The Institution of

ZAKAT

in

PAKISTAN

An Integrated Masters Thesis

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in

International Development Studies & History

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Roskilde University 2006
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Allah will certainly help those who, were We to bestow authority on them in the land, will establish Prayers, render Zakah, enjoin good, and forbid evil. The end of all matters rests with Allah

(Qur’ān 22:41)
It is always difficult to recount the many people who provide you with the necessary support to complete a project. My task is no easier as all the people who have assisted me – directly or indirectly – are too numerous to be mentioned here. There are, however, those who stand out.

First and foremost, I must acknowledge Prof. Khurshid Ahmad who inadvertently has been my inspiration for the study of Zakat in Pakistan. Dr. Zafar Ishaq Ansari needs mentioning, as he has more than once touched me with his kindness. Farooq Murad, my dearest and most cherished friend, who provided little help for the dissertation itself, but who has provided me much needed solace over the last few years. It would also be remiss not to mention Dr. Hasan Sohaib Murad for his unique stubbornness and persistence that I pursue an academic career.

Although considered a formality by many, I truly wish to thank my tutors Thorkil Casse and Michael Harbsmeier, who were both very kind and supportive in the course of this entire research. It would have been an ominous process had they acted differently.

It is also not possible to omit the sense of gratitude I have for my parents, who have in their own peculiar manner cheered me on. I would like to thank my younger brother Faizan, who helped me in more ways then one, and Shakir Cadir for his help in designing this dissertation. My associates, Jakob and Peter, also need to be mentioned for relieving me of my workload, enabling me to complete this thesis. Erik Cleves Kristensen must also not be forgotten for his encouragements.

I have to thank Maha, my eldest daughter for her patience, and for her persistence that I complete this thesis. Apologies are also in order to my youngest daughter Maryam, whom I had to neglect in her infancy. Luckily, she is too young for such realisation and the loss is all mine...

Finally, all this would not have been possible if it was not for the support and the many sacrifices of my wife, who ensured the completion of this study. It is said that behind every great man there is a woman. In my case; behind this man there is a great woman!
Abstract

Zakat is the third pillar in the five basic tenets of Islam. It is where worship converges with socio-economic affairs of society in the Islamic paradigm, seeking to establish a link between the spiritual and temporal. An obligation ordained by the Qur'an, the Prophet Muhammad implemented Zakat in a broadly encompassing framework, which included the fiscal support of the poor and needy, enabling them to enhance their livelihoods and thereby eradicating poverty. By the time of the Prophet’s death the processes and practices that governed the collection and distribution of Zakat were taking a formalised juristic institutionalisation, to be a complimented and ‘completed’ by his immediate successors.

As modern Muslim states, such as Pakistan, are increasingly relating issues of their heritage and faith to questions of self-identification and development, this study explores the concept of Zakat and discerns the role of the state in the early Islamic period in the pursuit of grasping the essence of the context in which the institution was originally established, to thereby conduct an appraisal of the system of Zakat in Pakistan. Throughout this process we see how Zakat as an institution and concept has evolved over centuries.

Conceptually, Zakat is the financial instrument in Islam, for ensuring social security and curbing economic disparities by redistributing a minimum amount of wealth from the rich to the poor. Yet my research shows that in practice, the institution has not achieved the desired results in Pakistan. There are multiple reasons for this. Although one could deliberate on the much needed improvements in structural mechanisms for the collection and distribution of Zakat by the state in Pakistan, or to the items of wealth that are exempted from the levy; I have rather asserted that for the institution of Zakat to truly flourish, it is dependent on the willingness of the state to associate itself with Islamic ideals. Hence, the identity of Pakistan comes into sharp focus, concluding that quintessentially it is the identity of the nation, which will determine the role of the state in the collection and distribution of Zakat in Pakistan.
Contents

Acknowledgments .................................................................................................................... 1
Abstract ........................................................................................................................................ 2
About The Content .................................................................................................................... 5

Introduction....................................................................................................................... 6
Objectives Of The Study .............................................................................................................. 9
Assumptions .......................................................................................................................... 11

Methodology ....................................................................................................................... 13
The Qur’an And Sunnah .............................................................................................................. 14
Literature Review .................................................................................................................... 18
The Term ‘State’ ....................................................................................................................... 22

Pakistan .................................................................................................................................. 24
The Forming Of An Identity ....................................................................................................... 25
The Creation Of Pakistan ......................................................................................................... 27
Between Islam And Secularism .............................................................................................. 28
Summary .................................................................................................................................... 31

Poverty .................................................................................................................................... 34
Strategies For Poverty Reduction ............................................................................................ 36
The Islamic Approach ............................................................................................................. 38
Summary .................................................................................................................................... 45
Zakat At The Time Of The Prophet .......................................................... 48
Summary ........................................................................................................ 55

Zakat In Pakistan: Theory And Practice .................................................. 58
Background ................................................................................................... 58
What Is Zakat? ............................................................................................ 60
Meaning Of Zakat ........................................................................................ 61
Heads Of Expenditure .................................................................................. 62
Distribution Of Zakat In Pakistan ............................................................... 66
What Is To Be Given To The Poor ............................................................... 67
Items Subject To Zakat ................................................................................ 68
Apparent And Non-apparent Assets .......................................................... 70
Inherent Problems In The Collection And Distribution ......................... 71

Conclusion .................................................................................................... 80

Bibliography ................................................................................................ 83

Appendices ................................................................................................... 88
Appendix I – The Objectives Resolution ....................................................... 88
Appendix II – Islamic Provisions Of The Constitution Of Pakistan .......... 90
Appendix III – Deliberations On Popular Communication ....................... 92
Appendix IV – Resume ................................................................................ 94
Appendix V – Studieforløbsbeskrivelse ...................................................... 95

Tables & Figures
Table 1: 35
Table 2: 73
Table 3: 74
Table 4: 76
Figure 1: 75
About the Content

This thesis has a volume of 96 pages including 4 Tables and 1 Figure as well as the Appendices, which constitute 9 pages. The total characters in this thesis are 214,059 (incl. Appendices) giving an average of appr. 2,200 characters per page.

The contents of this dissertation flow in four steps, aside from the introductory deliberations and the clarification of the methodology applied. The first step is to gain an insight into the identity of Pakistan in order to determine whether the human conditions in the country interlace with the practices of the initial Islamic state and to investigate whether the self-identification of Pakistan can have a bearing on the collection and distribution of Zakat. This is followed by addressing the issue of poverty – especially the perception and understanding of poverty in an Islamic paradigm – as its alleviation is said to be the main objective of Zakat. In this regard a review of the varying strategies of poverty alleviation applied by Pakistan is conducted for comparative purposes, but also related (albeit implicitly) to the self-identification of Pakistan. The discernment of the ethical teachings of Islam in regards to poverty, leads us to the third step, which is a study of how Islamic ideals related to poverty alleviation were translated into institutional forms and actions in the formative period of Islam. We look at how the institution of Zakat was established and employed to redistribute wealth and thereby alleviating poverty, during the time of the Prophet Muhammad and his immediate successors. Having grasped the framework and its implications for the nascent Muslim polity, a discussion of the definition of Zakat and the themes originating from the concept are analyzed in the fourth and conclusive step, which involves reviewing the current system of Zakat in Pakistan, and also determines the role of the Pakistani state in the collection and distribution of Zakat, in the backdrop of the themes already discussed; leading us to the final conclusion.
Zakat is a fundamental article of the Islamic faith, obliging affluent Muslims to annually pay a prescribed levy on the total amount of their wealth. A *Qur’anic* injunction with specified categories of expenditures to which Zakat funds may be utilised, the Prophet Muhammad himself established and administered Zakat at the advent of Islam. A multifaceted concept, nonetheless, the hallmark of Zakat is its redistributive nature. Annually transferring funds from the rich to the poor, the primary objective of Zakat is poverty alleviation, and seems to ensure the circulation of a minimum amount of wealth amongst different layers of society. At the time of the Prophet’s death the basic rules and regulations of Zakat had been laid down that governed the collection and distribution of Zakat. In subsequent years the system evolved into a formalised institution giving rise to extensive legal literature elaborating diverse interpretations of this basic principle of Islam.

Converging socio-economic factors with worship, it is safe to say that Zakat has by and large remained an uninterrupted practice amongst religious Muslims since the time of the Prophet Muhammad. There is unanimity amongst Muslim scholars that the proper payment of Zakat is the responsibility of an individual Muslim, yet the record of the early Islamic period suggests that the Prophet Muhammad and his first four Caliphs had appointed collectors to assess, collect and distribute Zakat, inferring a role for the state.

As the impasse of colonial rule in Muslim lands, which suppressed the collective genius of the indigenous populaces and overturned centuries old institutionalised Islamic practices, has become a relic of the past, modern Muslim states are increasingly seeking to relate issues of their heritage and faith to questions of self-identification and development. It is only natural that in nations with an overwhelming Muslim majority that the norms and values that Islam enunciates should figure prominently in the articulation of public policies. Pakistan is one such nation.

Pakistan was a peculiar entity upon creation. Ethnically, racially and linguistically heterogeneous, the country was a refutation of the prevalent Westphalian model of territorial nationalism. The Muslims of the subcontinent had demanded the state of Pakistan on the rationale of being a separate nation
from the majority Hindu community of India. The poet-philosopher Allama Iqbal (1877 – 1938) to whom the vision of Pakistan is popularly attributed, envisaged not just a secure future for the Muslims of India in an independent state of Pakistan, but also viewed Pakistan as bulwark for Islam. Iqbal did not consider religion a private affair and perceived Islam as a moral and political ideal. Pakistan, in his view, would be the solution to the communal issue of India, at least for the Muslims of North India, but also the vehicle to ensure that Islam would not suffer the same fate Christianity had been dealt in Europe.¹

Iqbal did not himself live to actualize his vision, but prior to his death, Iqbal nonetheless was able to win over the support of Muhammad Ali Jinnah (1876 – 1948), eventually hailed as the Quaid-e-Azam [the great leader], to lead the movement for Pakistan. In 1947 the majority Hindu community and the British colonial authority conceded to the demands of Jinnah and the new state of Pakistan was born on the 14th August of the same year, with the declared objective of translating Islam’s ideals into practice.²

It was a defining moment not just in the history of modern India, but in the collective history of Muslims, as Pakistan was claimed to be the first nation since the Madinan state of Prophet Muhammad to be established in the name of Islam. Pakistan was thus looked upon with romantic nostalgia as a land of opportunity where the Muslim genius could flourish again, without the encroachments of the antithetic Hindu civilization and the foreign hegemony of the British.

Having said that, the initial period of Pakistan was nevertheless marred by a lack of clarity regarding the consolidation of the nation’s identity. Conscious of the inherent role of Islam in the establishment of Pakistan, the framers of the constitution were nonetheless at odds about what practical role they were to assign Islam in the structure of the state. After all, what are the institutions which are distinct in their Islamic character and yet fully compatible with the exigencies of the modern age? Islamic literature relating to political law and governance was outdated and provided few solutions to this perplexing query at the time.³

Forced to accommodate the enthusiasm for the evasive idea of a ‘truly Islamic state’ or genuinely sharing the aspirations of the masses, the first government of Pakistan nonetheless moved to pass the Objectives Resolution in the Constituent Assembly, confirming the sovereignty of God over the entire universe and that the authority to be exercised by the people and representatives of Pakistan would be within the prescribed limits and in accordance with the Islamic paradigm.⁴

There is little doubt nonetheless that Pakistan was carved out of British India as a measure to safeguard the interests of the Muslims of the subcontinent, at least in the provinces where they constituted a majority. Although fear of Muslim interests being drowned in the overwhelming Hindu majority

INTRODUCTION
precipitated partition, it was the ideology of Islam that provided the legitimacy for the Pakistan Movement. It is however noteworthy that in spite of the constitution of Pakistan clearly stating that the mainspring of state policies were to be within an Islamic framework, national planning and development strategies remained indifferent to Islamic teachings. Pakistan’s successive Five-Year Plans have also merely been manifestations of prevailing debates on development theories in the West, from excessive focus on GNP growth as the king pin of development in the fifties and sixties, to direct provision of nutritional, health and educational needs under the notion of ‘Islamic Socialism’ in the seventies. This is not to say that progress towards an Islamic framework has not taken place in any degree or at any level at all, nor that development strategies employed to date have been completely devoid of logic and purpose. It is merely an assertion that at the dawn of the new millennium and after the experiences of more than half a century, Pakistan is still grappling to come to terms with its identity and destiny.

Interestingly, the institution of Zakat is one area in the public sector where some efforts were eventually made to actualize the Islamic provisions of the constitution. In spite of Muslim scholars stressing the need for Islamic states to frame government policies enforcing the collection and distribution of Zakat, Pakistan is one of the few modern Muslim nations that has actually established an official Zakat system. People were paying Zakat on a voluntary basis to the poor and needy even prior to the Ordinance of 1980 mandating the deduction of certain wealth to be extracted at source by the state at the beginning of the holy month of Ramadan. Although many poor and needy have benefited from the official Zakat system in Pakistan, a number of studies assert that the system is not living up to its full potential. This impression is accentuated as a National Survey on Individual Giving conducted by the Aga Khan Development Network to evaluate indigenous philanthropy in Pakistan noted that donors did not consider their religious obligations to be met by official Zakat and thus gave an estimated Rs. 14 billion in 1998 on a voluntary basis, more than 3 times the official Zakat collected that year (Rs. 4.09 billion was the official Zakat collected).

Hence, it is of great interest to, firstly, study the Islamic approach to poverty, and secondly, the background of the system of Zakat and the processes through which it is collected and distributed in Pakistan to understand how the institution of Zakat aims to alleviate poverty. These tasks prerequisite an identification of the Islamic ideal of Zakat through a deduction of principles from the Qur’an and Sunnah, complemented by a historical analysis of how the Islamic economic order was implemented at the advent of Islam and how the concept has evolved with time. This two-fold approach will give a consequential understanding of which policy prescriptions are necessary for Pakistan to reap greater benefits – if any – from the institution of Zakat in its pursuit for poverty eradication.

Interested as I was with the concept of Zakat, its history, and its present and potential future role in the polity of Pakistan; the fact that voluntary Zakat disbursements are estimated to be 3 times what
is collected by the state in official Zakat, it was only natural that I felt inclined that the focus of this study should be to discern what role the state has in the institution of Zakat. My problem definition is therefore:

What is the role of the state in the collection and distribution of Zakat in Pakistan, and what implications does the nation’s self-identification have on these trends?

Objectives of the Study

Central to any study is the initial question of why? This study has been undertaken as I initially had a perception that the system of Zakat in Pakistan was not effective and wished to analyze the improvements necessary to make a marked difference in the poverty situation of the country. I wanted to understand as to why a nation with an overwhelming Muslim majority population had been unable to implement a basic tenet of their faith, which is not merely considered a form of worship but at the same time is a mechanism for poverty alleviation. Is it the concept itself that is limited and therefore cannot contribute in poverty alleviation in Pakistan or is it because the system has been employed inappropriately, without giving due consideration to its intrinsic demands, in order to reap the proper results in the Pakistani context?

Whilst probing into the foundations of the society it became even more interesting to note that the country was actually established with a direct reference to Islam. If nothing else, the constitution of Pakistan reinforces this notion and therefore one cannot help but wonder why then is the collection and distribution of Zakat – on the state level – not achieving the desired targets? This interest is compounded when it is discovered that a mind boggling amount of appr. 14 billion Rupees are being given on an annual basis in individual Zakat donations in Pakistan, circumventing the poor nation’s state system.

Having noted during the early course of research that studies assessing the impact of current and potential Zakat funds in Pakistan had already been conducted earlier by e.g. Yasin, Faiz, Kahf and Shirazi, I found it enticing to look into any possible linkages between issues relating to the identity of Pakistan and Zakat. Islamic scholars generally assert that the ‘proper’ implementation of Zakat would eradicate poverty from society as it was eradicated in the early Islamic period (defined as the Prophetic career of Muhammad and his four immediate successors), but I presumed – initially accepting the contention – that the eradication of poverty in early Islamic period must have something to do with the manner in which the state machinery sustained the institution. Initially I had no intentions to deliberate on the nature of the Pakistani identity and the ideological foundations of Pakistan, as I had assumed that the issue had relatively little bearing on the subject of research. However, as I began my
study of Zakat I realized that my basic curiosity – on the basis of the implicit assumption – that the present Zakat system in Pakistan was inefficient, could not be answered without investigating whether the question could partially be linked to Pakistan’s perpetual identity conundrum. The implication is inherent that if the role of the state is to be defined in the collection and distribution of Zakat, the state must not just be geared but also have the willingness to assume this role. Zakat being a normative subject, the identity of Pakistan is therefore important to determine. Although there are indirect references in a multiple number of studies such as Shirazi (1996) and Akram (1994) about the lack of keenness of the state in enforcing Zakat, there is no other study, with the possible exception of Grace Clark’s PhD that has looked at this aspect in detail. I therefore found it interesting to focus my study on the role of the state in the collection and distribution of Zakat and relating this to Pakistan’s identity. The ‘willingness’ of Pakistan is assessed through the review of the system of Zakat, but also by the supportive empirical data available.

This effort is therefore an attempt to seek a deeper understanding of the very concept of Zakat, analyze the historical background of the role of the state in collecting and distributing Zakat and its implications for poverty alleviation; and examine the mechanisms that have been employed to implement the institution in Pakistan and what improvements are required for the institution to fully flourish in light of the historical tradition. More specifically, the objectives driving the research process are as following:

- To establish an understanding of the self-perception and identity of Pakistan.
- To define the Islamic approach to poverty (as its alleviation is said to be the primary aim of Zakat).
- To critically review the role of Zakat in the time of the Prophet Muhammad and the immediately subsequent successors.
- To identify and derive the main principles for the collection and distribution of Zakat through the critical review.
- To conduct a selective assessment of the background of the Zakat system in Pakistan with an attempt to comprehend the major issues related to collection and distribution.
- To analyze the Zakat system in Pakistan with an attempt to understand its present day role as well as providing solutions to improve the system on the basis of the historical ideal.
- To review the evolution of the concept and institution of Zakat.
Assumptions

The concept of Zakat is versatile and raises a variety of issues, which can be approached in a number of ways. The most arduous of tasks is without a doubt to keep the research focused on the core issue and not fall prey to the impossible: to satisfy all the expectations the topic might generate. It is therefore pertinent to clarify what should not be expected of this exercise (some of these specific aspects are mentioned under the relevant headings and subjects).

My research on Zakat, and the role of the state in its collection and distribution in Pakistan and the bearing the nation’s identity has on these trends, covers most of the important aspects of the subject, but is nonetheless selective and does not cover all the dimensions.

This study seeks to comprehend the nature and dynamics of Zakat and the context in which it is implemented in Pakistan. During this process, empirical data is included to gain an insight into the role of Zakat. However, it is not within the scope of this dissertation to assess the impact and fiscal potential of the implementation of Zakat. The content is rather focused on a historical analysis of the role of Zakat and its potential in poverty alleviation through redistribution. It is though assumed that Zakat, if fully implemented, would have a positive impact on alleviating poverty in Pakistan. It is of interest to specifically study the institution of Zakat in early Islamic history in order to derive general principles for implementation of Zakat in the modern context. Having said that, it is again noteworthy that examples from the early Islamic period are selective and a comprehensive overview of the period is beyond the limitations of this dissertation.

It is also important to underline the fact that this is not a comparative study, although some comparisons are made in the modern context to shed some complementary light on the conceptual evolution of Zakat; Zakat has, however, not been subjected to for example a comparison with almsgiving in other faiths or to modern systems of taxation.

It is also of significant importance to clarify that the sources and references employed primarily conform to the Sunni school of thought within Islam and that non-Muslim scholarship in general has not been made a primary source of reference for Zakat in this dissertation. One could mention the books of the renowned orientalist Joseph Schacht (1902 – 1969) in this regard.

It must also be noted that although the study touches upon opinions in Islamic jurisprudence, the aim is not to discuss and analyze the merits of the different schools of thought.

Furthermore, in an attempt to define poverty, traditional western ideas can be seen as partially or fully compatible with the Islamic perspective on this issue. Similarly, global strategies for poverty
alleviation have a number of elements, which are well recognized by Islam, as has been aptly pointed out by Munawar Iqbal.\textsuperscript{21} Therefore, this dissertation does not go at length to elucidate as to how the perception and policies differ in regards to poverty and poverty alleviation strategies. No comparative analysis to this reference is included here.

Notes

4. See Appendix I for the Objectives Resolution. The Objectives Resolution is the preamble to the current constitution of Pakistan.
7. 9th month of the Islamic lunar calendar. Ramadan is also the month in which the Muslims fast from dawn to sunset.
9. 1 USD is at present equivalent to appr. 60 Pak Rupees.
13. Faiz (1990)
16. See e.g. Iqbal (2002): pp. 47-112
17. See e.g. Hasanuzzaman (1990)
18. See e.g. Monzer Kahf (2000)
19. There are two major schools of thought in Islam. The Sunni and the Shi’ite. The divide between the two originated as a political disagreement over the succession to the Prophet Muhammad, but has later also resulted in varying understandings and methodologies in interpreting the Qur’an and the Sunnah. The Sunnis constitute approximately 85% of the world’s Muslim population, with only Iran and Iraq being the two countries where they are in majority. Pakistan is overwhelmingly Sunni and this has been another reason for the application of this school of thought.
20. For example Origins of Muhammedan Jurisprudence and the Encyclopaedia of Islam.
Methodology

The view one holds as to the understanding and role of Islam in society and state inevitably has a bearing on the research that has been conducted. I would argue that complete and absolute impartiality is humanly impossible and therefore objective scholarship in essence is to recognize the differences in opinion and interpretations and then explicitly clarify one’s position. Having stressed this, it must be added that any level of subjectivity can in no way excuse laxity in the application of scientific knowledge as basis for argumentation and analysis. However, it must be noted that this task becomes even more arduous when dealing with an ‘almost exclusively normative theory’, as John Degnbol-Martinussen has so rightly pointed out about Islam.¹

Islam can either be viewed as a religion in what can be termed today as the ‘traditional’ sense in the secular context with a set of rites and rituals for worship, or as a comprehensive way of life, seeking to shape both individual and societal life, making no distinction between the spiritual and mundane. Without even negating the existence of God, the two opinions are essentially linked to the question of defining the sovereignty of God. Is God merely the one-time Creator having created the world and abandoning it to its own device? Or is God the Lord of all creation and the universe, an active living authority, Who continues to govern the processes of evolution, with sole and absolute sovereignty and authority vested in Him?

The answer to these questions are simple and at the same time complex. Scholars of Islam, from all schools of thought have throughout history, never made any suggestion or case to argue from Islamic sources and tradition that sovereignty and authority are not vested in God.² On the contrary, there has always been an acceptance of the view that Islam bases itself on the integration of human life into an organic whole. The cases in Muslim scholarship where the concept of divine sovereignty has been subjected to critique have not applied Islamic sources – the Qur’an and the Sunnah (Prophetic tradition) – to further their argumentation, but have based it on the premise of post-enlightenment Western philosophical tradition.³
Having said that, within the Islamic paradigm itself there have been differing views as to how much importance and what priority should be given to the political, economical and constitutional aspects of Islam. As Sayyid Mawdudi\(^4\) (1903 – 1979) and Syed Qutb\(^5\) (1906 – 1966) thus – what many would claim – provided the modern theoretical foundations for ‘political Islam’, a view contrary to their’s can be said to be represented foremostly by Wahiuddin Khan\(^6\) (b. 1925), but also by the likes of Seyyed Hossein Nasr\(^7\) (b. 1933)\(^8\).

If we were to take the first position, this would entail that Islam would be applied as the primary and fundamental source of reference for issues pertaining to law, politics, economics etc. Whereas the second position would mean that the very basis of not just individual but also societal life would be left to a personal conscience of morality primarily focused on the spiritual aspect and the transcendental.

The matter is not as simplistic as presented here. However, it is not the purpose of this study to look at the arguments of both of these positions, rather it is of importance to note that during the course of the research conducted for this dissertation none of the primary books found and applied were of the latter school of thought. Furthermore, it is also important to stress that it has been part of this thesis to research as to the relevance or irrelevance of the Islamic identity of Pakistan vis-à-vis the concept of Zakat; especially as the constitution of Pakistan makes clear references to the Qur’an and Sunnah and declares the sovereignty of God. I have therefore adopted the tradition of Islam having the capacity of being a source of law, governance and social organization in this study.

The Qur’an and Sunnah

Throughout this study there are numerous references to the Qur’an and Sunnah. The Muslims consider the Qur’an to be the very word of God revealed to the Prophet Muhammad during the course of his Prophetic career, spanning approximately 23 years; whilst the Sunnah, meaning ‘method’ in Arabic, was applied by the Prophet as a legal term for what he said, did and agreed to.\(^9\) Hadith is another term that is mentioned, which in many works is applied synonymous to Sunnah, but in this study is exclusively referred to as the narration attributed to the Prophet Muhammad.

Together the Qur’an and Sunnah constitute the two primary sources of Islam from which every legal obligation is derived and the fundament on which the ethos of the ‘Islamic’ way of life are constructed. This is confirmed by the Prophet Muhammad himself in his last sermon: “I am leaving you with the Book of God and the Sunnah of His Prophet. If you follow them, you will never go astray.”\(^10\) Having said this, many jurists have later classified sources of Islamic law into two main categories:\(^11\)
Primary Sources

- *The Sunnah*, Prophetic tradition.
- *The Ijma*, or the consensus of opinion.
- *The Qiyas*, or judgement upon juristic analogy.

Supplementary Sources

- *Al-Istihsan*, or the deviation, on a certain issue, from the rule of a precedent to another rule for a more relevant legal reason that requires such deviation.
- *Al-Istislah*, or the unprecedented judgment motivated by public interest to which neither the Qur’an nor the Sunnah explicitly refer.
- *Al-Urf*, or the custom and the usage of a particular society, both in speech and in action.

This extensive classification, however, was built on the legal opinions of individual jurists and came into existence at least a century after the Prophet’s death and therefore should be subordinated to the Qur’an and Sunnah. This is also how the immediate successors to the Prophet viewed the matter. It is reported that the second Caliph Umar bin Khattab wrote a letter to one of his appointed judges (another Companion of the Prophet Muhammad) Abu Musa al-Ash’ari which stated: ‘Jurisdiction is to be administered on the basis of Qur’an and Sunnah…. Clear understanding of every case that is brought to you for which there is no applicable text of Qur’an and Sunnah. Yours, then is a role of comparison and analogy, so as to distinguish similarities and dissimilarities – thereupon seeking your way to the judgment that seems nearest to justice and apt to be the best in the eyes of God.’

If anyone could have claimed legal authority for his/her opinions parallel with the laws and nomenclature of the Qur’an and the Sunnah it would have been the Companions and immediate successors of the Prophet Muhammad. Historical accounts however prove that the opposite was the case and we find examples where the opinions of e.g. Caliph Umar are brought into question and he is asked to argue his position with reference to the Qur’an and Sunnah. It is also reported that Abu Bakr in his inaugural speech as the first Caliph said: ‘Obey me as long as I obey God and His Prophet. But if I disobey God’s command or His Prophet’s, then no obedience is incumbent upon you.’

It can thus be concluded that juristic institutionalization occurred years later, but the basic structure of Islamic law – the Sha’riah – was completed during the lifetime of the Prophet Muhammad as it can be understood from the exclamation of the Qur’an: “This day I have perfected for you your religion, and have bestowed upon you My Bounty in full measure, and have been pleased to assign for you Islam as your religion.” (5:3).
I mention this as this has a monumental bearing on the methodology of this research. In this dissertation I have gone directly to the primary sources to gain an understanding and insight into concept of Zakat (and to a lesser degree some of the other subjects that are a peripheral in nature to this study). This is not to say that I have completely discarded the relevance of the rich juristic heritage available, nonetheless, this study does not spring out of any particular legal theory within Islam. Where brought into the analysis, I have chosen to subordinate the various interpretations to the primary sources, weighing their arguments and scrutinizing them according to my personal understanding of the sources. This is not aimed to ‘merge’ the various schools of thought but rather to reconcile them where possible. In this sense I am following the eclectic approach to the Qur’an and Sunnah, which is applied by many contemporary Islamic scholars such as Mawdudi and Qaradawi, who do not subscribe to the popular fourteenth century notion in Islamic jurisprudence that everything worth knowing had already been known and was better understood by earlier generations closer to the source.\(^{15}\) It must be said that the rationale behind my eclecticism is not academic convenience but rather my position that the opinions derived from the Qur’an and Sunnah are merely interpretations and open to reconsideration. It is also therefore that there is no detailed exposition to the various schools of thought in this dissertation, aside from the obvious reason that such discussions would be a deviation from the actual subject.

History is inextricably related to the understanding and interpretation of the Qur’an and Sunnah. The Qur’an was revealed in fragments and whilst reading the book one learns that the myriad of subjects addressed are not presented in any systematic and coherent manner, rendering any exposition extremely difficult. Adding to the difficulty in understanding the Qur’an is the fact that it is not only the Arabic language, but ‘… its contents are, on the whole, vitally related to the taste and temperament, the environment and history, and the customs and usages of Arabia.’\(^{16}\) Without indulging ourselves in the contentious question of universal applicability, it must be said that a comprehensive understanding of the Qur’an and Sunnah has to be accompanied by giving due consideration to the time-space context in which they came into existence. Thus Muslim history and tradition has always played a central role in the interpretation and deduction from the Qur’an and Sunnah. Even those schools of thought who use a literalist methodology are not completely adverse to Muslim history and tradition as a medium for interpreting the texts, and thereby moving beyond mere rhetoric in translating the ideal into institutions and actions in modern times. Furthermore, advocates of political Islam apply the time of the Prophet and his immediate successors as a point of reference. Whilst there are and can be different understandings to the Qur’an and Sunnah, they certainly play a pivotal role in shaping the lives of Muslims world over, necessitating a historical review.

Hence, my methodology has been to gain an understanding of the sources, not just by analyzing the text, but complementing it with a historical account of how the same sources were applied earlier. There is no doubt that had I limited myself to a literalist interpretation of the texts, the results would have been completely different. I would, however, claim that this lends credence to the objectivity of this study as a literalist approach in essence is more subjective.
For the apt mind there should arise the inevitable question as to whether this study primarily revolves around the theory of Islamic ‘law’ or Islamic ‘economics’? It is important to note the difference. As we have to derive rules and regulations from a normative text that is considered infallible and the essence of which is considered unquestionable by its ardent followers, this is undoubtedly an exercise in Islamic law. However, as Zakat along with the elimination of Riba (interest), are the twin pillars of the Islamic financial system, this is also a study within the genre of Islamic economics. Islamic economics as a discipline primarily differentiates itself from conventional economics on the issue of value neutrality. Whilst the traditional perception is that economics analyzes and does not prescribe, the hallmark of Islamic economics is that it calculates issues pertaining to morality and social justice into its theory of economics. With its distinctive worldview, Islam influences the economic outlook by suggesting that the modes of behavior and institutional arrangements be subjected to the basic consciousness “…of an all-powerful God, Who is the Creator and the Sustainer of men and women and Who commanding all that is in nature, is directly looking after their well being by making all sorts of provisions for them, and by instructing them in good life through revelation sets the proper perspective for their relationship with nature in their economic life.”

In simple terms, the purpose of Islamic economics claims to be the elimination of mass poverty and deprivation by guaranteeing a minimum level of sustenance and empowering people, enabling them to live in a dignified manner. This objective is achieved by establishing a societal framework that is based on adl (justice), muwakhaat (brotherhood) and free from zulm (exploitation). The two main tools that Islamic economics employs to fulfill this task is the implementation of Zakat (alms) and the elimination of Riba (interest). A lot of focus has been given to the latter, especially in the context of Pakistan. The proponents of Islamic economics have at times squarely focused upon the elimination of Riba from the economy, while little attention has been given to the institution of Zakat.

In summary, if looked upon closely it will be revealed that the discipline of Islamic economics is rooted in the values, principles and commands contained in the Qur’an and , and can therefore be viewed as an approach rather then necessarily being presented as an independent theory.

**Authenticity and Veracity**

For Muslims the Qur’an is the unquestionable word of God and the Sunnah is its divine manifestation. This is nonetheless a matter of personal belief, and such belief is not the basis for argumentation in this study. It is therefore important to note that despite the normative nature of these sources, it has been scientifically authenticated that the text of the Qur’an today is the same presented by the Prophet Muhammad as the revealed word of God some 1400 years ago. Similarly, the veracity of the narrations we receive through the years attributed to the Prophet Muhammad, have been brought under such rigorous scrutiny of tracing the chains of authorities accompanied by biographical data,
such as their moral character, truthfulness and powers of memory etc. that it is beyond any doubt for this writer to accept the mass of hadith literature as sound. Anything else would be irrational.

In this dissertation all the verses of the Qur’an mentioned are from the well-acclaimed translation of Mawdudi, which has been rendered into English by Zafar Ishaq Ansari. In my selection process for a translation from the Arabic original my main concern was to find a translation that would be considered academically sound, but also be in contemporary and fluent English, doing justice to the Arabic original. The latter proved to be the main reason for not using the more known translations such as the ones rendered by Abdullah Yusuf Ali (1872 – 1953), Muhammad Marmaduke Pickthall (1875 – 1936), and Muhammad Asad (1900 – 1992). It must, however, be noted that I have compared the translation of Ansari with other English translations as well as studying the relevant verses of the Qur’an in the original Arabic, to warrant the merit of the selection. Finally, whenever a verse from the Qur’an is quoted in this dissertation, it is followed by two numbers in a bracket. The first number is a reference to the Surah (chapter) in the Qur’an and the second number is a reference to the verse number of that particular Surah.

As hadith literature is spread over thousands of pages and is not contained in one single volume (as is the case with the Qur’an), it was a more arduous task to find each narration in the many compilations of hadith. I have therefore, rather reluctantly succumbed to the application of secondary sources for references of Sunnah. In most cases the hadith quoted, have been taken from books relevant to the topic being discussed.

Literature Review

Inspite of the concept of Zakat being central to Islamic economics and finance, Zakat has by and large remained an understudied subject; especially relatively compared to the issue of elimination of Riba. Having said that, a vast amount of literature is available on public finance and the economic system of Islam, which also includes chapters and passages on Zakat. However, most writings on the subject tend to relate solely with the conceptual and legal issues pertaining to Zakat e.g. types of wealth and the levy they would be subject to. Even classical works from the early Islamic period such as the eleventh century scholar Mawardi’s Al-Ahkam As-Sultaniyyah relate Zakat more to issues of jurisprudence then to economics and finance. Possibly as the economics of yesteryears were rather simple and did not require detailed analyses. The focus was thus on revenue and public expenditure and scholars indulged themselves in legal precedents and analogy, especially in the case of collection and distribution of Zakat. Kitab al-Amwal of Abu Ubayd al-Qasim ibn Sallam (774 – 837) is one such classic example.
Kitab al-Amwal

Kitab al-Amwal is one of the earliest writings on the subject of revenue and wealth management for Muslims and the Islamic state. The methodology applied by Abu Ubayd was to collect the traditions (hadith) of the Prophet Muhammad and the opinions of the Companions (sahaba) of the Prophet and categorize them under the relevant headings of revenue and then subject them to a legal analysis. The book is thus not only a reference for Islamic finance but also in Islamic legal literature. Kitab al-Amwal’s main theme is to elucidate the authority vis-à-vis forms of wealth and the legal as well as moral responsibilities this authority entails. In this regard Abu Ubayd highlights the principles of justice and fairness. His book is therefore an exposition not in a historical review of wealth management and juristic interpretation of the Qur’an and hadith, but also an argumentation for the application of Islamic concepts to ensure justice and fairness.

Five chapters (11 – 15) of the book are dedicated exclusively to the subject of Sadaqah and Zakat, which include invaluable references and interesting analysis from the earliest period of Islam. The collection is considered one of the most authentic and reliable sources of reference in Islamic legal and financial literature. Very few of Abu Ubayd’s own judgments have been used in this study. His work has primarily been applied to gain access to the various narrations and stories from the early Islamic period to further my own understanding and analysis of the topic; notwithstanding the insight it has provided in analogical reasoning.

Fiqh az-Zakat

The most comprehensive and analytical study dedicated to Zakat is undoubtedly Yusuf al-Qaradawi’s (b. 1926) magnum opus Fiqh az-Zakat. Numerous writers, both past and present, have deliberated on Zakat, but no substantial work can be said to have been produced in any language, which is comparable to this work. The book does not only take a fresh look at all the pertinent issues related to Zakat today, but also makes an exhausting comparative study of the various jurist’s deliberations on the subject and their schools of thought. Interestingly, Qaradawi also makes references to at least two schools of jurisprudence, namely the Zaydi and Imami, within the Shiite school of thought. Qaradawi takes an eclectic approach towards the various schools of thought in Islam when deducing rules and regulations for Zakat from earlier opinions. Nonetheless, on most occasions Qaradawi functions himself as a jurist going directly to the sources to take a position on a particular issue. Qaradawi explains in detail about his methodology, as to how he has deduced from the two primary sources, the Qur’an and the Sunnah, as well as what his criteria has been to weigh various arguments and what his principles of analogy have been. This greatly enriches the value of the book as it helps give a clear picture as to how Qaradawi reaches his conclusions. Although admitting that there is very little agreement to the functions of such a fundamental principle of the Islamic faith, Qaradawi is nevertheless of the explicit opinion that it is only through the implementation of Zakat that a just and equitable society can be ensured. Furthermore, Qaradawi calls for the enforcement of Zakat by the state.
The book is divided into nine parts and deals with everything from the obligatory nature of Zakat in Islam, method of collection and distribution and to the nature of wealth that is to be subjected to Zakat. It is here that Qaradawi’s analyses is most original and has set the benchmark for future studies as he is one of the first to deliberate in such detail and argue for the inclusion of the new forms of wealth, which were not relevant or had value at the time of the Prophet.

The most relevant sections of the book for our study have however been the method of collection and distribution of Zakat. Here Qaradawi emphasizes the role of the state, and on the basis of Qur’anic references and analogy of the Prophet Muhammad and his Companions provides a framework as to how the collection and distribution of Zakat should be conducted in the contemporary day and age. There are many references to Fiqh az-Zakat in this study. Qaradawi’s views and references are used extensively for the purpose of defining the role and functions of the institution of Zakat. It is not always that I have come to same conclusion as Qaradawi but his detailed work containing the opinions and interpretations of the various schools of thought has provided me with a very good reference book.

The Economic Functions of the Early Islamic State

“The Economic Functions of the Early Islamic State” is one of the few specialized books on the subject. Hasanuzzaman has used the primary sources of Muslim historiography to portray a picture of the financial arrangements of the Islamic state, from the time of the Prophet Muhammad and his immediate successors to the end of the Ummayad dynasty (established by the ascendance of Mu’awiyah to the caliphate in 661 and ending in 750 with the overthrow of Marwan II). Hasanuzzaman gives a detailed account of the moral teachings of the Qur’an and Sunnah as well as deliberating on the various heads of income and expenditures in the state treasury in the period in question. In this regard Hasanuzzaman has collected a wealth of information, which has been decisive in discerning the role of Zakat during the early Islamic period. This work has been used extensively as a point of reference for recounting the manner in which Zakat was collected and distributed by the Madinan state.

Critique

Despite an increased focus in the post-colonial era on various aspects of ‘Islamic Economics’, including Zakat, one is inclined to note that the nascent approach has produced few works of real scholarship and originality. Sections of Mawdudi’s “Ma’ashiyate-e-Islam” in Urdu are original and have been applied as the theoretical foundation by a number of Islamic economists such as Khurshid Ahmad, Umar Chapra, Nejatullah Siddiqi etc. Works such as Ziauddin Ahmad’s “Islam, Poverty and Income Distribution” gives the reader high expectations, but lacks depth and is plagued by repetitive argumentation. Muhammad Akram Khan’s “An Introduction to Islamic Economics” is rather superficial and presents rather wishful thinking and lacks substantiation. Selected chapters from volumes such as “Distributive Justice and Need Fulfillment in an Islamic Economy” are reproduced under different titles such as
“Role of the State in the Economy: An Islamic Perspective”, and therefore only serve the purpose of being presented alongside similar material by the same author, but cannot boast originality. Most of the books and articles on Islamic economics are littered with critique of capitalism and socialism, but remain vague in their presentation of an Islamic alternative. One aspect that is generally missing in nearly all books is empirical data and analyses of economic policy formulation done by the first Four Caliphs. The only work that sheds light on this aspect is Hasanuzzaman’s “The Economic Functions of the Early Islamic State” from 1973.

Lastly, most of the literature available on Islamic economics in general and Zakat in particular takes a juristic approach looking at the philosophy of the rules and regulations and do little to provide actual frameworks in which institutions, such as Zakat, can be implemented in a modern context. The studies of Kahf seem to be the only exceptions and have been instrumental for this study.

Pakistan

There is no dearth of literature on Pakistan. However, a reading of the works, which were of interest to this study, revealed that most of the writers have a subjective view of the ideological foundations of Pakistan. It was truly shocking to learn the black and white approach of so many writers on the historiography of Pakistan. I have therefore attempted to reconstruct the history of Pakistan by attempting to reconcile both views through analytical reasoning.

Pakistan in the Twentieth Century

“Lawrence Ziring’s book Pakistan in the Twentieth Century” is a standard reference book for the political history of Pakistan, covering the entirety of the nation’s history, with the only exception being the last few years of General Musharraf’s quasi-democratic regime. The book has been vital for this study as it has given the necessary overview of Pakistani politics and the very evident identity conundrum that the country is beset by. A detailed account; nonetheless, Ziring considers the founding father’s of Pakistan to be ardent secularists who wanted Pakistan to be an Islamic republic but not an Islamic state. However, in a number of places Ziring does concede that, had it not been for the civil-military dictatorships, a democratic Pakistan would be, in any shape or form, an Islamic Pakistan. Aside from its rich factual details, Ziring’s account of Pakistan’s political history has been included in this study as representation of the secular view of Pakistan.

Jinnah, Pakistan and Islamic Identity: The Search for Saladin

Every historiography of Pakistan is dependent on its understanding of Muhammad Ali Jinnah, the founding father of the nation. The work of Akbar S. Ahmed takes an unconventionally nuanced
approach towards the ideological foundations of Pakistan as compared to most others. Ahmed sees the evolution of Pakistan parallel to the evolution of Jinnah’s own distinct personality. The book has been used to gain a deeper understanding of formation of the Pakistani identity. Furthermore, the work has also shed a different light on events presented very differently by Ziring, enabling me to compare the position of both and derive my own conclusions based on facts and their argumentation.

The Term ‘State’

A number of value-laden terms are used extensively throughout this study. One of them is the term state. It is important to point out that in this study the term is applied as ‘… a political association that exercises sovereign jurisdiction within defined territorial borders… the state encompasses all public bodies and exercises impersonal authority on the basis of the assumption that it represents the permanent interests of society rather than the partisan sympathies of any group of politicians.’ Instead of intermingling the concept and term of government in this study, I have referred to the state as encompassing this. Furthermore, we also find the prefix ‘Islamic’ attached to the ‘state’ in a number of places. The mentioning of ‘Islamic state’ is a reference to a state, which is defined by the political ordinances of the Qur’an and Sunnah. It has also at times been mentioned with the adjective ‘ideal’, referring to Muslim aspirations of a state embodying the essence of the state established by Prophet Muhammad and institutionalised by his four immediate successors (who are in Sunni Muslim historiography are referred to as the Four Rightly Guided Caliphs). It is of course noteworthy that there is little agreement as to the understanding of the political ordinances of the Qur’an and Sunnah. This is why it is a relevant issue to discuss in connection with the identity of Pakistan.
Notes

2. Interestingly even during debates of the Constituent Assembly of Pakistan, even proclaimed socialists such as Mian Muhammad Iftikharuddin did not counter this view. For more information see Ideology of Pakistan by Sharif al Mujahid.
3. The prevailing debates on the identity of Pakistan is just one example. See e.g. Jan (2003).
4. A scholar and prolific writer, is considered as one of the chief architects of the contemporary Islamic resurgence and proponents of ‘political Islam’. Founder of the Jamaat-e-Islami party in Pakistan.
5. A leading member, who is considered by many to be the ideologue of the Muslim Brotherhood, and exegete of the Qur’an, sentenced to death by the Naser regime in Egypt.
6. Founder of the Islamic Centre in New Delhi, a leading proponent of a personalisation of faith in Islam and a critic of Mawdudi.
7. One of the world’s leading experts on Islamic science and spirituality, is University Professor of Islamic Studies at George Washington University.
8. See e.g. Islam, Fundamentalism, and the Betrayal of Tradition, edited by Joseph E. B. Lumbard.
12. Ibid: p. 34
21. For a detailed account of the history and preservation of the Qur’an see e.g. Azami (2003).
22. For elaboration on the science of hadith see e.g. Kamali (2005).
23. Dr. Zafar Ishaq Ansari is Vice President, Higher Studies and Research at the International Islamic University Islamabad with a Ph.D. in Islamic Studies from McGill University, Montreal, Canada.
25. Trans. The Laws of Islamic Governance
26. Dean of the Sha’riah College in the University of Qatar. Well-known scholar and preacher with his own TV-show ‘Shariah and Life’.
Pakistan

Pakistan, as an idea, is always greater than the reality of its political identity.
- Akbar S. Ahmed

Pakistan as a nation has been in constant search for its identity. Is Pakistan simply a nation for Muslims or an Islamic state? This has been the central theme for intellectuals and politicians alike ever since Pakistan was carved out of British India. It is a debate that has lingered on perpetually as its conclusion holds the key to the destiny of Pakistan.

The discussion is – at the least – implicitly relevant for a complete understanding and analysis of the institution of Zakat in Pakistan. As we have mentioned earlier, that prior to European colonization of Muslim lands the institution was being enforced on the state level in one form or another.¹

Pakistan holds a unique position as the country was not constituted on the basis of ethnicity, but rather on the philosophy that Muslims are a distinct nation, best described by the founding father of Pakistan, Muhammad Ali Jinnah:

“We [Muslims] are a nation with our distinctive culture and civilization, language and literature, names and nomenclature, sense of values and proportion, legal laws and moral code, customs and calendar, history and tradition, aptitudes and ambitions; in short, we have our distinct outlook on life and of life. By all canons of international law, we are a nation.”²

There would be little argument that this reinforces – at any rate – the Islamic identity of Pakistan. However, it is of essence to establish to what degree this is the case, as this will provide the necessary insight into the agency of Zakat in Pakistan.
The Forming of an Identity

It is pertinent to understand that the demand for Pakistan primarily came as a result of the changed self-perception of the Muslims of the Indian subcontinent. The Muslims of India had come as conquerors and despite remaining a minority throughout their historical presence they never felt their norms, values and the culture associated with the Islamic ethos threatened by the majority Hindu community, primarily due to their political hegemony. The gradual erosion of the Muslim political power base after Aurangzeb (1618 – 1707), the last great Mughal emperor, culminated in the failed uprising of 1857 against the ascendance of the British, which effectively ended Muslim dominance in India.

After the uprising, the Muslims were singled out for punishment by the British, being held responsible for the incitement. A letter published in The Times from 1858 elucidates this quite succinctly, in which it was stated: ‘The Mohommedan element in India is that which causes us most trouble and provokes the largest share of our hostility…. They are unquestionably more dangerous to our rule…. If we could eradicate the traditions and destroy the temples of Mahommed by one vigorous effort, it would indeed be well for the Christian faith and for the British rule.’

The Mughal emperor Bahadur Shah Zafar, who had been the symbolic head of the movement against the British, was thus exiled to spend the remainder of his days in Rangoon, after having to witness his sons and grandsons unceremoniously shot dead. The Imperial library of the Mughals containing rare manuscripts collected over centuries were destroyed and ordinary soldiers were encouraged to sit on the former emperor’s throne. The message was clear; the lowest in the British hierarchy was equal to the highest in India.

Although the Hindus rallied around the Mughal emperor Bahadur Shah Zafar during the uprising of 1857, they were nonetheless ambivalent towards restoring Mughal authority. The deliberate marginalization of the Muslims by the British meant that under the tutelage of the new authority the idea of Hindu majority rule started to emerge. Hindu revivalist movements emerged at the same time, leaving the vulnerable Muslim community bewildered, and reshaping the historical, political, social and economic landscape of India permanently. In the words of Akbar Ahmed: ‘…. the Muslims of India lost their kingdom, their Mughal empire, their emperor, their language, their culture, their capital city of Delhi and their sense of self. Politically and culturally the loss was totally devastating.’

As the new order ushered in so did the ideas and concepts of the ruling colonial power, and despite the fact that Muslims were meted out harsh treatment subsequent to the 1857 uprising, many eventually found comfort and assurances in the British presence as an interposition for safeguarding Muslim minority interests against the pressing Hindu majoritarianism. These Muslims, mainly represented by the Aligarh Movement initiated by Sir Sayyid Ahmed Khan (1817 – 1898), sought a synthesis
between their Islamic heritage and the newly introduced western norms, values and sciences, whilst another segment of the Muslim population, primarily represented by the Muslim clergy, adopted an isolationist approach, rejecting outright western concepts and at times terming them heretic in an attempt to preserve and retain the Islamic character of the populace. Both however had one thing in common; their discourse emphasized their religious affiliation to ensure a distinctive cultural identity. This can be termed nothing else but a defensive measure against the nascent assertion of Hindu culture as a dominating factor in the emerging Indian polity.

At the turn of the century the reverberations of the 1857 uprising could still be felt in the new political, economic and social structures of the nation, but for the new generation it had become a remnant of the past. This generation was living the consequences of the uprising, but had not lived the uprising itself, which meant that the demand for self-government and the eventual emancipation from colonial rule were now penetrating concepts in the developing psyche of the post-1857 generation.

The last quarter of the nineteenth and the beginning of the twentieth century, saw the emergence of two political organizations; the Indian National Congress and the Muslim League. The Indian National Congress heralded itself to represent all Indians, both Hindus and Muslims, but initially had an anti-Muslim bias, resulting in the creation of a separate platform in the shape of the Muslim League for safeguarding the interests of the minority Muslim community. Hindu fanaticism itself had increased and Congress leaders like B. G. Tilak even opposed Muslim membership in the party, as they considered it a Hindu organization. This was the scenario in which suddenly World War I broke out and Indian consciousness of freedom began to awaken. Seizing the moment, Hindus and Muslims joined hands in an attempt to secure self-government from the British, and emphasis was laid on a secular, pluralist and constitutional approach, which was thought, would automatically provide an amicable solution to the communal issue. It was, however, not long before the dream of Hindu-Muslim cooperation was shattered, when Mohandas K. Gandhi took the Indian political scene by storm, employing Hindu symbolism and emphasizing extra constitutional methods to achieve self-government.

It was arguably not the Hindu symbolism itself that initially increased the religious polarization. After the defeat of the Ottoman empire in World War I, the Islamic Caliphate (Khilafat) was under threat and in 1919 the Muslims of India rallied to ensure its survival as in the words of Maulana Muhammad Ali Johor the caliphate was the ‘…. most essential institution of the Muslim community throughout the world’. The issue of caliphate was seen by many as a unifying cause, which could motivate the linguistically and ethnically diverse Muslim community to whole-hearted participation in the freedom movement. After more than 60 years of political victimization and marginalization the Khilafat Movement was an attempt at Muslim re-assertion by means of synthesis of a pan-Indian Islam with Indian nationalism. The Khilafat leaders were of the view that this movement would energize
the Muslim community to a unifying cause, offsetting their minority status by being able to bargain from a position of strength with both the British and the Hindus, thus securing the minority rights they desired in any future political setup. The Congress party, under the leadership of Gandhi, saw this movement as an opportune moment to upstage the British ‘divide and rule policy’ between the two major communities of India, by enlisting the support of the Muslims, the lack of which would render the Congress Party politically impotent in any claim for self-government. Gandhi, a Hindu, practically became the leader of the (Muslim) Khilafat Movement. The Muslims perceived Gandhi as a leader, who could deliver the goods, and therefore all but relinquished the leadership of the Khilafat movement to him, which ran parallel to Gandhi’s satyagraha (non-cooperation) movement.

The initial two years were of exemplary harmony, which gave credence to the notion of Hindu-Muslim co-existence as a real possibility, yet 5th February 1922 proved decisive as police station was burnt down by an angry mob in Chora Chori, resulting in Gandhi calling off his satyagraha movement. The issue caused considerable dismay amongst the leaders of the Khilafat Movement, who felt betrayed. Gandhi had not only urged a complete boycott of British goods and ordered non-cooperation with the government, but had actually called upon the Muslims of the subcontinent to migrate from India if need be as a marked protest of non-cooperation. In an emotionally charged atmosphere thousands of Muslims marched to Afghanistan. After being met with the harsh reality of not having any refuge they returned to their homes only to find Hindus having occupied their residences and businesses. More contemplative, the Muslims wondered why the Hindus had not been asked of similar sacrifices.

The movement was soon dissolved, with the abolishment of the caliphate in 1924, which was perceived as yet another plot to undermine Islam and Muslim aspirations by the British. The Muslims were demoralized and felt that they could neither afford uncompromising allegiance to the British nor trust their Hindu neighbors. The Khilafat movement proved a watershed, resulting in an irreparable antagonism between the Hindu and Muslim communities, and laying the foundations for the demand of a separate homeland for the Muslims of India.

**The Creation of Pakistan**

The post Khilafat Movement era was marred by the insecurity the Muslims felt after the shattered dream of Hindu-Muslim unity. The feeling was exacerbated as the Hindu revivalist movements continued to march on, resulting in Muslim fears of the British Raj being replaced by a Hindu Raj. The two religious communities continued to grow more and more apart as time went on. Some have claimed that the actual ‘parting of waves’ came in 1928 over the Nehru Report, and the Congress Party’s unwillingness to accommodate the Muslim demand for a guaranteed number of seats.
in the future parliamentary structure and autonomy for the provinces in which Muslims constituted a majority. Two years later, in 1930, the influential poet-philosopher Allama Iqbal in his presidential address to the Muslim League in Allahabad, stated that the principle of European democracy could not be applied in the Indian context and he therefore sought the creation of a separate homeland for the Muslims: ‘I would like to see the Panjab, North-West Frontier Province, Sind and Baluchistan amalgamated into a single State. Self-government within the British Empire or without the British Empire, the formation of a consolidated North-West Indian Muslims State appears to me to be the final destiny of the Muslims, at least of North-West India.’ Overnight the despair of 1857 and the frustration of the failed Khilafat Movement (both of which were chaotic and abstract in nature) were replaced by a seemingly clear objective; the demand for Pakistan.

Prior to his death in April 1938 had Iqbal convinced Jinnah, who had left India in frustration after the failed negotiations over the Nehru Report, that a separate homeland for the Muslims, where they could enhance their Islamic identity and develop their Islamic destiny, was the only viable solution for the Muslims at the time of the British transfer of power to India. Conceding to the ideas and vision of Iqbal, Jinnah returned to India, and on the 23rd March 1940 in Lahore, a resolution was passed in the general assembly of the Muslim League demanding Pakistan. The next seven years were spent in a struggle to unify the Muslims under the banner of the Muslim League and leadership of Muhammad Ali Jinnah, who was hailed as the Quaid-e-Azam (the great leader), against the British colonial authority and the Indian National Congress. The result was the 2nd June 1947 announcement of the partition of India and the subsequent handing over of power to indigenous hands on the 14th August of the same year.

**Between Islam and Secularism**

Tracing the origins of the concept of Pakistan is just as illusive a task for a historian as it is for a political pundit to predict the nation’s future. Most historians however tend to consider Allama Iqbal’s presidential address to the All-India Muslim League in 1930 as the first explicit exposition on the subject. Whilst one can satisfy most inquirers on the origin of Pakistan with reference to the above mentioned speech, it is a far more daunting task to trace the identity of Pakistan. The notion that Pakistan was created as a result of the Muslims irreconcilability with India’s perceived Hindu religio-cultural chauvinism, is a widely accepted claim amongst Pakistani as well as non-Pakistani scholarship. Yet were the Muslims of India seeking an Islamic state or was it to be a state for Muslims, built on the premise of a modern secular polity?

The quest, nonetheless eventually leads one to the nation’s father, Muhammad Ali Jinnah and what he envisaged for Pakistan, as he is attributed with almost single-handedly creating the nation.
The Pakistan Movement had only one purpose, that of gaining independence from British India. During the struggle for Pakistan little thought was given to conceptual issues related to creating a sovereign nation for the Muslims of India. The chaos and drama ensuing independence is reflective of a missing blueprint for Pakistan. Akbar S. Ahmed has however noted that the vagueness of the idea of Pakistan was also one of its strengths, as the movement for its establishment was able to unite a variety of vested interests and an otherwise disparate Muslim populace in a common cause. Ahmed has put it very succinctly: “Pakistan meant all things to all people. For some it was theology – Pakistan ka matlab kia La’ illaha illallah, ‘What is the meaning of Pakistan’? There is one God [and Muhammad is his Prophet].’ To others it was sociology. Many Muslims, including those who had little time for orthodox practice, were concerned about preserving their culture and language. Yet for others it meant economics; it meant escape from the powerful Hindu commercial and entrepreneurial presence emerging all over India. Yet to others it was an expression of the Hindu-Muslim confrontation that had been taking place for centuries; it was a challenge to those Hindus who believed they could dominate Muslims and impose Ram Raj on them. But for everyone Pakistan meant something in terms of their identity. This is what made the movement work.”

The inherent weakness has nonetheless left the nation bewildered. As Jinnah, the undisputed leader of Pakistan, never wrote a book on his vision for the nation and died only a year after its creation unable to transform his vision into reality, Pakistani scholars have attempted to interpret his thinking primarily through his speeches. Both secular liberalists as well as theocratic fundamentalists, have attempted to portray an image of Jinnah in a light supportive of their own vision of Pakistan. It is not our purpose to recount all the speeches of Jinnah and the controversy they generate. It is however important to note that Jinnah’s own personality was one which underwent considerable change during the last ten years of his life. From the ‘ambassador of Hindu-Muslim unity’, Muhammad Ali Jinnah went on to become the Quaid-e-Azam of the Muslims of the subcontinent. A study of his speeches and actions reveal a marked change, not just in attire and rhetoric, but also in his references during the last decade of his life.

The Muslims of the subcontinent were spread over a vast region only loosely linked through the one common denominator of Islam. Jinnah realized this and sought to unify the Muslims on the basis of this commonality. There are those who claim that this was political pragmatism. After all, Jinnah was the epitome of the Anglicized Indian and not a practicing Muslim by any account. Yet the many testimonies of his contemporaries (both friends and foes) portray an image of a man of integrity, character and indomitable will, who throughout his political career never resorted to such tactics. It is however to be noted that the references Jinnah provides in his speeches are general and provide little insight as to how he practically envisaged Pakistan as a modern Islamic state. Avoiding the pitfalls of the black and white approach to Pakistan’s historiography one is forced to conclude that Jinnah can be coined neither a secularist nor a fundamentalist to the dismay of many. Jinnah was on the contrary a
man genuinely discovering his culture and religion, earnestly desiring Pakistan to be a reflection of an Islamic state, but himself not yet clear as to the distinguishable features of an Islamic state that could converge with modern reality. Had Jinnah lived longer his constitutional genius may have resolved the issue, but his death on 11 September 1948, barely a year after the birth of Pakistan, left a political vacuum that was not to be filled and the political debate as to the ideological foundations of Pakistan continued to ceaselessly rage on.

One of the main underlying reasons for Pakistan’s identity conundrum is undoubtedly the fact that Pakistan was established from the provinces of India, where Muslims constituted a majority. The Muslims here did not relate to the same fears as the Muslims residing in areas where they were in a minority. They had also not suffered as much after the uprising of 1857 and did not relate to the ignominy and suppression witnessed by the Delhites and the provinces of India where Muslims were in minority. Therefore, despite being demonstrably Muslim, the human condition prevailing in Pakistan was very different. People were divided on the lines of ethnicity and linguistics. The Khilafat Movement and the Pakistan Movement were two major ideological political movements, which transcended all such barriers. However, with the early demise of Jinnah the political leadership went into the hands of those who had very little to do with the Pakistan Movement itself and had been involved with the British administrative political systems. When in power, instead of fulfilling the demands of Pakistan’s ideology, they accentuated the identity conundrum by centralizing power and playing the old game of ‘divide and rule’ in an ethnically heterogeneous state. Little meaning was given to the deeper meaning of Pakistan, and the country began to be devoured by political vultures.

In the ensuing turmoil after Jinnah’s death the bureaucratic and military structures became the self-proclaimed twin-pillars of Pakistan’s stability, increasingly undermining the democratic process. The establishment was the product of the British colonial authority and they began to question the role of the disparate politicians in securing the future of Pakistan culminating in the proclamation of martial law and direct military rule.

The civil-military establishment also considered religion to be divisive for politics and sought to neutralize the role of Islam in Pakistan. During the military rule of Ayub Khan an attempt was even made to omit the designation ‘Islamic Republic’ from the official name of Pakistan. The isolation of Islam in all practical affairs of law and state, however, gave the opportunity of ethnic identities to flourish resulting in provincial disharmony and eventually leading to the dismemberment of Pakistan in 1971.

The late sixties thus signaled a change. The rulers of Pakistan had failed to realize what Jinnah had understood all along. The very idea of the Pakistani polity was dependent on Islam for its very existence. The loss of Pakistan’s eastern wing resulting in the creation of Bangladesh proved a watershed in Pakistan’s history. It was the general perception from then on that Pakistan could not sustain itself if
the religious circumstances of its origins were ignored. Pakistan’s alliance with the United States was even brought into question as the Americans had failed to assist the Pakistanis in their hour of need in the war against India in 1971. Even the most secular of Pakistan’s leaders, such as Zulfikar Ali Bhutto, had to proclaim that no law would be enacted which was repugnant to Islam. Commitment to holy doctrine thus became a political necessity. Bhutto made a few symbolic concessions during his years in the office, but it was his successor, the military ruler, General Zia-ul-Haq who embarked upon the actual Islamization of Pakistan.

Zia was a devout Muslim and very outspoken about his vision for Islamizing Pakistan. However, despite his public commitment to making Pakistan an ideal Islamic state, the laws and processes he initiated were ornamental at best and did not bring about any substantial change. Nonetheless, he is to be credited with the executive measures taken in Islamizing the economy. Zia implemented a system for Zakat, directed to find a solution for the elimination of Riba (interest) from the economy, introduced the institution of Hisba (ombudsman) and took legal initiative to establish parallel Islamic banking. These initiatives, no matter how ‘disjointed’ and ‘piecemeal’ as they were, nonetheless could not be completely reversed after the sudden death of Zia in 1988. Islam was in political isolation again, but reference and legitimacy in the name of Islam was and is to date even more so the agenda of the day.

The comments of Muhammad Asad describe the history and fabric of Pakistani society quite succinctly:

“At no time in modern history was there so much talk of Islam as in contemporary India; and at no time was there less effort on the part of the Muslims to shape their individual lives and their communal affairs in accordance with the spirit of Islam.”

Summary

- Pakistan came into existence as a result of the changed self-perception of the Muslims of India as well as Hindu religio-cultural chauvinism.

- Jinnah was genuine in his claim of envisaging Pakistan as a modern Islamic welfare state, but was unclear as to what this entailed.

- In the constitution of Pakistan the nation’s political orientation was stated to be Islamic but in practice Pakistan was developed into a state of secular orientations, led primarily by a civil-military junta.
• The secession of East Pakistan proved a watershed in the nation’s history, as for the first time since independence again sought to their common Islamic identity.

• Zia ul Haq introduced the Zakat Ordinance in his process of Islamizing Pakistan.

Notes

2. Quoted from Mujahid (2001), p. xviii
7. ibid (1997): p. 41
14. ibid: p. 3
15. ibid: p. 9
16. ibid: p. 11
29. ibid: p. 102
30. Leader of the Muslim League and founder of Pakistan.
34. ibid: p. 31
37. Ibid: p. 173
38. ibid: p. 193
39. ibid: p. 98
40. ibid: p. 95
41. ibid: p. 188
42. See Z. H. Zaidi’s Jinnah Papers: Prelude to Pakistan
43. It is reported on the authority of Maulana Zafar Ahmad Ansari that Jinnah could not understand “a section of the people who deliberately wanted to create mischief and made propaganda that the Constitution of Pakistan would not be made on the basis of Shariat”. Quoted from Mujahid (2001): pp. xx-xxi
47. ibid: p. 144
48. ibid: p. 148
49. ibid: p. 263
50. ibid (2000): p. 369
51. ibid: pp. 366-367
52. ibid: p. 379
54. Ahmad (2005): p. 41
Poverty

Poverty is like disbelief.
- Prophet Muhammad

Poverty has plagued mankind since times immemorial. Even in a world of unprecedented opulence we are still witnesses to widespread deprivation and rampant destitution. Poverty is not a phenomenon exclusive with the Third World. However, it is the developing nations such as those of South Asia where the poverty situation is most severe. The World Development Bank has assessed that 1.2 billion of the total world population are living under $1 a day and 44% of these people are concentrated in South Asia. The gravity of the situation in this region becomes even more alarming as indicators show that the gap between the richest countries of the world vis-à-vis the South Asian countries is increasing even further and it is predicted that poverty is steadily on the rise. Pakistan is one such nation where the figures seem to reinforce this notion. 12 million people were added to the poor in Pakistan between 1993 and 1999, increasing the incidence of poverty from 26.6 percent to 32.2 percent. According to the World Bank’s Development Indicators of 2003, Pakistan’s GNI per capita declined from $470 in 1998 to $410 in 2002. Moreover, the UNDP Human Development Index ranked Pakistan at 144 in 2003, dropping 6 places from the position of 138 in the report of 1999. Even the Pakistani government’s own statistics confirm that approximately 47 million or 31.8% of the population live below the line of poverty. Disparity between rural and urban poverty is also noticeable with rural poverty in 1999 standing at 36.3 percent considerably higher than urban poverty, which stood at 22.6 percent. Corruption and nepotism remain a persistent problem leading to inefficiency in governance, squandering of resources and a deterioration of the judicial system. Furthermore, lack of democratic practices and obvious inequalities in income distribution fuel social tensions between different layers of society. The link between poverty and income distribution is important as unequal distribution results in large groups of people being excluded from economic opportunities. Distributional changes during the 1990s in Pakistan suggest that the declining economic growth appears to have adversely affected the income of the poorest segments of the population, yet interestingly the Poverty Reduction Strategy Paper for Pakistan is more or less silent on this aspect.
These factors, and many more compounded, Pakistan has remained in a vicious self-perpetuating cycle of poverty. Transparency International ranked Pakistan the twelfth most corrupt country in the world in 2001, and the Asian Development Bank’s study of poverty in Pakistan from 2002, concludes poor governance to be the key underlying cause of poverty in Pakistan, eroding public confidence in state institutions thus undermining their legitimacy.\(^7\)

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<td>Income share of richest 20%</td>
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*Table 1. Source: Estimated by Centre for Research on Poverty Reduction and Income Distribution*

In spite of the Planning Commission of Pakistan having decided that the official poverty line for Pakistan will be estimated on the equivalent of 2350 calories per adult per day,\(^8\) there is neither consensus on a definition nor any single strategy to combat poverty. The phenomenon of poverty is dynamic and is linked relatively to the factors of time and space. Having said this, poverty is not something abstract, which humans have difficulty relating to. Poverty conjures up images of starvation or at best malnourishment, inadequate living conditions, mass illiteracy, exploitation, bad sanitary and hygienic conditions, disease(s) etc. Poverty is reflected by people living in a state of helplessness, unable to meet their basic needs with dignity and honour. These people have meagre resources and assets, cannot access markets, have a lack of employment opportunities and are not given due attention by the ruling and affluent classes of society.\(^9\)

‘The lack of transparency in public sector planning, budgeting and allocation of resources in Pakistan has ensured that those who do not constitute the political elite are unable to make political leaders and the Government responsive to their needs or accountable promises. This has led to a supply driven approach to service provision, with development priorities being determined not by potential beneficiaries but by bureaucracy and a political elite which may or may not be in touch with the needs of the citizens.’

- Asian Development Bank
The reasons contributing to poverty are as multifaceted as the definition itself. The World Bank has quite succinctly defined poverty as being ‘...the result of economic, political, and social processes that interact with each other and frequently reinforce each other in ways that exacerbate the deprivation in which poor people live.’ John Martinussen also mentions various trends in defining poverty by concluding on the vicious circles of both economic and political poverty. Similarly, Nobel laureate Amartya Sen has also built on the foundations laid by the human development reports and expounded the vital position of ‘freedom(s)’ in regards to development and poverty alleviation. The World Bank has by and large given all the conflicting debates a complimentary role in their report from 2000/2001 and have concluded that ‘...promoting opportunity – by stimulating economic growth, making markets work better for poor people, and building up their assets – is the key to reducing poverty’. This conclusion, far from being the final word on the topic, builds on the various strategies that have been expounded over the last half century.

**Strategies for Poverty Reduction**

Poverty alleviation assumed a permanent presence in Post-World War II conceptions of development. Although there were just as many disagreements then as there are now as to what may be deemed the magical formula for eradicating poverty, nonetheless, economic growth was the predominant criterion for both measuring poverty but also alleviating poverty at the time. By increasing production and consumption – primarily through industrialisation – employment opportunities would present themselves and finally result in an increase in living standards. The issue of income and social inequalities actually being exacerbated in the singular pursuit of growth, was discarded with the argument that a sustained level of high growth would inevitably have a trickle down effect to the lowest income groups. Whether it be Nurkse, Hirschmann or Kuznets, they all based their theories on the assumption that income inequalities would be beneficial for development of a society and therefore for poverty alleviation as the poor did not have the necessary capacity to save and invest as the rich did. Statistics however showed that increase in the size of the overall ‘cake’ did not automatically entail betterment in the poverty situation of a country. Long spells of economic growth did not deliver the desired ‘trickle-down effect’, and it was actually the already affluent social groups who showed an increase in aggregate income. As a result income distribution began to receive more attention, but focus shifted primarily to what has been coined as the basic needs approach.

The basic needs approach was originally formulated by ILO (International Labour Organisation) and sought a diffusion of capital and resources to encompass the 40 poorest percent of developing countries. Paul Streeten has elaborated on this and has noted that the basic needs approach was aimed ‘... to provide opportunities for the full physical, mental and social development of the human personality’. Aside from the moral aspect of catering for the basic needs – such as food, clothing and
shelter – of all human beings, the approach highlighted the fact that the direct provision would result in an increase in demand and that the redistributive measure by state intervention would then not hamper but actually augment growth. This ‘trickle-up’ measure was met with a degree of scepticism in many circles as the policy prescription put a heavy burden on government budgets. This also ended up being the case for the poor nations who had launched costly social welfare plans, which could not be sustained in the long run.

Simultaneously it was suggested that developing countries should move towards labour intensive methods of production. This proved just as arduous a task as the promotion of labour intensive production is not easy in the short and medium term.

The 1980’s were marred by adverse economic conditions and debt crises, which prompted debates on the roles of state and market, and initiated strategies of macro-economic and structural adjustment programmes. It was first towards the end of the 80’s and in the beginning of the 1990’s that poverty came into focus again, especially by the groundbreaking work conducted by Mahbub-ul-Haq under the auspices of the UNDP’s first Human Development Report. The Human Development Report questioned the causal link between an expansion of income and expansion in human choices. It was asserted that it is not the quantity but the quality of income distribution and the manner in which resources are utilised that effect human welfare.

By the end of 1990’s issues of governance and transparency had come into focus. The basic needs approach had resulted in a trade-off between the vested interests of the rich and the poor, as well as, bringing the issue of mismanagement and corruption to the forefront. A realisation was under way that the participation of the poor in decision making processes would result in better governance. Furthermore, it was understood that the poor are a very vulnerable entity and it is therefore a necessity to lessen their vulnerability by protecting them from economic and natural shocks. The World Development Bank Report of 2000/2001 therefore proposed a comprehensive framework for attacking poverty focusing on: promoting opportunities, facilitating empowerment and enhancing security.

As focus within mainstream development economics has shifted from growth-oriented strategies towards human development and governance as the catalyst for change in the Third World, it is vital that misconceptions of universalism are not allowed to prevail again. Economists continue to grapple with issues relating to need fulfillment, as do political scientists with justice, yet there seems to be a growing consensus among scholars and institutions that general frameworks for poverty alleviation can be developed, however, any strategy for poverty reduction must be indigenous in its origin, firmly rooted in the culture and heritage of the nation and its people. The World Bank confirms this notion in light of its past experiences:
“… countries need to develop their own poverty reduction strategies, in a manner consistent with preservation of culture. Decisions on priorities must be made at the national level, reflecting national priorities. But action must also take place with local leadership and ownership, reflecting local realities. There is no simple, universal blueprint.”

Bearing this in mind, any study of Pakistan cannot ignore the inherent role of Islam. A nation with an overwhelming Muslim majority, according to this principle the norms and values that Islam enunciates should figure prominently in the relevance of religion to public policies for the welfare of society. Hence, it is of great interest to study the Islamic framework for poverty alleviation in general and to discern what role the state might have in such a framework in particular.

The Islamic Approach

Cardinal to Islam is the concept of *Akhirah* (the Hereafter), which according to Islamic principles should be the end objective of human endeavour. The life of this world is a test and the result of this test will determine the outcome of ones destiny in the eternal life in the Hereafter. “Everyone is bound to taste death and you shall receive your full reward on the Day of Resurrection. Then, whoever is spared the Fire and is admitted to Paradise has indeed been successful. The life of this world is merely an illusory enjoyment.” (3:185), this concept demands reflection from its adherents on their actions in this world, as it infers a degree of sacrifice and perseverance, informing the believers that the real success is the success of the Hereafter.

Differences in income and wealth are an inherent part of this test and ones affluence in this world is not a guarantee of heaven in the Afterlife. On the contrary, it is piety. “Worldly life has been made attractive to those who have denied the Truth. Such men deride the men of faith, but the pious shall rank higher than them on the Day of Resurrection. As for worldly livelihood, Allah grants it to whomsoever He wills without measure.” (2:212).

To fully understand the Islamic perception and approach to poverty reduction it is also necessary to note that Islam is not a faith prescribing asceticism. It is stated in the *Qur’an* “As for the monasticism, it is they who invented it: We did not prescribe it for them” (57:27) and “Who has forbidden the adornment which Allah has brought forth for His creatures or the good things from among the means of sustenance?” (7:32). On the contrary, it is reported that the Prophet Muhammad said: “There is nothing wrong in wealth for him who fears God.” and “If God provides anyone of you with an opportunity for earning livelihood, let him not leave it unexploited until it is exhausted or becomes disagreeable to him.” The Prophet also prohibited people from begging “Beg not anything from the people” and said that “He who seeks the world lawfully to refrain from begging, to cater to his family, and to be kind to his neighbour,
will meet God with face shining like the full moon.” Furthermore, the Prophet said that “To earn an honest livelihood is a duty (ranking) next to the chief duty (of offering prayers).” From all these and many more references from the two sources of Islam – the Qur’an and the Sunnah – one may infer that Islam seeks a society where all able-bodied should work and that work should be perceived as a form of worship.

Islam therefore views the challenge of poverty as a test of man’s allegiance to his Creator. The Qur’an states: “We shall certainly test you by afflicting you with fear, hunger, loss of properties and lives and fruits. Give glad tidings, then, to those who remain patient.” (2:155).

Having stated this, poverty is also perceived as a religious and social problem, which has the potential to push a person to lowliness, sin and crime, all of which are repugnant to the spirit of Islam. The Prophet linked poverty to unbelief: “Poverty is almost like unbelief in God” and advised people to “Seek Allah’s refuge from poverty, scarcity and ignominy.” Furthermore, the perception of poverty as a dreadful affliction can also be argued from verses from the Qur’an such as: “Allah wants ease and not hardship for you…” (2:185) and “Allah wants to lighten your burdens, for man was created weak” (4:28).

If God desires ease for humans and if poverty has the potential of compromising the spiritual aims of humans, then the inevitable question is how does Islam envisage mankind to be relieved of this ‘burden’?

When studied, the question reveals that Islam puts more emphasis on the role of society in easing poverty than on the role of the state, as it desires it to be a form of voluntary worship that cements the brotherly relations amongst the believers and because society is closer to the needy than the government. It is reported that the Prophet Muhammad said “I am witness to the fact that all servants (of Allah) are brethren.” The Qur’an also says “… help one another in acts of righteousness and piety…” (5:2) and “The believers, both men and women, are allies of one another…” (9:71). It is reported that the Prophet Muhammad said: “Most liked by Allah is the man who is most beneficent to the people in general. And the most liked act is that of pleasing a Muslim or relieving him of some grief, or paying off a debt incurred by him, or saving him from hunger…” Thus Islam instructs the Muslims to take care of their close relatives, neighbours and the hungry. “So give his due to the near of kin, and to the needy, and to the wayfarer. That is better for those who desire to please Allah. It is they who will prosper. Whatever you pay as interest so that it may increase the wealth of people does not increase in the sight of Allah. As for the Zakah that you give, seeking with it Allah’s good pleasure, that is multiplied manifold.” (30:38–39). Although Zakat – the obligatory levy on wealth of the rich – is the most important system to combat poverty in society it is by no means the only one.
Voluntary Help

The first and foremost method that Islam utilizes to alleviate poverty is by appealing to the philanthropic nature of humans by a carrot and stick approach. The Qur'an glorifies charitable giving (Infaq) and gives tidings of heaven to philanthropists, whilst referring to affluent people who do not share a part of their wealth with the poor and the needy as the ones who are destined to hell. The Qur'an states: “As for him who gave out of his wealth (for Allah's sake) and abstained (from disobeying Him), and affirmed the Truth of goodness: We shall facilitate for him the way to Bliss. As for him who was a miser and behaved with aversion (to Allah), and denied the Truth of goodness: We shall facilitate for him the way to Hardship, and his wealth shall be of no avail to him when he perishes.” (92:5-11) and “And there are those who amass gold and silver and do not spend it in the Way of Allah. Announce to them the tidings of a painful chastisement on a Day when they shall be heated up in the Fire of Hell, and their foreheads and their sides and their backs shall be branded with it, (and they shall be told): This is the treasure which you hoarded for yourselves. Taste, then, the punishment for what you have hoarded.” (9:34-35)

The Qur'an does not merely speak of the punishments of the Hereafter as a consequence but goes a step further and equates the neglect of the poor as disbelief “Did you see him who gives the lie to the Reward and Punishment of the Hereafter? Such is the one who repulses the orphans away, and urges not the feeding of the needy.” (107:1-3)

The prominent role the Qur'an assigns to spending for the need fulfillment of the poor is thus based on a motivational system, which urges the affluent sections of society to voluntarily share their wealth with the poor by linking it with their spiritual aims. The approach – if successfully employed – functions not only as a measure of (re)distribution of income, but also serves the purpose of social solidarity and cohesion. The Qur'an actually warns that a society that exhibits reluctance in spending on the welfare of the poor and the needy can lead to its demise “Spend in the Way of Allah and do not cast yourselves into destruction with your own hands; do good, for Allah loves those who do good.” (2:195). It is also reported on the authority of Ibn Umar that the Prophet said: “… a locality in which one has to starve a night is deprived of Allah’s protection.”

Furthermore, this spending is to be done without expecting any return or reward in this world and only to seek the pleasure of God. This is another mechanism to ensure that the manner in which the poor and needy are assisted does not cause any embarrassment to them and thereby relieving any tensions that may be between the haves and the haves not. The incentive is again primarily the success in the Hereafter: “Those who spend their wealth in the Way of Allah and do not follow up their spending by stressing their benevolence and causing hurt, will find their reward with their Lord. They have no cause for fear and grief.” (2:262).
It is also reported that the Prophet Muhammad said: ‘Certainly God looks not at your faces or your wealth; instead He looks at your heart and your deeds.’ The understanding one gets from the abovementioned is that the rich are informed that they have an obligation towards the less fortunate and financially weaker segments of society if they claim adherence to the faith of Islam and seek success in the Hereafter.

Finally, it must be noted that this obligation demands of the rich to have a genuine conviction to help the poor and needy as one infers from the saying that ‘Whoever humiliates or despises a Muslim, male or female for his poverty or paucity of resources, will be disgraced by God on the Day of Judgement.’

In conclusion, one can say that charitable giving for poverty alleviation in an Islamic context is based primarily on the relationship one seeks with his Creator, as the Prophet Muhammad has said: ‘Be kind to those on earth and He who is in the Heaven will be kind to you.’ However, this relationship between man and God demands a manifestation of universal brotherhood amongst the faithful as the Prophet stated ‘A Muslim is the brother of another Muslim; he neither wrongs him, nor leaves him without help, nor humiliates him.’

**Obligatory Family Support**

As indicated earlier, it is primarily one’s duty to earn a livelihood for oneself and one’s family. However, if for some reason one is temporarily or permanently unable to earn a livelihood to satisfy his or her basic needs, then one becomes entitled to social support. Although, the appeal to man’s moral consciousness to help others is general and in a spirit of universal brotherhood, however, special consideration is given to the needs of relatives and in the case of certain close relatives it is a legal right to claim maintenance support from those in a position to help. It is reported that the Prophet Muhammad said: ‘Mankind is the family of God and the most beloved of them before Him is one who is the best of His Family.’

This should be understood in the context of the institution of family being at the centre of the concept of an Islamic society. Aside from the general obligation to help the poor and the needy, which Islam enjoins upon all Muslims, the institution of family is where this obligation takes a mandatory form. The principal methodology here is again to link the mundane with spiritual aims, by moral exhortation and also legal measures. It can be claimed that the level of motivation to assist one’s family in most cases would be greater than assisting people to whom you have no relations whatsoever. Therefore, making it incumbent upon relatives to help each other in the event of distress – be it financial, physical or spiritual – is seen by Islam as a practical way to alleviate poverty through the agency of moral consciousness on a societal level.
It is noteworthy here to mention the inheritance laws in Islam. A reading of the Qur’an indicates that most laws and principles that can be derived are very general in nature. However, one marked exception is the very issue of inheritance, which is deliberated upon in great detail in chapter 4 of the Qur’an, and hence must be deemed of considerable importance in Islam. It is not our objective to discuss the nature and laws of inheritance here. The singular purpose is to highlight the fact that because a person does not enjoy the right to deprive one’s heirs and beneficiaries of his or her share, and a testator is limited to making bequests of a maximum of one third of his or her wealth remaining after payment of all debts, the inheritance laws in Islam seem to aim at a wide distribution of wealth among the relatives of the deceased. It is not just the long list of beneficiaries and the compulsory nature of the detailed instructions of the Qur’an, but also the instruction to the inheritors to share their newly acquired wealth out of their own free will with the needy relatives who are not entitled a share in the division of the deceased’s wealth, serve to reduce inequalities of income and dispersal of accumulated wealth over time in an Islamic society.

Role of the State

Even though charitable giving in an Islamic context, as mentioned earlier, ideally finds inspiration in one’s spiritual aims in the Hereafter, the compulsory obligation towards the poor and the needy is not restricted to the immediate family and relatives. State of poverty in an Islamic context entitles one to part of the affluent community’s wealth, irrespective of any blood relations or social ties. The Qur’an says “… and those in whose wealth there is a known right for those that ask and those that are dispossessed…” It is reported that the fourth successor (Caliph) of the Prophet Muhammad, Ali ibn Abi Talib said: ‘God, the Exalted and Glorious, has deemed obligatory in the wealth of the rich what is sufficient for the poor. If they go hungry, or naked, or are toiling in abject poverty, it is because the wealthy have prevented their rights from being enforced. The right then devolves upon God, the Exalted, to take them to task and to punish them.”

The principle of social support in an Islamic society is confirmed by the practice of Prophet Muhammad. In the event that a distressed person’s needs are not fulfilled by his or her family and the mechanism of voluntary assistance fails to achieve its objective, the state bears the ultimate responsibility for basic needs fulfillment in the society. The Prophet has been reported to have said: ‘One whom Allah the mighty, the exalted, puts in charge of some of the affairs of the Muslims and he turns his back on their needs and necessities and poverty Allah will turn His back on his needs and necessities and poverty.’ In another hadith it is stated: ‘The ruler is the guardian of one who has no guardian.’

During his lifetime the Prophet was treated as a legislative authority and ideal that molded society
into a framework of moral discipline reflective of the Qur’anic message. The stories Muslim historians narrate are too numerous to recount here as to the sense of justice and fairplay that permeated the early Muslim society, however, it is important to note that the first four Caliphs were conscious of their obligations to the needy and took measures to fulfill their needs. Umar ibn Khattab declared on an occasion: ‘I am keen to fulfill a need whenever I see one, as long as we are collectively capable of doing so. When we can no longer afford it we cooperate in living till everyone is living at the same level of subsistence.’ Furthermore, Umar ibn Khattab stressed the aspect of need fulfillment being the responsibility of the state authority: ‘Whosoever wants to ask me for money should come to me because Allah has appointed me the keeper of (His) treasury and the disbursor.

The early Islamic experience led classical Muslim jurists to conclude that the objectives of Islamic law – the Shari’ah – that relates to people were five: the protection of their religion, life, reason, progeny and property. And as the protection of religion and reason requires bodily health thus it necessitates need fulfillment of at least food and shelter, hence ensuring another objective i.e. the protection of life.

Contemporary scholars such as Mawdudi, Sayyid Qutb, Mustafà al-Siba’i, Muhammad Abu Zahrah, Muhammad Baqir al-Sadr, Muhammad al-Mubarak and Yusuf al-Qaradawi are all in consensus as to the principle that an Islamic state is responsible of ensuring a guaranteed minimum level of living for its citizens, which includes food, clothing, shelter, medical treatment and education. Siddiqi has, however, suggested that aside for these basic needs, depending on climatic conditions and social circumstances, one can add transport (especially in big cities), fuel, electricity and recreational facilities.

Siddiqi elaborates further on to what extent particular needs are to be met by noting that aside from the inputs to ensure physical survival with efficiency and dignity, the standard of need fulfillment is relative to the average standard of living in a particular geographical context. It is reported that Caliph Umar observed: ‘It is my endeavour to satisfy all the requirement of the Muslims as far as possible. But if we fail to do so we shall try to practice austerity in our life so that we all may have a similar standard of living.’ Similar standard of living is a reference to the guarantee of a minimum level of living in accordance with the actual conditions prevailing in a society, entailing that if a country does not have great surpluses of wealth for redistribution, the standard aimed will be much lower than in the case of a wealthy nation.

To sum up, the ethos of Islam requires the basic needs of every human being to be fulfilled. It is initially and most importantly the individuals own responsibility to secure basic need fulfilment as can be inferred from the saying of the Prophet Muhammad: ‘A man has not earned better income than that which is from his own labour.’ If the individual is unable to ensure his or her basic needs, then the responsibility is initially deferred to the next of kin, then to the neighbourhood in which he or she resides, and if all of them fail in catering for the basic needs of a person, then the ultimate responsibility
rests with the Islamic state. ‘It is basic to the concept of the state in Islam and belongs to the core of its functions. In view of the religious nature of this principle, it can neither be abrogated nor suspended under any circumstances… It is not predicated by any conditions pertaining to a particular stage of economic development by a society or the details of its political structure.’

Self-Containment

Charitable giving plays a pivotal role in poverty alleviation in the Islamic context. The Qur’an and Sunnah go at lengths to ensure this; however, they also highlight the principle that one should essentially be financially empowered and not depend on other’s resources. This principle nurtures the concept of self-containment (Qana’ah) in the Islamic paradigm. It is stated in the Qur’an “‘There is little enjoyment in this world. The World to Come is much better for the God-fearing” (4:77). Whilst Islam refrains from setting any quantitative limits on accumulation of wealth, it does however seek to ensure that the desire for material possessions does not result in a forsaking of spiritual ideals. In reference to the verse ‘Remember God much’, the classical interpreter of the Qur’an, Ibn Kathir, notes: ‘While selling or buying and taking or giving, you must remember God much so that these worldly pursuits do not cause you to lose sight of what benefits you in the Hereafter’. This view has its basis in the numerous sayings of Prophet Muhammad who exclaimed emphatically: ‘Fear God and be moderate in your pursuit of wealth; take only that which is allowed and leave that which is forbidden.’ Furthermore, the Prophet said: ‘Live in this world as though you are a stranger or a wayfarer, and consider yourself among those in the grave.’ Viewed in conjunction with the Qur’anic verses: “… Do not squander your wealth wastefully, for those who squander wastefully are Satan’s brothers, and Satan is ever ungrateful to his Lord.” (17:26-27) and “Do not keep your hand fastened to your neck nor outspread it, altogether outspread, for you will be left sitting rebuked, destitute.” (17:29) one develops the understanding that humans beings are being directed to act in moderation not just in the pursuit but also the spending of wealth, as not just miserliness but also extravagance (Isra’af) is seen as detrimental to the objective of poverty alleviation in an Islamic society. This not only impacts consumer behaviour in an Islamic paradigm, but also the perception poverty.

These teachings have historically had a profound impact upon the perception of poverty in an Islamic society. It is narrated that Salman, a companion of the Prophet Muhammad, once only had bread and salt to offer a guest and when the guest wished to have thyme in this humble meal, Salman went out and borrowed some money to buy thyme and put his water jug as collateral. The story relates to the level of poverty Salman was living under, but even under these adverse conditions it is reported that Salman did not consider himself poor and thus did not seek financial assistance from others. Historically this resulted in the state treasury being relieved of heavy burdens as well as warding off discontent amongst citizens.
Summary

From the above discussion we can conclude the following about the Islamic approach to poverty alleviation:

- The life of this world is a test. Affluence and poverty are tests in themselves, prescribing codes of behaviour for the rich and poor. Sacrifice is demanded from the affluent, whilst perseverance is required from the poor. The poor should not begrudge the rich, and they will be amply rewarded for patiently bearing the hardships of this world. Similarly, the rich are encouraged to share their wealth freely with the poor and thereby ensuring them an equally rich reward in the Hereafter.

- Poverty reduction in the Islamic paradigm is a civic responsibility, which bases itself on a spirituality that seeks to please God, by holding the affluent community morally and legally accountable for meeting the basic needs of the poor.

- The primary source for need fulfilment is through the individual’s own labour. The next source is from his or relatives. Thirdly, it is from private charity. And finally it is the responsibility of the state.

Although encouraging material growth, in the Islamic framework the basic needs of the poor are not to be met through e.g. intense GNP growth, but secured by a holistic system of redistribution of income and wealth. This would be guaranteed by the state in an Islamic context, exemplified by the specific inheritance laws but especially by the system of Zakat.
Notes

5. ibid: p. 34
6. The PRSP strategy of Pakistan is based on the following core elements (a) accelerating economic growth while maintaining macroeconomic stability (b) improving governance (c) investing in human capital (d) targeting the poor and the vulnerable.
8. The poverty line for 1999 on this basis has been defined at Rs. 670 (appr. $11) per capita per month.
10. ibid: p. 1
15. ibid: pp. 57 – 60.
16. ibid: pp. 296 – 297.
17. ibid: p. 298.
18. ibid: p. 301.
20. ibid: p. 11
25. ibid: p. VI
36. It is important to mention that another verse of the Qur’an uses loan as a metaphor for charity, which God intends to recompense: “Who of you will lend Allah a goodly loan which He will return after multiplying it for him manifold?” (2: 245) This appeal in this verse and the promise
that holds is general in nature and can thus be interpreted as an increased return in this world, the Hereafter or both.

49. Hasanuzzaman (1990): p. 60
55. ibid: p. 17
59. See also 29:64 and 57:20-21.
The caring and feeding of the poor and needy was emphasized from the very beginning in Makkah, at a time when the adherents of Islam were few in numbers and most were being persecuted for converting to the new faith. Although affluent and influential personalities such as Abu Bakr, Ali ibn Abi Talib, Khalid bin Sa’id ibn al-As, Uthman bin Affan and Muhammad’s own wife Khadija were among the first to convert, yet they were subsequently outnumbered by individuals who were from the poorer sections of society including the slaves of the time. It is therefore noticeable that the first revelations of the Qur’an in Makkah, dealt extensively with the rights of orphans, the poor, the needy, wayfarer etc. and encouraged Muslims to spend and share their wealth as well as show kindness towards the deprived and destitute. A moral environment, based on the common good, social justice and brotherhood, was sought by relating charitable giving to the success in this world and the Hereafter. “So give his due to the near of kin, and to the needy, and to the wayfarer. That is better for those who desire to please Allah. It is they who will prosper. Whatever you pay as interest so that it may increase the wealth of people does not increase in the sight of Allah. As for the Zakah that you give, seeking with it Allah’s good pleasure, that is multiplied manifold.” (30:38-39). Or as it is mentioned in the very beginning of Surah (chapter) al-Naml in the Qur’an “…who establish Prayer and give Zakah, and have firm faith in the Hereafter.” (27:3). Furthermore, disbelievers are described as “… who do not pay Zakah, and who deny the Hereafter” (41:7).

These verses (and others) give a portrayal of a devout Muslim’s character, but there is a general consensus amongst scholars that the Makkan verses were merely informative and encouraged voluntary giving with an undefined form as there is no historical evidence to suggest any specific rules and regulations as to the levy and distribution of Zakat in that period. Yet there is substantial historical evidence that the rich amongst the new Muslim community such as Abu Bakr and Uthman bin Affan spent voluntarily to free persecuted slaves and to assist the Muslims in general out of moral obligation. It is said that Abu Bakr, a wealthy man at the advent of Islam, had spent all his personal wealth and sources of income by the end of the Makkan period, spanning 13 years.
Zakat was however, made obligatory in the year 625, approximately eighteen months after the arrival of the Prophet Muhammad to Madinah where the first Islamic state had been established. Although spending *fi sabil lillah* (in the cause of Allah) in Makkah was not restricted to charitable acts for the poor, yet it is clear from a study of the Qur’anic verses and the extensive hadith literature attributed to the Makkah period, that the focus was on voluntary individual spending to the needy amongst the Muslim community. The only exception seems to be the covenant with the Muslims of Madinah at al-Aqaba, who were required to pay Zakat, yet this obligation was of a principle character and also individual in nature. This can therefore be seen as a transitory phase as the covenant actually served as a prelude to the institutionalization of Zakat in Madinah.

In the changed setting of Madinah, where Muslims were no longer persecuted and had their own state, the concepts of Sadaqah and Zakat were institutionalized and expanded to encompass a broader definition of welfare and poverty alleviation as well as to include expenditures of the state. This institutionalization served a multifaceted purpose as the obligation of Zakat naturally increased the funds available to the state to improve the general conditions of the Muslim community, but also developed the rights and responsibilities of the economic relationship between the state and individual in the Islamic paradigm.

As the Head of the Madinan State the Prophet Muhammad himself organized the collection and distribution of Zakat. Initially, Zakat was collected from the relatively small Muslim community in Madinah, but with the passage of time as there were more conversions to Islam and the boundaries of the Islamic state itself expanded, the Prophet sent out collectors to different tribes. Historians differ as to when this process began, but Hasanuzzaman’s research is inclined towards accepting the 8th year after *hijrah* (628) as the correct date for the first collectors to be sent. This view is further cemented by the fact that Surah Tawba, which gives one of the most detailed accounts of Zakat in the Qur’an, is considered to be amongst the last Surahs to be revealed, prior to the death of the Prophet, which occurred in the 11th year of *hijrah*. Qaradawi has also come to a similar conclusion mentioning the year 9th year after *hijrah*. With an overwhelming majority of scholars agreeing on the second year of *hijrah* (622), being the year Zakat was made obligatory it is safe to conclude that during the period of 2nd to the 8th or 9th year of *hijrah* collection of Zakat by and large must have remained within the boundaries of the city-state of Madinah. This also seems the most logical conclusion as the Madinan state remained in a constant state of emergency until the secession of hostilities with the Quraysh of Makkah in 6th year of *hijrah* (626). It is first after the peace treaty of Hudaybiyah that the Muslims got an opportunity to expand their borders and send expeditions for the conversion of pagans to Islam. The famous conquest of Khaybar, which resulted in significant economic gains for the Islamic state, also occurred in 7th year of *hijrah* (627) and the capitulation of Makkah in 8th year of *hijrah* (628). Therefore, the earliest
feasible date for the sending of collectors of Zakat outside Madinah seems to be the 8th or 9th year of hijrah.

One can imagine how simple a 7th century economy would be. Primary inputs to the economy aside from gold and silver were of course agriculture, livestock and goods of trade. Hence, there were not many zakatable items during the time of the Prophet, yet because the rates differentiated – most specifically in the case of livestocks – collectors were specially trained for the job. Several hadith confirm that the Prophet personally informed the rates and advised the collectors as to the method of assessment and collection. It is reported on the authority of Sa’r ibn Daysam’s father that “I was among my goats when two men came riding on a camel’ – he said: ‘I think one of them was an Ansari’ – ‘and said, “We are the messengers of the Messenger of God (pbuh) on account of the sadaqa.” I said, “And what is the sadaqa?” They said, “One goat from your goats.” I moved towards a very good milch-goat, but they said, “We do not have orders for accepting this.” I then brought them a pregnant goat. They said, “We do not have orders to accept this. We were not ordered to accept a pregnant goat or a milk-giving goat.”’ He said: “I brought them a goat that would have been in the second or third year of its age and they accepted it. They placed it between them and blessing me went away.”

The above account is a lucid example of the simple approach that was employed in the early days of Islam. It is therefore understandable why there are historical records of the collectors forgetting or misunderstanding instructions from the Prophet, which in some cases resulted in complaints. When the Prophet sent Mu‘adh bin Jabal to Yemen, he told him “You are going to some of the People of the Book. Call upon them to testify that there is no god but Allah and I am the Messenger of Allah. If they obey you in that, inform them that Allah has prescribed for them five prayers every day and night. If they obey you in that, inform them that Allah has made it obligatory that sadaqa be collected from their rich and rendered to their poor. If they obey you in that, then carefully avoid their other wealth and valuables. Be very fearful of the prayer of an oppressed person since there is no veil between such a prayer and Allah.”

Inspite of such emphasis on justice and fair treatment of the people from whom Zakat was to be collected, the Prophet realized the importance of documentation and therefore had a book (Kitab as-Sadaqa) compiled and circulated with basic instructions and relevant details for officials to avoid complaints and misunderstandings, aside from the letters containing rates and regulations relating to Zakat which were sent to tribal leaders and princes.

There are no accounts as to the total amount of Zakat received by the Islamic state during the life of the Prophet. Hasanuzzaman has listed a number of reasons for this, the most convincing being that according to the fundamentals of Zakat was distributed forthwith without undo delay. This was practically possible as the societies of the time were not as complex and heavily populated as we know them today and it was relatively easy to establish who was deserving of Zakat.
This can be argued from the advice that the Prophet gave to Mu’adh bin Jabal before sending him to Yemen, that Zakat was to be collected from ‘… their rich and rendered to their poor’, thus indicating a lack of interest in the actual proceeds, but focusing on the principle of redistribution of wealth.

This also suggests that the Prophet did not envisage any substantial role of the state treasury – the Bayt-al-Mal – in the distribution of Zakat. This is also confirmed by the Prophet’s own practice, who distributed revenues to the Bayt-al-Mal forthwith, retaining only meager precautionary reserves. A later report from the time of the second Caliph Umar seems to reinforce this notion when Mu’adh bin Jabal sent residual funds of Zakat from Yemen to Madinah, Umar criticized it. It is however important to realize that Umar bin Khattab was not objecting to the principle that residual funds of Zakat could be sent to the Bayt-al-Mal, but was wary of the fact that Zakat taken from the rich of one community and distributed amongst the poor of another community, whilst their may remain poor in the same area, could generate disharmony amongst the two. This is clarified by a reading of the entire affair. It is reported on the authority of Amr ibn Shu’ayb that ‘Mu’adh ibn Jabal continued to live in Jund since the time the Messenger of God (pbuh) sent him to Yemen and until the Prophet (pbuh) died and so also Abu Bakr. Thereafter, he came to Umar, who sent him back to resume his position. Mu’adh sent him one-third of the sadaqa of the people, but Umar, objecting to this, said, “I did not send you for amassing wealth (for us) or collecting jizya. I deputed you to take form their wealthy and give it back to their poor.” Mu’adh replied, “I did not send you anything while I could find even one person who would take it from me.” In the following year, he sent him one-half of the sadaqa received, and they exchanged the same views. In the third year, he sent the entire amount collected and the same exchange took place, at which Mu’adh said, “I have not found anyone who will take anything from me.” Avoiding the blind acceptance of popular Muslim historiography’s presentation of this as evidence for Zakat being able to eradicate poverty from society, one must consider the option of self-containment (Qan‘aah) being a reason for the Zakat collector not being able to find a needy person.

There are, however, also reports from the time of the Prophet himself which suggest that he received funds from outside Madinah, as in the case of the chief of the tribe of Banu Udhra, Hamza bin Nu’man, who was the first to bring Zakat of his tribe to Prophet Muhammad. This precedent gives credibility to the notion that relatively well-off tribes might have sent their Zakat directly to the Bayt-al-Mal or that in circumstances where non-Muslims outnumbered Muslims, and the fellow Muslims were mostly the payers and not the claimants of Zakat, that similarly the funds were transferred to the state treasury in Madinah.

Because of the lack of information on the volume of Zakat proceeds during the time of the Prophet we are unable to empirically assess the immediate impact of the redistribution of wealth. However, this is amply compensated by the detailed reports available as to how the collection of Zakat was
organized. A few of the examples have been recounted above. Although there are exceptional cases such as the one mentioned about the tribe of Banu Udhra, who voluntarily came and deposited their Zakat proceeds with the Bayt-al-Mal, otherwise the norm was to appoint official Zakat collectors, who in most cases belonged to the tribe where they were deputed.26

The collectors of Zakat were not salaried workers, but were paid an amount from the proceeds as one of the eight heads of expenditure for Zakat, and there are reports to suggest that people sought these positions as a means to poverty alleviation.27 It is also important to mention here that amongst these people we find reports of relatives of the Prophet also seeking to become Zakat collectors. These requests were however not entertained as the Prophet noted that sadaqa was not lawful for himself and his family.28 This can be interpreted as an important precedent for future rulers, who although religiously would not be subjected to this ruling exclusive to the descendents of the Prophet’s family, however, the high moral ground taken by the Prophet, did nurture austere behavior as the norm in regards to the application of state funds.29

It is also not possible to derive any reasonable estimates of Zakat collection from the historical accounts, as very little has been recorded about the amount of agricultural production and livestock, which was the primary source of income in Madinah.30 It is, however, a matter of fact that poverty did exist at the time. Madinah did e.g. not have a sufficiency of barley bread until after the conquest of Khaybar (7th year of hijrah (627)) and even subsequent to this poverty persisted.31

Even though we do not have any accurate estimates of the proceeds of Zakat at the time of the Prophet’s death, it is sure to say that he had laid a basic framework with rules and regulations as to how the state should govern the processes of wealth assessment, collection and distribution. The juristic institutionalization would occur later in the Muslim history, adding from the Prophet’s example and by analyzing the experiences of the first four Caliphs (successors), but as the record of the period suggests the Prophet himself ensured that the moral emphasis attached to giving were not left to voluntary action.

After the death of the Prophet Muhammad, Abu Bakr (573 – 634) took over the reins of governance. The Caliph’s authority was immediately challenged by multiple claimants of prophethood and the reluctance of some and direct refusal of other tribes to pay Zakat to the collector appointed from the state of Madinah.32 This prompted Abu Bakr to take swift action against the rebellion and restore the formal collection of Zakat. Perceived to be obligatory by Qur’anic precedent and Prophetic example, Abu Bakr established in the Islamic juristic tradition the state to be the custodial authority for the collection and distribution of Zakat. The institutional structure of Zakat developed by the Prophet himself thus continued without any considerable change, with the marked exception that the centre’s share in Zakat collections increased to support economic and social activities.33 It is reported that
within 3 months of Abu Bakr’s reign, Zakat income exceeded the needs of the population of Madinah and that during the little over two and a half years of Abu Bakr’s caliphate he received a total of two hundred thousand dirhams\(^{34}\) (excluding commodities) in Madinah after the disbursement of Zakat in the localities from where they had been collected for which there are no accounts available.\(^{35}\)

The boundaries of the Islamic state expanded considerably during the caliphate of Umar bin Khattab (581 – 644),\(^ {36}\) Abu Bakr’s successor. The conquests of the new territories brought with them a series of challenges, amongst them the issue of items and types of wealth, which were not known in the Arab society and for which there was not clarity as to whether they were to be subjected to Zakat. The Caliph took decisions on the basis of analogy to determine upon which items Zakat would be levied, at what rate and what the exemption limit was. We find numerous examples, such as the addition of pastured horses reared for multiplying, to be included in the list of zakatable items by Umar bin Khattab.\(^ {37}\) It is however interesting to note that the famous caliph of the Umayyad dynasty, Umar bin Abdul Aziz (682 – 720), exempted this very item from Zakat.\(^ {38}\)

A significant change which Umar bin Khattab influenced was that already during the brief caliphate of Abu Bakr, he argued that the people whom the Prophet gave Zakat for reconciling their hearts were no longer entitled to this source of income. This became the accepted position resulting in scholars claiming this category to be annulled. The contended annulment has further strengthened the position of those who give preference to individual giving of Zakat rather than a system of collection and distribution maintained by the state.

Another important development which occurred subsequent to the Prophet’s death was during the caliphate of Uthman bin Affan (574 – 656). Uthman bin Affan’s caliphate (644 – 656) was a period of relative prosperity after the significant expansion of the state’s boundaries.\(^ {39}\) As there was an abundance of wealth in the state treasury, the Caliph began a differentiation between items of wealth, and restricted the state authorities only to collect Zakat on apparent assets such as livestock, whilst depending on the awakened consciences of Muslims to distribute Zakat of non-apparent assets such as cash directly to the relevant heads of expenditure, voluntarily.\(^ {40}\) This decision had a significant impact on the future of the state’s role in the collection and distribution of Zakat in particular, and the evolution of the concept of Zakat in general. Although there is unanimity that the task of distributing Zakat on non-apparent assets on self-assessment basis during the caliphate of Uthman bin Affan did not eliminate the state’s authority to supervise and enforce its payment if there was evidence that a person or a collective group of people were absconders;\(^ {41}\) the decision set a precedent, which was to become the accepted norm by many future scholars who argued for a differentiation between apparent and non-apparent assets on a more or less permanent basis.\(^ {42}\) There have been different argumentations to further this position, one of them being e.g. the position of the famous twelfth century scholar Ibn Qudama (1147 – 1223) who argued: “Distribution of zakat by the owner guarantees that it will be given to the true
deserving categories, in addition to saving the amount paid to zakat workers. As well as that, collectors and distributors of zakat are not necessarily above betraying the trust placed in them, and in any case, zakat may not reach the neighbors and the kin of the payer, who deserve the payer’s grace more than anyone else.”

Although argued logically, it is interesting to note that Ibn Qudama wishes to save the amount to be paid to Zakat collectors; a head of expenditure established by the Qur’an itself. It is not my intention to cast doubt on the motives behind Ibn Qudama’s rationalization. However, it is pertinent to elucidate that after the caliphate of Uthman the Madinan state established by the Prophet Muhammad slowly degenerated into anarchy and chaos, and it is reported that at one point there were four different claimants to the caliphate. Due to the political instability that prevailed until Mua’wiya ibn Abi-Sufyan (602 – 680) consolidated power, it is only natural that questions began to arise regarding rights and responsibilities pertaining to the collection and distribution of Zakat, including the role of the state. Nonetheless, even in periods of political instability there is not much evidence to suggest that there was any mass-scale mismanagement of Zakat by the state until after Mu’awiya’s reign.

There are numerous reports that the Muslim community was very sensitive throughout the early Islamic period to the management of the state treasury (which included income from Zakat), and it was treated as a justifiable point of rallying against any ruler. Hasanuzzaman has also mentioned the misuse of public wealth as being one of the factors associated with the overthrow of the Umayyad dynasty. As a direct result of the mismanagement of Zakat there were significant legal differences as to whether the religious obligation was fulfilled if it was paid to a state, which was known to be corrupt and inefficient. It is reported on the authority of Ibn Sirin: “The sadaqa was brought” – or he said “paid” – “to the Prophet (pbuh) or to the person he had authorized, or to Abu Bakr or to the person he had authorized, or to Umar or the person he had authorized, or to Uthman or the person he had authorized. When Uthman was assassinated, they disagreed: some paid it to them (the rulers), while others distributed it on their own. One of those who paid it to the rulers was Ibn Umar.”

In conclusion, it is however important to note that the payment of Zakat on apparent items by and large continued, and that it was mostly the non-apparent items, which people disbursed voluntarily.
Summary

It has been established that the Prophet Muhammad himself laid a system for the collection and distribution of Zakat and that his successors developed, organized and institutionalized the procedures as a confirmed obligation to be supervised by the state. We can conclude the following:

- The collection and disbursement of Zakat is the right and responsibility of the Islamic state as indicated by the Qur’anic verse “Take sadaqa from their wealth to purify and cleanse them” (9: 103) and from the explicit instruction the Prophet Muhammad gave to Mu’adh bin Jabal.

- Amongst the heads of expenditure there are those, which refer to general public interests such as spending for reconciliation of hearts. Such categories can only be determined by the authorities as they are strategic in nature and cannot be left to the subjectivity of the individual.

- The system of Zakat is primarily based on the moral consciences of individuals, however, as some may not live up to this norm and as it has been established that the poor have a defined right in the wealth of the affluent, the state bears the responsibility to ensure that the poor are given their rights.

- The proceeds of Zakat are to be distributed within the same locality where they are collected to nurture solidarity and feelings of brotherhood amongst the haves and haves not. However, it is permissible to transport proceeds of Zakat from one area to another once it has been established that the basic needs of potential beneficiaries in the area of collection have been satisfied and that there are other areas where the needs are substantially greater and that it can be argued that such transport is in the public interest.

- The Prophet used to collect Zakat on both apparent and non-apparent assets and therefore it cannot be considered an irrevocable law in Islam for the state not to collect Zakat on non-apparent items.

- The immediate successors did not ascribe to literalist tendencies in interpreting the Qur’an and the Sunnah, as is confirmed by their application of analogy. Furthermore, they were not adverse to exempting items of wealth of the levy of Zakat if there was a surplus in the treasury as is evident when Umar bin Abdul Aziz reversed the decision of Umar bin Khattab to levy Zakat on reared horses.

- A difference of opinion arose amongst people, when the rulers began to mismanage the collection and distribution of Zakat. There were those who perceived the rulers as unjust and not fulfilling their responsibilities and therefore concluded that the religious obligation of Zakat would not be fulfilled by paying Zakat to these unjust rulers, whilst others continued to pay their Zakat to the state irrespective of how they perceived them.
Notes

1. Muhammad proclaimed prophethood in the year 610.
3. Refers to the verses revealed according to Islamic tradition to the Prophet Muhammad during his 13 years stay in his birth city of Makkah subsequent to his proclamation of prophethood.
6. The second year, according to Islamic lunar calendar, which begins after the Prophet Muhammad’s migration from Makkah to Madinah called hijrah.
13. Gold and silver should be taken also to represent other forms of precious metals and stones of the time.
17. ibid: p. 141
21. Abbreviation for peace be upon him.
22. Jizya is a tax imposed on non-Muslims (who are exempted from Zakat as Zakat is only mandatory on Muslims) who are defeated in battle and stay under the authority of the Islamic state in exchange for protection and security. Jizya is a form of wealth, which is sent to the Bayt-al-Mal.
25. ibid: p. 140
26. ibid: p. 143
27. ibid: p. 143
31. ibid: p. 3
32. Hasanuzzaman (1990): p. 146-152
33. ibid: p. 153
34. Dirham is a specific weight of pure silver equivalent to 3.0 grammes.
38. ibid: p. 157
41. ibid: p. 481
42. ibid: pp. 480-490
44. Hasanuzzaman (1990) :p. 164
45. ibid: p. 164
46. ibid: p. 100
Zakat has remained one of the primary functions of Muslim states ever since the time of its original implementation by the Prophet Muhammad in the second year of hijrah. The practice was first disrupted at the time when Muslim lands began to be colonized. However, it is claimed that in the case of Yemen the collection and distribution of Zakat by the state has remained uninterrupted since its imposition by the Prophet himself. In addition to Yemen, five other countries, Saudi Arabia in 1951, Libya in 1971, Pakistan in 1979, Sudan in 1984, as well as Malaysia have enacted laws confirming the obligatory nature of Zakat. Aside from the six countries which have imposed Zakat by law, several other countries, such as Egypt, Kuwait, Jordan, Bangladesh, Bahrain, Oman etc. have established governmental organs for the collection and distribution of Zakat on a voluntary basis.

Background

The initial reference to organizing a system of Zakat in Pakistan was made in article 31 of the very first constitution of Pakistan in 1956. However, Zakat was first officially introduced in Pakistan through a presidential ordinance on 24th June 1979. The ordinance was promulgated on 20th June 1980 and the first Zakat deductions were made by the banks and financial institutions on 21 June 1980. The Zakat levy on agriculture called Ushr was however first enforced with effect from 15th March 1983.

Prior to this date, despite no system of collection being organized by the state, Zakat was being practiced voluntarily. The ordinance promulgated setting up a five-tier Zakat organization:

1. A Central Zakat Council at the national level consisting of 16 members with a judge of the Supreme Court (sitting or retired) as its Chairman, exercising general control and providing policy guidelines for disbursement of the Zakat fund.

2. A Provincial Zakat Council in each Province comprising of ten members in each province, headed by a judge of the High Court. The Provincial Zakat Council follows the policy guidelines enunciated by the Central Council and releases the Zakat fund to the Local Zakat Committees and control the affairs of the District, Sub-District and Local Zakat Committees.
3. A District Zakat Committee in each District headed by a non official member and has the Deputy Commissioner as a member. The District Zakat Committees supervise election and selection of Local Zakat Committees and also supervise the collection of ushr, donations and utilization of funds received by the Local Zakat Committees.

4. A Sub-District (Tehsil/Taluqa) Zakat Committee consists of a Chairman along with six other members, all on a voluntary basis.

5. A Local Zakat Committee (deh in rural area; ward in urban area) consisting of seven members, who are all non-official persons. Members of the Local Zakat Committees are selected/elected by the District Zakat Committee who elect one from among themselves to be Chairman. The identification and verification of the needs of the deserving and disbursement of the Zakat fund to them is the responsibility of the Local Committees, all working on a voluntary basis.

Zakat Collection and Disbursement

- Zakat deduced at source
- Zakat paid in voluntarily
- Zakat funds transferred from provincial accounts

Central Zakat Fund

- Zakat paid in voluntarily
- Transfer from local Zakat Funds

Provincial Zakat Fund
(for each 4 provinces)

- Zakat deduced at source
- Local Zakat Fund
(for each Local Committee)
- Orphans, disabled, for subsistence and rehabilitation, vocational education center and hospitals, etc.
The Zakat Ordinance of 1979 has been amended twelve times since its inception. The amendments are minor in nature except for the Finance Act of 1994, which inserted a new clause (in section 8) permitting “investment in any non-interest bearing instruments as permitted under Shariah” and the Zakat and Ushr (Amendment) Act of 1997, which made it mandatory that disbursement of Zakat could only be made through a bank, a post office or a financial institution approved by the Central Zakat Council and not in cash. The amendment of 2000 further restricted the disbursement to be made only through crossed cheques.

It is important to note that the Zakat and Ushr Ordinance makes clear references to the obligation of Zakat and recognizes the role of the state in its administration. However, the law distinguishes between a Schedule A, which restricts the imposition of Zakat to 11 items that are to be collected under the auspices of the Central Zakat Administration, and a Schedule B which lists a number of items that are subject to Zakat but it is not obligatory to make the payment to the state.

Zakat on items mentioned in Schedule A are deducted at the source on a compulsory basis at the rate of 2.5% on the 1st of the month of Ramadan. The value assessment and collection of Ushr is done by the provincial revenue departments, at the rate of 5% for irrigated and 10% on non-irrigated lands that are above the nisab, according to the harvesting season of the crop.

What is Zakat?

Zakat is the third pillar in the five basic tenets of Islam and the second of the four pillars of worship. In the famous hadith narrated by Abdullah Ibn Umar, “Islam is founded on five: testifying that there is no god but Allah and Muhammad is the Messenger of Allah, establishing prayer, paying zakat, fasting Ramadan, and pilgrimage to the House for whoever can do so.” An obligation ordained by the Qur’an: “(O Prophet)! Take alms out of their riches and thereby cleanse them and bring about their growth (in righteousness)…” (9:103), and an institution implemented by the Prophet Muhammad himself, Zakat is mentioned no less than 30 times in the Qur’an and is directly linked to the primary acts of faith. Zakat as an institution is where worship in Islam converges with socio-economic affairs of society. In addition of being an act of worship Zakat is also a defined right of the destitute, the deprived and people in hardship on the wealth of the rich, without the poor being under any obligation, moral or social, to repay the wealth “… and in their wealth there was a rightful share for him who would ask and for the destitute.” (51:19).

Thus the purpose of Zakat is not limited to income distribution and need fulfilment of the less fortunate in society, but extends itself to the ideals of compassion, social justice and brotherhood. This is a reflection of how Islam seeks to shape both individual and societal life, making no distinction between the secular and spiritual. Competition is encouraged, as it is human nature, but checks and
balances have been stated to ensure that various elements of society compliment each other and are not at constant loggerheads. This is only possible when it is perceived that mankind is all one in the sight of God and only righteous behavior is the key to success.

This concept has its root in the central notion of the Islamic worldview of man being the vicegerent of God on earth. “Believe in Allah and in His Messenger and expend of what He has entrusted to you” (57:7). Furthermore, it implies that all resources (including the physical body and faculties of man i.e. both material and spiritual resources) at the disposal of mankind are in the nature of a trust and must be applied by which the moral and spiritual ideals of Islam can be translated into society. ‘True’ and ‘real’ ownership lies with God and man is amin (a trustee). Resources are for the benefit of all and must be utilized equitably and in accordance with the will of God: “It is He Who created for you all that is on earth and then turned above and fashioned it into seven heavens. He knows all things. Just think when your Lord said to the angels: ‘Lo! I am about to place a vicegerent on earth,’ they said: ‘Will you place on it one who will spread mischief and shed blood while we celebrate Your glory and extol Your holiness?’ He said: ‘Surely I know what you do not know.’” (2:29-30).15

This concept of khilafah (vicegerency) also entails human beings lifestyle is a reflection of humility and not arrogance and extravagance. This is not only a measure to ensure that resources are not wasted unnecessarily and are only available to the few, but also because this inevitably leads to social tensions and a hierarchical class based society, a dichotomy to the Islamic moral code.16

It therefore infers that it is not merely those who have directly participated in producing wealth that are entitled to a share, nor does one have to pay a premium to qualify for Zakat as in the case of modern models of insurance. Wealth being the principle property of Allah Himself, it is also He who governs as to how wealth should be managed and has provided the framework for disbursement of wealth. Hence, payment of Zakat is considered as an expression of thankfulness to Allah and recognition of His bounty that He has bestowed upon the individual.

**Meaning of Zakat**

The literal meaning of Zakat in Arabic is cleanliness, betterment, growth, blessing and praise.17 This is meant both in the material sense as well as in the spiritual sense, as the voluntary transfer of funds from the rich to poor promotes social cohesion and a sense of brotherhood as well as reducing the likelihood of recession by keeping money in circulation. “Allah deprives interest of all blessing, whereas He blesses charity with growth. Allah loves none who is ungrateful and persists in sin.” (2:276).
Sadaqah and infaq (fi sabil lillah)\textsuperscript{18} are terms, which the have been used in the same sense as Zakat. Sadaqah has a general meaning and includes both voluntary and obligatory charity, whereas the term Zakat is applied strictly for the obligatory alms with fixed rates and specific purposes of use mentioned in the Qur'an. A significant legal distinction between the two being that any person, male or female, who is in possession of wealth above the level of \textit{nisab},\textsuperscript{19} is obliged to pay Zakat, whereas there is no legal compulsion for paying sadaqah. The Qur'an says: “\textit{The alms are meant only for the poor and the needy and those who are in charge thereof, those whose hearts are to be reconciled, and to free those in bondage, and to help those burdened with debt, and for expenditure in the Way of Allah and for the wayfarer. This is an obligation from Allah. Allah is All-Knowing, All-Wise}” (9:60) and has therefore clearly categorized the purposes for which Zakat funds may be used. Among the eight specific purposes for Zakat funds, five of the categories are for poverty alleviation, three being earmarked for the deprived and destitute (al-fuqara, al-masakin and slaves), whilst two are religious in nature. Furthermore, scholars have noted that the nature of the first four categories is such that when you give Zakat to them they become its owners while in the latter four categories you spend Zakat for their benefit, but they do not necessarily become its owners.\textsuperscript{20}

\textbf{Heads of Expenditure}

Upon scrutiny we find that the Qur’an is silent as to the details of Zakat, which are to be found in the Sunnah of the Prophet Muhammad, with the explicit exception of the heads of expenditure for Zakat. It is reported that a person came to the Prophet and demanded some of the proceeds of Zakat to which the Prophet noted: ‘Allah does not leave the distribution of the sadaqa to a Prophet or anyone else. He Himself ordains the distribution to eight categories. If you are in any of these categories, I will give you what you deserve.’\textsuperscript{21}

Being mentioned in the Qur’an and defined so conclusively by the Prophet, the heads of expenditure have attained religious sanctity in Islam and can therefore not be manipulated.

\textbf{The Poor and the Needy}

The first two categories are those of the poor (fuqara) and the needy (masakin), from which Islamic scholars have generally inferred that the primary aim of Zakat is to eliminate poverty and destitution from society.\textsuperscript{22} This category is therefore of particular interest, especially as the category also refers to the technical definition of poverty according to Islam.

There are a number of scholars who believe that Zakat proceeds must be equally distributed amongst the eight categories, however a majority agree that these two categories are to be the main recipients
of the Zakat proceeds, as it is the responsibility of the rich to satisfy the basic needs of the poor and needy in society.  

Although, the two categories are technically different, however, they are often discussed together in works on Zakat as they are by definition and in nature close to each other. Some scholars refer to the category of the poor (fuqara) as a person who is unable to meet his or her basic needs in terms of income and wealth and is modest enough not to beg, whereas the needy (masakin) is a person who owns nothing and can also resort to begging. There is also disagreement amongst jurists as to whose state is worse. These issues of linguistics are not of interest to us. Similarly, there are numerous opinions as to how much the poor and needy are to be given. Some scholars believe that so much should be given that it would suffice to uplift the person from poverty in such a way that Zakat would not be required by that person in the future, whilst others argue that one year’s sustenance is to be provided. Qaradawi has argued for that what is relevant is that both the categories are apprehended in meeting their basic needs and require financial assistance to achieve an adequate standard of living, and that this should be made the objective as both opinions hold weight.  

Workers in Zakat Administration  
The third category of expenditure from Zakat is earmarked for those employed to administer the funds. It has been argued that the inclusion of this category in the heads of expenditure for Zakat proceeds is a clear indication that the collection and distribution of Zakat is to be administered by an organized body of employed workers and is not something to be left for individual practice. To this can be added that as the salaries for the collectors of Zakat can be directly deducted from the proceeds themselves, this implicitly refers to the autonomous nature of the organizational structure of Zakat collection.  

There are a number of conditions to which Zakat-workers are subjected such as them being Muslim, adult, sane, knowledgeable, efficient, kind etc. Furthermore, Zakat collectors are not allowed to receive gifts Zakat payers as it can be considered a bribe or at best influence the estimation of Zakat. The collectors of Zakat are to be paid according to the market value of their labor and they need not be poor in order to receive compensation for their labor.  

Those Whose Hearts are Being Reconciled  
The induction of this category in the heads of expenditure for Zakat is also used in the case for arguing that the collection and distribution of Zakat is the responsibility of the state. Qaradawi has defined this category as: ‘Those whose hearts are being reconciled include persons who have recently become Muslim or who need to strengthen their commitment to this faith, and individuals whose evil can
be forestalled or who can benefit and defend Muslims’, and implies that, by nature, this task requires a process of strategic decision-making, which cannot be deferred to the individual. It is reported on the authority of Anas that the Prophet Muhammad said: ‘Never was the Messenger of Allah (p) asked to give anything for accepting Islam but that he gave it. A man once came and asked to be given something for accepting Islam. The Messenger (p) ordered him to be given sheep collected as sadaqa. The man went back to his clan saying, ‘O my people, accept Islam, for Muhammad gives like someone who does not fear poverty.’”

The intention and reasoning is that people may sympathize or convert to Islam in pursuit of material gains, but once in the fold of Islam, they would inevitably see the wisdom of the faith and embrace it wholeheartedly. Scholars have disagreed as to whether this category is still valid or ended with the death of the Prophet Muhammad. Qaradawi provides a thorough discussion of the multifarious views pertaining to this issue, and concludes that the category cannot be considered annulled.

Although there does indeed not seem to be enough historical and legal evidence in the Islamic juristic tradition to warrant the annulment of this category, yet even though the discussion itself is irrelevant to our study, it has to be noted that the Hanafites, who are the dominant school of thought in Pakistan, consider the ruling exclusive to the period of the Prophet Muhammad.

**Emancipation of Slaves**

Islam prohibits kidnapping and selling free persons as well as it does not permit the enslavement of prisoners of war in wars that are immoral and are waged in aggression. The only exception is the prisoners of war in a just and moral war, where the Qur’an gives the option: “…smite their necks until you have crushed them, then bind your captives firmly; thereafter (you are entitled to) set them free, either by an act of grace, or against ransom, until the war ends.” (47:4).

There is great emphasis in Islam to free slaves. Islam urges Muslims to free slaves and links it to seeking forgiveness for sins as well as commanding Muslim masters to grant their slaves the right to enter a contract with them to finance their freedom: “And write out a deed of manumission for such of your slaves that desire their freedom in lieu of payment – if you see any good in them – and give them out of the wealth that Allah has given you” (24:33).

Slavery in the traditional sense is no longer being practiced on a mass scale as it was fourteen centuries ago. Nonetheless, at the time of the advent of Islam, the system was very much entrenched in the social and political system and necessary commandments were given to deal with the issue in its social context. Contemporary scholars are by and large unanimous in that expenditures from this category are restricted to ransoming prisoners of wars, as slavery has been abolished. However, Rashid Rida (1865 – 1935) and Shaykh Mahmud Shaltut (1897 – 1963) influenced by anti-colonial sentiments...
of the twentieth century argued that Zakat funds under this head could be utilised for freedom movements in the colonised countries.  

**People in Debt**

The sixth category is allocated for relieving people of the burdens of debt. Islamic scholars have deliberated in detail on the nature of debts and the differences in ruling according to the nature, nonetheless, there is a consensus that people in debt should be given sufficient amount to rid them of the debt, but the amount given is exclusively meant as debt-relief. It is not permissible to use Zakat meant for debt-relief for other purposes and must be returned in the event of creditors relinquishing their claims.

It is reported that the Prophet discouraged people from borrowing and urged moderation (Qana‘ah). However, if due to extraordinary circumstances a person sees no alternative then to borrow, he or she must careful plan and have the full intention to pay back the debt. It is reported that the Prophet Muhammad said: ‘As for someone who takes funds from others with the intention of returning them, Allah helps him repay what he owes, but as for someone who takes funds with the intention of consuming and destroying them, Allah will destroy him.’ However, if somebody was unable to repay debts that were taken for lawful purposes and due to dire circumstances the Prophet, as head of state, repaid the debt. By providing a state guarantee to the creditors of repayment, Islam thus seeks to ensure that those in debt are not forced to liquidate assets that are essential for living, hence preserving their dignity. It is reported about Umar bin Abdel Aziz that he wrote down a directive ‘that debts against the debtors should be paid off.’ It was written to him: ‘We have persons (debtors) who have a house, a servant, a horse and household assets.’ Umar wrote back: ‘It is necessary for a Muslim individual to have a house to live in, a servant who suffices his needs, a horse with which he goes out to battle with the enemy, and he must also have household assets. Yes, pay off his debts for he is a debtor.’

**For the Cause of Allah**

A study of this category reveals that this is the most general of the heads of expenditure. *Fi sabili’llah* (in the way or cause of Allah) is a vague term, and aside for unanimity as to the fact that this refers to *jihad* (struggle in the way of God), there is much disagreement as to how broad the definition is. A number of contemporary writers such as Rida and Shaltut have argued that anything that serves public interest (e.g. building of mosques or bridges etc.) is to be considered *fi sabili’llah*. Qaradawi has however argued for the restriction of the term to be defined exclusively in relation to *jihad*. In his analysis he nonetheless expands the definition of *jihad* itself to include cultural, educational and informational activities arguing that the ‘the most important form of *jihad* today is serious, purposefully
organised work to rebuild Islamic society and state and to implement the Islamic way of life in the political, cultural and economic domains.\(^{48}\)

**Travellers**

This is the last category that the Qur'an has mentioned as recipients of the funds of Zakat. The Qur'an mentions travelers a total number of eight times,\(^{49}\) encouraging traveling in general. The category functions as a means of facilitation to ensure that travelers are not faced with any undue hardship and are able to complete their journeys with security. Modern scholars have argued that this category has become redundant as the communication and financial networks such as banks etc. can provide any assistance in case of emergency for a traveler.\(^{50}\) Qaradawi has again argued that in spite of the advancement in technology the category is still relevant as he defines e.g. refugees under the category of ibnus sabil as well as mentioning students who travel abroad to seek education.\(^{51}\)

**Distribution of Zakat in Pakistan**

The Qur'an and Sunnah are silent as to how Zakat should be distributed amongst the eight categories. It can however be inferred from the instruction the Prophet Muhammad gave to his Zakat collector when sending him to Yemen: “Tell them that Allah has decreed upon them alms on their wealth, to be take from their rich and be given to their poor” that the main purpose of Zakat was to alleviate poverty from society.

The majority of Muslims today reside in some of the most poverty-stricken countries in the world.\(^{52}\) Partly due to the juristic scepticism we have noted as to the validity of some of the abovementioned categories and partly because of the sheer gravity of the poverty levels in so many Muslim countries, most of the nations who have implemented a formalised Zakat system, be it voluntary or obligatory, have restricted themselves to focus expenditure on the poor and needy.

The Zakat ordinance in Pakistan is rather general, yet it also restricts itself to disbursement of Zakat to the category of the poor and needy. The law says that the Zakat fund shall be utilized for: “Assistance to the needy, the indigent and the poor, particularly the orphans and widows, the handicapped and the disabled are eligible to receive zakah under Shari’ah for their subsistence or rehabilitation.”\(^{53}\) This is not the case in other countries such as Libya where 50% of collected Zakat is earmarked for the poor and needy. The distribution of Zakat is done through two channels in Pakistan: local committees and distributing agencies. Distributing agencies are charitable organizations such as schools, hospitals, orphanages etc. Whilst 60% of Pakistan Zakat budget is allocated to stipends for the poor and needy, 8% is e.g. is earmarked for students of religious seminaries.\(^{54}\)
In spite of the argument that the lion’s share of Zakat should go to the poor because of the emphasis the Qur’an and hadith give to relieving the poor of hardships, it is noteworthy that poverty also existed during the time of the Prophet, yet it is confirmed that he distributed Zakat to all eight heads of expenditure.

**What is to be given to the Poor**

There is general consensus amongst Islamic scholars on the point that the poor should be given enough to satisfy their essential needs, without putting a limit on the amount. The opinion is based on the objective that society needs to do away with the malice of poverty and therefore Zakat proceeds should be utilized for rehabilitation rather than for relief. It is reported that Umar bin Khattab instructed his Zakat collectors: “When you give to them [the poor], make them wealthy.” Another report attributed to instructions Umar gave to his officials, he goes even further: “Give them the sadaqa repeatedly, even though one of them comes to have a hundred camels.” Whether to take this opinion literally would be a matter of contention, nonetheless, in times of abundance where the ‘poverty line’ would be higher, one could presume that this could be possible. It is a confirmed fact that neither the Qur’an nor the Sunnah set any limit in this regard and leave it to prevalent circumstances. Therefore, the disbursement of Zakat is bound to be governed by the real revenue of Zakat and the actual number of poor people in society. In the case of Pakistan where approximately one third of the population resides below the poverty line today it would practically be impossible to cater for the basic needs of all the poor through Zakat, especially when considered that according Kahf, the estimated proceeds in Pakistan have not exceeded 0.3% of GDP. The approach adopted by many low-income Muslim countries have therefore been a moderate one, which in most cases combines between offering the poor immediate relief and long-term rehabilitation. In Pakistan, Local Zakat Committees were directed that 90% of their entire budget was to spent on the poor, with 45% earmarked for subsistence allowances and 45% reserved for a permanent rehabilitation grant. Comparatively, Sudan distributed 65% of the share allocated for the poor and the needy as immediate assistance whereas the remaining 35% was utilized for purchasing means of production and work. The Zakat House in Kuwait and the Nasir Bank in Egypt (both voluntary set-ups) follow a similar practice. Interestingly, in Pakistan it was practically 60% of the budget that was spent as subsistence allowance in the fiscal year of 2001-2002. This illustrates that the Zakat Council in Pakistan accepts the opinion that the poor should be provided with enough to alleviate poverty permanently, however a lack of funds impair this option.
Items Subject to Zakat

On the contrary to the heads of expenditure the Qur’an does not give many details as to which items are to be subject to Zakat. It is in the traditions associated with the Prophet Muhammad where we find specifications of the items subject to Zakat, the applicable rates and the minimum amount of wealth that is exempted from the application. There are, however, a few assets which are mentioned in the Qur’an itself:

- Gold and silver: “And there are those who amass gold and silver and do not spend it in the Way of Allah. Announce to them the tidings of a painful chastisement.” (9:34)
- Crops, fruits and minerals: “Eat of their fruits when they come to fruition and pay His due on the day of harvesting.” (6:141)
- Earnings from trade and business: “Believers! Spend (in the Way of Allah) out of the good things you have earned…” (2: 267)

Aside from these verses, the Qur’an makes general references to the term amwal meaning assets or wealth. There are differences of opinion as to how comprehensive the term is, as there are those scholars who restrict it to include all material things that can be obtained and owned, but exclude services. Qaradawi has sided with the opinion that Zakat is only on material assets on the basis of the definition being closer to a linguistic interpretation. Assessing the manner in which development has taken place over history, from agrarian to industrialized and now increasingly service based societies; one can take this understanding up for scrutiny. This is also the case in the structure of Pakistan’s economy, where in the fiscal year of 2003-04 the share of agriculture in GDP was 23 percent; having declined from about 50.53 percent at the time of independence. As a corollary, the share of the services sector has increased to almost 50 percent in recent years as compared to 3 percent of the GDP in the 1950s. Nonetheless, there are certain aspects, which are generally agreed upon. The first condition for a due on amwal is its absolute ownership and acquisition through lawful means by a potential payer. This infers that an asset, which is not owned by any human is excluded from Zakat, as well as wealth owned by the state and charitable trusts, which is by nature no one’s personal property. In addition, one full lunar year must have passed since the ownership of the amwal for Zakat to be levied with the exception of accrued assets such as crops, fruits and minerals, which are subject to Zakat at harvest. Furthermore, the asset(s) should be in excess of the basic needs of an individual as well as satisfying the basic necessities of one’s family.

Another important condition for an item to be subject to Zakat is that it should either have the potential for growth (e.g. money) or should be a result of a growth process itself (e.g. fruits). Qaradawi elucidates that ‘the condition of growth for zakat to be due can be used as a criterion for determining
the kinds of wealth that are subject to zakat, even if they were not specifically mentioned by the Prophet, as long as they are covered by the general texts of the Qur’an and Sunna.\textsuperscript{68}

Finally, the Prophet set a minimum amount, called the nisab for different items and exempted anyone owning less than the minimum. The nisab is as following: 5 camels, 30 cows, 40 sheep, 5 wasqs (equivalent to 653 kg) of agricultural products, 200 dirham (equivalent to 2.975 grams) of silver and 20 dinar (equivalent to 4.25 grams) of gold. The nisab on money is the value equivalent to 85 grams of gold.\textsuperscript{69}

Coverage

There is a general consensus amongst scholars that the coverage of Zakat has to be extended to the forms of wealth, which were not known at the time of the Prophet and the early Islamic period. This is particularly substantiated by the fact that e.g. the Caliph Umar bin Khattab added a number of items (for example horses for trade) to the list of kinds of wealth on which Zakat should be levied. In the modern context, on the basis of analogy, scholars like Mawdudi, Qaradawi, Kahf etc. have argued that this would entail that e.g. shares, savings in insurance and provident funds and rented buildings should also be subject to the levy. Most of these issues remain controversial with the scholars disagreeing on what items should be subject to Zakat and to what degree. For example Muhammad Abu Zahra advocates a 10\% levy on profits of the industrial concerns, whereas Qaradawi’s view is that the levy of 10\% would be on profits net of depreciation costs.\textsuperscript{70}

The differences in opinion and arguments are too numerous to recount here. It is only worth pointing out that a process of reexamination of the coverage of Zakat, on the basis of analogical reasoning and public interest, is under process amongst Islamic economists, jurists and theologians. Having said this, it must be mentioned that there are a number of scholars – primarily jurists and theologians – who do not consider it valid to extend the coverage of Zakat to new forms of wealth. The primary rationale is a literalist understanding of Islamic sources but also based on the logic that forms of wealth not known at the time of the Prophet can be taxed without having to include them into the spectrum of Zakat.

Rates

Throughout history there has been a general consensus amongst scholars that the rates of Zakat are permanently fixed by Islamic law,\textsuperscript{71} although some economists have argued that the rates can be modified by the state e.g. M. Ali Izadi\textsuperscript{72} and Afazuddin Ahmad.\textsuperscript{73} These and similar views are countered by pointing out that the state can if it deems necessary levy additional taxes, over and above the prescribed Zakat. The rates are therefore as following.\textsuperscript{74}
• Buried treasures: 20%
• Agricultural products watered by the sky or natural springs: 10% (the Zakat on agricultural products is also called Ushhr)
• Agricultural products watered by carried water: 5%
• Minerals: 2.5%
• Income, savings, stock of trade, business assets etc.: 2.5%
• The levy on livestock is extensive as differentiation is made between various animals.\footnote{75}

Economists have also challenged the sanctity of \textit{nisab}, i.e. the exemption limits for the levy of Zakat,\footnote{76} but the view remains the same that the permanence of the rates are a virtue and tampering with them would undermine the religious and moral significance of the institution.

\textbf{Disbursement}

Disbursement of Zakat takes centre stage in the literature available on the subject. Even though there are more contentious issues such as extension of the levy to include new forms of wealth, yet this issue is relevant for in which way the institution will function in society. Some scholars – both from the Sunni and Shiite school of thought within Islam – insist on direct transfer payments to the beneficiaries.\footnote{77} Mawdudi however opposes this view, as does Qaradawi.

\textbf{Apparent and non-apparent assets}

Significant differentiation Islamic jurists make amongst the zakatable assets are between the manifest assets such as agricultural items and livestock and non-apparent items such as cash and jewellery. There is very little dissension amongst scholars as to the fact that apparent assets are to be collected by the state. However, despite a consensus on the state having the right to collect and distribute Zakat on non-apparent assets, there is disagreement on whether this should be enforced.\footnote{78} The argument is that non-apparent assets should be left to the individual owners to distribute, because this has been the practice dating as far back as the Caliph Uthman,\footnote{79} and the only exception to this is when it becomes known that the owners of wealth in a particular area are not paying Zakat on non-apparent assets that the state should get involved and enforce its payment. This is on the basis of the fact that the Qur’an refers to Zakat as a right of the poor.

In connection with the discussion of apparent and non-apparent assets, there is also disagreement amongst scholars as to whether an unjust and oppressive government is entitled to be given Zakat. Weighing the different arguments, both classical (including the differences of opinion amongst the Prophet’s companions) and contemporary, Qaradawi has argued that the state has to be Islamic in
nature and not merely Muslim and the collection and distribution should be conducted in a manner reflective of the practices of the early period of Islam. According to Qaradawi, states and governments who are not committed to Islam, must not be given Zakat, irrespective of whether it be on apparent or non-apparent assets.⁸⁰

**Inherent Problems in the Collection and Distribution**

As is evident from our preceding chapters, the early Muslims were able to effectively utilize Zakat proceeds for poverty alleviation. This, however, does not seem to be the case with Pakistan. In the fiscal year 2001-2002, Zakat proceeds were distributed amongst approximately 560,000 beneficiaries, nobody receiving more than Rs. 500 (equivalent to appr. USD 8) per month. If the primary purpose of Zakat is the alleviation of poverty, then it is very interesting to note that the entire system is based on subsistence levels. Although it would be a lofty claim to expect Zakat funds to alleviate poverty forthwith, nonetheless, it has to be contended that one of the reasons for this is that the collection of Zakat does not exceed 0.3% of GDP in Pakistan, whereas there are reports to suggest that the amount could be increased to at least 3 percent if changes were made in the collection process.⁸¹ This is interesting as the World Bank Report of 1990 estimated that the transfer needed to lift everybody above the poverty line was only 3 percent of the total consumption in developing countries such as Pakistan, and to lift everybody out of extreme poverty transfer of one percent would be sufficient.

We see that in Pakistan the interpretations that have been made in regards to the items subject to wealth are very limited. Although, some modern forms of wealth have been added, it is primarily a simplistic interpretation and implementation. The term *amwal*, as we have studied, is very broad and would incorporate many other forms of wealth than those mentioned in the Schedule A and B of Pakistan’s constitution. Furthermore, we have established from the analogy of Umar bin Khattab and other successors of the Prophet that they considered it lawful to make omissions and additions to the zakatable base. It can be argued that they did this because the *Qur’an* was silent on giving particular details and referred to a general term *amwal* and they interpreted the Prophet’s actions as he was levying Zakat on the wealth that was known in his time. Although, Muslim scholars have generally agreed that what the Prophet commanded must be included and should not be tampered with, but additions can be made on the basis of analogy. This should also be the case in Pakistan, as the tremendous changes in the modes of production over centuries have created new forms of wealth. Except for the simple cash and agricultural products, most known forms of financial and monetary assets are new. A report from a panel of bankers commissioned by General Zia in 1978 suggested that Zakat should be levied on stock-in-trade (of commercial undertakings, industrial undertakings, precious metals and stones, fish and other catch of the sea) on compulsory self-assessment basis on stock-in-trade worth more than Rs. 10,000, but as we have noted earlier stock-in-trade was made part of Schedule B, citing administrative
limitations for this decision. The rationale for exempting stock-in-trade from compulsory Zakat – not withstanding the injustice by exempting this item from compulsory Zakat – is interesting as the report in question estimated the first year’s collection to be an estimated Rs. 264 million. Why could tax officials not collect Zakat while collecting the company’s income taxes? Arshi Khan has suggested the reason for placing stock-in-trade under Schedule B could have been that Zia’s Islamisation policies enjoyed heavy support from the urban petit bourgeoisie who tend to part of the trading classes. Khan puts it quite succinctly “Zia needed all the political support he could gather to stay in power and his Islamic state employed the political weight it had under Shariah to steer zakat policy in a way which from the very beginning influenced its revenue.”

If we also bear in mind that collection of Zakat was exempted on WAPDA Bearer Bonds, Special Saving Certificates and foreign currency accounts, quintessentially, this means that the majority of the rich, who are actually the ones who should be levied Zakat, are more or less exempted from it. On the contrary, it is the relatively poor rural population (disbarring the influential landowners) that has to pay Zakat (Ushr) at the rate of five or ten percent, as the criteria for Zakat does not even exempt a minimum provision of grain alone to the average peasant family in any contemporary Muslim country.

Similarly, upon promulgation the law only exempted non-Muslims from Zakat. However, the Shiite community received the law very negatively claiming that the Zakat ordinance was a ‘Sunni Muslim contrivance’ and undermined the religious observances of the Shiite who had their own mechanisms for Zakat disbursements. The issue gained such controversy that a Shiite group stormed the Federal Secretariat in Islamabad and held it hostage for three days. Zia, not wanting religious passions to flair, could not weather the storm and decided to exempt anybody professing the Shiite school of thought. Subsequently, it is on record that numerous affluent Sunnis claim to be Shiite, in order to avoid the obligatory Zakat deduction thus reducing the potential and actual Zakat collection.

Zia had exclaimed that he considered Zakat and Ushr as providing the necessary means to assist the less fortunate of the Pakistani society. At the time of promulgation Zia had explained that the Ordinance was only the beginning of a long process of Islamization, and the funds generated from Ushr would be used to expand the industry, construct roads and build modern hospitals, and thus laying the foundations of an Islamic welfare state. The data available, however, shows that the flow of Zakat funds on agricultural crops in Pakistan are very little and subsequent to the Zia regime, have not even collected the amount the Zakat committees themselves had assessed. It has been noted that the caliph Abu Bakr was willing to wage war against those who withheld Zakat. The reluctance of the Pakistani authorities in collecting Zakat can therefore not be considered ‘Islamic’ by historical analogy.
### Assessment and Collection of Ushr

<table>
<thead>
<tr>
<th>Year</th>
<th>Assessment</th>
<th>Collection</th>
<th>Percentage of Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-83</td>
<td>179.62</td>
<td>179.32</td>
<td>99.78</td>
</tr>
<tr>
<td>1983-84</td>
<td>262.40</td>
<td>258.71</td>
<td>98.59</td>
</tr>
<tr>
<td>1984-85</td>
<td>271.47</td>
<td>261.04</td>
<td>96.16</td>
</tr>
<tr>
<td>1985-86</td>
<td>264.38</td>
<td>246.40</td>
<td>93.19</td>
</tr>
<tr>
<td>1986-87</td>
<td>251.48</td>
<td>225.43</td>
<td>89.64</td>
</tr>
<tr>
<td>1987-88</td>
<td>273.58</td>
<td>239.88</td>
<td>87.68</td>
</tr>
<tr>
<td>1988-89</td>
<td>245.86</td>
<td>177.04</td>
<td>72.00</td>
</tr>
<tr>
<td>1989-90</td>
<td>237.11</td>
<td>107.57</td>
<td>45.37</td>
</tr>
<tr>
<td>1990-91</td>
<td>207.88</td>
<td>121.65</td>
<td>56.29</td>
</tr>
<tr>
<td>1991-92</td>
<td>58.82</td>
<td>12.66</td>
<td>21.5</td>
</tr>
<tr>
<td>1992-93</td>
<td>67.65</td>
<td>11.88</td>
<td>17.60</td>
</tr>
<tr>
<td>1993-94</td>
<td>0.21</td>
<td>0.20</td>
<td>95.20</td>
</tr>
</tbody>
</table>

*Table 2. Source: Central Zakat Administration, Government of Pakistan 1994, from Shirazi (1996): p. 38*

Agriculture playing a pivotal role in the nation’s economy, one would expect that the income through Ushr would be much more substantial. Comparing data on income through agricultural products and comparing it to the Ushr proceeds would reveal the dichotomy. This is not our task at hand. It is only to point out that the mechanisms established, lacked basic adequacies to achieve their objectives. Shirazi has noted that the Local Zakat Committees who were initially responsible for assessing and collecting Zakat lacked the needed professional skills for the task, and they were also not in a position to challenge the position of influential landowners. He cites a report from Faiz that in majority cases accounts are maintained by someone else. Furthermore, Ushr was first collected, three years after the Ordinance was promulgated, giving rise to scepticism of the ruler’s true intentions. This can also be said about the collections, which dropped significantly after the more secular oriented regime of Benazir Bhutto came to power after Zia.

It must also be said that as a result of the juristic tradition after the caliph Uthman bin Affan, traditionally oriented scholars in Pakistan have asserted that the payment of Zakat is an individual matter and should be given directly to the needy rather than through government. According to the first National Survey on Individual Giving conducted by the Aga Khan Network for 1998, Pakistanis gave Rs. 13.7 billion in voluntary Zakat, compared to the official Zakat collection of a little over Rs. 4 billion.
It is not simply a matter of historical analogy and interpretation, as there is substantial evidence of people not having any confidence in the efficacy of the official Zakat system in Pakistan to be of benefit to the deserving.\textsuperscript{93} The Aga Khan Report makes clear reference to this stating that Pakistanis do not consider their religious obligation to be met by Zakat collected by officials.\textsuperscript{94} This is not a new phenomenon. As we have noted earlier, Muslims began to withhold Zakat from the collectors appointed by the state soon after the caliphate of Uthman. Jurists who have argued that Zakat must not be paid to an ‘un-Islamic’ government refer to the Qur’anic verse: “\textit{My covenant does not embrace the wrongdoers.}” (2:124). This interpretation is however contrary to what has been attributed to the Prophet Muhammad. It is reported on the authority of Ibn Mas’ud that the Prophet Muhammad predicted “There shall be selfishness and matters you disapprove of after I am gone.” People said,
“Messenger of Allah, what would you order us to do then?” He replied, “Fulfill the obligation that is on you and ask Allah for what is yours.”

The dissemination of such knowledge might assist in changing the perception of the masses. However, a report reveals that very little effort is put into advertisement. Furthermore, in spite of interest having been declared repugnant to Islam, successive governments attempts to appeal the verdict, has reinforced the image of a non-Islamic governmental structure.

The repeated scandals of mismanagement and embezzlement have also left an indomitable mark in the Pakistani context. Grace Clark, in Pakistan 2000, discloses that a federal officer had absconded to London with a billion rupees in Zakat. The admittance of Zakat officials that non-deserving may also benefit due to local influence, do not further the cause of collection by the state either. Beneficiaries also complain of infrequency in payments and bureaucratic red-tape. The new rule that payment of Zakat will only be made through cheques was a measure enforced to ensure that funds were not embezzled. However, the authorities failed to note that banks do not open accounts for an amount less than Rs. 1000 whereas the maximum subsistence allowance per month was Rs. 500. Similarly, in the early Islamic period, Zakat was disbursed immediately, whilst the Central Zakat Council not only retains Zakat, but also invests them on Profit-Loss Sharing basis, risking losses.

### Aggregate Giving by Individuals in 1998

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zakat Money</td>
<td>(Rs 13.7 billion)</td>
<td>20%</td>
</tr>
<tr>
<td>Non-zakat Money</td>
<td>(Rs 16 billion)</td>
<td>23%</td>
</tr>
<tr>
<td>Gifts-in-Kind</td>
<td>(Rs 11.3 billion)</td>
<td>16%</td>
</tr>
<tr>
<td>Volunteering</td>
<td>(Rs 29.4 billion)</td>
<td>41%</td>
</tr>
</tbody>
</table>

*Figure 1. Source: Aga Khan (2000): p. 55*
These and many more contentious issues compounded the official Zakat system in Pakistan has failed
to make substantial inroads in the poverty situation of the country. It would, however, be incorrect
to conclude that there is something inherently flawed with the concept of Zakat. It this was the case,
then the propensity of individual giving in the survey conducted by the Aga Khan Network would
have given very different results. In the survey religious faith was cited as a motivation for 98 percent
of donors. The impressiveness of the aggregate individual giving figure of Rs.70.5 billion in 1998
is underscored when it is compared with government expenditures. The aggregate provincial and
federal government spending on health and education in the budget of 1996-1997 was Rs. 84 billion,
whilst the Government of Pakistan’s Social Action Plan (SAP) spent roughly Rs. 54 billion in the
same year. A comparison with foreign aid is also instructive as aid for the year 1997-1998 was made
up of Rs. 6 billion in grants; merely 5 percent of the aggregate individual giving. A comparison of
indigenous grants to foreign grants makes things even clearer. Pakistanis gave Rs. 30 billion in money
alone, 5 times more than the amount Pakistan received in outright grant from foreign aid.

<table>
<thead>
<tr>
<th>Response to: “I gave because…”</th>
<th>Percentage Who Agree¹</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Urban</td>
</tr>
<tr>
<td>I would like to return something to society</td>
<td>93</td>
</tr>
<tr>
<td>It is my moral duty as citizen</td>
<td>93</td>
</tr>
<tr>
<td>Giving strengthens my religious faith</td>
<td>93</td>
</tr>
<tr>
<td>Of tax-savings, by giving to registered organisations</td>
<td>14</td>
</tr>
<tr>
<td>Of human compassion</td>
<td>96</td>
</tr>
<tr>
<td>People praise me, and my status rises in their eyes</td>
<td>15</td>
</tr>
<tr>
<td>Giving is a social responsibility</td>
<td>94</td>
</tr>
</tbody>
</table>


It can thus be said that whilst Pakistanis are generally willing to pay Zakat, the real issue is their
unwillingness to pay Zakat to the state.
Notes

8. The 11 items of wealth subject to Zakat according to Schedule A includes savings and time deposit accounts, financial depositories, such as post office saving accounts and insurance policies, holdings of stocks and bonds, in addition to agricultural products.
9. Schedule B includes livestock, trade assets and inventory, domestic deposits in foreign currencies, overseas assets of Pakistani nationals, etc.
12. ibid: p. 27
14. Qaradawi (1999): p. xlvii. Monzer Kahf elaborates furthermore that 28 of the 30 verses – in which zakat is directly mentioned – are associated with prayers. “Moreover, there are several other verses that mention the term Sadaqah and its derivatives in a general meaning that covers both voluntary contributions as well as Zakah, i.e., the obligatory contribution. In four of these verses (the Qur’an, 9:58, 60, 74 and 103), the term Sadaqah is used specifically in the meaning of Zakah. In two other verses (2:267 and 9:34) reference to the obligation of Zakah is made using the term anfaqa and its derivatives as explained by Ibn Kathir and Al Jassas in their respective comments on these two verses.” Kahf (ii): p. 1
18. Trans. in the way/cause of Allah.
19. Defined as the minimum quantity or amount of an asset which makes it liable to Zakat.
25. ibid: p. 358
26. ibid: p. 364
27. ibid: p. 366
28. ibid: p. 370
29. ibid: p. 375
30. ibid: p. 373
31. ibid: p. 377
34. ibid: p. 381
35. ibid: p. 394
36. ibid: p. 395
37. Syrian intellectual of Islamic modernist tradition and publisher of the newspaper al-Manar (1898-1935).
40. ibid: p. 397
41. ibid: p. 400
45. Qaradawi (1999): p. 413
46. ibid: p. 417
49. ibid: p. 429
56. ibid: p. 516
60. Qaradawi (1999): p. 22
61. Singular mal.
62. E.g. “Take alms out of their riches and thereby cleanse them.” (9:103) or “And in their wealth there was a rightful share for him who would ask and for the destitute.” (51: 19).
64. ibid: p. 67
68. Qaradawi (1999): p. 81
72. See A Survey of Contemporary Economic Thought in Islam, by Muhammad Akram Khan, p. 14
73. See Economic Significance of Zakat in Islamic Literature, p.10
75. For details see Qaradawi (1999): pp. 101-153
76. See e.g. The Law and Philosophy of Zakat, by Farishta G. de Zayas.
79. ibid: p. 481
80. ibid: p. 501
82. Khan: p. 7
83. ibid: p. 7
84. ibid: p. 7
86. Khan: p. 7
90. ibid: p. 468
95. Quoted from Qaradawi (1999): p. 498
99. ibid: p. 50
100. The respondents also cited human compassion (98 percent), social responsibility (87 percent) and civic duty (84 percent). The Aga Khan Report perceives this as complementary rather than competitive motives for giving stating: “Consistent with the Islamic integration of secular and religious life, the strong religious character of giving in Pakistan co-exists comfortably with different motives.” Aga Khan (2000): p. 44
Conclusion

The theoretical study of the institution of Zakat as well as the earliest history of its implementation reveals that the state had a definite role in the assessment, collection and final distribution of Zakat. The processes were absolutely normative but they were at the same time dynamic and changed according to the context in which they were being implemented. Initially all wealth, whether apparent or non-apparent, was collected and distributed by the state according to the practice of the Prophet Muhammad. However, within a decade of the Prophet’s death the second caliph Umar bin Khattab had added new items of wealth for the levy of Zakat, and a mere 25 years had to pass and the third caliph Uthman bin Affan judged that the non-apparent assets would not be levied Zakat by the state and would be left for individuals to pay on the basis of self-assessment. It is important to note here that Uthman did not exempt non-apparent assets from Zakat, but merely left the task for the individual’s to undertake according to their moral consciences. Ever since there has been a consensus amongst Islamic scholars that the religious nature of the concept obliges Muslims to pay Zakat (apparent a non-apparent), and they are not absolved of this duty regardless of whether a government or state takes charge of its collection and distribution. It is nonetheless the government’s prerogative to collect and distribute Zakat, and there is no disagreement on this right if there is a feeling that the state disburses Zakat to its proper recipients as mentioned in the Qur’an.¹

Keeping the detailed discussions of the preceding chapters as well as the abovementioned axioms in mind, we need to note that the institution of Zakat is dependent on the moral conscientiousness of the individual, in the absence of which the system will only have limited results. The historical evidence however suggests that when such morality has been awakened by linking the spiritual aims with the mundane, it has been able to mobilize society towards elimination of poverty.

If the objective of Zakat is poverty alleviation, then we must bear in mind the overall framework in which this process is to take place. Looking at the system in Pakistan we find that it is not the institution of Zakat itself, but the context in which it is being implemented that is the defining factor. The Prophet Muhammad and his immediate successors created a society, which was an effigy of altruistic behaviour. Zakat was not merely a civic duty, but its proper payment was a criterion for
the success in the Hereafter. The authority of the state played a pivotal role in the creation of this society. It has already been established that according to Islam, the state guarantees the fulfilment of basic needs irrespective of the stage of development and that this guarantee was practiced in the earliest period of Muslim history. How come, one wonders, was this guarantee then not instituted in the case of the Islamic Republic of Pakistan? The answer is rather clear if we are to build on the content that Pakistan was never meant to be an Islamic state in the ideological sense, with its rights and responsibilities. In such a case, it would be encumbered to look towards the institution of Zakat and the associated concepts as a possible means of poverty eradication in Pakistan. This however, as has been illustrated earlier, would be a simplification of the matter. If we are to do justice to the question, we must bear in mind the circumstances under which Pakistan came into being and how these circumstances in turn have affected the collection and distribution trends of Zakat in Pakistan.

From our study we can conclude that although Pakistan was created in the name of Muslim emancipation and with the lofty claims of translating Islamic ideals into terms of practice, the founding fathers were rather unclear as to what this actually entailed. The early death of Jinnah, who is attributed with almost single-handedly creating Pakistan, resulted in virtual anarchy besetting the political scene of the nascent state and leaving the country in a deep identity crises from which it seemingly has never recovered. Successive governments have taken Pakistan in the direction of their choice, usually having little to do with Islam. It is noteworthy that a poor nation like Pakistan remained ambivalent to the implementation of Zakat until 1979, an almost full 32 years after its independence. Even today, when unequal income distribution is adversely affecting poverty levels, Pakistan’s Reduction Strategy Paper is more or less silent as to the official Zakat system being a potential means for the redistribution of wealth.

One can point towards the many shortcomings of the current collection and distribution processes in not assigning Zakat such a prominent role, yet the fact of the matter is that such flaws and failures can be arrested and the institution revamped. A critical review and analysis of the subject has highlighted the importance of the Islamic identity of the state.

The study leads us to conclude that Zakat is an integral part of the comprehensive Islamic system of beliefs and that there is an inextricable link between the Islamic identity of the state and the willingness of the population to give their Zakat to an official Zakat system. The potential of Zakat in poverty alleviation can therefore only be fully utilized if it is part of an overall process of Islamization; a process which the political elite in Pakistan has traditionally been reluctant to pursue, encapsulating the vagueness of the Pakistan Movement.

The propensity of individual giving in Pakistan gives an indication of the potential of Zakat. However, in order for the official Zakat proceeds to increase, the state has to do more than giving lip-service to
Islamic ideals, and prove itself worthy of collecting and distributing Zakat in its true spirit. The path would not be easy as it requires a reconstruction of religious thought towards the role of the state as the authority to rightful collect and distribute Zakat. Rights and responsibilities would have to be reconstituted. However, according to the ideologue of Pakistan, the nation has no choice:

“The religious ideal of Islam is organically related to the social order which it has created. The rejection of one will eventually involve the rejection of the other.”

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Appendices

Appendix I
The Objectives Resolution

Whereas sovereignty over the entire universe belongs to Allah Almighty alone and the authority which He has delegated to the State of Pakistan, through its people for being exercised within the limits prescribed by Him is a sacred trust;

This Constituent Assembly representing the people of Pakistan resolves to frame a Constitution for the sovereign independent State of Pakistan;
Wherein the State shall exercise its powers and authority through the chosen representatives of the people;

Wherein the principles of democracy, freedom, equality, tolerance and social justice as enunciated by Islam shall be fully observed;

Wherein the Muslims shall be enabled to order their lives in the individual and collective spheres in accordance with the teachings and requirements of Islam as set out in the Holy Qur'an and the Sunnah;

Wherein adequate provision shall be made for the minorities to profess and practice their religions and develop their cultures;

Wherein the territories now included in or in accession with Pakistan and such other territories as may hereafter be included in or accede to Pakistan shall form a Federation wherein the units will be autonomous with such boundaries and limitations on their powers and authority as may be prescribed;
Wherein shall be guaranteed fundamental rights including equality of status, of opportunity and before law, social, economic and political justice, and freedom of thought, expression, belief, faith, worship and association, subject to law and public morality;

Wherein adequate provisions shall be made to safeguard the legitimate interests of minorities and backward and depressed classes;

Wherein the independence of the Judiciary shall be fully secured;

Wherein the integrity of the territories of the Federation, its independence and all its rights including its sovereign rights on land, sea and air shall be safeguarded;

So that the people of Pakistan may prosper and attain their rightful and honoured place amongst the nations of the World and make their full contribution towards international peace and progress and happiness of humanity.
Appendix II
Islamic Provisions of the Constitution of Pakistan

Article 227.
(1) All existing laws shall be brought in conformity with the Injunctions of Islam as laid down in the Holy Quran and Sunnah, in this Part referred to as the Injunctions of Islam, and no law shall be enacted which is repugnant to such Injunctions.

[Explanation:- In the application of this clause to the personal law of any Muslim sect, the expression “Quran and Sunnah” shall mean the Quran and Sunnah as interpreted by that sect.]

(2) Effect shall be given to the provisions of clause (1) only in the manner provided in this Part.

(3) Nothing in this Part shall affect the personal laws of non-Muslim citizens or their status as citizens.

Article 228.
(1) There shall be constituted within a period of ninety days from the commencing day a Council of Islamic Ideology, in this part referred to as the Islamic Council.

(2) The Islamic Council shall consist of such members, being not less than eight and not more than twenty, as the President may appoint from amongst persons having knowledge of the principles and philosophy of Islam as enunciated in the Holy Quran and Sunnah, or understanding of the economic, political, legal or administrative problems of Pakistan.

(3) While appointing members of the Islamic Council the President shall ensure that:
(a) so far as practicable various schools of thought are represented in the Council;
(b) not less than two of the members are persons each of whom is, or has been, a Judge of the Supreme Court or of a High Court;
(c) not less than four of the members are persons each of whom has been engaged, for a period of not less than fifteen years, in Islamic research or instruction; and (d) at least one member is a woman.

(4) The President shall appoint one of the members of the Islamic Council to be the Chairman thereof.

(5) Subject to clause (6) a member of the Islamic Council shall hold office for a period of three years.

(6) A member may, by writing under his hand addressed to the President, resign his office or may be removed by the President upon the passing of a resolution for his removal by a majority of the total membership of the Islamic Council.

Article 229.
The President or the Governor of a Province may, or if two-fifths of its total membership so requires, a House or a Provincial Assembly shall, refer to the Islamic Council for advice any question as to whether a proposed law is or is not repugnant to the Injunctions of Islam.
Article 230.

(1) The functions of the Islamic Council shall be,
(a) to make recommendations to [Majlis-e-Shoora (Parliament)] and the Provincial Assemblies as to the ways and means of enabling and encouraging the Muslims of Pakistan to order their lives individually and collectively in all respects in accordance with the principles and concepts of Islam as enunciated in the Holy Quran and Sunnah;
(b) to advise a House, a Provincial Assembly, the President or a Governor on any question referred to the Council as to whether a proposed law is or is not repugnant to the Injunctions of Islam;
(c) to make recommendations as to the measures for bringing existing laws into conformity with the Injunctions of Islam and the stages by which such measures should be brought into effect; and
(d) to compile in a suitable form, for the guidance of [Majlis-e-Shoora (Parliament)] and the Provincial Assemblies, such Injunctions of Islam as can be given legislative effect.

(2) When, under Article 229, a question is referred by a House, a Provincial Assembly, the President or a Governor to the Islamic Council, the Council shall, within fifteen days thereof, inform the House, the Assembly, the President or the Governor, as the case may be, of the period within which the Council expects to be able to furnish that advice.

(3) Where a House, a Provincial Assembly, the President or the Governor, as the case may be, considers that, in the public interest, the making of the proposed law in relation to which the question arose should not be postponed until the advice of the Islamic Council is furnished, the law may be made before the advice is furnished: Provided that, where a law is referred for advice to the Islamic Council and the Council advises that the law is repugnant to the Injunctions of Islam, the House or, as the case may be, the Provincial Assembly, the President or the Governor shall reconsider the law so made.

(4) The Islamic Council shall submit its final report within seven years of its appointment, and shall submit an annual interim report. The report, whether interim or final, shall be laid for discussion before both Houses and each Provincial Assembly within six months of its receipt, and Majlis-e-Shoora (Parliament) and the Assembly, after considering the report, shall enact laws in respect thereof within a period of two years of the final report.

Article 231.
The proceedings of the Islamic Council shall be regulated by rules of procedure to be made by the Council with approval of the President.
Appendix III
Deliberations on Popular Communication

Relating complex historical interpretations to laymen is no easy task. Zakat is a multifaceted concept. The present study touches upon a myriad of subjects related to this institution, including philosophical, religious, legal, historical and developmental issues, which renders a comprehensive popular communication method of this study extremely difficult; especially when taken into consideration how little attention Zakat has received throughout history. Even if we were to strictly focus on the problem definition itself, one would nonetheless be tempted to conclude that the topic in question is of such a technical nature that its most interested audiences would be state bodies and the academic milieu. This has been somewhat confirmed by a very flattering offer I have received to have the dissertation expanded and be published as a book. However, as the study reveals, Zakat is not a tax but a religious duty incumbent upon all Muslims. The entire structure is based upon a unique moral framework. Whilst the intellectual community’s desire – Muslim and non-Muslim alike – for information on the institution of Zakat can be satiated by the publishing of books, articles and conducting seminars and conferences, these methods of communication cannot be of much interest to the Muslim masses. If the institution of Zakat is to live up to its potential of mass welfare and poverty alleviation it is imperative that the Muslim audience becomes aware of its religious importance, rules and regulations pertaining to wealth assessment, and the heads of expenditure. Furthermore, it is also important to convey the message that the institution of Zakat will not give the desired results unless it functions in a society, which bases itself on Islamic axioms of morality. In this context, the latter thus requires a retracing of Pakistan’s identity to an Islamic ideology.

The first prerequisite to any popular method of communication is therefore to seek simplification of the issues and to entice the audience to study the subject further. In this regard I have weighed the various options and have come to the conclusion that an interactive website would be the most appropriate means of presentation.

In the thesis I have gone directly to the primary sources and have subordinated the various schools of thoughts to my own analysis and interpretation of the Qur’an and . Furthermore, I have considered a deduction of rules and regulations of Zakat to the historical and social context in which they were institutionalized. My own understanding of the formation of Pakistan’s identity has been an essential part of this entire exercise. Although the amount of content you can post on the internet is almost limitless I would have to be selective. The interactive homepage will hence include the following:

1. A selective historical narrative of the ethical teachings and moral foundations of the Madinan State.
2. An independent presentation of Zakat according to the classical schools of thought in Islam.
3. A presentation of contemporary scholars’ views, including a critical review of the classical schools of thought.

4. A slideshow/video clip with narration on how and on which ideological foundations the nation of Pakistan was established.

5. An online form that immediately calculates Zakat according to the rules and regulations of the school of thought of your selection. Each selection would give a comparative result on the basis of the inputs as to how much you would be deducted in Zakat according to the current laws in Pakistan.

6. Overall poverty situation in each locality on the basis of reports given by the Local Zakat Committees in Pakistan.

7. The website will have a short introductory video with narration that informs the visitor as to the current poverty levels in Pakistan, appealing to their moral consciences to contribute in alleviating poverty. Once the short introduction is over, you gain access to the homepage and the basic menu framework mentioned above. The option of being able to calculate one’s Zakat according to the school of thought of your choice is essentially meant to keep the website objective and not limit its utility to only those who agree with my interpretation. However, as the website aims to provide an overview of the current status of poverty in the locality of your choice in Pakistan, this can actually function as an experiment to promote people to pay Zakat on a self-assessment basis in accordance with their religious preferences, instead of enforcing a particular interpretation at the outset. This could empower them as they would be able to see what the net impact (theoretically) of their Zakat would have on the poverty situation in the locality in which they wish to have it disbursed. The function could be enhanced further to give the user preferences as to spending in e.g. the health sector or in education.

It can be hoped that such an interactive homepage could function as an information portal that could be a catalyst for gaining deeper insight into the functions of the potential of Zakat in alleviating poverty in Pakistan.
Appendix IV
Resume

Zakat er den tredje af de fem grundlæggende søjler i islam. Det er her, det islamiske paradigmets tilbedelse sammenflettes med de socio-økonomiske forholde af samfundet, i en søgen efter at etablere en forbindelse mellem det åndelige og det verdslige. En forpligtelse fastsat af koranen. Profeten Muhammad implementerede Zakat i en omfattende struktur, hvilket inkluderede finansiel støtte af de fattige og trængende, der gjorde dem i stand til at forbedre deres levevilkår og dermed uddyde fattigdom. Efter profetens død begyndte processen og udøvelsen, der bestemte indsamling og distributionen af Zakat, at gennemgå en formaliserende juridisk institutionalisering, som blev koplimeret og ’afsluttet’ af hans efterfølgere.

I og med moderne muslimske stater som Pakistan i stigende grad relaterer spørgsmål omkring deres identitet og udvikling til deres historiske arv og tro, udforsker denne analyse konceptet Zakat. Projektet skildrer endvidere statens rolle i den tidlige islamisk periode for at kunne begrive den kontekst, som institutionen oprindeligt blev etableret under, og dermed få indsigt i Zakat-systemet i Pakistan. Gennem hele denne proces ser vi, hvordan Zakat som institution og koncept udvikler sig.

Konceptuelt er Zakat et finansielt instrument i islam, der tilsigter social sikkerhed og udligner økonomiske uligheder ved at redistribuere et minimum af velstand fra de rige til de fattige. Min undersøgelse viser dog, at institutionen i praksis ikke har leveret de tilsigtede resultater i Pakistan. Der er flere årsager til dette. Man kunne rette fokus mod de tiltrængte forbedringer i de strukturelle mekanismer for indsamling og distribution af Zakat, som staten burde stå for, eller mod de værdigenstande der er undtaget for beskatningen. Jeg argumenterer derimod for, at det vil kræve en større villighed fra staten til at associerere sig med islams idealer, hvis Zakat-institutionen virkelig skal opblomstres. Derfor kommer Pakistans identitet i skarpt fokus, og der konkluderes således, at det i bund og grund er nationens identitet, der er udslagsgivende for, hvilken rolle staten vil have i indsamling og distribution af Zakat i Pakistan.
Appendix V  
Studieforløbsbeskrivelse  
- for Historie (Speciale)

Navn: Syed Irfan Munawar Gilani  
Cpr. Nr.:  
Basisuddannelse: Samfundsvidenskabelig Basisuddannelse

Forudsætninger
Jeg læser på International Udviklingsstudier og Historie. Jeg afsluttede den samfundsvidenskabelige basisuddannelse i sommeren 1999 og har udarbejdet følgende projekter:

Samfundsvidenskabelig Basisuddannelse

1. Semester   Avler Deltagelse Deltagelse?
2. Semester   Fælleskab
3. Semester   Kashmir: Indien – Pakistan konflikten
4. Semester   Politiet – Identitet & Magt

Internationale Udviklingsstudier

1. Modul  
Projekt: Stat og industrialisering i den 3. Verden
2. Modul  
Projekt: Jamaat-e-Islami Pakistan: En sociopolitisk analyse

Specialemodul
Integreteret Speciale: The Institution of Zakat in Pakistan

Historie

1. Modul  
Projekt: Fyrsteopfattelsen i tiden op til reformationen
Faglig Krav: Danmark/Norden i 1500-tallet dvs. ældre tid
Kurser: Breddekursus, Historisk teori og metode, Informationssøgningskursus.
2. Modul

Projekt: Hegemoni i International Relationer og Golfkrisen
Kurser: Verden i det 20. århundrede
Faglig Krav: Europa/Verden i tiden efter 1930 dvs. moderne tid

Specialemodul

Integretert Speciale: The Institution of Zakat in Pakistan
Faglig Krav: Europa/Verden i tiden efter 1930 dvs. moderne tid
Breddeværker: Pakistan in the Twentieth Century: A Political History, Lawrence Ziring, Oxford University Press, Karachi, 2000