

Zakah Management and The Evolution of Islamic Economy

Dr. Zahid Ahmad Naik

Assistant Professor, Department of Islamic studies, Himalayan Degree College, Rajouri

Abstract—Islam claims of being perfect in every way and guides humanity in all walks of life. whatever be the field Islamic teachings will be there. Economic aspect is very important hence couldn't be divorced, so Islam guides us this aspect too. The world is not well aware about Islamic Economics, even the followers of Islam follow Capitalist or Communist Economic Systems. While Islam has its own economic system and has the potential to solve the economic ills of humanity.

Zakat is the main component of Islamic economy and plays background role in this economy. Zakat has the potential to solve the economic ills of people. But people aren't well aware about all this. The present situation of Muslims is worse as they aren't well read about Islamic economy.

The main component of Islamic Economy is the institution of Zakat; the current structure of Muslims is that the Zakat is badly mismanaged. The current paper will be an attempt to focus an attention towards the importance of Zakat management in Islamic Economy.

Index Terms—Islam, Zakat, Economics, Capitalism, Communism, sharia, materialistic, worldview.

I. INTRODUCTION

Zakah is one of the basic pillars of Islam and it has been greatly stressed by Allah in the Quran and is mentioned more than eighty times in Quran. The people who refuse to pay Zakah were threatened by Abu Bakr. This important pillar is the main player in establishment of balanced Economic system. The Islamic economic system is mainly based and backed by Zakah, but it isn't properly managed. This mismanagement has added miseries to the already sick economic system.

Islamic economic system is a balanced and just based system and has potential to meet the standard of peoples living, but Muslims are less bothered about all this. They don't know a lot about it and follow the other weak and ill economic systems. If they manage

Zakah in a better way, it will stable their economic system which in return will stabilize the lives of masses.

II. CONCEPT OF ISLAMIC ECONOMICS

Islamic Economics is the knowledge of guidelines provided by the Quran and Sunnah of Prophet. There are number of verses in the Holy Quran that guides us about Economic aspect of life.

Islamic economics has been defined differently by different Economists and Scholars, keeping in mind specific aspects of human life. Broadly speaking the term 'Islamic Economics' defines a specific pattern of social and economic behavior for all individuals. It deals with a wide-ranging set of issues, such as property rights, incentive system, allocation of resources, types of economic freedom, system of decision (economic) making and proper role of government. The over-riding objective of the system is social justice and specific patterns of income and wealth distribution and consequently economic policies are to be designed to achieve these ends.ⁱ

S.M Hasanuz Zaman has critically examined definitions of huge scholars and gives then his own definition as: Islamic economics is the knowledge of application of injunctions and rules of the shariah that stop injustice in the acquisition and disposition of material resources in order to provide satisfaction to individuals and enable them to perform their obligations to Allah and Society.ⁱⁱ

This implies that Islamic Economics is a social Science, which studies the economic problems of people in the light of the values of Islam. one way of looking at Islamic Economics would be the use of resources for the welfare of people within the framework of Sharia. Once the framework of Sharia has been adopted, it will determine various aspects of economic management, like the contents of

Production, trade, finance, distribution and many other things.

III. IMPORTANCE OF ISLAMIC ECONOMICS

Islamic economics is based on religious worldview not on secular and materialist worldview. Islamic economics never entangled in secularism and materialism but it cuts the roots of secularism and value neutrality and promotes spiritualism and human brotherhood. It ensures the well-being of human beings, irrespective of religion, race, age etc. Islamic Economics doesn't seek to abolish private property, as was done by communists nor does it prevent an individual in serving his self-interest. Islamic economics recognizes the role of market in the efficient allocation of resources, but doesn't find competition to be sufficient to safeguard social interest.

Islamic economics emphasis not only on material gains and doesn't concentrate primarily on goods and services to physical comfort and wellbeing but also promotes human brotherhood, socio-economic justice. Islamic economics plays very important role in the promotion of mutual, equitable and peaceful society as it gives broad principles regarding the economic aspects of man's life like an owner's attitude towards property, society attitude towards needy etc.

The Qur'anic scheme introduces economic justice into society to check all forms of economic imbalance and exploitation and, to promote the growth and development of moral values. The economic and moral values are integrated into a harmonious whole to resolve economic problems from an economic perspective and in relation to the social order. These values are based on the foundations of a God-fearing concept of this cosmic system and a moral philosophy of life. All economic means and resources of the earth are blessings for the human race from the Almighty. In the interests of economic justice, there is an arrangement to check the unwarranted flow of wealth in one particular direction, and also to prevent the unproductive accumulation of wealth in certain hands, even though it has been earned through lawful means. At the same time, it seeks to ensure a wider circulation and better use of wealth. The Qur'anic scheme does not depend entirely on the intervention of the state or the law to establish economic justice in a society. It does make the state responsible for certain essential

measures but then goes on to implement its remaining measures through the intellectual and moral training of individuals and by reforming the society as a whole. By eliminating the causes of class conflicts, the scheme generates within the various segments of the society a spirit of cooperation and fellowship, instead of unhealthy competition and rivalry.ⁱⁱⁱ

IV. ZAKAH AS MAIN SOURCE OF ISLAMIC ECONOMICS

Zakah is a religious obligation mentioned more than eighty times in Quran along with Salah. Zakah as source of Islamic economics is one of the basic pillars of Islam. Zakah isn't just the source of Islamic economics but has many spiritual aspects with it. This important pillar is the building block of Islamic economics. The economic stability of Islam greatly depends on Zakah management. Through its moral values, Islam inspires people to support others who are less privileged and at the same time calls for a fully-fledged system to guarantee support for them. This involves Zakah, a system of social insurance and public welfare. Islam seeks to establish a balance between the individual and the society, so that he may retain his personal freedom without it being a detriment, but a benefit to society. It is therefore against totalitarian dictatorships because they restrict the growth and development of personality. Taking the middle path, it is also against systems giving unfettered freedom to individuals. The middle road ensures that an individual has the freedom to conduct his affairs within prescribed limits while being mindful of his responsibilities to society. Overall, Islam places a lasting curb on the possibilities of the rich growing richer.^{iv}

V. IMPORTANCE OF ZAKAH MANAGEMENT

The Islamic approach to the economic issues of mankind is that wealth is like life-blood and must not simply be allowed to accumulate and clog the economic arteries of the state. What Islam seeks from those members of the society who succeed in acquiring a better position and wealth by virtue of their competence or good fortune is to spend their money generously in schemes of public welfare, so that these benefits filter down to the lowest strata of the society, to those who have not been so lucky as these people.

With this end in view, the Islamic system generates, on the one hand, a spirit of magnanimity and genuine cooperation through its most effective means its grand moral teachings, persuasions, and exhortations in order to inspire the people to develop the inclination to shun the lust for money and enjoy using it generously for the public good. On the other hand, Islam makes it obligatory for every member who has money to contribute a prescribed amount for the welfare and uplift of society. This is what the Sharia terms Zakāh. The institution of Zakah is the Muslim community's version of the 'Cooperative Society'. It is their 'Insurance company' and their 'Provident Fund'. It is a subsidy for the unemployed. It is the scheme of social security for widows, orphans, the handicapped and all those without the means to sustain themselves.^v Zakāh ensures that no member of a Muslim society should remain unprovided for and, to top it all, it takes away any worries concerning a person's future. Zakāh is the cornerstone of the Islamic economic system. Here again, Islam and capitalism stand in sharp contrast to each other in their fundamental principles and methodologies. In the capitalist system, the exchange of wealth is restrained, while in Islam it is

unchecked. By their nature and temperament, these are evidently two different models of the economy that are diametrically opposed to each other, and no sane person could ever think of bringing the two together under a single economic system.^{vi}

VI. CONCLUSION

In the present times the economic instability is one of the major concerns. There are different systems which tried to tackle the issue but have showed dramatic failure. Islam in the contrary owns its economic system and has great potential to keep a check on the financial sufferings of human beings. Zakah is one of the main entities of this system, but Muslims have not been able to manage neither the Zakah System nor the Islamic economic system. The time is alarming; Muslims should try to solve this unsolved mystery so that economic stability can be gained. Zakah if properly managed can boost the Islamic economic system which in return can result in Economic stability on large scale.

ⁱ Ayud Muhammad, *Understanding Islamic finance*, John Wiley and Sons, West Sussex England, 1951.

ⁱⁱ Chapra Omar, *Islamic economics: what it is and how it developed*,

ⁱⁱⁱ Mohd Nizam Barom, *Sayyid Abul A'la Mawdudi's 'First Principles of Islamic Economics'*. ed. Centre for

Islamic Economics, International Islamic University Malaysia. pp, 20.

^{iv} Ibid, pp, 11-12.

^v Moududi, Moulana, *Masheyyate Islam*, MMI Publishers, New Delhi 1999, pp, 78-79

^{vi} Ibid, pp, 23.