, alike for (all) who ask.

-(Al-Qur'an 41 : 10)

7. And the sky He hath uplifted; and He hath set the measure, that ye exceed not the measure, but observe the measure strictly, nor fall short thereof.

-(Al-Qur'an 55 : 7-9)

8. Believe in Allah and His messenger, and spend of that whereof He hath made you trustees.....

-(Al-Qur'an 57 : 7)

9. We verily sent our messengers with clear proofs, and revealed with them the scripture and the Balance, that mankind may observe right measure.....

_(Al-Qur'an 57 : 25)

10. That which Allah giveth as spoil unto His messenger from the people of the townships, it is for Allah and His messenger and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you.

_(Al-Qur'an 59 : 7)

11. And in whose wealth there is a right acknowledged. For the beggar and the destitute;

-(Al-Qur'an 70 : 24-25)

12. The Prophet of Islam is reported to have said: If anyone spent a night in a town and he remained hungry till morning, the promise of God's protection for that town came to an end.

-(Musnad Ahmad)

13. The Messenger of Allah said: The government is the guardian of anyone who has no guardian.

-(Abu Daud, Tirmizi)

14. Abu Hurairah reported that the Messenger of Allah said: One who strives for the widows and the poor is like one who fights in the way of Allah.....

-(Bukhari, Muslim)

15. The Messenger of Allah said: No one's faith amongst you is reliable until he likes for his brother (in Islam) what he likes for himself.

-(Bukhari)

16. Prophet Muhammad (PBUH) is reported to have said : The son of man has no better right than that he would have a house wherein he may live, and a piece of cloth whereby he may hide his nakedness, and a piece of bread and some water.

-(Al-Muhalla by Ibn Hazm)

17. Abu Saeed Khudhri reports that the Holy Prophet said; "Anyone who possesses goods more than his needs, should give the surplus goods to the weak (and poor); and whosoever possesses food more than his needs should give the surplus food to the needy and the destitute." He further added that the Holy Prophet went on referring to different kinds of goods in similar manner until we thought that none of us had any right over his surplus wealth.'

-(Al-Muhalla by Ibn Hazm)

18. The Prophet of Islam is reported to have once said : One who has an extra camel (transport), should give it to the one who has no camel (transport); one who has surplus provision, should give it to the one who has none; one who has two persons' food, should take a third (as his guest), and if it is for four, he should take fifth or sixth person (as his guest).

19. Caliph Umar once said : Each and every Muslim has a right in the property of Bait-ul-Mal whether he exercises it or not.

-(Kitab-ul-Amwal)

20. It is reported that Umar in the last year of Caliphate, said: "The thing which I have known today, had I known before, I would never have delayed it and would

have, undoubtedly, distributed the surplus wealth of the wealthy among the poor Muhajrin.”

-(Al-Muhalla by Ibn Hazm)

21. Ali is reported to have said that “God has made it obligatory on the rich to meet the economic needs of the poor up to the extent of their absolute necessities. If they are hungry or naked or involved in other financial difficulties, it will be merely because the rich are not doing their duty. Therefore God will question them about it on the Day of Judgement and will give them due punishment.”

-(Al-Muhalla by Ibn Hazm)

IV- Elements of Social Justice of Islam

We have already defined social justice of Islam and have also mentioned that it comprises three elements i.e., equitable distribution of wealth, provision of social security and protection of the weak against the strong. All these elements have been dealt with in detail at proper places in this book. Let us briefly discuss them here.

1. No doubt Islam accepts unequal distribution of wealth as natural and part of Divine Scheme of world order, yet it does not allow existence of wide disparities in distribution of wealth. If distribution of wealth in a community is unfair and unequitable, social peace in that community is always at stake and conflict between the poor and the rich is bound to result in war and class struggle. Islam being religion of peace is against such class conflict. It establishes fraternity and brotherhood in the ranks of the members of Islamic community. Islam believes in well-being of its followers and, therefore, ensures fair and equitable distribution of income and wealth among them. For bridging the gulf between the rich and the poor and for ensuring just

and equitable distribution of economic resources and wealth, Islam has taken very effective measures. Positive measures taken by it are Zakat and Sadaqat, laws of inheritance and bequest, monetary atonements, voluntary charities and compulsory contributions in the form of taxes and various levies. To prevent concentration of wealth in few hands, Islam has taken some prohibitive measures also. These include abolition of interest, prohibition of acquisition of wealth through illegal and unfair means, prohibition of hoarding of wealth, etc.

2. Islamic economic system guarantees basic human needs to all the citizens of the Islamic state. Islam enjoins upon the well-to-do to fulfil the needs of the poor and the destitute. According to Al-Quran, the poor and the needy have share in the wealth of the rich. The Quran says: And in whose wealth there is a right acknowledged for the poor beggar and the destitute"-(70 : 24-25).

To the question as to how much wealth should be spent by the rich for the cause of the poor, the Qur'an replies : "..... And they ask thee how much they are to spend; say : "What is beyond your needs"-(2:219). Thus the revealed book of Islam expects from the rich to spend all their surplus wealth for their poor brothers if the circumstances so demand. Abu Zarr Ghaffari, a close companion of the Prophet, who is considered a great champion of the cause of social justice, holds the view that it is unlawful to keep any surplus wealth after meeting one's personal needs and so the same must be spent on satisfying the needs of the deprived members of the Muslim Ummah (community). In his view, so long as there is even one poor person who is unable to meet his basic needs of life, surplus wealth of the rich must be collected by the state and spent on poor. It is reported that he was expelled from Syria by Governor Muawwiya for preaching such views and later on

even caliph Usman asked him to stop propagating such views or to leave Madinah and he preferred the latter option.

According to some Muslim jurists, the Islamic state should provide social security cover to all its citizens and undertake especially to provide basic necessities of life to all those poor, destitute, deprived of, disabled and unemployed citizens who themselves are not able to provide for them and their families. If the Islamic state fails to do so it has no right to demand allegiance from its citizens.

About holding of surplus wealth by the rich and responsibilities of the Islamic state to provide basic necessities of life to the poor, it would be pertinent if we produce the views of Ibn Hazm, a great Muslim jurist. He says : "It is the duty of the rich that they should meet the needs of the poor and the destitute of their village or town. And if the treasury is not sufficient to meet their needs, then the state has the right to take their surplus wealth, if necessary by force, to meet the needs of the poor in the community. He further says that all the companions of the Holy Prophet are agreed upon this that if there is anyone hungry or naked or without shelter, it is incumbent upon the state to supply his needs from the surplus wealth of the rich (in case its own treasury is insufficient)."

3. Elimination of economic exploitation of the weak by the strong is another element of Islamic social justice. Many steps have been taken by Islam in this direction. Riba or usury is one of the worst instruments of human exploitation and this has been abolished root and branch. Other means of human exploitation such as bribery, gambling, speculative transactions, fraudulent practices, prostitution, embezzlement, etc. have also been prohibited in Islamic society.

Interest of the weaker classes of the society like women, orphans, slaves, labourers, tenants, consumers, etc. have been protected through detailed legislation by Islam.

The women were treated as chattel and were denied the status of human being before emergence of Islam. Islam restored their human status and gave them equal social and economic rights along with men. In the economic field, for example, women have been given rights to own property, to acquire property and to dispose it off at their discretion. They are given rights of inheritance from their parents, their husbands, their children and near relatives. They are allowed to work to earn their livelihood through any dignified profession or vocation of their choice. The orphans have been another economically exploited class in society as their property is generally devoured by their guardians and near kindred. Islam has declared devouring the property of the orphans a major sin. The Qur'an warns the devourers of orphan's property in these words : "Lo ! Those who devour the wealth of orphans wrongfully, they do but swallow fire into their bellies, and they will be exposed to burning fire"- (4:10). The slaves were perhaps the most exploited class in human history. Islam declared the emancipation of slaves as the most pious act and enjoined upon its followers to set the slaves free and thus earn God's pleasure. The Qur'an has made emancipation of slaves an expiation of some kinds of sins of the believers. The Muslim men and women were encouraged to marry the believing maids and slaves in preference to non-believers even if the non-believers were very rich and good looking. Islamic state is obliged to financially assist the slaves in their manumission out of its Zakat revenues.

Islam has protected the labourers against the economic exploitation by the capitalist by providing that fair wages should be fixed before employing the labourers and

that they should be promptly paid their wages before their sweat dries up. To eliminate the exploitation of the tenants by the landlords, Islam almost abolished Jagirdari system. Interests of consumers have been protected by ordering ban on certain exploitive business malpractices like hoarding, monopoly, speculation, and short-weighting and short-measuring.

CHAPTER 17

WELFARE STATE

What is Welfare State?

Islamic Concept of Welfare State

Functions of Islamic Welfare State

Islamic Welfare State Under the Prophet and His Successors

I- What is a Welfare State?

The idea of welfare state has become very popular in recent times so much so that every state now likes to call itself welfare state. Although welfare as a purpose of government is not an invention of this century, yet the term 'welfare state' came into wide spread use only after the Second World War.

The term 'welfare state' has not been clearly and exactly defined with the result that welfare programmes almost differ from country to country and place to place. However, generally understood meanings of this term are that it is a state in which the government assumes responsibility for minimum standards of living for every citizen. The term is broadly used to describe a society which possesses all or some of the following features:

1. Provision of social security for all against accident, sickness, unemployment, old age and disability.
2. Social justice or fair and equitable distribution of income and wealth among all citizens by minimising the gulf between the rich and the poor through effective use of taxation and public expenditure.
3. Provision of free or heavily-subsidised services by the state in education and medical aid.
4. The maintenance of full employment for the working force of the nation by making the state fully responsible for providing jobs to all able-bodied workers.
5. Public ownership of utility services so that the same may be provided to low income groups at subsidised rates.

Modern states have taken several measures in order to achieve their goals of national welfare. The principles of mutual insurance have been adopted and schemes of social insurance have been introduced. The state has become an agency of administering social services and a helper of social welfare activities. The social welfare programmes generally provide family allowances, marriage grants, food rebates, school meals, grants or soft loans for purchasing houses, cars and household goods, medical aid, holiday allowances,

free vacation, recreational allowances, special welfare schemes for women and children, etc.

II- Islamic Concept of Welfare State

As stated earlier, the concept of welfare state is gaining ground rapidly in the modern world and over last few decades many states of the world have started one or the other type of welfare programmes and like to call themselves welfare states. However, their concept of welfare state is based either on the Marxian philosophy or on the principles of welfare economics of Professor Pigou. In both cases the emphasis is given on the material welfare of the people to the neglect of spiritual and moral one. But the Islamic concept of welfare state differs fundamentally from the prevailing notions. Because its concept is so comprehensive in nature that the Welfare State in Islam aims at achieving the total welfare of mankind of which economic welfare is merely a part. Equal stress on Zakat and Salat in the Qur'an is quite significant for proper understanding of the true nature of the Welfare State in Islam. The dynamic interplay of these spiritual and secular institutions in the Islamic society is symbolic of inner unity of Religion and Economics. Its social and economic effects are wholesome and the social pattern that emerges is free from the hideous tyrannies of capitalism and the coercive standardisation of the communistic society. It was this all-pervading social harmony that led H.G. Wells to remark : "Islam has created a society more free from widespread cruelty and social oppression than any society had ever been in the world before." As a matter of fact, the Islamic concept of the Welfare State is based not only on the manifestation of economic values but also on moral and spiritual, social and political values of Islam.[1]

Islam, as universal religion of humanity, believes in the well-being of mankind in this world as well as in the next world. It aims at material as well as the spiritual welfare of its followers. The Quran, in one of its very popular prayers, teaches its believers to ask God : "Our Lord ! Give unto us in the world that which is good and in the Hereafter that which is good....." (2 : 201). The primary objective of an Islamic state is, therefore, to establish an ideal society based on justice, equity and virtue. The Islamic state not only establishes the system of Allah's worship (i.e., Salat or Prayer) but also establishes system of Zakat. Thus, both the spiritual and material well-being of the individuals is aimed at by the Islamic state. In other words, the Islamic state is a welfare state which performs a number of functions, in addition to the traditional functions of a state, for the socio-economic welfare of its citizens in this world and for their religio-spiritual welfare in the Hereafter. Its functions aimed at material welfare of its people include provision of basic necessities of life for all, ensuring of a comprehensive social security system, establishment of social justice, etc., whereas its functions for the spiritual well-being of its people include establishment of Islamic system of life for the Muslims and full religious freedom for the non-Muslims.

III- Functions of Islamic Welfare State

For welfare of the people the Islamic Welfare State performs the following duties :-

1. The duties of the Islamic state towards the poor and the needy and their share out of the revenues of the state is highlighted by the following verses of the Qur'an :

- (i) And know that whatever ye take as spoils of war, Lo! A fifth thereof is for Allah, and for the Messenger and

for the kinsman (who hath need) and orphans and the needy and the wayfarer.....

-(8 : 41)

(ii) The alms (Zakat) are only for the poor and the needy and those who collect them, and those whose hearts are to be reconciled and to free the captives and the debtors, and for the cause of Allah, and for the wayfarers;

-(9 : 60)

(iii) That which Allah giveth as spoils unto His Messenger from the people of the townships, it is for Allah and His Messenger, and for the near of kin and the orphans and the needy and the wayfarer, that it become not a commodity between the rich among you.....

-(59 : 7)

The duties of the Islamic state towards the poor and the needy and its status as their guardian has been further clarified by the Prophet of Islam as under :

(i) Allah has made Zakat obligatory upon the Muslims. It is to be collected from the wealthy among you and distributed among the needy ones.

-(Muslim)

(ii) The government is the guardian of anyone who has no other guardian.

-(Abu Daud, Tirmizi)

(iii) When anyone dies in debt or leaves behind dependants unprovided for, the latter should come to me because I am their guardian (as head of state).

-(Bukhari, Muslim)

(iv) If anybody dies while he owes a debt and does not leave behind any property for its payment then the responsibility for its payment is mine (as head of the state). But if anyone leaves any property behind, it is for his heirs.

-(Bukhari, Muslim)

(v) If anyone leaves behind property, it will go to his heirs, but if anyone leaves behind some liabilities (instead), the burden of their responsibility falls on us (i.e., the State) :

-(Bukhari, Muslim)

The above mentioned verses of the Qur'an and sayings of Prophet Muhammad (PBUH) establish beyond any doubt that the responsibility of providing basic needs to its citizens lies on the Islamic state. In this matter, Islam has made no distinction between the Muslims and non-Muslims. Caliph Umar once found a Zimmi begging alms. He granted him pension and absolved him from payment of Jizyah. Khalid, the famous general of Islam, concluded a treaty with the non-Muslims of Hira which made a provision for financial assistance to the poor and destitutes of non-Muslims.

2. The Holy Qur'an has referred to the basic human needs in these words : "There is therein (enough provision) for thee not to go hungry nor to go naked; nor to suffer from thirst, nor from the sun's heat" (20 : 118-119). Thus basic human needs are : protection from hunger and thirst, protection from nakedness, and protection from sun's

heat which means shelter. In other words, food, clothing and house are the basic human needs which are the minimum requirement of a human being to lead his life in this world. The Prophet of Islam has also defined the minimum necessities of life in one of his oft-quoted traditions. He is reported to have said: "The son of man has no better right than that he would have a house wherein he may live, and a piece of cloth whereby he may hide his nakedness, and a piece of bread and some water"-(Tirmizi). From this tradition of the Prophet also, the barest necessities of human life include food and water, clothes and a house.

Every person living in the Islamic state is entitled to these basic needs, but if he is unable to procure them for himself or for his family then the Islamic state is duty bound to provide him the same. Many Muslim jurists have held that Islamic state is responsible to provide minimum standard of living, in the form of basic necessities of life, to all those persons who being poor, needy, sick, disabled, old or unemployed, are somehow unable to achieve the same. God has guaranteed sustenance to all His creatures on earth and the Islamic state being viceroy of God has its foremost duty to provide barest necessities of life to all of its citizens. Some of the very eminent jurists of Islam have held that the allegiance of the citizens to Islamic state depends upon the condition that the state would guarantee them basic necessities of life. But if the state fails to do so, then the state, according to them, forfeits its right to their allegiance.

Following persons are especially entitled to financial assistance from the state:

- (1) All poor persons who need help to pull on.

(2) Incapacitated or physically disabled individuals who cannot earn.

(3) Helpless persons like orphans, widows, old and unemployed.

(4) Refugees or fugitives who are forced to leave their homeland and their belongings under oppression or persecution.

(5) Students, teachers, preachers, etc. who have dedicated their lives for the cause of learning and propagation of Islam and thus have no time or means to earn for their subsistence.

(6) Persons who are overtaken by some calamity like flood, earthquake, epidemic, war, cyclone, storm, etc.

(7) All other helpless, destitute, distressed and needy persons, who are forced to begging in order to eat and cover their bodies.

An Islamic welfare state establishes an all-embracing social security system in its land for the deserving persons without any discrimination on any bias like religion, colour, language, race, place of birth, sex or blood-ties. This system of social security provides : maintenance allowances, family allowances, invalid allowances, widows allowances, orphans allowances, old age pensions, unemployment allowances, medical aid, etc. It also provides financial aid to the debtors in discharging their debt liability. It helps the prisoners and captives in provision of food and clothing. The social security scheme helps the travellers in the form of boarding and lodging facilities. The scheme is supposed to help the guarantors also who stand as surety for a debtor.

3. The economic philosophy of an Islamic state is based on the concept of social justice. Allah has placed in the earth sustenance and provisions for all to cater their need. However, due to various reasons, the distribution of these provisions does not remain fair among all the human beings, thus making some fortunate people very rich who possess wealth more than their needs and making many others very poor who possess nothing or too little to meet their very basic necessities of life. An Islamic state provides equal opportunities to all its citizens to earn their livelihood. In order to achieve social justice, Islam takes two major steps: Firstly it discourages rather condemns concentration of wealth in few hands; secondly it ensures fair and equitable distribution of wealth through effective measures.

The Qur'an, the revealed book of Islam, condemns hoarding of gold and silver in very strong words in its verses 34 and 35 of its chapter 9, while concentration of wealth among the rich segment of society has been discouraged in verse No. 7 of Chapter 59 of the Holy book. To check concentration of wealth in few hands, unlawful and unfair means of acquiring wealth like interest, games of chance, bribery, business malpractices (such as short measuring, short weighing, etc). hoarding, embezzlement, theft and robbery, etc, have been strictly prohibited. Fair and equitable distribution of wealth has been ensured by Islam through Zakat and Sadaqat, through taxes and compulsory contributions levied by the Islamic state, and last of all through the laws of inheritance and will.

Thus, Islam, through its attack on concentration of wealth and through its measures taken for equitable distribution of wealth, has paved the way for establishment of socio-economic justice in an Islamic state. The gulf between the rich and the poor is narrowed and economic disparities are removed.

Muhammad Asad, while discussing the duties of the Islamic state with regard to economic security of its citizens, writes, : "It follows, therefore, that a state in order to be truly Islamic must arrange the affairs of the community in such a way that every individual, man and woman, shall enjoy that minimum of material well-being without which there can be no human dignity, no real freedom and, in the last resort, no spiritual progress. This, of course, does not mean that the state should, or ever could, ensure easy and carefree living to its citizens : it only means that in an Islamic state there shall be no soul-grinding poverty side by side with affluence; secondly, that all the resources of the state must be harnessed to the task of providing adequate means of livelihood for all its citizens; and, thirdly, that all the opportunities in this respect should be open to all citizens equally, and that no person should enjoy a high standard of living at the expense of other."

Dilating on this theme further, he says: "But if the available resources of a community are so unevenly distributed that certain groups within it live in affluence while the majority of the people are forced to use up all their energies in search of their daily bread, poverty becomes the most dangerous enemy of spiritual progress, and occasionally drives whole community away from God-consciousness and into the arms of soul-destroying materialism. It is undoubtedly this that the prophet had in mind when he uttered the warning words: "Poverty may sometimes turn into disbelief (kufr)."[2]

4. In order to achieve its ideal of socio-economic justice, Islam imposes social rights over individual wealth such as rights of the poor relatives for financial support, rights of the needy neighbors for assistance, rights of the slaves and servants for help, rights of the wayfarers, friends and general Muslims who need financial aid.

The Holy Qur'an says: "They ask thee, (O Muhammad), what they shall spend. Say : That which ye spend for good (must go) to parents and near kindred and orphans and the needy and the wayfarer. And whatsoever good ye do, Lo! Allah is aware of it"- (2 : 215).

Since the above mentioned social rights of others are to be fulfilled and payment of Zakat may not be sufficient for the same, the Prophet of Islam is reported to have said: "In one's wealth there are other rights to besides Zakat". Ali, the fourth caliph, said: "Allah has ordained that the rich are to pay out of their wealth to that extent which is sufficient for the needs of the poor; so that if they do not find food or clothing or struggle (unsuccessfully for their living), it would be because the rich are not doing their duty, and Allah will take them to task on the Day of Judgement and will punish them."

Thus the followers of Islam are required to fulfil the needs of the poor and if Zakat revenues are insufficient, the Islamic welfare state can ask them to contribute more so that the needs of the poor can be met. Ibn Hazm, however, goes further to say: "It is obligatory on the wealthy of every city to provide for the needy and if the income from Zakat is not sufficient for this purpose, the Sultan can force them."

The view of Abu Dhar Ghaffari, who was a very close companion of the Prophet, is that the rich should surrender all of their surplus wealth to the Muslim community or the state so that needs of the poor should be satisfied. According to him, no Muslim is entitled to keep wealth more than his needs when even a single Muslim remains hungry or naked in the country.

It would be of great academic interest if we reproduce an extract from Afzal-ur-Rahman's book 'Economic

Doctrines of Islam' in order to know the views of a great jurist like Ibn Hazm.

"As to the prohibition of keeping surpluses while fellow citizens are in dire need, Ibn Hazm quotes another saying of the Prophet related by "Whoever has an extra camel, let him give it to him who has it not and needs it; whoever has surplus food, let him give it to him who is without it." The Prophet went on talking about parting with surpluses of various kinds until we came to believe that we are being taught that no one has any right to any surplus."

"Ibn Hazm then proceeds to deal with the question of the power of the state exercised in spreading out of the national wealth. He first deals with the right of the needy individual against another who has a surplus. He says that if a person is dying of thirst or hunger and the person possessing water and food refuses to help him, the hungry or the thirsty man has a right to take it by force. Most jurists before Ibn Hazm had mentioned only extreme thirst as a justification for individual violence. He criticises them and says that if thirst justifies it, why not starvation or lack of covering which might prove equally fatal."

"Abu Bakr, the first Caliph, fought war to crush those who would not pay Zakat meant for the poor. Ibn Hazm thinks that it justifies violence against those who withhold surpluses while poverty and misery still exists."

5. Islamic welfare state is also duty-bound to protect the weak against the strong. Abu Bakr the first caliph of Islamic state is reported to have said : "He that is weak among you is strong before me, in as much as I shall restore unto him his due, if it please God; and he that is strong among you is weak before me, in as much as I shall take that which is due from him, if it please God."

So it is the responsibility of Islamic welfare state to protect the poor and the helpless from the economic exploitation of the rich and the strong. For this purpose many steps have been taken by Islam. Usury which is a strong instrument of human exploitation has been totally abolished. Unfair means to acquiring wealth and exploiting the weak such as bribery, usurping the wealth of orphans, gambling, speculative business, embezzlement, spurious weights and measures, fraudulent business practices have been banned in the Islamic state. Rights of the weak like orphans, women, slaves and servants, labourers and workers, tenants, consumers, etc., are also protected in the Islamic welfare state from the onslaught of the usurpers, oppressors, capitalists, feudal lords, industrialists, etc., as discussed in the previous chapter.

6. Education and health play very vital role in the welfare of the individuals as well as in the development of a nation. So a welfare state in order to achieve its socio-economic goals cannot ignore these two sectors. Therefore, to provide education and healthcare to all of its citizens free or at heavily subsidized rates is one of the foremost duties of the Islamic welfare state. Islam's emphasis on education can be understood from the very fact that the first verses of the Holy Qur'an which were revealed to Prophet Muhammad (PBUH) laid stress on reading (Al-Quran 96 : 1-5). The Qur'an, in one of its very popular prayers, enjoins upon the Prophet of Islam to always pray to God thus : My Lord ! Increase me in knowledge" (20 : 114). The Prophet of Islam has made it obligatory upon every Muslim, whether male or female, to acquire education and knowledge. With this stress on education, the Prophet of Islam, as first head of the Islamic community and state, started educating and training his followers. Soon after his migration to Madinah, the Prophet ordered reservation of a part of his mosque for educational purposes. The place was called al-Suffah where elementary education in al-Quran was imported along with

teaching the students how to read and write. After the Prophet, his successors known in history as right-guided caliphs, continued discharging this duty of the state to educate the people. Thus it has become one of the very important duties of the Islamic state to provide education to all its citizens.

The state is bound to impart education of the Qur'an and Hadith besides humanities, sciences and other technical subjects. It would establish schools, college, universities, etc., to provide free education to all of its citizens, male or female.

Islam also lays much stress on health and the Prophet of Islam has enjoined upon his followers to look after the sick. Providing healthcare and medical aid to the sick is thus another ownerous duty of the Islamic welfare state.

7. The last, but not the least, important duty of the Islamic welfare state is to look after the spiritual welfare of its citizens. To discharge this duty, the Islam welfare state establishes the Islamic system of government as contained in the Qur'an and the Sunnah. Muslim citizens are enabled to lead their lives in accordance with the teachings of Islam; whereas non-Muslim citizens are provided with full religious freedom so that they may perform their religious practices in their places of worship without any restriction. The Islamic state is obliged to work for the spread of Islam because the salvation of humanity ultimately lies in Islam. But this is done through preaching and persuasion and not through coercive measures or exercise of pressure as forcible conversion has been strictly prohibited by Islam.

IV- Islamic Welfare State under the Prophet and His Successors

1. The Prophet of Islam, Hadrat Muhammad (May Allah's peace be upon him) migrated from Makkah and settled at Madinah in the year 622 A.D. Soon after he concluded a three-party pact comprising Muhajirin (Muslims who had migrated with him), Ansar (Muslims of Madinah who had welcomed him) and Jews of Madinah. This pact came to be known in history as Charter of Madinah which laid down the foundations of a small Islamic state at Madinah headed by the Prophet himself. The income of public treasury of this tiny state was too small to undertake work of social security and public relief at a large scale. Moreover the state was always engaged in warfare as its security was constantly in danger due to frequent invasions of Quresh of Makkah and intrigues of Jews of Madinah.

Initially the only source of income of the state was Zakat. Later on spoils of war augmented the government resources, as four-fifth of it was distributed among the fighting soldiers and one-fifth was taken for the public treasury for the cause of the poor. Out of these available revenues, the Holy Prophet always provided financial assistance to the needy and the poor, and monetary help to those who were sick, invalid and hence unable to earn. He also helped those who were unemployed either in the shape of monetary assistance or in getting employment. When the position of public revenue improved during later part of his reign, he started paying off the debts of those poor Muslims who were unable to repay the same or who died leaving behind no property to clear their debts. Thus the Holy Prophet established a sort of social security system whereby the Islamic state could provide at least basic human needs to all those members of the community who were otherwise unable to provide the same for themselves and for their families.

2. Abu Baker, who succeeded the Prophet of Islam, strictly followed the policy initiated by the Prophet regarding financial assistance to the poor and the needy. He declared war on those who had refused to pay Zakat, because the Zakat was the share of the poor and the destitute in the wealth of the rich and well-to-do. In the distribution of funds among the eligible persons, Abu Bakr followed in the footsteps of the Holy Prophet and gave equal share to each without making any distinction. When some companions insisted that the earliest Muslims should be given preference and paid higher allowances than the later converts, Abu Bakr rejected their plea saying : "I am fully conscious of the superiority and excellence of the people you have mentioned; but it is a thing which will be rewarded by God. But here is a matter of livelihood, where equality is better than the principle of preference". During his reign a regular Bait-ul-Mal on permanent footing was established and its income increased considerably due to accession of some conquered countries to the Islamic state. So the state assistance to the poor and the needy also substantially increased.

3. Umar the second caliph of Islam, who succeeded Abu Bakr, established a full-fledged and an all-embracing system of social security and public maintenance as the revenues of the Bait-ul-Mal substantially increased due to conquest of many rich countries of Iranian and Roman empires like Iraq, Syria, Iran, Egypt, Palestine, etc. So it was during his time that an ideal welfare state of Islam with large scale system of public maintenance and social justice was established which guaranteed fair and equitable distribution of wealth and minimum but reasonable standard of living for all citizens. Different departments were created for distribution of grants and allowances among the people and registers were maintained for this purpose.

Imam Abu Yusuf, in his book Kitab-ul-Kharaj, gives a detailed account of grants and allowances given by Caliph Umar to various classes of persons.[3] He states :

“When God extended the conquests during the Caliphate of Umar, and the Persians and the Romans were defeated, he called, the Advisory Council of the companions of the Holy Prophet and said, “I have decided to keep wealth in Bait-ul-Mal (the state treasury), for it will be useful for paying annual grants to the people, I want to know your opinion. The companions replied, “Do as you think proper for the hand of God is with you”. Then Umar fixed grants for various categories of people and called for the preparation of registers to make the necessary entries therein. Then Umar enquired whose names should be written first in the register. Abdur Rahman bin Auf replied, “Start with your own name”. Umar said, “By God ! I can do this but I will start with Banu Hashim, the family of the Holy Prophet”.

Further elaborating this system of grants and allowances, Abu Yusuf writes that Zaid reported from his father who heard Umar bin Khattab saying that : “I swear by God without Whom there is no god, that there is not a single individual who has not got a right in this wealth (received from people) even though in practice he may get it or not. And no individual has more right in it than any other except a slave. My position in this respect is like anyone of you, and our grades will be determined in the light of the Book of God and association with the Holy Prophet. All the trials through which a person has gone and the lead he has taken in accepting Islam will be taken into account. By God ! If I live even a shepherd in the hills of Sana will get his share from this wealth at his own place.”

“He fixed an allowance of 5,000 dirhams per annum for any one who had fought in the battle of Badr, and for all

others whose Islam was of the same degree as those who had fought at Badr, e.g., who had migrated to Abyssinia, or fought at the battle of Uhud were given 4,000 dirhams per annum; children of those who had fought at Badr received 1,000 dirhams, but Hassan and Hussain for their relation with the Holy Prophet received the same amount of allowance as their fathers, i.e., 5,000 dirhams each. Every one who had migrated before the conquest of Mecca was given an annual allowance of 3,000 dirhams; and those who embraced Islam at the conquest of Mecca were given 2,000 dirhams each and young children of Muhajirin and Ansar also received the same amount of allowance”.

“In the determination of allowances for common people, he took into account their position, knowledge of the Holy Quran and struggle in the Way of Gad (Jihad). All others were placed on equal footing; grants of 2,100, 1,000, 900, 500 and 300 dirhams were fixed for the people of Yemen but no one received less than 300 dirhams per annum. Umar also said that if more wealth was received, he would increase the allowances and fixed 4,000 dirhams for everyone, 1,000 for his journey, 1,000 for arms, 1,000 for his family expenses and 1,000 for his horse or pony”.

Every Muhajir on the average was paid 5,000 dirhams, every Ansar 3000 dirhams and wives of the Holy Prophet at the rate of 12,000 dirhams each per annum. But Umar did not always follow very strictly the rules which he had laid down in determining the allowances. In certain cases it was not considered essential to follow those rules and some individuals were given higher allowances than other people of the same status. Umar Ibn Abi Salma, who was the son of Ummul Mumineen, Um-e-Salma, was given 4,000 dirhams. When Muhammad bin Abdullah Ibn Jahsh objected, Umar replied that he was giving him more because of the place in which he was held by the Holy Prophet, and the one who was objecting should bring a mother like Um-

e-Salma and then he would accept it. He also fixed 4000 dirhams for Ussama bin Zaid, at this Abdullah bin Umar said that he had fixed 3000 dirhams for him and 4,000 dirhams for Ussama, even though he had fought in many battles in which Ussama could not participate. Umar replied that he had given him more for he was dearer to the Holy Prophet than him and his father was also dearer to him than his father.

Umar fixed 1,000 dirhams for Asma bint Umais, wife of Abu Bakr, Um-e-Kulsum bint Uqbah and the mother of Abdullah bin Masuad."

The Islamic state under Umar also supported the poor and needy from its non-Muslim citizens in providing their basic needs and remitted their taxes like Jizyah, We have already mentioned how caliph Umar remitted Jizyah and gave financial assistance to a blind old non-Muslim whom he found begging. The great caliph by exercise of Ijtihad, included poor non-Muslims among the 'Masakin' who are entitled to Sadaqat as prescribed in verse 60 of chapter 9 of the Holy Qur'an. He thereafter issued a standing order to the concerned departments to provide regular allowances out of Bait-ul-Mal to those non-Muslim citizens who were needy and destitutes. Collection of Jizyah from such persons was also strictly forbidden.

Besides providing the above mentioned grants and allowances, Umar made it sure that no one was left hungry, naked or shelterless in the Islamic state. He made necessary arrangements that every needy, invalid, sick, old, orphan, widow, and unemployed was provided adequate subsistence from the Bait-ul-Mal. Allowances for new-born babies were fixed and families of the Mujahideen (Muslim warriors) were properly looked after. Travellers were assisted, they were provided free food and lodging and guest houses were built for them at various places.

4. Usman, the third caliph of Islam, who succeeded Umar, continued the system of public maintenance established by his great predecessor-in-office. Ali, the fourth caliph, reversed the principle of preference in the matter of grants and adopted Abu Bakr's principle of equality. On the whole the Islamic Welfare state under these two caliphs maintained its welfare activities and continued providing regular grants and allowances to various classes of recipients.

With the death of Ali, the pious caliphate came to an end and so did the welfare state, except its revival for a shorter period under Umar-bin-Abdul Aziz.

[1]. M. A. Mannan: Islamic Economics - Theory and Practice.

[2]. State and Government in Islam.

[3]. Quoted by Afzal-ur-Rahman.

CHAPTER 18

ECONOMY WITHOUT INTEREST

Efforts for Elimination of Interest

The Failure and Its Causes

Real Solution of Problem of Interest

Credit and Loans in Islamic System

Banking and Insurance in Islamic Economy

I- Efforts for Elimination of Interest

The greatest challenge which the modern Muslim states face today is how to eliminate interest from their economies particularly from the banking sector. For the last three decades very serious efforts are being made to meet this challenge. Islamic institutions, universities, advisory bodies are making research and studies. Many commissions and committees have been setup by the government of Islamic countries to study various sectors of their economy specially finance, banking and insurance and furnish reports suggesting how to eliminate interest in order to Islamize the economy. A number of books, articles and research papers have been written and published by various Muslim scholars, economists and study-groups. Some practical measures have also been taken to abolish interest gradually from banking and financial sectors. Attempts are being made to organise system of loan and credit free of interest. Scores of Modarabah and leasing finance companies have lately emerged in Islamic lands particularly in Pakistan who claim to provide loans on profit and loss sharing basis in accordance with principles of Modarabah and Shirkah. Of all the Muslim countries, Pakistan has been in the forefront in Islamic Jihad against 'Riba' (interest). Profit and loss sharing accounts have been introduced by banks in Pakistan after 1980 for the depositors, while loans are advanced by the banks on mark-up system. Investment Corporation of

Pakistan and National Investment (unit) Trust and many other financial institutions in Pakistan attract deposits from the middle class investors on the basis of profit-loss sharing. The Federal Shariat Court of Pakistan, in its historic judgement of November 1991, has declared all forms of interest as 'Riba'. Appeal against this judgement filed by the Government of Pakistan is awaiting decision in the Supreme Court of Pakistan.

II- The Failure and Its Causes

But what is, after all, the result of all these hectic efforts made by the Muslim world particularly by Pakistan. Have we been successful, even partly, in eliminating interest from our economies? The categorical answer to this question is big No! We have only succeeded in making cosmetic changes here and there and that too in very few sectors of economy. The only success achieved by us so far is the change of name of interest to profit, dividend, mark-up, service charges, commission, fee, and use of Islamic terminology like Modarabah, Shirkah, profit-loss sharing, etc. Banks are paying interest to their depositors and charging interest from their borrowers under various names. Modarabah and leasing companies are providing capital to business and industry on fixed and pre-determined interest under the garb of lease-rental and lease-finance arrangements. In this whole exercise only the rates of interest have gone up! No effort has worked out and achieved the desired goal. Given the moral standards and business ethics prevailing in the society, no person or institution is prepared to take risk and provide finance on profit-loss basis. It is, therefore, rightly said that efforts made in the Islamic lands so far tantamount to protecting the institution of interest rather than abolishing it.

The causes for this historic failure of the Muslim world in eliminating 'Riba' from economy are many. Firstly, the socio-economic changes brought in Islamic lands by political domination of the West and industrial revolution have weakened religious and moral values of the people. The leaders, who in fact have mostly their own problem of legitimacy, have failed to offer themselves as role models before the citizens. Merely lip service is paid to Islamic values such as honesty, truthfulness, trustworthiness, fair dealing, fellow-feeling, justice and equity, fraternity and brotherhood, moderation in consumption and standard of living, austerity and simplicity, etc. Strict observance of these values is, however, a condition precedent for Islamising economy. But the same is unfortunately conspicuous by its absence in the Islamic society of today. People are living beyond their means. Everybody is after maximising his material comforts which can only be achieved through money. So earning of wealth through fair or foul means has become religion of today. As a consequence, no moral values and code of business ethics exist these days. Nobody trusts any other person at least in money matters and business dealings. In business partnerships, brother cheats brother, son deceives father, friend commits fraud with a friend. Therefore, every person and institution is, justifiably, reluctant to participate on profit-loss sharing basis. And to eliminate interest, profit-loss basis is the only way for providing capital to business and other economic development projects.

Secondly, the Muslim scholars and economists have miserably failed so far to provide a practical, simple, safe and workable substitute for interest. The interest-no doubt it has been prohibited by Islam (and also by Christianity and Judaism) and there are many moral and socio-economic justifications for this prohibition-provides a very simple and practical mechanism to establish and govern the relationship between the lender and the borrower. It assures the lender

the safety of his capital and profit on the one hand and it frees the borrower on the other hand from many worries such as maintenance of books of accounts to the satisfaction of the lender and the lender's constant interference in his business affairs which generally leads to disputes, litigation and ultimate closure of business. But the substitutes for interest given by the Muslims scholars are many often vague, complicated and impracticable. The substitute of profit-loss sharing hardly appeals to the lenders and the borrowers who cannot work in partnership because they strongly suspect each others' motives in view of the low moral standards and business ethics obtaining in the society. It is brought to the notice of the common reader that the Qur'an and the Sunnah have abolished interest but have not recommended any substitute. Modarabah and Musharikah have not been referred to anywhere in the Qur'an or the Hadith. These are actually forms of business organisations whose rules and regulations were laid down by classical Muslim jurists of middle ages. Even those classical jurists did not introduce these concepts of Modarabah and Musharikah as substitutes of interest. It is actually the scholars of recent period who have taken fancy to Modarabah and Musharikah and have set them up as Islamic substitutes of interest. But these scholars have not yet been able to modify these concepts to the changed socio-economic circumstances of modern age and the needs of modern complex economies.

Thirdly, interest has been prohibited by Islam to prevent exploitation. Traditionally borrowers, being persons in need, were exploited by few moneylenders who controlled substantial portion of wealth and capital of the community and who charged exorbitant rates of interest on their loans. But now the economic revolution brought about by recent technical and scientific advancements has changed the scenario. The introduction of the modern banking system has inverted, in a sense, the traditional

relationship between the borrowers and the lenders. The lenders in these days are not a small number of usurious money-lenders who monopolise wealth in the society. They consist of millions of middle class individuals who deposit their life savings in the banks to meet needs of their families in a rainy day. Many of the borrowers on the other hand are wealthy people and corporations who have setup industrial empires. Therefore, it is now the lenders and not the borrowers who need to be protected. However, the Muslim economists who recommend Modarabah and other profit-loss sharing schemes for the lenders as substitutes of interest have done nothing to protect the interests of the lenders. It is a well-known fact that many businesses do not give fair returns to their shareholders. Many public companies do not declare dividends for years and the value of their shares is much lower in the market than the equity subscribed by the shareholders. Thus, if the banks resort to financing in accordance with the Modarabah or Musharikah arrangements, which are in fact similar to equity financing in joint stock companies, it would lead to the mass deprivation of the savings of the depositors. Some reasonably safe mechanism needs to be evolved to check the malpractices of businessmen and to ensure that false books of accounts are not maintained with a view to declare heavy loss and thus deny the lenders their share of profit and sometime even deprive them of their loan capital. But unfortunately, the Muslim scholars have not yet evolved any such mechanism.

Fourthly, the scholars have not provided satisfactory solutions to the issues as to how the government would be able to raise loans from internal and external sources in the absence of interest. What would be the incentive for the public to provide loans to the government particularly when the government cannot give any profit on the basis of profit-loss sharing as most of the ventures of the government are not profit-generating in the business sense? What would be

the incentive for foreign countries and international lending agencies to give loans to the poor Muslim countries like Pakistan? How in the absence of interest, international trade and other international dealings would be transacted? The concept of global village is fastly taking its shape and economic inter-dependence of countries of the world on each other is increasing everyday. No country lives in isolation these days. In this situation, how a poor country like Pakistan or even all the Muslim countries put together can abolish interest in international dealings when most of these countries owe huge debts to non-Muslim countries and world agencies? These are the questions to which we have paid little heed.

And lastly, the major cause of our failure in elimination of interest is that we are attempting to make impossible to happen. Not that interest cannot be eliminated from economy. The fact is that it cannot be eliminated from capitalistic system of economy. In every Islamic state capitalistic system of economy with all its evils is in vogue. Interest is the backbone of this system. It is like a pillar on which the edifice of modern capitalist economy is standing. If you want to keep this system, you cannot withdraw this pillar as in that case the whole system would collapse. In capitalism you will have to swallow this forbidden fruit of interest under one name or the other. If you want to act upon Islamic teachings and abolish interest then you will have to abolish capitalistic form of economy root and branch from Islamic lands and enforce instead a simple system of Islamic economy in its pure and unadulterated form based on social justice and concept of welfare state.

III- Real Solution of Problem of Interest

Thus the real solution of the problem of interest lies in the total enforcement of whole Islamic economic system. Partial or piecemeal enforcement of the Islamic economic system will not work. The Qur'an says : O ye who believe ! Enter into Islam whole heartedly and follow not the footsteps of the devil..... (2 : 208).

So enter in Islam fully and establish Islamic economic system in full. We have already outlined the structure of this system in this book and have elaborated its various elements. To recapitulate, it will suffice to submit that Islamic economic system, in brief, is based upon the following five pillars or articles which are its essential constituents or components :

1. Discrimination between Halal (permitted things being lawful) and Haram (forbidden things being unlawful).
2. Equitable distribution of wealth through Zakat, Sadaqat and laws of inheritance (Social Justice).
3. Provision of basic necessities of life for every citizen (Social Security).
4. Prohibition of hoarding of wealth and promotion of its circulation in productive channels.
5. Elimination of interest.

Thus the Islamic economic system should be completely established as one package of which the abolition of interest is the last item. We cannot enforce the last item ignoring the first four. It should be kept in mind that verses regarding prohibition of interest were revealed last of all, much after the verses relating to establishment of system of Zakat and Sadaqat, laws of inheritance, distinction between Halal and Haram, circulation of wealth,

establishment of prayer, Hajj and fasting, and enforcement of moral and social code, had been revealed.

The establishment of complete Islamic economic system whole-heartedly will, by the grace of God, usher a new economic era for the now-impooverished and backward Islamic Ummah. A general level of prosperity would prevail in Islamic society in which none would be hungry or naked and none would be shelterless. Due to Islamic social justice and wide network of social security system, every citizen living anywhere in Islamic world would get his due share in national wealth. He would enjoy a reasonable standard of living much above subsistence level. He would not only get his basic necessities of life fulfilled but also he would get employment, healthcare and education for his children. History is witness to the fact that in the time of Caliph Umar-bin-Abdul Aziz if someone wanted to give his Zakat he could not easily find some needy person who would accept it. The same situation would be revived.

IV- Credit and Loans in Islamic System

In this atmosphere of happiness and bliss, anybody would hardly need loan for personal needs. And if anybody does, he would be provided the same without interest by his relatives and friends who are comparatively in easy circumstances. In case they cannot do so, public treasury (BaitulMal) would step in and provide Qard-e-Hasanah (loan without interest) to such needy person.

So far as loan for business is concerned the people would hardly feel such need because of their simple and austere living which does not require earning of too much wealth. The people would do their business with whatever capital and economic sources they have and they would not

be generally too ambitious to expand it with borrowed capital. Since the exceptions are there and some more ambitious and more enterprising people try to earn more, so such people would contact Islamic banks to fulfil their needs for capital which would, of course, be supplied to them on profit-loss sharing. A foolproof mechanism would be evolved to ensure that those who borrow capital from banks honestly maintain accurate accounts to provide legitimate profits to the lenders. Generally individuals and small private sector enterprises will be discouraged to launch big industrial or business ventures. However, cooperative societies and joint stock companies shall be allowed to operate capital-intensive big ventures in the field of industry, agriculture, transport, communications, etc. with borrowed funds. But basically big projects in the fields of health, education, defence, irrigation, communication, science and technology, infrastructure, social welfare and economic development would be in public sector and would be operated by the government of the Islamic welfare state for the general benefit of the entire populace.

Islamic state would be rich due to its vast collection of Zakat, Sadaqat, taxes and other compulsory and voluntary contributions and also on account of its earnings from its properties and projects. As already discussed by us in the chapter on public expenditure, the state would exercise moderation and would make balanced budgets avoiding extravagance which results into budget deficits. Therefore, there would be no public or national debt as the state would not incur any loan. But if in emergency situations or national crisis caused by war or natural calamities, it needs finance, the same would be raised through extra taxes or printing of currency provided these extra ordinary measures are discontinued as soon as the crisis is over. In case of a grave emergency, the government can issue an appeal to the nation for donations and voluntary contributions. History is witness to the fact that followers of Islam do not hesitate to

make big sacrifices for a national cause. We know that on appeal of the Holy Prophet at the time of Tabuk expedition, the Muslims surrendered all or considerable portion of their belongings to help the noble cause of Jihad. Even today, if properly motivated by Islamic government in which the people have confidence, the people can surrender the whole of their surplus wealth to help the government in national emergencies. Thus the state would need hardly any loans-internal or external – in any situation howsoever untoward it may be. But if the state fails to raise funds through the above mentioned measure and the emergency is grave and the need is dire, it can resort to borrowing. However, the borrowing should be restricted to need only (not a single penny should be borrowed more than need) and loans should be raised preferably from internal sources and free of interest. Otherwise the loans may be raised from brother Muslim countries free of interest. In any case loans should be repaid as soon as possible because prolonged or habitual indebtedness is undesirable being repugnant to national interest.

V- Banking and Insurance in Islamic Economy

It is not without interest to say a few words about banking and insurance in Islamic economy. Some people are apprehensive that banks and insurance companies would cease to function in Islamic economy. No doubt the present working of banks and insurance companies is contrary to Islamic teachings and thus in the present form these institutions will not be allowed to function in the event of complete enforcement of Islamic system. However, banking and insurance are very vital to any modern economy and so the same cannot be banned. Therefore, they would be radically reformed and modified in accordance with Islamic teachings by a body of seasoned economists appointed for

this purpose. A brief picture, as envisaged by the writer, of banking and insurance sector which would operate in the Islamic economy, is discussed as under:

The main function of banks in the modern society can be summed up in one sentence : The banks borrow to lend. They borrow in the form of deposits which are of three types : Saving Bank Deposits; Current Deposits, and Fixed Deposits. They basically lend in three ways : On open account or overdraft facility; loans on cash credit basis, and discounting of bills. Besides this main function, the banks perform a lot of other services for the people. They help in the transfer of funds from one place to another and from one person to another through the use of cheques. Some banks accept bills on behalf of their clients and thus make them more easily negotiable. They supply information and advice to their clients on matters relating to investment. In addition, they perform miscellaneous services like taking charge of valuables and securities, acting as agents, trustees and bailees of their customers, purchasing and selling stocks and shares on their behalf, paying subscriptions to clubs and charitable institutions at regular intervals, and so on.

The above mentioned services performed by the banking system are so essential and useful for the modern society that the society cannot make any progress in economic sector without banking. But unfortunately the whole system of modern banking is built upon the institution of 'Riba' or interest which is banned by Islam. Thus the right approach for the Muslim community is to adopt banking with its good and useful things and to benefit from it without involving interest. Therefore, Islamic banking would be based on the principle of partnership. In Islamic banking, the shareholders, the depositors and the borrowers-all would participate on profit-loss sharing basis. The mechanism and the ways and means regarding working of

the partnership system will have to be evolved in the light of Islamic tenets. Consequently, in the Islamic economy the banks would continue performing their functions of borrowing and lending on the basis of profit-loss sharing instead of earning and giving interest, whereas for their other services they would charge reasonable fee.

Those who think that in the absence of incentive of interest people would stop saving, and if at all they save they would keep their savings hoarded with them and thus the flow of money into banks would cease, are not correct. In fact, it has been established by modern economists like Lord Keynes that interest hardly influences savings. Practically, rate of investment and level of income determines the rate of savings in a society. In Islamic society the rate of savings would be rather boosted because of simple and austere living of the people who avoid luxurious living and shun expenses on social evils like drinking, adultery and gambling. The fear that without incentive of interest the people would keep their savings in hoarded form is again not genuine. Zakat penalises those who keep their money idle as regular payment of it every year would diminish such idle money. So the savers would be forced to bring their money into investment or deposit it into banks with prospects of earning profit in participation with banks.

The conversion of interest-based banking to interest-free banking in the Islamic state would do a great good to the economy. In the present system, some shrewd persons arrange huge capital by borrowing on interest from banks and thus build up big industrial empires which cause concentration of wealth in few hands. In the Islamic system which is based on profit-loss sharing instead of interest, capital would be available on equity basis and not on loan basis and, therefore, it would be impossible to establish industrial empires. This would help growth of small and

medium size enterprises which, as proved by modern economic theory, go a long way to promote economic development of a nation.

It is unanimously held by the Muslim jurists that presence of *riba* (interest), *maisir* (gambling), *garar* (risk or uncertainty) and *juhala* (unknown) in any business contract or transaction makes it unlawful. Whenever any of these four elements is found in any transaction or deal that renders it void in the sight of Islam. If you analyse the contract of modern insurance, you will find that almost all these four unlawful elements are present in it in sufficient degree so as to make it illegal in Islam. Therefore, when Islamic economic system is enforced, modern commercial insurance will have no place in Islamic lands. Muslim economists and insurance experts, however, suggest that insurance needs of Islamic society will be met by organising insurance on the principle of mutuality and co-operation. In other words, co-operative and mutual insurance in which the policy holders are themselves the insurers as well as the insurees is acceptable to Islam with suitable modifications so that no tenet of Islam is violated otherwise.

CHAPTER 19

MISCELLANEOUS SUBJECTS

Private Ownership

Public Ownership

Nationalisation

Privatisation

Family Planning

Islamic Solution of all Human Economic Problems

I- Private Ownership

Islamic Concept: According to al-Qur'an, the Holy Book of Islam, ownership of heavens and the earth and of every thing, indeed over the whole of universe, belongs to Allah, the Almighty God. Man is caliph or God's viceroy or vicegerent on earth and thus the man enjoys certain rights of usufruct in respect of certain things which have been created for the benefit of man. But the real owner of all these things is Allah whereas the man is holding these things as a trustee. Man uses these things for his own benefit as well as for the purpose which he has been assigned to fulfil. Thus Islamic concept of ownership is of unique nature. Over certain things, individual has been allowed to exercise his limited right of ownership, whereas over certain other things right of joint ownership of the community has been recognised. It would be of great academic interest if we reproduce here the views of some well-known scholars of Islam on the Islamic concept of ownership.

According to Muhammad Akram Khan : "Thus, subject to the sovereignty of Allah, man has been granted the right to own property. As man is not its ultimate owner, so the mode of its utilization has also been defined by the real owner (i.e. God Almighty). At the termination of this worldly life everyone shall have to account for the resources

provided to him in this worldly life and placed at his disposal as vicegerent to Allah.”

According to Muslehuddin : “Private ownership of property is regarded as a spur to stimulate the best efforts of man which add enormously to the wealth of the community but to a socialist it is the main cause of irrational and unjust distribution of wealth. The Islamic concept of private ownership is of a unique nature. Ownership, in essence is that of God while some rights only, under specific conditions, vest in man so that he may fulfil the purpose of God, that is, the purpose of community by acting as a trustee for those in need.”

In the words of M.A. Mannan : “What Allah has created belongs collectively to the whole human society. Legal ownership by the individual, “that is to say, the right of possession, enjoyment and transfer of property is recognised and safeguarded in Islam, but all ownership is subject to the moral obligation that in all wealth all sections of society, and even animals have the right to share.”

Property Rights : Property rights include right to earn and acquire property, right to own, possess and enjoy property, and finally the right to alienate it through sale, gift, exchange, will or through other lawful means. Islam recognised all these rights to property and granted the same to its followers some fourteen hundred years ago. Property rights granted by Islam are briefly discussed as under :-

Islam allows an individual to acquire property, movable or immovable, through lawful means. He can earn as much wealth as he can through his knowledge, skill experience and effort. The Qur’an says : “..... unto men a fortune from that which they have earned, and unto women a fortune from that which they have earned.....” (4 : 32).

At another place, it says : "..... And that man hath only that for which he maketh effort. And that his effort will be seen. And afterward he will be repaid for it with fullest payment....." (53 : 39-41). Thus there is no restriction or limit on acquiring of property provided it is acquired through permitted, fair, moral and legal means.

Islam allows a person to own, possess and enjoy his wealth which has been acquired by him through lawful means. There are many verses of the Holy Qur'an and Ahadith of Muhammad (PBUH) which recognise the right of an individual to own property. The Qur'an says : "Spend your wealth for the cause of Allah....." (2:195). Again it says : "O ye who believe ! Spend of that wherewith We have provided you..... " (2:254). At another place it says : "O ye who believe ! spend of the good things which ye have earned....." (2:267). Yet again it commands : "Take alms of their wealth, wherewith thou mayst purify them....." (9:103). Thus all the verses of the Qur'an and traditions of the Prophet (PBUH) which incite the believers to do acts of charity, pay Zakat and alms, and spend in the way of Allah, confirm by implication the right of an individual to own Property.

Islam permits the individual to alienate or dispose of his property by any means like sale, exchange, gift, bequeath, etc. Islamic law gives wide powers to the owner to alienate his property in any manner whatsoever he likes. Some restrictions imposed here and there are in the interest of family or in the interest of religion and the community.

Sanctity of Ownership Rights : The property rights mentioned above are sacrosanct and inviolable. No one, even the state, is permitted to take away or violate these rights. The Prophet (PBUH) of Islam in his famous farewell address at his last pilgrimage, declared : "O, people ! surely your blood, your property and your honour are as sacred

and inviolable as the sacred inviolability of this day of yours, this month of yours and this very town of yours. Surely you will soon meet your Lord and you will be held answerable for your actions." He continued: "..... their lives and their properties are sacred to us except when they violate the sanctity of the life and property of others, and Allah alone is the Judge of their intentions."

Abu Huraira reported: A person came to the Messenger of Allah (May peace be upon him) and said: "Messenger of Allah (May peace be upon him), what do you think if a man comes to me in order to appropriate my possession?" He (the Holy Prophet) said : "Don't surrender your possession to him." He (the inquirer) said : "If he fights with me?" He (the Holy Prophet) remarked : "Then fight (with him)" He (the inquirer) again said: "What do you think if I am killed?" He (the Holy Prophet) observed : "You would be a martyr." He (the inquirer) said : "Messenger of Allah, What do you think of him, if I kill him." He (the Holy Prophet) said : "He would be in the Fire."

(Bukhari, Muslim)

It is because of the sanctity of property rights that al-Qur'an, the revealed book of Islam, has prescribed a very severe punishment like that of cutting of hands for those who deprive others of their property by theft (5 : 38) or by robbery.

Responsibilities attached with Ownership : The rights attached with ownership have also their corresponding obligations. An owner of property beyond certain limit is obliged by Islam, as we have already discussed in detail, to pay Zakat. The poor and the destitute have an acknowledged right in his wealth. Besides payment of Zakat and alms, he is also expected to pay other dues and taxes. Moreover, property should be kept in use as non-use of

property or hoarding of wealth is strictly prohibited. However, in putting wealth to his own use, one must be neither miser nor extravagant, rather be must be moderate. The use of property must not be injurious to others. Others should be allowed use of property gratis (Ariat). Surplus property or wealth, which is over and above of one's needs, may preferably be used for the welfare of the community. Wealth should not be spent on prohibited (unlawful or haram) things such as gambling, drinking, prostitution.

Upper Limit : Islam has not prescribed any maximum amount of property beyond which one individual or one family cannot own. In other words, there is no upper limit or ceiling in matter of private ownership of property. But the condition is that property should be acquired through lawful ('halal') means and obligations attached with ownership of property should be duly discharged such as payment of Zakat and other taxes, expenditure on lawful ('halal') things, payment of alms, etc. However, in exceptional circumstances or in the interest of equitable distribution or social justice, Islamic state can impose upper limit on landholdings or other forms of property.

II- Public Ownership

The principle of public or joint ownership has been drawn by the Muslim jurists from the following Ahadith of the Prophet of Islam :

1. Ibn Abbas reported that the Messenger of Allah said : All Muslims are partners in three things-in water, herbage and fire.

-(Abu Daud, Ibn Majah)

2. Abu Hurairah reported that the Messenger of Allah said : Don't withhold excess water so as to prevent therewith (the growth of) additional herbage.

-(Bukhari, Muslim)

3. Ibn Abbas reported that Sa'ab-bin-Jassamah said : I heard the messenger of Allah say : There is no Hima (ground consisting of grass and water which pre-Islamic Arabs used to reserve for their own cattle and animals) except for Allah and His Prophet.

-(Bukhari)

4. Abyaz-bin-Hammal Marbi reported that he came to the Messenger of Allah. He sought for the salt-pit of Ma'reb to be granted free to him. Whereupon he gave it to him. When he went away, a man enquired : O Messenger of Allah, you have given him a perennial spring-water (or a perpetual source of salt). So he withdrew it from him.

-(Tirmizi, Ibn Majah)

On the basis of above mentioned Ahadith, the jurists have held that water, grass, fire and salt are things of common use which must be kept under joint or common ownership of the community. Not only these things, but also many other things of common use or of public benefit, on the analogy of above mentioned Ahadith, have been held to belong to community instead of individuals.

This concept of common ownership also arises out of the fundamental Islamic principle that God is the real sovereign and owner of everything He has created, whereas man (collectively all human beings) has been given limited or beneficial ownership as trustee. Thus factually the right of limited ownership which has been bestowed by God

belongs to community. However, there are certain things of common benefit on which community retains its control or ownership while many other things are passed on to individuals for their ownership and enjoyment with certain conditions and obligations. The former is called public ownership or collective ownership (these days it is also called state or government ownership) whereas the latter is called private ownership.

Air, light, water, grass and fire, being things of common use or 'res nullius' are considered public property. The jurists have laid down certain rules and regulations in this behalf. A person who kindles a fire in a desert cannot prevent others from using it. Wild grass grown on a person's land which has no boundary wall or fence is for the common benefit and anybody can utilize it. But after having been cut and gathered, it becomes the property of the person who cuts and gathers it. Water of sea, river, stream or spring is common to all unless the place of water like well is privately owned or water is stored in a jar. Similarly places of worship, roads, canals and pastures are nobody's private property and are for common use.

About the minerals, there is a conflict of opinion. No doubt some Hanafi jurists say that owner of surface of land is the owner of minerals beneath that land subject to one-fifth (as tax) to the state, but majority of the jurists hold that minerals are public or state property such as mines of gold, silver, iron, coal, salt, petroleum, kerosene oil, copper, etc.

Like minerals, all those things of common utility which are indispensable to the public, are kept in state control. The Imam or the head of state is not authorised to grant such things to any individual. We have already described in detail that when the rich lands of Iraq, Iran, Syria, Egypt and Palestine were conquered during the reign of caliph

Umar, some of the great companions of the Prophet like Bilal and Zubair demanded that these lands should be distributed among the soldiers like spoils of war. But the caliph rejected their demand and decided to retain these lands in state control for the common good of all the people including the future generations.

The jurists have also laid down that private property can be brought under public ownership if the national interest so demands. However, this should be done in exceptional cases and that too after payment of fair compensation.

III- Nationalisation

Nationalisation means bringing of private property under state or public ownership for benefit of the nation. The principle of nationalisation has been derived by the scholars and jurists of Islam mainly from the following verse of the Holy Qur'an :

"And make not over your property, which God has made a (means of) support for you, to the weak of understanding, but feed and clothe them from it and speak kindly unto them....." (4:5)

Commenting upon the above mentioned verse, Maulana Syed Abul' Ala Maududi, a great scholar of Islam, justifies nationalisation as under :

"This Ayah bears wide meaning. It contains a comprehensive order for the Ummat that the means of production should not be allowed to remain in the hands of an un-enlightened class which by misusing those means will disrupt the social and economic order of society and erode

the moral values. The right of ownership of property is not unrestrained. If the owner is wanting in ability to use his ownership right in the correct manner or so exercises this right as to create social strife, his ownership is liable to proscription.

Every man must be provided with basic needs of life, but a limit must be set on the free exercise of his right of ownership; so that the use of this right does not pose a danger to the moral, social and economic order of life. In accordance with this injunction at the individual level, every man of wealth must take care that the person to whom he is entrusting his wealth has the requisite capacity to use it wisely. On a higher plane, the Islamic State must take steps to nationalize the property of those who manage it inefficiently or unwisely and the wealth of those who expend it in evil ways. In this case the state must, however, provide subsistence to the owners."

Afzal-ur-Rehman, an eminent Muslim economist has commented upon this verse and justified nationalisation as follows:

"Imam Shafee is of the opinion that when anyone goes beyond the point of moderation in his expenditure, even if he is spending on good and lawful things, his property should be taken away from him and given to the custody of the state (ward). And according to the principle of Ward, the state is within its rights to take over the property of any person who is recklessly destroying his property and thereby damaging the greater good of society. As he is wasting and not properly utilising his property which God has made a means of support for human beings, he is considered still "weak of understanding" who has not attained maturity of intellect.

This Injunction applies to orphans, "but the wording is perfectly general. The words of the Holy Quran "your property" seem to suggest that "ultimately all property belongs to the community, and is intended for the support of you, i.e., the community. It is held in trust by a particular individual. If he is incapable, he is put aside but gently and with kindness."

Besides the above mentioned verse, there are many other verses in the Holy Qur'an which strictly forbid earning of wealth and property through unjust, unfair and unlawful (Haram) means. Such ill-gotten wealth and property can also be confiscated and placed under public ownership for common benefit of the nation. Even fairly earned property can be nationalised in public interest after payment of reasonable compensation. Property which is not being put to use by the owner for a certain specified period (three years in case of land) can also be taken out of private ownership and placed under public ownership. Big enterprises in the sectors of education, health, defence, industry, transport and communications, infrastructure, social services, etc. can be nationalised and run by the government if the owners are not properly managing them or such enterprises are of general public utility and keeping of them in private ownership is damaging to the public interest.

IV- Privatisation

Privatisation means the process by which certain things or properties are taken out of public ownership and are placed under private ownership. Privatisation is counter or reverse process of nationalisation and hence it is also called denationalisation or deregulation.

Islam does not favour privatisation of those public properties and means of production which are of common utility and keeping of which in private hands is harmful to the interest of the community. Following verses of the Qur'an and Ahadith of Prophet Muhammad (PBUH) particularly discourage privatisation :

1. And make not over your property, which God has made a (means of) support for you, to the weak of understanding, but feed and clothe them from it and speak kindly unto them.....

-(Al-Quran 4:5)

2. It is reported by Ibn Abbas that the Apostle of Allah said : Grazing land belongs to Allah and His Messenger and no one is permitted to keep it to himself.

-(Bukhari)

3. Ibn Abbas reported that the Messenger of Allah said : All Muslims jointly share three things i.e. water, grass and fire.

-(Abu Daud)

4. Abyaz-bin-Hammal Marbi reported that the Holy Prophet took back allotment of salt mine from him when he found that it was for common use of all Muslims.

-(Tirmizi, Ibn Majah)

The rich persons (who purchase public property in the process of privatisation) are mostly men of weak understanding in the sense that they are generally selfish and materialistic who do not share their wealth with the deprived of people. Placing public property in their hands at

the cost of general good of vast majority is very cruel and callous act. This leads to concentration of wealth in few hands and thus balance of distribution and along with it the cause of social justice suffers a great setback.

The rich people normally do not pay taxes, dues and bank loans honestly and promptly and thus the privatisation of big economic projects generally results into fall of state revenues, fall of revenues of organisations providing utility services like electricity, and defaults of bank loans. They keep their earnings (rather their loot) in foreign currency accounts with foreign banks which causes flight of capital from economically backward countries to rich countries.

V- Family Planning

Meaning of Family Planning : Synonymous terms with family planning are birth control, contraception, fertility control, planned parenthood, child spacing etc. 'Birth control' is a term that includes all methods used to regulate or prevent the birth of children. It is the deliberate prevention or delaying of births, by various artificial means. 'Family planning' or 'planned parenthood' are the terms which generally refer more broadly to policies, programs, and services designed to assist people in practicing birth control. In some countries, the program at national or governmental level is being lately called as the 'population planning' or 'population welfare program'.

Due to advancement of science and technology in the modern world, medical care has improved, diseases have been largely controlled and death rates especially the rates of infant mortality have declined. The result of continuing high birth rates and low death rates has been rapid population growth particularly in Asia, Africa and Latin

America. In many countries, far more children are born than can be adequately housed, fed, educated, or employed under the present economic conditions. The fear of overpopulation has inspired interest in family planning.

Islamic View-Point : The word 'birth control' or the word 'family planning' has nowhere been mentioned in the Qur'an and the Hadith nor there is any direct injunction in these primary sources of Islamic law which prohibits family planning or permits family planning. Therefore, opinions among the Muslim Ummah (community) are divided on the issue of family planning which, due to fear of rapidly increasing population in Islamic countries, has lately assumed vital socio-economic importance.

Those who oppose family planning quote the following verses of the Qur'an and Ahadith of Prophet Muhammad (PBUH) in support of their view :

1. Slay not your children, fearing a fall to poverty. We shall provide for them and for you. Lo ! the slaying of them is a great sin.

-(17:31)

From this verse they try to prove that family planning tantamounts to slaying of children for fear of poverty which has been strictly prohibited by the Qur'an.

2. And there is not a creature on earth but the sustenance thereof dependeth on Allah.

-(11:6)

From this verse they try to establish that since Allah provides sustenance to every creature including human beings, man need not worry about the number of children

he is blessed with. According to them, practice of family planning tantamounts to mistrust in God's ability to provide sustenance.

3. Then we gave you once again your turn against them, and we aided you with wealth and children and made you more in soldiery.

-(17:6)

Multitude is the source of work force, of military strength, and above all source of social, spiritual and economic development. The concept of multitude is also the source of genius, as the wider the population base, the greater the probability of finding people of excellence. Thus the question of multitude and numbers is propagated by the opponents of birth control. They believe that the larger the number of Muslims and the higher their growth rate the greater would be their power and influence in world affairs.

4. Ma'qal-bin-Yasar reported that the Messenger of Allah said: Marry and multiply, for I shall make a display of you before other nations on the Day of Judgement.

-(Abu Daud)

Those who favour family planning build up their arguments from the following verses of al-Qur'an and Ahadith :

1. Mothers shall suckle their children for two whole years; that is for those who wish to complete the suckling.....

-(2:233)

The above mentioned verse is taken to be a recommendation for breast-feeding a child. If period of two years is taken for breast-feeding and period of pregnancy from 6 to 9 months is added, then there would be a space of 2.5 years to almost 3 years between two children. Modern science has proved that prolonged breast-feeding is a good device to prevent conception, since it delays resumption of ovulation following pregnancy, So during breast-feeding a child, the likelihood of mother's conceiving is greatly reduced. Thus by recommending child-spacing, the Holy Qur'an has encouraged family planning in the view of its exponents.

2. And let those, who cannot find wherewithal to marry, keep chaste till Allah give them means by His grace.

-(24:33)

According to this verse of the Holy Quran, if a person has no means or he cannot afford to marry, he should keep chaste and should not marry till Allah provides him means to do so. In a way the verse suggests no marriage or late marriage to a man of no means if he does not find means to support a family. Late marriage is also regarded a good device of reducing size of family and thus it is an effective population control measure.

3.and if ye fear that ye cannot do justice (to so many) then one (only) or the (captives) that your right hands possess. Thus it is more likely that ye will not do injustice"

.... (4 : 3).

This verse instructs Muslims who cannot deal equitably with many wives to be satisfied with only one. Most interpreters read this to mean that being satisfied with one

wife is a way to avoid injustice, but Imam Shafe'i, an expert in the Arabic language says that the concluding expression of the verse has more deep meaning. He explained the phrase 'thalika adna alla ta'oulu' to mean 'so that you will not have to support too many children' ! Thus the great Imam finds a reference in the Quran to family size.

4. Abu Hurairah reported that the Messenger of Allah used to pray : O God! I seek Thy protection from Jahd-al-bala (grave hardships). When asked by the companions. 'What is Jahd-al-bala, the Prophet explained : "poor economic conditions and a large family".

-(Bukhari and Muslim)

5. The advocates of family planning specially quote the following traditions of Prophet Muhammad (PBUH) about al-Azl, which means to withdraw before orgasm. Al-Azl was practiced by some companions of the Prophet who wanted to keep their family size small.

(i) It is reported that Jabir said : 'We used to practice al-Azl during the time of the Prophet (PBUH) who came to know about it, but did not forbid us [doing it.] – (Muslim)

(ii) Jabir is also reported to have said : We used to practice al-Azl and the Qu'ran was being revealed, Sufian, the reporter of the tradition added : 'Had this been something to be prohibited, the Qur'an would have prohibited us doing it.'

-(Muslim)

(iii) Yet another Hadith is also reported on authority of Jabir who said 'A man came to the Prophet (PBUH) and said "I have a mate who serves us and waters our palm

trees. I consort with her (lawfully) but do not like her to get pregnant". The Prophet said 'Practice al-Azl with her if you so wish. What is pre-ordained for her will certainly befall her.' After some time the man came back and said 'the mate has conceived.' The Prophet said 'I told you that what is pre-ordained will befall her'.

-(Muslim, Ibn Majah, Ibn Hanbal, al Daramy)

(iv) On the authority of Abu Hurairah the Prophet said : al-Azl is not allowed without the consent of the (free) wife.

-(Abu Daud)

(v) On the authority of Jabir; the Companions asked the Prophet 'O Messenger of Allah ! We used to practice al-Azl but the Jews claimed that it was minor infanticide.' Such a contention by the Jews was categorically denied by the Prophet who said that the Jews had lied and added that 'if Allah will its creation nothing could stop Him.'

-(Abu Daud, al-Tirmidhi)

Conclusion: We have stated above some of the arguments of the proponents as well as opponents of the family planning which they produce quoting verses of the Holy Quran and Ahadith of the Prophet in support of their contention. We have seen that there is not even a single verse of the Holy Quran nor a single Hadith of the Prophet of Islam which directly allows family planning or which directly forbids to do so. No doubt, there are some Ahadith of Prophet Muhammad (PBUH) about al-Azl (coitus interrupts), but no clear-cut inference can be drawn from them as the same are used by both the camps (the proponents as well as opponents of family planning) to advance their own point of view. So far as Islamic fiqh is

concerned, almost all the classical schools of jurisprudence have found some room for the concept of Azl or contraception as majority of the jurists of each school have allowed the practice of Azl in certain situations with certain conditions. In the modern times, fatwas or rulings have been issued by some leading muftis and jurists of many Muslim countries to permit family planning under certain circumstances.

In the situation discussed above, we can accept the idea of family planning if there is really pressing need for it and if it is really in the interest and welfare of a Muslim family or the Muslim community. We can find for this conclusion a lot of support not only in the verdicts and rulings of the classical as well as modern jurists but also through the exercise of Ijtihad.

VI- Islamic Solution of all Human Economic Problems

No economic system of the world has been so far able to put forward any satisfactory solution of the economic problems of humanity. It is only the Islamic economic system which puts up a beautiful solution of all human economic problems in verse No. 219 of Chapter 2 of the Holy Qur'an, which reads as follows :

"..... And they ask thee what they ought to spend. Say : Which is superfluous....."

-(Al-Baqarah 2:219)

It means whatever you earn, you should full your needs out of that and the surplus should be spent in the way of Allah. In the broader sense the golden principle emanating from this sacred verse would be :

You should earn wealth through fair and lawful means. You should, then, satisfy, your genuine and legitimate needs in a moderate and prudent way. After doing so whatever you have, you should spend it for the cause of Allah for the welfare of the poor and less fortunate people.

If the above mentioned golden principle is acted upon devotedly and most faithfully, it would bring about the following situation : Every citizen would be earning his livelihood through fair (Halal) means which have been permitted by the Quran and the Sunnah. Thus the illegal, unlawful and immoral means of earning wealth like interest, bribery, smuggling, theft, embezzlement, business malpractices would automatically stop. It is these unfair (Haram) ways of earning which give rise to the concentration of wealth in few hands and thus create wide disparities in the distribution of income and wealth in the society.

After earning wealth through lawful means, every citizen would satisfy his needs which are genuine, fair, moral and religiously permitted. Expenditure on these needs would be modest and not lavish as the extravagance has been severely condemned by the Quran and the Sunnah.

Whatever is left with a citizen after satisfying of his needs, he would not hoard it, but would spend it in the ways, which have been permitted, like spending for the poor, for Jihad, for the cause of Allah, for education and learning, for travellers, for relieving the debtors, for freeing slaves, and for help to orphans, destitutes, needy, etc.

The state is today the only organization, which performs all such welfare activities, maintains social services, provides health care and education, wages Jihad against the foreign aggression, provides employment,

maintains communications like railways, road, waterways, bridges, etc., provides protection to the individual in respect of his life, honour and property and above all performs so many other useful functions. So whatever remains with a person after satisfaction of his needs in a moderate way, he would hand over this surplus to the state.

After having obtained sufficient finances, the state would need no taxes and no loans. So all the taxes except Zakat shall be abrogated. Equipped with sufficient funds, the state would be able to provide for basic necessities of life such as food, clothing, shelter, education and healthcare to every citizen at a reasonable standard. It would provide employment to all those who are jobless. The state would discharge all of its duties of welfare state and would set up all big projects for economic development.

CHAPTER 20

ISLAM AND OTHER ECONOMIC SYSTEMS

Islam and Capitalism

What is Capitalism?

Features of Capitalism

Comparison with Islam

Rights to Ownership

Economic Freedom

Monopoly

Institutions of Interest

Exploitation

Distribution of Wealth

Islam and Socialism

What is Socialism?

Distinctive Features of Socialism

Comparison with Islam

Ownership

Materialism

Regimentation and Totalitarianism

Economic Equality

The most dominant economic systems in the modern world at present are capitalism and socialism. The capitalism is the dominant economic philosophy in the western world mainly comprising Western Europe and Northern America

under the leadership of United States. The socialism has been dominant economic ideology in USSR, Peoples Republic of China and some countries of Eastern Europe. Although socialism, with downfall and dissolution of its former leader Soviet Union, has received a great setback, yet it still holds a lot of relevance as an economic philosophy.

However, before comparing Islamic economic system with capitalism and socialism, we would briefly introduce these two systems to our readers and then we shall make comparison.

I- Islam and Capitalism

What is Capitalism? Capitalism, as defined by the Collins Dictionary, "is an economic system based on the private ownership of the means of production, distribution and exchange". Broadly speaking, capitalism is the name given to the economic system in which the principal means of production, distribution and exchange are in private (individual or corporate) hands. The profit motive constitutes the prime stimulus to productive exertion and the 'price mechanism' determines what things shall be made in what quantities and what conditions.

It is a type of economy in which capital is privately owned and may be freely used by the owners as they wish in attempting to make profits from their economic enterprises.

Thus in this system of economy production and trade are organised on individualistic basis. Private individuals or private firms and corporations with the help of previously accumulated capital, but more often utilising money

borrowed on interest, earn profits and build up business or industrial empires for themselves by employing the mass of human labour for wages.

Features of Capitalism: Chief features of capitalism include : existence of unrestricted private ownership of means of production, exchange and distribution; economic freedom; profit motive as incentive for productive activity; free market and competition; existence of monopolies; banking and institution of interest; wide disparities in distribution of wealth; economic exploitation of the weak by the strong, etc.

Comparison with Islam: Capitalism and Islam are compared in respect of their basic economic concepts as under:

1. **Right to ownership:** The existence of right of private ownership of property is the hallmark of capitalism. It gives unrestricted and unencumbered full rights of ownership to the individual. The individual may acquire, own or alienate his property in whatever manner he likes. The system believes in the private ownership of the means of production, distribution and exchange which are managed and controlled by individuals or groups of individuals for private profit. The unrestricted right to own property and earn profits leads to concentration of wealth in few hands. This necessarily disturbs the balance of distribution of wealth and income in society. The economic disparities and the ever-increasing gulf between the rich and the poor sows the seeds of discord and destruction in the capitalist society.

Islamic concept of ownership is unique one. Ownership, in reality, belongs to God while some rights only vest in man so that he may fulfil the purpose of God, that is the purpose of community by acting as a trustee for those in need. In other words, what Allah has created for benefit of and service to man belongs collectively to the whole humanity. Legal ownership by the individual is recognised in Islam but it is subject to the moral obligation that in all wealth all sections of society have the right to share. Thus private or individual ownership in Islam is not unlimited or unrestricted. All the means of production are not placed under private ownership as public ownership of certain things of common utility exists side by side with it in an Islamic state. Islamic state has also the right to nationalise certain things which are under private ownership for the benefit of the community. In this way the limited right of private ownership with law of inheritance which distributes the estate of the deceased among fairly large number of heirs averts concentration of wealth in few hands and thus prevents class-conflict.

2. Economic Freedom: Unrestricted economic freedom and non-interference of the state in such freedom is another feature of capitalist economy. Every individual is at liberty to initiate, organise and establish any enterprise, business, trade, profession, etc. He has full freedom to earn as much income as he can and spend his wealth in whatever manner he likes. This unrestricted economic freedom generally leads to earning of wealth through foul means such as gambling and prostitution. It also encourages business malpractices such as smuggling, black marketing, profiteering, hoarding, speculation, forward transactions, fraud, exploitation, adulteration, etc. Thus a mad-race for earning wealth becomes order of the day and high social and moral values such as fraternity, brotherhood, mutual help, love,

benevolence, truthfulness give place to selfishness, callousness, hatred, falsehood and mistrust. Capitalism, in fact, has come to signify a religion of money or dollar dictatorship.

Islam also allows economic freedom to an individual who is at liberty to earn wealth, own it and spend his wealth at his discretion. But the freedom given by Islam in economic sphere is not unlimited. Islam makes distinction between *halal* (permitted being lawful) and *haram* (forbidden being unlawful) in every economic activity embracing vast fields of production, exchange and consumption. Certain means of earning wealth such as interest, bribery, embezzlement, gambling, games of chance, speculation, monopoly, usurpation of wealth of orphans and other weaker persons, prostitution, singing and dancing, sale of wine and narcotics, short weighing and short measuring, trade in *haram* things, immoral and exploitive methods, etc. are prohibited to a Muslim. Similarly consumption of wealth on luxurious living, *haram* things and extravagant spending is also forbidden. A Muslim is required to pay *Zakat* and spend whatever he can for the cause of the poor and the destitute. All these regulations promote moral values in Islamic society and eliminate mad-race for wealth and material gains.

3. Monopoly: Competition, which is another feature of capitalism, leads to the destruction of minor enterprises and firms. This encourages merger of smaller business organisations into major ones and thus monopolies or cartels are established. Monopolies kill free competition, cause inflation in prices and ultimately result into unemployment. Thus labour and consumer are both exploited in such a situation. Moreover, trade-cycles, unplanned production, over-competition, increasing

accumulation of capital upsets the balance between production and consumption which sometimes leads to economic depressions.

Islam forbids unhealthy competition and bans all the ways which lead to it. Islam also disallows establishment of monopolies. The Prophet of Islam is reported to have said : Whoever monopolies is a sinner. Especially monopolies over food-stuffs or articles of daily use are forbidden by Islam. Commodities and services which are of the common interest of the community are never allowed to be monopolised. Those essential things which are required by everyone are generally maintained under joint ownership of the community. Thus interests of the consumers and labour are protected and balance between production and consumption is never allowed to be disturbed.

4. Institutions of Interest: The Institution of banking and interest is the life-blood of capitalistic form of economy. For business, trade and industry especially for big projects and economic ventures, huge funds are required which no individual or firm can arrange. This leads to establishment of banks who borrow capital from depositors and investors on lower rate of interest and lend it to business enterprises on higher rate of interest. Thus the institution of interest has become part and parcel of capitalism.

Islam considers interest as the most exploitive institution for humanity and has abolished it root and branch in its every form and manifestation. According to al-Qur'an taking of interest tantamounts to war against God and His Apostle, while according to Prophet Muhammad (PBUH) interest is worse than adultery. Islam builds its economy on interest free basis and promotes profit and partnership as incentive for saving and investment.

5. Exploitation: Unrestricted right of economic freedom and uncontrolled right of private ownership has practically resulted into exploitation. Economic exploitation of the weak by the strong is an order of the day in a capitalist society. Labour is exploited by the capitalist, farm worker is exploited by the landlord, poor is exploited by the rich, servant is exploited by the master, people are exploited by the rulers and above all national treasury is exploited and looted by the persons in power. Wealth is the religion of every person (but a few honourable exceptions) and earning of it through fair or foul means is his creed. Consequently, everyone exploits the other economically with a view to gather as much fortune as possible.

Islamic economic system, on the other hand, ensures elimination of exploitation of one man by the other. Many effective measures have been taken by Islam to do so. Riba or usury is one of the worst instruments of human exploitation and this has been abolished in all forms by Islam. Other means of exploitation such as bribery, gambling, speculative transactions, embezzlement, prostitution have also been prohibited. Interests of the weaker classes of the society like women, orphans, slaves, labourers, tenants, consumers, etc. have been protected against their exploiters through legislation by Islam. Islam has given these weaker sections of society many rights which were hitherto unknown in the history of humankind.

6. Distribution of Wealth: Capitalism does not believe in fair and just distribution of wealth. Since it believes in full economic freedom and private ownership of means of production, wide economic disparities exist in capitalistic

economy. Concentration of wealth in few hands takes place while huge majority of the populace is deprived of the very basic necessities of life. The privileged few live in luxury while poverty, ignorance, disease and unemployment is the lot of the multitude. This disturbed balance of distribution of economic resources and unbridgeable gulf between the haves and have-nots ultimately leads to class struggle and ultimate overthrow of the very system.

Islam, on the one hand guarantees provision of basic human needs such as food, clothing and shelter to everyone and, on the other hand, ensures fair and equitable distribution of wealth and economic resources among all. It does not tolerate existence of wide disparities among the rich and the poor and tries to eliminate concentration of wealth in few hands. For bridging the gulf between the rich and the poor and for ensuring equitable distribution of wealth, Islam has taken many steps such as Zakat and Sadaqat, laws of inheritance and bequest, voluntary charities and compulsory contributions in the form of taxes and duties. To prevent concentration of wealth in few hands Islamic economic code has taken measures like abolition of interest, prohibition of earning of wealth through haram means, prohibition of hoarding of wealth, etc.

II- Islam and Socialism

What is Socialism? According to the Collins Dictionary, "Socialism is an economic theory or system in which the means of production, distribution and exchange are owned by the community collectively through the state. It is a transitional stage in the development of a society from capitalism to communism, and is characterised by the distribution of income according to work rather than need". Advanced Learner's Dictionary explains socialism as "a

political and economic theory advocating that a country's land, transport, natural resources and chief industries should be owned and controlled by the whole community or by the state and that wealth should be equally distributed."

Encyclopaedia Britannica writes : "Socialism is essentially a doctrine and a movement aiming at the collective organisation of the community in the interests of the mass of the people by means of the common ownership and collective control of the means of production and exchange." Encyclopaedia Americana, in its article on socialism, states : "Socialism is a doctrine that espouses public ownership or control of the major means of production. It aims to achieve a more equitable and efficient distribution of social goods and greater economic planning than exist under capitalism. Although the central concerns of socialism appear to be economic, its ramifications extend to the moral, social and political realms."

Political scientists and scholars do not agree on a uniform definition of socialism. It has been aptly remarked that there are as many types of socialism as there are socialists. Socialism is therefore compared to a hat which has lost its shape because everybody wears it.

Socialism has drawn its strength from the desire of conscientious men in all ages from Plato to Ruskin for a more equitable and fair distribution of the income and wealth. However, the word 'socialism' came into general use around 1830. But it was Karl Marx who founded it on scientific lines. Marx is known as father of socialism. He developed the principle of scientific socialism which came to be known later on as communism. Along with his friend Frederick Engels, he wrote and issued the famous communist Manifesto in 1848 calling upon the labour of the world 'to unite as they were nothing to lose but their chains'. He wrote his famous book Das Capital in 1867 which is considered to be the Bible

of socialism. Philosophy of Marx is mainly based upon the following two principles :

1. Dialectic materialism or materialistic interpretation of history is the most important feature of Marxism. Marx seeks to explain every event in history on economic grounds. All wars, riots and political movements, according to him, have their origin in economic factors. He views history as a class struggle i.e. struggle between the oppressor and the oppressed. Present struggle between the capitalist class and the workers or proletariat class would result into victory of proletariat who would establish their dictatorship, and thus with the liquidation of capitalist class, a classless society shall come into being and state would wither away.

2. Theory of surplus value is another feature of Marxian teachings. According to Marx, the capitalist gets for his commodity more than he has spent on labour and other costs. The excess of market value over the costs is surplus value. This surplus value, which according to him, is created by labour, is usurped by the capitalist as profit.

Distinctive Features of Socialism: Distinctive features of socialism, briefly speaking, include : Public or state ownership of all means of production, distribution and exchange and abolition of private property; economic equality and provision of basic necessities of life for every citizen; materialism and emphasis on economic factors; totalitarian state and dictatorship of proletariat; suppression of civil liberties, etc.

Comparison with Islam: Socialism and Islam are compared in respect of their basic economic perceptions as under:

1. Ownership: State ownership of all property and means of production, as stated earlier, is the most distinctive feature of socialist economy. Private ownership of property and of all the means of production, distribution and exchange is totally abolished. Land, factories, transport, communications, mines, etc are all placed under state control. This leads to management of these means of production by the bureaucracy. Bureaucratic running of economic machinery results into inefficiency, low production and collapse since the bureaucrats lack initiative, follow rigid rules and are not trained to run business.

Islam does not abolish private ownership of property and does not place all the means of production, distribution and exchange in the hands of the state. Although Islam upholds public ownership of some means of production which are the common utility to the people, but it concedes the rights of private ownership of majority of the means of production and distribution. Unlike socialism, Islam gives economic freedom to an individual who can earn wealth, own it and enjoy it within certain limits provided he does not infringe teachings of Islam in the process of earning, owning and consuming it.

2. Materialism: Socialism, especially scientific socialism or communism rests on a purely materialistic basis. Dialectic materialism or materialistic interpretation of history is the most vital element of Marxism. Marx has sought to explain every event in history on economic grounds. According to him, origin of every activity of man lies in economic factors. Marx does not believe in religion which, in his view, is a

bourgeois invention to keep the proletariat under their perpetual control. Engels said : Matter is the only real thing in the world. The communists believe that human reason is just a manifestation of matter and soul has no independent existence of its own but is a product of matter. They hold that all the different stages of human progress are determined by the interplay of conflicting economic forces alone, thus leaving no place for God's will. So communism is a purely materialistic ideology which ridicules religion, concept of God and all forms of spiritualism dubbing them as unscientific.

Islam is the perfect and final religion revealed by Lord of the universe for the guidance of mankind. Its foremost aim is to ensure 'falah' or well-being of humanity in this world and in the Hereafter. It does not give importance to matter only at the cost of spirit as does a secular ideology like socialism. Islam believes in the material as well as moral and spiritual welfare of its followers at micro and macro level. Followers of Islam believe in one God, in all the Prophets and Holy Scriptures, in the Hereafter, in the moral code and in the universal brotherhood of mankind. In an Islamic state there exist no antagonistic classes conflicting with each other, neither all the events in history are determined by interplay of economic forces. Although, in the sight of Islam, welfare of society does not lie in economic prosperity only as moral and spiritual advancement is equally important, yet it does not discourage pursuit of material prosperity through fair means.

3. Regimentation and Totalitarianism: Communism sets up a totalitarian state in which bourgeois class is liquidated and strong dictatorship of the proletariat class is established. Fundamental rights and civil liberties are crushed and man is rendered merely to the status of an

economic animal. In the name of bread he is deprived of freedom of conscience, freedom to think, freedom to speak and freedom to act. In order to achieve economic objectives and in order to work the huge productive machine efficiently, the state becomes all powerful and establishes complete regimentation. Thus the state under communism does not wither away, as predicted by Marx, rather it turns out to be a worst type of totalitarian state.

Islam, on the contrary, believes in democratic form of government as the Qur'an, its revealed book, enjoins upon Prophet Muhammad (PBUH) to conduct public affairs in consultation with his followers. Islam gives all the fundamental rights and civil liberties to the people living in the Islamic state. All the citizens have freedom of person, freedom of religion and conscience, freedom of expression, right to own and alienate property, right to protection of honour, right to criticise the government, right to equality before the law, right to education, right to medical care and above all right to basic human needs such as food, clothing and shelter. Islamic state does not establish dictatorship of any class, neither it is a totalitarian state. The state under Islam does not wither away, rather it becomes indispensable as it discharges all the functions of a traditional state and modern welfare state.

4.Economic Equality: Economic equality is another claim of communism although it has never been realized so far. In theory at least it is claimed that the rights of the individuals in the economic sphere are governed by the principles of equality. Every individual is provided with the necessities of life according to his needs.

Islam, unlike communism, recognises that there is no equality among human beings as regards the economic

means and possession of worldly wealth. The Qur'an considers these inequalities and disparities in the distribution of wealth as part of Divine economic order and, therefore, does not try to eliminate them by unnatural and artificial means. The existence of economic disparities, in fact, is a test by which Allah tries the human beings how they behave in good and bad circumstances. However, Islam does not permit the differences in possession of wealth to assume such proportions that concentration of wealth takes place in few hands who live in luxury while vast majority of people lead a life of abject poverty, misery and deprivation. Islam does not tolerate the existence of unbridgeable gulf between the rich and the poor, but unlike socialism it does not believe in equal distribution of wealth. Actually Islam believes in fair, just and equitable distribution of wealth and in social justice. For ensuring equitable distribution, Islam has taken many steps such as institution of Zakat and Sadaqat, laws of inheritance and bequest, voluntary alms and levy of compulsory contributions in the form of taxes and duties. In addition to this it has abolished interest, prohibited unfair and unlawful means of earning wealth and banned hoarding of wealth so that wealth should not concentrate in few hands.