

Philanthropy in Practice: Role of *Zakat* in the Realization of Justice and Economic Growth

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ABSTRACT

The entire economic scheme developed under the guiding principles of Shari'ah (Islamic Law) envisages an internally balanced system of economy that neither accepts capitalism nor communism in totality. According to the laws, the realization of justice (a'dl) and wellbeing (falah), i.e., the means to seek blessings of God (fadhl al-Allah), determines its principal objectives (maqasid). Nevertheless, the economic structures adopted by the contemporary Muslim societies, in general, are incoherent with the economic philosophy of Islam. They are practically disconnected from the mechanics and efficiency of Islam's equity instruments and philanthropic institutions. Consequently, as per Marx's class conflict theory, economic inequality has spread its roots and traumatized the dynamics of participatory economics, distributive justice, and social equality. Factors such as non-inclusive economics, exploitation as a market principle, and concentration of wealth in few pockets have completely transformed Muslim economies into "capitalist" ones. After conducting critical researches vis-à-vis this paradigm shift in the Muslim world, highbrow Muslim intellectuals have reached to this point that alongside with interest-based means of financial intermediation, non-functionality of philanthropic institutions such as zakat and baitulmal has practically divided the society into privileged and deprived classes. The economic advantage of "privileged class" over "deprived class" has become one of the major stumbling blocks in the way of achieving welfare and social justice. Under such vulnerable conditions, it is being argued that "reinstitutionalization" of zakat, both at civil society and state level, is the means to provide socio-economic insurance to those who are otherwise neglected. By facilitating the "constructive channelization" of wealth from "privileged class" to "deprived class", institution of zakat has the potentiality to overcome the problems like relative deprivation, poverty, illiteracy, unemployment, and so on. In this context, giving of zakat must not be seen merely as a religious obligation; on the contrary, it must be examined in relation to its socio-economic effects. The present research is an attempt to answer the question regarding how reinstitutionalization of zakat can help in the minimization of poverty rate and promotion of socio-economic justice in contemporary "unbalanced" Muslim societies.

Keywords: Islamic Economics, Zakat, Social Justice, Poverty, Economic Growth

INTRODUCTION

Social justice and economic growth are correlative terms. The material development of any human society is impossible until it has a strong and sustainable economy that, in turn, is strongly rooted in the concept of social justice. It is generally observed that poor and destitute people fall easy prey to social

evils that, in turn, leads to the reduction of gross productivity and decline in overall economic development. Some of the major social malfunctions resulting from an unstable economic structure, devoid of inclusive participation, equity distribution, and social justice have been identified: illiteracy, moral bankruptcy, increase in crime rate, violence, and weak health

profile (Abdullah & Suhaib 2011; Hasan 2007; Dhar 2013).

The religion of Islam, being an “all-encompassing” system of values and codifications, has addressed the issue of economic instability and its adverse consequences by placing considerable emphasis on the rich to spend their wealth, out of love (*‘ala hubihee*), for the cause of the collective wellbeing of society. To realize this objective, Islam promotes the philosophy of cooperation, sharing, and distributive justice. The fundamental principle laid down in the *Quran* in this direction is that, *‘wealth should not circulate only among the rich’* (59:7). Since the day of its inception, Islam has unequivocally nullified all humanly produced inequalities in the distribution scheme of material resources. However, it does not fully affirm Mark’s philosophy of communism that entails the undue distribution of wealth based on theory of equality rather than equity (Mawdudi, 1975; Muslehuddin 2009). The key underpinnings of Islam vis-à-vis minimizing inequalities, and not necessarily eliminating them, are fundamentally anticipated to promote the culture of “social cohesion” and “creative cooperation” whereby all members of the society enjoy rights, justice, and avenues of entrepreneurship. Thus, Islam advocates the “philanthropy of practice” and amplifies the meaning and scope of justice, growth, and sustainable development while keeping the honor, value, and centrality of human life in view.¹

Islam has established different financial institutions such as *baitulmal*, *ushur*, *sadaqah*, and *zakah* to ensure the circulation of wealth across all social stratifications, irrespective of caste, colour,

or religious affiliation. Thus, right from the Prophetic period, the institution of *zakat* has been instrumental in the economic transformation of Muslim *ummah*; however, it is unfortunate that for almost one century, when most of Muslim lands were enslaved under colonial establishments, the collection and distribution of *zakat* funds remained abandoned from its institutionalized framework. Since then, the entire administration of *zakat* got decentralized and its dues become mere voluntary depending upon the piety of an individual, who give or not give. The malfunctioning of *zakat* institutions brought negative implications such as poverty, illiteracy, economic injustice and under development throughout the Muslim world. Given the nature of economic vulnerability in contemporary Muslim societies, it becomes imperative to revive the institutionalization of *zakat* in order to create a supportive environment for the realization of social justice, economic growth, and minimization of poverty ratio.

LITERATURE REVIEW

The quantum of literature that has been produced to date on the historical development, juristic requirements, and multi-dimensional applicability of *zakat* can be broadly classified under two categories. Literature that falls under the first category deals with the specific juristic issues pertaining to *zakat* called as *fiqh ul-zakat*. Such literature is mostly contributed by classical *fuqaha* (Islamic Jurists) and also some contemporary Muslim economists. This literature primarily pertains to the meaning, philosophy, rulings, and juristic management of *zakat*. Among the contemporary scholars, Qaradawi (1999) has academically summarized most of the contemporary issues related to *zakat* rulings in his magnum opus *Fiqh al-zakat*. Kahf (1997), a prominent theoretical economist, has extensively covered issues on *zakat* management using cross-country

¹ To my understanding, the honour and value of human life is central to philosophy of creation in Islam. It can be understood through God’s claim of calling man *ahsani taqweem* (best of all creations) and also through the philosophy of *takreem*. The philosophy of *takreem* is rooted in the *Quranic* verse which mentions that God has honoured sons of Adam (*la qad karrumna bani adam*) irrespective of their religious belongings.

data from Saudi Arabia, Malaysia, Libya, Pakistan, and Sudan. The second category of literature deals with the economics and financial effectiveness of *zakat*. According to Kahf (1997), this literature is mostly comprised of works covering the impact of *zakat* on economic aggregates namely consumption, investment, and supply; the relationship between *zakat* and macroeconomic models; socio-economic role of *zakat* and finally the similarities and dissimilarities between *zakat* and taxation or other conventional social security systems. Without going into detailed descriptions vis-à-vis categorization of *zakat* literature, I will directly come to the point about how contemporary literature has evaluated the significance and applicability of *zakat* institutions, while examining different cases studies.

The practice of *zakat* is basically a monetary devotion. According to Siddiqi (1996), *zakat* is based on the concept that all material things belong to *Allah* (God), and wealth, therefore, is positioned at the disposal of mankind as an *amaanh* (trust). The obligation of *zakat* is mandatory on every Muslim who possesses the minimum *nisaab* (exemption limit or criterion of zakatability) of wealth that enjoys growth or is a result of a growth process (Qaradawi, 1999). The reason for mandating *nisaab* is to ensure that none is forced to give *zakat* out of what he or she does not have and that no wealth goes without *zakat* (Kahf, 1989; Ashaari & Mohamed, 1989; Ausaf & Azeem, 2011; Muslehuddin, 2009). The modern approach to the *zakat* institution emphasizes that it is an economic and social instrument that could bring economic stability and security at large (Dhar, 2013; Yusoff, 2008; Ibrahim, 2015). The payment of *zakat* not only establishes a direct link between the well-off and economically marginalized but also provides a practical mechanism in contributing towards lessening the borders of inequality (Bremer, 2013; Desumite & Yousuf, 2010; Rahim, 2003; Yusoff,

2008). The Islamic concept of social justice and economic development would not be meaningful unless accompanied by economic justice so that everyone gets his/her due for his/her contribution to society and that there is no exploitation of one individual by another. Therefore, Islam demands that all the resources at the disposal of human beings must be utilized efficiently and equitably to fulfill the needs of all and to bring about an equitable distribution of income and wealth (Ansari, 2011; Siddiqi, 1996; Muslehuddin, 2009).

On the basis of different case studies conducted by Abdullahi (1991) in Indonesia, Khan (1993) in Pakistan, Faridi (1995) in India, Ajeel (1995) in Kuwait, Abdul Wahab (1995) in Malaysia, Azharuddin (1988) in Bangladesh, Balogun (1999) in Nigeria, Dogarawa (2009) in Ghana, and many others, it has been proposed that the institution of *zakat* serves as a unique philanthropic mechanism that promotes participatory economic development. Ibrahim (2015), while examining the role of *zakat* in contemporary Muslim societies, concludes that *zakat* should be institutionalized under state patronage in the case of mainstream Muslim geographies and by civil society organizations and religious communities in the case of minority situations. Bremer (2013) takes the case of Egypt and suggests that *zakat* is evolving as a long-term development program that advocates engaging the poor as partners rather than a static charity model. He underlines the need to initiate more systematic efforts regarding the application of *zakat* while taking into consideration the rapidly changing global economics. In their joint study, Desumite and Yusoff (2013) highlighted the role of systematic management of *zakat* collection and distribution and, eventually, its contribution towards improving the well-being of the people in the Federal Territory of Malaysia. Kusuma and Sukmana (2010), in their joint work, suggested that role of *zakat* in tackling poverty, especially in the Muslim world, is very relevant and

of contemporary importance, provided the means to collect and disburse funds are effectively developed. They also highlighted the role of the state in making the institution of *zakat* as an element of economic growth and social justice. Hoque, Khan, and Mohammad (2015) investigated the cause of poverty in Muslim countries, the effectiveness of *zakat* management institutions, the mode of *zakat* distribution, and the necessity for an entrepreneurial framework. In their concluding remarks, they maintain that poverty is not due to lack of resources only, rather in most cases it is due to lack of participation and entrepreneurship. Therefore, introducing entrepreneurship development programs through institution of *zakat* could be used as means to promote economic growth. Mohsin (2013) studied role of *zakat* in eradicating the *riba* (interest) and poverty while making a case study of Salary Deduction Scheme of Malaysia. He observes that the current practice of the collection of *zakat* from monthly salary in Malaysia provides evidences that *zakat* has huge impact on the reduction of total poverty. Dhar (2013) takes the case of *zakat* from an accountant's viewpoint and proposes that *zakat* is a measure of social justice in Islamic finance. Most of the literature that has been consulted and reviewed for the preparation of this paper almost unanimously suggest that until the institution of *zakat* is revived, the fundamental objectives of *Shari'ah* such as justice (*a'dl*) and wellbeing (*falah*) cannot be realized in the absolute sense.

ZAKAT²: GENESIS AND CONTEMPORARY ATTITUDE

² In Arabic linguistics, *zakat* is the infinite of the verb *zakaa*, meaning, "to grow, to purify and to increase". In the Islamic law, the word *zakat* refers to the determined share of wealth prescribed by *Allah* to be distributed among the categories of those entitled to receive it. It is a compulsory payment by the wealthy to the economically underprivileged (Mathews and Tlemsani, 2003).

In the formative years of Islam, *zakat* was just a moral obligation for any legal verdict had not come yet. However, after the Prophet's migration to Madinah and development of Islam as a state religion, *zakat* was declared a compulsory religious obligation. Eventually, *zakat* developed as a systematic socio-economic program to meet the basic needs of local Muslims (Denny, 2005, p. 115; Benthall, 1999; Hamidullah, 1993, p. 234). The legal requirement for giving *zakat* is that the sum, above the minimum expenditure, remaining for a whole year with the owner becomes liable to a charge of two and half per cent (2.5 percent). This small percentage will go towards meeting the social welfare needs, as stated in the key *Quranic* verse about *zakat*:

"The zakat is only for the poor and needy, those who work to collect them, those whose hearts are to be won, the ransoming of slaves, debtors, in Allah's way [for good works like scholarship, missionary projects, charitable, cultural, and educational institutions] and the wayfarer." (Quran 9:60)

Maintaining the obligatory nature of *zakat*, the *Quran* at other place orders the Prophet:

"Of their goods (wealth), take alms, that so thou mightiest purify and sanctify them; and pray on their behalf. Verily thy prayers are a source of security for them: And Allah is One Who hear and know." (Quran 9:103)

While responding to authoritative injunctions of *Quran* vis-à-vis *zakat*, the Prophet during his glorious tenure (*khair al-kuroon*) appointed *zakat* workers (*a'ameleen*) to collect *zakat* and assigned

to them some income from *zakat* proceeds. It was the first initiative to institutionalize *zakat* funds that has happened under the supervision of the Prophet himself. It is reported that once a person questioned the Prophet (peace be upon him) about the legality of *zakat* that whether it is to be paid through a *zakat* collector or not. To this, the Prophet replied as follows:

“Yes, if you give it to my messenger, you are freed from that obligation as far as Allah and His Messenger are concerned. You deserve its reward, and if it is tampered with later, the sin is on whoever changes it.”
(Musnad Ahmad bin Hanbal, *Kitab al-zakat*)

During the Prophet's time, these *zakat* officials were required to approach potential *zakat* payers, and after having properly calculated their assets, collect the due amounts. The application of this method was evident regarding collection of *zakat* on visible wealth, that is, livestock and agriculture. For other *zakatable* properties, different rates were set for the calculation of the *zakat* due. For example, money, gold, and silver were taxed at the rate of two and half percent per annum and the agricultural produce was taxed at the rate of ten percent. It is worth mentioning that at agricultural produce the rate of *zakat* is not uniform since it varies according to the nature of irrigation used (Qaradawi, 1999; Denny, 2005; Hamidullah, 1993). The categories of properties liable for *zakat* are as follows:

- Cash, gold and silver;
- Merchandise used in trade (but not personal possessions used in ordinary living, like automobiles, clothing, house and jewelry);
- Mineral extracted from the ground;
- Ancient treasure;
- Cattle;
- Crops from tilled land.

After the Prophet's death, Abu Bakr, first caliph of Islam continued the Prophetic legacy. He retained most of the *zakat* collectors who were appointed during the time of the Prophet. The importance of giving *zakat* in the early Islamic society could be understood from the famous statement of Abu Bakr made against those who refused to give *zakat*. He equated refusal of *zakat* with disbelief (*kufur*). The historical words of Abu Bakr are as follows:

“If they withhold giving (as zakat) even a (little) rein of a camel or a small baby sheep (that is due on them) I will fight them for it. Zakat is the due obligation on properties. By God I will fight whoever discriminate between prayers and zakat”
(Ibn Kathir 1997, V, 9, pp. 437-39)

Abu Bakr ruled for a short period of two years; therefore, he was not able to introduce any kind of reformation in general. However, Umar, the second caliph of Islam, introduced the mechanism of *al'ashir* for collecting *zakat* on merchandise, especially from Muslim traders who were returning from other countries at check points on major highways. This tradition of collecting *zakat* and distributing it within the *Shari'ah* requirements under the supervision of state continued till the fall of the Ottoman Empire in 1924 (Kahf, 1989; Qaradawi, 1999; Ahmad, 2004; Mohsin, 2013; Dhar, 2015).

However, the Muslim world had lost its intellectual, academic, and political glory long before 1924 and its decline had begun right from the days of the fall of Baghdad in 1258. However, after the breakdown of nominal unity on the name of Ottoman Empire (*Khilafati Uthmania*) at the hands of Kemal Atatürk, most of the mainstream Muslim lands fell under the direct influence of colonial powers. Consequently, these colonized Muslims

started to imbibe the cultural traits of the dominant culture. Secular elites such as Jammal Abdul Nassir (Egypt), Kamal Kemal (Turkey), and Reza Shah Pahlavi (Iran) drastically replaced the “older” values of society with “new” imported structures. As a result, Islam remained merely a “ritualistic” tendency rather than a source of practical guidance (Hourani, 2005, p. 345-6). The introduction of liberal and secular values, replacing the traditional ethos, largely abjured the Islamic way of life, and the institution of *zakat* met with the same fate. (Al-Sheikh, 1995; Benthall, 1999; Hamidullah, 1993; Bremer, 2004; Ahmed, 2004). The following are the words of Qaradawi:

“were it not for the concern of some Muslim individuals and institutions, zakat would have been completely eradicated from Muslim life” (Al Sheikh 1995, p. 368).

After the end of colonial era, serious concerns about such forcibly imposed cultural transformations began to arise within the Muslim societies. While responding to “new” structures such as modernization, secularization, and Westernization, Muslim intellectuals got actively engaged in strengthening their religion as a mark of their cultural identity. Dekmejian writes:

“In the opinion of revivalist intellectuals, the very integrity of the Islamic culture and way of life is threatened by non-Islamic forces of secularism and modernity, encouraged by Muslim governments.” (Dekmejian 1988, p. 10-11).

Today, as a result of that parallel process, many mainstream Muslim countries such as Pakistan, Sudan, Malaysia, Saudi Arabia, Kuwait, Libya,

Jordan and Iran have established centralized *zakat* collection departments approved by the their respective governments. Countries such as Pakistan and Saudi Arabia have also developed innovative techniques concerning the coverage and rates of *zakat* (Ahmed, 2004; Azzam, Iqbal & Tayyab, 2014; Kuran, 2004). For example, they have extended the obligation of *zakat* to working companies on the basis that companies are juristic persons and have also imposed a flat *zakat* levy on certain types of deposits. In the case of Saudi Arabia, the rates of *zakat* levy imposed on imports vary from commodity to commodity, and in Pakistan, the rates of *zakat* levied on all farm outputs is at the rate of 5 percent, irrespective of the mode of irrigation applied (Ahmed, 2004; Azzam, Iqbal & Tayyab, 2014).

SOCIO-ECONOMIC RELEVANCE OF ZAKAT

Islam explicitly explains the principles of justice, concept of *halal* (legal) and *haram* (illegal), role of individual and state regarding utilization and allocation of resources. It seeks to protect both individual and society from all odds of man’s exploitative behavior. In this context, *zakat* is a religiously motivated economic instrument through which the surplus wealth of society is taken out to satisfy the essential needs and encourage entrepreneurial behavior among those who are not fortunate enough to have wealth of their own. Unlike other philanthropic associations, the *Quran* declares *zakat* as due right of “have not’s” by saying, “*wa fi amwalikum haqqus saa’ileena wal mahroom,*” which means that in your wealth there is right of those who ask and those who do not have wealth at all. Thus, the *Quran* makes a fundamental difference between “charity for the sake of charity” and “charity for the sake of duty”. It recognizes *zakat* as an institution that has the inbuilt capacity to directly or indirectly influence economic activity and its effects

on different social variables and also determines the direction along which the overall economy should move. It performs some of the major functions of modern public finance that deals with social security entitlements, social assistance grants for childcare, food subsidy, education, health care, housing, and public transportation in a welfare state. Similarly, it mitigates social inequalities incurred as result of exploitative economic behavior of man and covers the areas of social justice and social security (Shehata, 1989; Qaradawi, 1999; Yusoff, 2008; Mohsin, 2013). In the next section, I will outline how *zakat* as a practical philanthropic act can be applied to address some major socio-economic problems such as poverty alleviation, unequal distribution, weak economic growth, and beggary.

POVERTY ALLEVIATION

The theories and definitions regarding poverty explain that it is a condition to prompt injustice, social disequilibrium, and deprivation of wellbeing. Today, the Muslim population is rising from 1.6 billion in 2010 and is expected to reach 2.2 billion by the end of 2030 (Pew Research Centre, 2014). Despite holding 70 percent of the world energy resources, 40 percent of natural resources (Laghari, 2013), with strategic geographical location (Hoque et al. 2013), Muslim societies are still the world's poorest nations. At present, out of 1.7 billion world's poor, 44 percent (The Nation 2011) or 35 percent (World Bank 2010) are residing in Muslim countries. Nevertheless, developmental economists have produced different models such as Harrod-Domar Growth Model, Lewis Structural Change Model, and Rostow's Model to uplift poor nations on the path of economic development; however, unfortunately, most of these theories failed to achieve the expected results. According to economic pundits, under such vulnerable conditions "pro-poor growth" mechanism, entailing the poor's access to financial services and other developmental

and management activities is the only possible solution to reduce the level of poverty. In this regard, international agencies such as the World Bank and International Monetary Fund (IMF) have been found to be engaged with different levels of developmental projects throughout the world, especially in developing countries of Africa and Asia.

To make this world a "poverty-free" place to live, alongside with purely financial agencies, religious associations are also found actively engaged with their philanthropic projects. Muslim nations, who cannot remain uninvolved, are also seen busy in the fight against the menace of poverty. Muslim economists and scholars are of the opinion that *zakat* is the best "pro-poor growth" model that would have the maximum effect on poverty, provided it is allocated on the basis of the poverty rate and the quality of economic policy (Hairunnizam & Radiah, 2010; Mikami and Inoguchi, 2008; Riaz, 2007; Yusoff, 2008; Bello, 2009; Hassan, 2010; Fuadah et al., 2013). In both situations, Muslims living in independent countries and those Muslims living under democratic and secular constitutions such as India, *zakat* institutions and *zakat* development funds could be established to overcome the problem of poverty. It is quite fascinating that different research findings show that 15 out of 37 Muslim economies (OIC member countries) require only a small amount of resources for poverty alleviation and that is easily possible through the revival of *zakat* institutions (Shirazi & Amin, 2006). I propose, that if *Shari'ah* experts, scholars and economists would collectively develop a framework, applicable throughout Islamic world such as Islamic Development Bank (IDB), for constructive utilization of *zakat* proceeds, then it would be not be too late to experience "poverty-free" Muslim zones. This framework must include providing education to beneficiaries, vocational training, necessary industrial and agricultural tools, simple fixed assets for small utility and

trade projects working capital to craftsmen, and low-cost housing and medical facilities (Shehata, 1989; Dogarawa, 2008).

REDISTRIBUTION OF WEALTH

The failure of the “Trickle Down” economic model in contemporary economics has put the development economists on toes as wealth remained stuck to its original investor, which otherwise was expected to flow to bottom line of the society.

Researchers have assessed that when the richest, 20 percent of the society, increase their income by 1 percentage point, the annual rate of growth shrinks by nearly 0.1 percent within five years (IMF, 2015). From this, Marks’s “class conflict” theory is justified as this theory is primarily rooted in the dissatisfaction of individuals with the scheme of distribution where one gets heavily benefited and other heavily exploited. As mentioned earlier, Islam does not acknowledge undue inequalities in the distribution of material resources. Therefore, it has introduced *zakat* as “pro-poor” instruments to reduce these inequalities up to the mark of socio-economic stability, if not to eliminate them in totality. The institution of *zakat* promotes “growth oriented” circulation of wealth. It seeks redistribution of wealth from the “point of concentration” to “point of scarcity”. Thus, in an Islamic economic system, the institution of *zakat* incorporates proper balance between the extremes of capitalism and communism (Hairunnizam & Radiah, 2010; Benthall 1999; Mawdudi 1975). This is supported by the following *Quranic* verse, which says the following:

“This (wealth) may not circulate solely among the rich from among you” (Quran 59:7)

In her research, Patmawati (2006), admits this fact and maintains that “*zakat* is the most effective redistribution of

wealth, which does not only ensure social justice in the society but also mobilizes and makes resources available for the poor”. By facilitating growth avenues to deprived class of the society, *zakat* actually improves the capacity of collective production of the Muslim community and facilitates “class harmony” by inculcating a sense of belongingness among all members of the society (Muhammad et. al 2013).

PROMOTION OF ECONOMIC JUSTICE

The main concern of economic justice (*adl al-ma’ash*), according to Islam, is to ensure socio-economic stability and establish a welfare society wherein the principle of ‘No-Injury’ (*la dhar*) could flourish up to its maximum (Siddiqi, 1996; Chapra, 2008; Khudduri, 1984). The principle of ‘No-Injury’, bound to its nature, cannot be materialized unless the entire structure of production, consumption, distribution, and exchange of wealth follow the scheme of justice envisaged under Islamic law (*Shari’ah*). In this regard, *zakat* has been identified as a core component of Islamic economic philosophy that would enable it to establish social justice, which broadly involves economic justice and maintenance of social cohesion (Patmawati, 2006; Hassan, 2007; Bello, 2009; Suhaili and Nur Azzah, 2009). This assertion is established in the following *Quranic* verse:

“The believers, men and women, are protectors one of another: they enjoin what is just, and forbid what is evil: they observe regular prayers, pay zakat, and obey Allah and His Messenger. On them will Allah pour His mercy: for Allah is Exalted in power, Wise”. (Quran 9:71)

From the above *Quranic* verse, it is evident that *zakat* is a “building-up” process. It functions like “economic glue” that has the ability to stick together different classes of the society with sense of love, care, and honor. Thus, its long-run implications are not to be seen in the context of faith alone but also in social, political, and economic context. The obligation of *zakat* implies that if a Muslim society has 100 percent regular prayer attendance in the Mosque (*masjid*), but the financial needs and expertise of the “have not’s” is neglected, the case would be treated as matter of deliberate injustice. Since Islam guarantees economic opportunity to every citizen, irrespective of his/her personal financial capacity, any maltreatment in this regard would tantamount to violation of his/her due rights. According to Al-Mawardi, to promote justice by helping the weak is one of the fundamental responsibilities of the ruler (state in modern terminology). He writes:

“To dispense justice and dispose of all litigation in accordance with the Shari’ah. He should restrain the strong from exploiting the weak and help the weak in getting due from the strong.”(Mawardi 1375, p.11)

As mentioned above, Islam takes the moderate path between the economic doctrines of “Bourgeois Capitalism and Bolshevik Communism”, therefore, on one hand, it promotes distribution on the basis of equity and, on other hand, it commands the “rich” to give some portion of their wealth in the form of *zakat* for those who are in need so that the whole system remains internally balanced (Muslehuddin 2009; Ausaf & Azeem 2011).

DISCOURAGING BEGGARY

Beggary has become a menace in many societies. Even in many Muslim states, beggary is the most visible practice in the markets, streets, motor parks, filling stations, and outside religious places like *masjids* and shrines. In my personal observation, a person will generally beg only if he/she met one of the criteria: physical inability due to old age, sickness, or disability or inability to find a job due to economic factors or non-economic factors. Whatever the reason, in Islam, begging is a discouraged and unwanted attitude. In this connection, the Prophet is reported to have said:

“Whoever begs from people so as to accumulate riches, he is asking for live coal (fire) from Hell, so let him ask for a lot or a little” (Ibn-e-Majah, Muhammad Bin Yazid (2011) Al-Sunan, Farid Book Stall, Lahore, V.1, P.478)

The practical cure for the problem of begging is two-fold. The first step is providing suitable jobs for all those who can work. This is one of the responsibilities of the Islamic state towards its citizens. The second part of Islam’s cure for begging is social insurance for those who have no income. This needs equal support from both the state as well as the civil society, including philanthropic associations. Such persons should be guaranteed a minimum standard of living or an income above the poverty line, as per the modern concept, suitable to a given Islamic society. Such an approach is clearly evident from the Prophetic period. It is reported that once a person came to Prophet and asked for financial help, Prophet asked him to bring a cup (that he had) to sell in the public for two *dirham*—one to buy food for the family and another one to buy an axe-head as an instrument (or capital) to get wood and sell it. Next, the Prophet did not want to see the man for

ten days. After ten days the same person came back with ten *dirham* in his hand as his earning. On seeing such a major transformation in the economic behavior of that poor man, from “taker” to “giver”, as result of meaningful and productive charity, the Prophet said:

"This is better for you than the begging that comes as a scar on your face on the Day of Rising. Therefore, begging is not permissible except to one of three. A destitute poor person, or a person with overwhelming debts, or a person who has to pay ransom or to buy the freedom for an accidental homicide"

The methodology adopted by the Prophet in this case, implies that a Muslim must not ask for begging if he/she is able to earn, and such taking is not permissible except as a last resort. Moreover, it outlines that “charity” should not be given to sustain this trend, but rather to transform the society from “taking side” to “giving side”. It also implies that through *zakat* funds, the unemployed labor could be provided with necessary tools, machinery, and capital for starting productive work (Abdullah & Abdulquddos, 2013; Yusoff, 2008).

WHAT ZAKAT HAS ACHIEVED

After critically examining the literature, both theoretical and empirical, regarding *zakat* and its philanthropic role in promoting social justice and economic growth, the results almost appear negligible, except in few cases. It means, theoretically *zakat* has potential to do everything, but practically, it has not been able to do what it is expected to and reasons, obviously, are many.³ The

³ The researcher being a ‘participant observer’ studied this problem in Kashmir. Kashmir is a Muslim majority state of India. The level of

evidence from countries for which data are available highlights the fact that distribution of *zakat* in different countries is devoid of a uniform pattern. For example, in Turkey the most common category of *zakat* recipients are “needy” but who are in acquaintance with or relative to the distributing agency (Carkoglu, 2004). Indonesians gave *zakat* mainly to *zakat*-based charity organizations or directly to individuals who presumably are known to the *zakat* giver (Center for Languages and Cultures 2004, p. 8). In countries such as Malaysia, Saudi Arabia, and Pakistan, the overall structure of *zakat* is managed by the state. Thus, these countries stand as a reference point while examining the practical benefits of *zakat* proceeds. In all these three countries, there are evidences of widespread mismanagement, malfunction, and corruption as far as collection and distribution of *zakat* is concerned.

For example, in Malaysia, restrictive coverage and substantial evasion constrain the yield. Furthermore, the burden of *zakat* almost exclusively falls on rice growers, while most of them lie below the country’s poverty line. Thus, *zakat* does not necessarily transfer resources to the poor in Malaysia, rather it may be transferring resources away from them (Kuran, 2004, p. 21-22). A detailed study of *zakat* collection of a village in the Malaysian state of Kedah suggests that the rate of compliance between 1977 and 1979 was only 15 percent, which means that majority of the farmers avoided their *zakat* obligation. Then, it resulted in disguising or under-declaring cultivated acreage and handing over spoiled or adulterated grain

religiosity among the people is comparatively good. The irony is, in this small piece of land, we see near about 100 religious organizations and all claiming ‘major affiliation’. These organizations collect huge amounts of *zakat* at the end of every fiscal year but due to lack of management, efficiency, and transparency their progress is unknown. Even, today, hundreds of people including women, and young children are found begging outside busy public places like *Masjids*, Hospitals, markets and shrines.

to the *zakat* collectors (Scott 1987; Ibrahim 2015).

In the case of Pakistan, there is widespread *zakat* evasion because a large chunk of the population does not trust the government's *zakat* collection and distribution policies. For example, the total amount donated to charity in Pakistan in 2000 was estimated to be Rs 70 billion (Aga Khan Development Network 2000) per annum whereas the total *zakat* collection amounted to only 4 billion, which signifies the low credibility attached to the government-run *zakat* system by the people of Pakistan. The *zakat* system in Pakistan has about one million beneficiaries, which indicates that only 10 percent of the total population is situated below the official poverty line. The government's own reports suggest that the state-administered system has had little impact on the reduction of inequality. The corruption, evasion, and mal-administration of *zakat* in Pakistan is causing people to lose faith in the system (Kusuma & Sukmana, 2010; Ibrahim, 2015; Abdullah & Suhaib, 2011; Bello, 2009).

Although, many researchers have critically analyzed the system of *zakat* collection, but the analysis by Kuran, a Turkish scholar, is comparatively the most authentic one as far as the nature, approach, and methodology of his work are concerned. Kuran (2004), after examining the official records from different countries, concluded that decentralized voluntary *zakat* collection tends to be biased against poor people without proper connections and has little or no effect on poverty alleviation. He also examined the centralized systems, for example, in the case of Pakistan and Malaysia, and reported the same flaws. According to Kuran's analysis, the essential difference between the two modes lies neither in fairness nor in ability to reduce poverty. He writes

"It lies, rather, in the connections to which they

confer value. Decentralized zakat confers value to economic connections, especially ones based on employment; state administered zakat confers value to political connections, particularly ones touching on religion. Thus, under Malaysia's old decentralized system the surest way to obtain regular zakat payment was to work loyally for a wealthy landlord; under the current centralized system it is to enroll in a religious school or work for the zakat office" (Kuran 2004 p. 26)

The critical evaluations made by Kuran (2004), Wahid et al. (2009), Rahman et al. (2012), Ramli et al. (2011), Ahmed et al. (2006) and many others lead us to conclude that *zakat*, as a practical philanthropic act, has not made a significant change in reducing the Muslim poverty graph and inequality gap till date.

CONCLUSION

The prevailing reality of the entire Muslim world, except for a few oil economies, is really miserable. Conditions such as poverty, illiteracy, malnutrition, lack of social justice, and class divisions are some of its prominent manifestations. The cause behind this "ugly composition" is not its social and economic conceptualization, but the failure of public authorities, NGO's, and religious organizations to prove its strength and applicability. In this backdrop, the paramount duty of Muslim intellectuals, politicians, economists, and policy makers is to transform the institution of *zakat* into a practical philanthropic movement that would promote the culture of cooperation and social justice. Consequently, it will enhance the process of economic growth and prosperity in the entire Muslim world.

Muslim governments must establish advanced philanthropic organizations and give them whatever support they need. In a Muslim society, the practice of evasion of *zakat* does tantamount to promote corruption and under-development. Therefore, the efficient management of *zakat*, from collection to distribution level, under such a situation becomes a primary responsibility of the governments, civil societies, and every individual Muslim to contribute the due share so that the “weaker section” of society is strengthened and uplifted. I propose a dynamic philanthropic movement to transform the institution of *zakat* into a powerful symbolic unity within the Muslim world.

This symbolic unity, in return, will express Islam as strong, just, fair, and ethical community of believers—the *Ummah*. The philanthropic meaning of *zakat* is that it contributes to the creation of such a “model” community. Therefore, Muslims, as active philanthropists, have to raise upto to the challenges of the day and establish an organized system of economy from regional to global level.

In the case of personal administration of *zakat*, individual payers should consider members of their family first in discharging this important duty. That way, the role of *zakat* would be more profound and its impact will be experienced everywhere. The entire society will enjoy its blessings and every single individual will be free from crime and insanity. Allah says, "... whatever is paid as *zakat* for the sake of *Allah* shall be rewarded in manifolds".

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