

CHAPTER TWO

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THE FUNDAMENTAL AND BASIC PRINCIPLES OF ISLAMIC ECONOMIC SYSTEM

2.1 introduction

Islam is a way of life, in matters, material as well as spiritual. The guidance of Allāh (glory be to Him) extends into all parts of our lives. In economics for example, Islam has given detailed regulations for the Muslims. It is balanced and fair in every aspect. Muslims, however, are to recognize that wealth, earnings, and materials are all the property of the almighty Allāh, and they are only His trustees. In the holy Qur'ān Allāh the Almighty says:

“It is He, Who has made you the vicegerents on the earth, and raised some of you above others in ranks so that He may test you in what He has given you. Indeed your Lord is swift in inflicting punishment; yet He is also very Forgiving and Merciful” (Al-An 'ām (6) 165).

Al-Maudūdī in his comment on this noble verse said, three realities have been stated here:

1. It is a reality that each and every thing in the universe belongs to the almighty Allāh and all human beings are His vicegerents on the earth in the sense that He has entrusted many of His things to them and delegated powers to exploit them.
2. Allāh the almighty has ascribed different ranks to His vicegerents in regard to trusts. He has entrusted some with a large number of His things, while others with a small number and endowed some with a greater capacity for work than others. Likewise there is a difference in the powers He has delegated to them: no, He has even given powers to some human beings over other human beings.

3. Allāh the almighty has made it very clear that this worldly life is merely a test and all the above-mentioned things and powers that have been given as trusts are the means by which man is being tested. An accurate record is being kept of how each one is making use of his trust and how far one is exploiting these things in accordance with the terms of the trust and how one is using his abilities, capabilities, etc. The result of this test will determine man's rank in the Next World (i.e. the Day of Resurrection).²¹

The main aim of the Islamic objectives and principles is to establish a just society wherein everyone will behave responsibly and honestly. Hereunder the fundamental and basic principles of the Islamic Economic System:

2.2 The basic principles of Islamic economy.

Islamic economy is composed of three basic components²²:

a. The principle of ownership;

According to the noble *Qur'ān*, Allāh the almighty is the Master of the heavens and the earth and all that is in them, leaves no alternative for man but to submit to Him.

Allāh says:

“To Allāh belongs all that is in the heavens and all that is on the earth” (*Al-Baqarah*, (2) 284).

“And to Allāh belongs the dominion of the heavens and the earth, and Allāh has power over all things.” (*āl'Imrān*, (3) 189).

²¹ Al-Maudūdī, *The Meaning of the Qur'ān*, Vol. 3, (Lahore: 1971) p. 174.

²² Muhammad Nejātullāh Siddīqī, *Muslim Economic Thinking*, (Robert MacLehose and Co.Ltd. Britain: 1981) pp.4-28; See also Al-Maudūdī, *Economic Problem of Man and Its Islamic Solution*, (Maktaba Jamā 'at-e-Islami Pakistan, Lahore, 1947 and 1955) pp. 45-52; 'Umar Chapra, *The Islamic Welfare State and its Role in the Economy*, (J. M. Dent & Sons (Letchworth) Ltd. Pp. 5- 10.

Islam acknowledges and accepted different forms of ownership, individual ownership, state ownership, and public ownership. But real ownership belongs to the almighty Allāh, man holds property in trust for, which is accountable to Him, in accordance with rules clearly laid down in *Shari'ah*. Therefore, acquisition of property as well as its use and disposal are subject to limits set and should be guided by the norms laid down by Allāh. Absolute ownership of man is a concept alien to Islam, as it belongs to the almighty Allāh alone.²³

b. The principle of economic freedom within a defined limit;

Islam allows individuals, at the economic level, a limited freedom, within the bounds of the spiritual and moral values in which Islam believes by providing the textual stipulation to forbid a group of social and economic activities, which hinder the realization of the ideals and values adopted by Islam, such as *Ribā* (usury), monopoly, etc. And also supervision of the ruler over general activities and the intervention of the state to protect and safeguard public interest through the limitation of freedom of individuals in the actions they perform.

c. The principle of social justice;

The most important attribute in Islamic economy is the principle of social justice. Islam indeed permits difference in wealth within reasonable limit but does not tolerate this difference growing so wide that some people spend their life in luxury and comfort, while the great majority of people are left to lead a life of misery and hunger.

²³ Muhammad Hamīdullāh, *Economic System of Islām*, an Islamic studies (Da'wah Academy, IIU, Islamabad, Pakistan.).

In Islam, economics is considered to be related to ethics and ethics, in turn, is related to religion. Therefore, it is really the Islamic Law (*Shari'ah*) within which what is called Islamic economic social justice must function and find its meaning. *Zakat*, prohibition of *Ribā* (interest), stability on the real value of money, and State responsibility for income distribution are the original tools to carry out social justice in society.

Zakat is one of the most important elements for establishing social justice. The importance of *zakat* can be judged by the fact that it has been included among the pillars of Islam, second only to prayers. The obligatory duty to pay this special tax is emphasized in the holy *Qur'ān*, and the saying of the Prophet Muhammad (peace be on him and his family). Allāh the almighty says:

“It is no virtue that you turn your faces towards the east or west (in prayers), but virtue is that one should sincerely believe in Allāh and the Last Day and the angels and the Book and the Prophet and, out of His love, spend of one's choice wealth for relatives and orphans, for the needy and the wayfarer, for beggars and for the ransom of slaves, and establish ṣalāt and pay Zakāt” (*Al-Baqarah*, (2)177).

Ribā (interest) is forbidden in Islam and people are not allowed to make money by lending their capital on interest. It is therefore probable that they will invest their capital in productive manner, and thereby increase their profits. Allāh the almighty says:

“The interest that you give in order to increase the wealth of the people, does not increase in the sight of Allāh; and the Zakāt that you pay in order to win Allāh's approval, its payers do indeed increase their wealth.” (*Ar-Rūm*, (30) 39).

On self-interest, Islam emphasizes that the success of both the individual and the society depend on a balance between the spiritual and the material needs of man.

According to *Maudūdi* it must sustain a right balance between the needs of the body and of the soul so that its personal interest as well as the welfare of the society might be protected. In addition, this must not be ignored that human progress necessarily depends on the successful coordination of the essential harmony existing between the spiritual and material aspects of life. When the spiritual life is detached from the economic struggle of man, the required dominant balance will be upset. Therefore, the prevalence of such a constructive balance is very crucial to the maintenance of stability in the economic structure.²⁴

2.3 Fundamental principles of Islamic economic system

No doubt that the religion of Islam is a way of life, and Allāh's Guidance extends into all areas of our lives. As mentioned earlier, it is important for every *Muslim* to understand that wealth, earnings, and all the material goods are the property of the Almighty Allāh, and we are only His vicegerents on this earth and trustees on His things.

Allāh the almighty says:

“ . There are some who say: “Our Lord! Give us (Your Bounties) in this world!” and for such there will be no portion in the Hereafter. And of them there are some who say: “ Our Lord! Give us in this world that which is good and in the Hereafter that which is good, and save us from the torment of the fire!” Such people shall have their due share (in both the worlds) according to what they earn. And Allāh is swift at settling account.” (Al-Baqarah, (2) 200-202).

²⁴ Abul A'la Maududi, *Economic Problem of Man and Its Islamic Solution*, (Maktabah Jamā 'at-e-Islami Pakistan, Lahore, 1947 and 1955) pp. 45-52. And also See 'Umar Chapra, *The Islamic Welfare State and its Role in the Economy*, (J. M. Dent & Sons (Letchworth) Ltd. Pp. 5- 10.

“And also do not forget your share from this world; and do good to others as Allāh has done good to you..” (*Al-Qaṣaṣ* (28) 77).

“Allāh is He Who has created the heavens and the earth and sends down rain from the sky, and thereby brought forth fruits as provision for you; and He has made the ships to be of service to you, that they may sail through the sea by His Command; and He has made rivers (also) to be of service to you. And He has made the sun and the moon, both constantly pursuing their courses, to be of service to you; and He has made the night and the day, to be of service to you. And He gave you all that you asked for, and if you count the Blessings of Allāh, never will you be able to count them. Verily, man is indeed an extreme wrong-doer.” (*Ibrāhīm*, (14) 32-34).

“And indeed We have honoured the children of Adam, and We have carried them on land and sea, and have provided them with lawful good things, and have preferred above many of those whom We have created with a marked preferment.” (*Al-Isrā*, (17) 70).

“...it may not become a fortune used by the rich among you..” (*Al-Hashr*, (59) 7).

Islam has provided a complete guidance to its followers in all phases and activities of life. The noble *Qur'ān* has mentioned and explained the basic teaching of the Islamic economic system and its policy in the most unequivocal terms. The constant progress of the human livelihood by the domination and exploitation of all the things that Allāh has created and made it to be of service to them is obvious to everyone. However, if one compares human to the rest of animals one sees that they (the animals) have changed nothing in their livelihood ever since Allāh the Almighty has created them.

Allāh the creator says in the holy *Qur'ān*:

“Verily, We have created man from a drop of mixed sperm, in order to try him: so We gave him (the gifts) of Hearing and Sight. We showed him the way: whether he be grateful or ungrateful.” (*Al-Insān*, (76) 2-3).

Therefore, it was necessary for every progressive civilization to impose certain duties on its members, and to recommend certain good deeds so that the society at large will benefit and prosper, because the main objectives of Islam is the well being and welfare of the society. On this fundamental principle the economic system of Islam has been constructed. The rich who are the minority in the society have to pay *zakat* (i.e. obligatory charity) in the interest of the poor majority, and they (the rich) prevented from practicing immoral means of exploitation, hoarding and accumulation of wealth through unlawful way. There is no doubt as mentioned earlier that the main objective of Islam in its principles is to establish a just society wherein everyone will behave responsibly and honestly. Hereunder, are the fundamental principles of the Islamic economic system:

2.3.1 Payment of *Zakāt*²⁵ (obligatory charity)

Zakāt is the third pillar of Islam. Every *Muslim* or *muslimah* who owns wealth more than a certain amount to meet his or her needs must pay this obligatory charity to the poor and needy among the *muslims*, so that the gap between rich and those in need will be narrowed, and to make sure that the basic needs of everyone's are met, thus, the society will live in harmony and peace, and the chances of social disorder will be reduced.²⁶ In this regard Allāh the almighty says:

“Truly those who believe, and do deeds of righteousness, and perform prayers (*ṣalāt*), and give *Zakāt*, they will have their reward with their Lord. On them shall be no fear, nor shall they grieve.” (Al-*Baqarah*, (2) 277).

“And they were commanded not, but that they should worship Allāh, and worship none but Him Alone, and perform *ṣalāt* and give *Zakāt*, and that is the right religion.” (Al-*Bayyinah*, (98) 5).

Narrated by *Ibn ‘Umar* (May Allāh be pleased with them) that Allāh's Messenger (pbuh) said:

Islam is based on five (pillars): (1) Non has the right to be worshipped but Allah, and Muhammad is the Messenger of Allah. (2) To offer the prayers (*ṣalāt*) dutifully and perfectly. (3)

²⁵ Muhammad Abdul Mannan, *The Making of Islamic Economic Society*, (International Association of Islamic Banks, Cairo, Egypt, and International institute for Islamic Banking and Economics, Turkish Federated State of Kibris, (Turkish Cyprus) 1984) pp. 334-345; See also Muḥammad Nejātullāh Siddīqī, *Some Aspect of the Islamic Economy*, (Islamic Publications LTD. Lahore, Pakistan: 1970) pp. 123-125. Abul A'la Maududi, *Economic Problem of Man and Its Islamic Solution*, (Maktaba Jamā 'at-e-Islami Pakistan, Lahore, 1947 and 1955) pp. 53-57. Dr. Muḥammad Munzir Qahf, *Al-Iqtisād al-Islāmī*, (Dar al-Qalam, Kuwait, 1979) pp. 128-149. Al-Nawawī, *Riyāḍ al-Ṣāliḥīn*, (Jeddah: 1990) pp. 415-419. Al-Imām Ahmad, *Al-Musnad*, (Cairo: 1950) pp. 3064-3682.

²⁶ al-Imām Ibn Rushd al-Qurṭubī, *Bidāyah al-Mujtahid Wa Nihāyah al-Muqtaṣid*, (*Kitāb al-Zakāt*) Vol.2, (Beirut, Lebanon: 1995) pp. 481-545; See also. al-Ghazālī, *Ihyā' ulūm-al-Dīn*. (*Kitāb asrār al-Zakāt*) Vol.1. (Beirut: Al-Maktabah al- 'Aṣriah. 2000). Pp. 291-321.

To pay *Zakāt* (4) to perform pilgrimage to *Makkah*. (5) To observe fasts during the month of *Ramaḍān*.²⁷

Narrated by *Ibn 'Abbās* (May Allāh be pleased with them)
The prophet (peace be on him and his family) sent *Mu 'ādh*
(May Allah be pleased with him) to *Yemen* and said:

“Invite the people to testify that non has the right to be worship but Allah, and I am Allāh’s Messenger, and if they obey you to do so, then inform them that Allāh has enjoined on them five *ṣalāt* (prayers) in every day and night, and if they obey you to do so, then inform them that Allah has made it obligatory to pay the *ṣadaqāt* (*Zakāt*) from their properties and is to be taken from wealthy among them and given to the poor among them.”²⁸

Narrated by *Abū Hurairah* (may Allāh be pleased with him):
Allā’s Messenger (peace be on him and his family) said:

“ Whoever is made wealthy by Allāh and does not pay *Zakāt* of his wealth, then on the Day of Resurrection his wealth will be made like a bald-headed poisonous male snake with two black spots over the eyes (or two poisonous glands in its mouth). The snake will encircle his neck and bite his cheeks and say, ‘ I am your wealth, I am your treasure.’ “Then the Prophet (peace be on him) recited the holy Verse:“And let not those who covetously withhold of that which Allāh has bestowed on them of His Bounty (wealth) think that it is good for them (and so they do not pay the obligatory *Zakāt*). Nay, it will be worse for them; the things, which they covetously withheld, shall be tied to their necks like a collar on the Day of Resurrection. And to Allāh belongs the heritage of the heavens and the earth; and Allāh is Well-Acquainted with all that you do.”
(*āl-Imrān*, (3) 180).²⁹

²⁷ *Ṣaḥīḥ al-Bukhārī*, Vol. 1, (The Book of Belief, (i.e. Faith) Ḥadīth number 7).

²⁸ *Al-Bukhārī*, Vol. 2, (The Book of Zakāt, Ḥadīth number 478). See Also *Al-Shawkānī*, *Naile Al-Awṭār*, Vol. 3, (Kitāb al- Zakāt) Cairo, Dār al-Turāth, pp. 114-179.

²⁹ *Al-Bukhārī*, Vol. 2, (The Book of Zakāt, Ḥadīth number 486).

Narrated by *Abū Aiyūb* (May Allāh be pleased with him):

A man said to the Prophet (peace be on him) “ Tell me of such a deed as will make me enter Paradise.” The prophet said:
“ What is the matter with him? What is the matter with him?”
The prophet (peace be on him) said:
(In order to enter Paradise) you should worship Allah and do not ascribe any partners to him, offer prayer perfectly, pay the Zakāt and keep good relations with your kith and kin.”³⁰

Narrated by *Jarīr b. ‘Abd Allāh* (May Allāh be Pleased with him):

I gave the pledge of allegiance to the prophet (peace be on him) for offering prayer perfectly, giving *Zakāt* and giving good advice to every Muslim.³¹

a. Essential elements of *Zakāt*

Zakāt (the obligatory charity) has two essential elements and they are:

(1) Spiritual aspects. (2) Material aspects.³²

The spiritual aspects is referred to what Allāh the almighty said in the holy *Qur’ān*:

“Take (O *Muhammad*) *ṣadaqah* (*Zakāt*) from their wealth in order to purify them and sanctify them with it, and invoke Allah for them. Verily! Your invocations are a source of security for them; and Allah is All- Hearer, All- Knower.”
(*At-Taubah*, (9) 103).

“Who is he that will lend to Allāh a goodly loan so that He may multiply it to him many times? And it is Allah that decreases or increases (your provisions), and unto Him you shall return.”
(*Al Baqarah*, (2) 245).

³⁰ *Al-Bukhārī*, Vol. 2, The Book of Zakāt, (Ḥadīth number 479), See also on Zakāt Al-Imām al-Nawawī, *Riyāḍ al-Ṣālihīn*, (Dār al-Qiblah, Jeddah, 1999) PP.415-419.

³¹ *Al-Bukhārī*, Vol. 2, The Book of Zakāt, (Ḥadīth number 484).

³² Al-Imam al-Ghazālī, *Iḥyā’ Ulūm-al-Dīn*, Vol. 1, al-Maktabah al-‘Aṣriyah, ṣaidah, Beirut, (2000, pp. 293-322).

“If you lend Allāh a goodly loan (i.e. spend in Allāh’s Cause), He will double it for you, and will forgive you. And Allah is Most ready to appreciate and to reward, Most forbearing”.
(*At- Taghābun*, (64) 17).

Paying a certain fixed proportion of the wealth of the each and every kind of the property liable to *Zakāʾ* for the benefit of the poor in the *Muslim* community is a cleansing process for the wealth and its owner. Allāh the almighty not only promises reward in the Day of Resurrection, but also to bless the business of the person who pay *Zakāʾ* seeking Allāh’s Countenance, so that it becomes more profitable. Allāh the almighty says in this regard:

“.. but that which you give in *Zakāʾ* seeking Allāh’s Countenance, those, they shall have manifold increase.”
(*Ar-Rūm*, (30) 39).

As for material aspect, *Zakāʾ* is the major economic means for establishing social justice and leading the *Muslim* society to prosperity and security. Because the share of the poor and needy in the wealth of the wealthy is been granted by Islam.³³

b. Types of *Zakāʾ*

1. Financial

Zakāʾ on monies and merchandise at rate of 2.5% of the amount owned continuously for one year provided its reaches the *niṣāb*.

What is *Niṣāb*? *Niṣāb* is the minimum amount of property liable to payment of the *Zakāʾ* e.g. *Niṣāb* of gold is twenty (20) *Mithqāl* i.e. approximately 94 grams; *Niṣāb* of silver is

³³ Muhammad Nejātullāh Siddiqī, *Some Aspect of the Islamic Economy*, (Islamic Publications LTD. Lahore, Pakistan: 1970) pp. 123-125. See also ‘Umar Chapra, *The Islamic Welfare State and its Role in the Economy*, (J. M. Dent & Sons (Letchworth) Ltd. Pp. 21-25.

two hundred (200) *dirhams*, i.e. approximately 640 grams, *Niṣāb* of food-grains and fruit is (5) *Awsuq* i.e. 673.5 kgms. *Niṣāb* of camels is (5) camels and above; *Niṣāb* of cows is (5) cows and above; and *Niṣāb* of sheep is (40) sheep and above.³⁴

Allāh the almighty says:

“And those who hoard up gold and silver (Al-Kanz: the money, the *Zakāʾ* of which has not been paid) and spend them not in the way of Allāh, announce unto them a painful torment. On the Day when that (Al-Kanz: money, gold and silver the *Zakāʾ* of which has not been paid) will be heated in the fire of Hell and with it will be branded their foreheads, their flanks, and their backs, (and it will be said unto them): “This is the treasure which you hoarded for yourselves. Now taste of what you used to hoard.” (*At-Taubah*, (9) 34-35).

Abū Saʿīd al-Khudrī reported that the Apostle of Allāh (peace be on him) said:

There is no *Zakāʾ* on anything less than five *ūqiyahs*.
(200 *dirhams*, one *dirham* equals 3 $\frac{1}{5}$ grams of silver).³⁵

Grazing Animals (i.e. Camels, Cows, Sheep or Goats)

Zakāʾ is fixed numbers of animals according to the total number owned. And it may be paid in kind. Narrated by *Anas* (may Allāh be pleased with him): *Abū Bakr Al-ṣiddīq* (May Allāh be pleased with him)

wrote to me what Allāh had instructed His Messenger (peace be on him) to do regarding the one who had to pay one year old she-camel as *Zakāʾ*, and he did not have it but had two year old she-camel, it could be accepted from him as *Zakāʾ*, and the collector of *Zakāʾ* would return him twenty *dirhams* or two sheep; and if the *Zakāʾ* payer had not one year old she-camel,

³⁴ al-Jazāʾiri, *Minhaj al-Muslim*, (Al-Madīnah al-Munawwarah: 1976) pp.250-255. Ibn Rushd, *Bidāyah al-Mujtahid Wa Nihāyat al-Muqtasid*, Vol. 2, (Beirut : 1995) pp. 482-554.

³⁵ *Muwattʿa Al-Imām Mālik*, Book of Zakāt, Vol. 5, Chapter (170), When Zakāt is due, (Ḥadīth number 643), (Tr.) Muhammad Rahīmuddin. Sh. Muhammad Ashraf, Publishers, Lahore, Pkistan, (1985).

but he had a two year old he-camel then it could be accepted as his *Zakāt*, but he would not be paid anything.)³⁶

Narrated by *Abū Sa'īd Al-Khudrī* (May Allāh be pleased with him):

A *bedouin* asked Allāh's Messenger (peace be on him) about the emigration. The Prophet (peace be on him) said, "May Allāh have mercy on you! The matter of emigration is very hard. Have you got camels? Do you pay their *Zakāt*?" The *bedouin* said, "Yes, I have camels and I pay their *Zakāt*." The Prophet (peace be on him) said, Work beyond the seas and Allah will not decrease any of your good deeds."³⁷

"O you who believe! Spend of the good things, which you have (legally) earned" (*Al-Baqarah*, (2) 267).

2. Agricultural

Fruit, (Dates, Olive and Grapes).

Grains, (Wheat, Barley, Corn, etc.).

Allāh glory be to Him says:

"And it is He Who produces gardens trellised and untrellised, and date palm and crops of different shape and taste and olives, and pomegranates, similar (in kind) and different (in taste). Eat their fruit when they ripen, but pay the due thereof (its satchel, according to Allāh's orders) on the day of its harvest" (*Al-An'ām*, (6) 141).

Narrated by *Abd Allāh b. 'umar* (May Allāh be pleased with them): The prophet (peace be on him) said:

"On a land irrigated by rain water or by natural water channels or if the land is wet due to a nearby water channel one-tenth is

³⁶ *Al-Bukhārī*, Vol. 2, (Kitāb al- Zakāt, Ḥadīth number 528).

³⁷ *Al-Bukhārī*, Vol. 2, (Kitāb al- Zakāt, Ḥadīth number 532).

compulsory (as Zakāt); and on the land irrigated by the well, half of one-tenth (as Zakāt on the yield of the land)".³⁸

c. Vegetables Exempt from Zakāt

Al-Imām Mālik said: There is no difference of opinion on the practice not levying any Zakāt on fruits or on vegetables.³⁹ Allāh glory be to Him says:

"O you who believe! Spend of the good things, which you have (legally) earned, and of that which We have produced from the earth for you" (*Al-Baqarah*, (2) 267).

d. To whom Zakāt funds to be paid? (those who are entitled to receive it)

The answer is in the saying of Allāh the almighty in the following verses of the Holy

Qur'ān: Allāh the almighty says:

"Verily the *ṣadaqāt* (here it means *Zakāt*, the obligatory charity) are only for the needy, and the poor and those employed to collect (the funds), and to attract the hearts of those who have been inclined (towards Islam), and to free the captives, and for those in debt, and for Allāh's Cause, and for the wayfarer; a duty imposed by Allāh. And Allāh is All-Knower, All-Wise." (*At-Taubah*, (9) 60).

In this noble verses, the holy *Qur'ān* has prescribed principles regulating the expenditure of an Islamic state. However, those who deserved to be given *Zakāt* as mentioned here are: (1) Poor (*fuqarā'*) (2) Needy (*masākīn*).

³⁸ *Al-Bukhārī*, Vol. 2, (Kitāb al-Zakāt, Ḥadīth number 560).

³⁹ *Al-Kandahlawī, Aujaz al-Masālik ilā Muwaṭṭa' Mālik*, Vol. 6. (Beirut: 1999) pp.35-176. See also *Muwaṭṭa' al-Imām Mālik*, Vol. 5, Book of Zakāt.

Narrated by *Abū Hurairah* (Allāh be pleased with him): Allāh's Messenger (peace be on him) said:

“ *Al-Miskīn* is not the one who goes round the people and ask them for a mouthful or two (of meals) or a date or two, but *Al-Miskīn* is that who has not enough (money) to satisfy his needs and whose condition is not known to other, that others may give him something in charity, and who does not beg of people.”⁴⁰

(3) Those employed to collect the *Zakā* funds (4) those who have been inclined towards Islām. As to those whose hearts are to be won, according to *Abī Al-Hassan Al-māwardī*, they are of four kinds:

1. Those whose hearts are to be won for their coming to the aid of the *Muslims*;
2. or for abstaining from doing harm to *Muslims*;
3. for inviting them to embrace Islam;
4. for inviting through them their clans and families to embrace Islam.⁴¹

(5) Those in captive (6) Those in debt (7) Those struggling for Allah's Cause (8) Those stranded on the way.

According to *yūsuf 'Alī* in his explanation for the above verses, “Besides the ordinary indigent, there are certain classes of people whose need is great and should be relieved. Those mentioned here are:

⁴⁰ *Al-Bukhārī*, Vol. 2, (Kitāb al-Zakāt, Chapter “They do not beg of people at all” Ḥadīth number 554).

⁴¹ *Al-Māwardī, al-Aḥkām al-Sulṭāniyah*, Chapter: 11, (Cairo: 1973) pp. 113-125.

- 1- Men who have been weaned from hostility to truth, who would probably be persecuted by their former associates and require assistance until they establish new connection in their new environment;
- 2- those in bondage, literally and figuratively; captive of war must be redeemed; slaves should be helped to freedom; those in the bondage of ignorance or superstition or unfavourable environment should be helped to freedom to develop their own gifts;
- 3- those who are held in the grip of debt should be helped to economic freedom;
- 4- those who are struggling and striving in Allāh's Cause, by teaching or fighting or in duties assigned to them by the righteous *Imām* (leader), who are thus unable to earn their ordinary living;
- 5- strangers stranded on the way.

“In the Cause of Allāh” (in fact applies to all kinds of charitable works, such as building of mosques, helping students, etc.).

All these mentioned have a claim to charity in this expenditure. They should be relieved by individual or organized effort, but in a responsible way.⁴²

According to *Muhammad Hamidullāh*, “and for the wayfarer”, this last category concerns communications and tourist traffic in a wide sense: construction of bridges, roads, hotels, restaurants, security of routes (police included) hygienic arrangements, transport of travelers, and every comfort provided to aliens in the course of their journeying,

⁴² Yūsuf Ali, *The Holy Qur'ān*, Text, Tr. And Commentary, Vol. 1, (Lahore: 1988) p. 458.

including extending of hospitality to them without charge and in proportion to the means available.⁴³

Welfare of the Muslims by eradicating poverty is the main objectives of the *Sharī'ah* (Islamic law), in order to achieve this goal, every Islamic state need to have an organized *Zakāt* collection system supervised by a trust honest *Zakāt* authority in order to oversee the appropriate disbursement of the *Zakāt* funds, and to ensure that money is spent transparently in the way the *Sharī'ah* specifies. Thus whatever leads to the welfare of the individual or the society is morally good in Islam and whatever is injurious is morally bad. Allāh the almighty says:

“Truly, We did offer *Al-Amānah* (the trust or moral responsibility or honesty and all the duties which Allāh has ordained) to the heavens and the earth, and the mountains, but they declined to bear it and were afraid of it (i.e. afraid of Allāh's Torment). But man bore it. Verily, he was unjust (to him self) and ignorant.” (Of its result) (*Al-Ahzāb* (33) 72).

“And those who keep their trusts and covenant. And those who stand firm in their testimonies. And those who guard their ṣalāt (prayers) well. Such shall dwell in the Gardens (i.e. paradise), honoured.” (*Al-Ma ' ārij* (70) 33-35).

2.3.2 *Zakāt-al-Fiṭr*: *Zakāt-al-Fiṭr* is a compulsory charity to be paid or given at the end of the month of fasting (*Ramaḍān*) to the poor and needy among the *Muslims* before the 'Eid prayer.⁴⁴

⁴³ Muhammad Hamīdullāh, *Economic System Of Islam*, P. 8, IIU, Islamabad, Pakistan,

⁴⁴ Ibn Rushd, *Bidāyah al Muḥtahid wa Nihāyah al Muḥtaṣid*, Vol.2, (Libanon: 1995) pp.482-554; See also al-Ghazālī , *Ihyā' ulūm-al-Dīn*. Vol.1. (Kitāb asrār al- Zakāt) (Ṣaidah. Beirut: Al-Maktabah al- 'Aṣriyah. 2000). P. 296. al-Jazā'iri, *Minhāj-al-Muslim*, (al-Madīnah al- Munawwarah: 1976) pp.248-260. *Hāshiyat al-Dusūqī*, Vol. 2, (Beirut: 1996) pp.119-127. Al-Shawkānī, *Nayl al- Auṭār*, Vol. 3, (Cairo) pp. 114-179. Ibn Ḥajar al 'Asqalānī, *Bulūgh al-Marām*, (Cairo. A.H. 1351) pp. 69-75. Ibn Qayyim al- Jawziyyah, *Zād al-Ma ' ād*, Vol. 2, (Beirut: 1992) pp.5-22.

2.3.3 The wisdom of *Zakāt al-Fiṭr*

1- To purify the person who fast during the month of *Ramaḍān* from the remains of any minor sins.

2- To bring joy and happiness to every Muslim household on the occasion of '*Eid -al-Fiṭr*', particularly poor and needy.⁴⁵

Narrated by *Ibn 'Umar* (May Allāh be pleased with them) Allāh's Messenger (peace be on him):

“enjoined the payment of one *ṣā'* of dates or one *ṣā'* of barley as *Zakāt-ul-Fiṭr* on every Muslim slave or free, male or female, young or old, and he ordered that it paid before the people went out to offer the '*Eid* prayer. (One *ṣā'* = 3 kilograms approximately).⁴⁶

Narrated by *Abū Sa'īd Al-Khudrī* (May Allāh be pleased with him): In the lifetime of Allāh's Messenger (peace be on him),

we used to give one *ṣā'* of food as *ṣadaqat-al-Fiṭr* (to the poor) Our food used to be either of barley, raisings (dried grape), dried yoghurt or cottage cheese, and dates.⁴⁷

⁴⁵ *Ibid.*

⁴⁶ *Al-Bukhārī*, Vol.2, (Kitāb al-Zakāt, Chapters: About *ṣadaqat al-Fiṭr*, Ḥadīth number 579)

⁴⁷ *Al-Bukhārī*, Vol. 2, (Ḥadīth number 582).

2.4 Spending in charity is highly encouraged in Islam

In Islam unlimited praise has been bestowed on those who do deeds of righteousness and come to the aid of others, in fact the best of men are those who make a sacrifice and prefer others to their own selves, and the best example on this are the *Anṣār* of *Al-Madīnah al-Munawwarah* who present an excellent example of the real brotherhood towards the *Muhājirīn* from *Makkah*. Let us read what the almighty Allāh says about them:

“And those who, before them, had home (in *Al-Madīnah*) and had adopted the Faith, love those who emigrate to them, and have no jealousy in their breasts for that which they have been given, and give them preference over themselves even though they were in need of that. And whosoever is saved from his own covetousness, such are they who will be the successful.”
(*Al-Hashr* (59) 9).

The noble verse of the Holy *Qur'ān* here refers to the people of *Madīnah* the *Anṣār* who accepted Islam when it was persecuted in *Makkah*, and invited the Prophet *Muhammad* (pbuh) to join them and become their leader in *Madīnah*. The *Anṣār* were an excellent example of brotherhood, when the confiscated land and property of the *Banū Naḍhīr* was divided, and the major portion was assigned to the *Muhājirīn* (those who left their homes and property in *Makkah* in order to assist the Prophet (pbuh) in his migration to *Madīnah*),

there was not the least jealousy on the part of *Anṣār*, rather, they rejoiced in the good fortune of their brethren.⁴⁸ Allāh says:

“The believers are nothing else than brothers.”
(*Al-Hujurāt* (49) 10).

“The likeness of those who spend their wealth in the way of Allāh, is as the likeness of a grain (of corn); it grows seven ears, and each ear has a hundred grains. Allāh gives manifold increase to whom He wills. And Allāh is all-Sufficient for His creatures’ needs, All-Knower.” (*Al-Baqarah* (2) 261).

“If you practice charity publicly, it is good; but if you give charity secretly to the needy, it is much better for you, for this will do away many of your sins. Any way Allāh is well aware of whatever you do.” (*Al-Baqarah* (2) 271).

“Those who spend their wealth (in Allāh’s Cause) by night and day, in secret and in public, they shall have their reward with their Lord. On them shall be no fear, nor shall they grieve.”
(*Al-Baqarah* (2) 274).

“Those who are miserly and enjoin miserliness on other men and hide what Allāh has bestowed upon them of His Bounties. And We have prepared for the disbelievers a disgraceful torment.” (*An-Nisā’* (4) 37).

“As for him who gives (in charity) and keeps his duty to Allāh and fears Him. And believes in *Al-Husnā* (The Best) We will make smooth for him the path of ease (goodness). But he who is greedy miser and thinks himself self-sufficient. And belies *Al-Husnā*. We will make smooth for him the path for evil. And what his wealth avail him when he goes down (in destruction).”
(*Al-Lail* (92) 5-11).

⁴⁸ al-Imām al-Fakhr al Rāzī, *Tafsīr al-Kabīr*, Vol.29, (Maydān al-Azhar, Cairo, n.d.) PP.286-288, See also, Al-Qurṭubī, *Al-Jāmi’ li-Ahkām al Qur’ān*, PP.20-33. Al- Imām Ismā’īl Ibn Kathīr, *Tafsīr al Qur’ān* - al ‘Azīm Vol. 4, (Maktabat Dār al-Faiḥā’ Beirut 1992) PP. 355-359. Abū bakr al-Jazā’iri, *Aisar al-Tafāsīr*, Vol. 5. (al-madīnah al-Munawwarah:1994) pp.307-310. See also, Yūsuf Ali, Text, Tr. And Commentary, *The Holy Qur’ān*, Vol.2, pp. 1523-1524.

The term *Al-Husnā* in this *Sūrah* means a reward from Allāh (i.e. Allāh will compensate him for what he will spend in Allāh's Way or bless him with Paradise).⁴⁹

Narrated by *Abū Hurairah* (may Allāh be pleased with him):
The Prophet (peace be on him) said:

“Everyday two angels come down from heaven and one of them says, ‘O Allāh! Compensate every person who spends in Your Cause,’ and the other (angel) says, ‘O Allāh! Destroy every miser.’”⁵⁰

“Your wealth and your children are only a trial, whereas Allāh! With Him is a great reward (Paradise). So keep your duty to Allāh and fear Him as much as you can; listen and obey, and spend in charity; that is better for yourselves, and whosoever is saved from his own covetousness, then they are successful ones” (*At-Taghābun* (64) 15-16).

Narrated by *Abū Mūsa* (may Allāh be pleased with him):
The Prophet (peace be on him) said:

“ Every Muslim has to give in charity,” The people asked, “O Allāh's Prophet! If someone has nothing to give, what will he do?” He said, “ He should work with his hands and benefit himself and also give in charity (from what he earns).” The people further asked, “ If he cannot do even that?” He replied, “ He should help the needy who appeal for help,” Then the people asked, “ If he cannot do that?” He replied, “ Then he should perform all that is good and keep away from all that is evil and this will be regarded as charitable deeds.”⁵¹

Narrated by *Abū Hurairah* (Allāh be pleased with him)
The Prophet (Peace be on him) said:

“ Seven people will be shaded by Allāh under His shade on the Day (i.e. the Day of Resurrection) when there will be no shade except His. They are: (1) a just ruler; (2) a young man who has

⁴⁹ Abū bakr al-Jzā'iri, Aisar al-Tafāsīr, (Al-Madīnah al-Munawwarah : 1994) pp.580-581.

⁵⁰ *Al-Bukhārī*, Vol. 2, (Kitāb al-Zakāt, Ḥadīth number 522).

⁵¹ *Al-Bukhārī*, Vol.2, (Kitāb al-Zakāt, Chapter Every Muslim has to give in charity) Ḥadīth number 524

been brought up in the worship of Allāh; (3) a man whose heart is attached to the mosque; (4) two persons who love each other only for Allāh's sake and they meet and part in Allāh's cause only; (5) a man who refuses the call of a charming woman of noble birth for an illegal sexual intercourse with her and says: I am afraid of Allāh; (6) a person who practices charity so secretly his left hand does not know what his right hand has given (i.e. nobody knows how much he has given in charity; (7) a person who remembers Allāh in seclusion and his eyes get flooded with tears.”⁵²

There is no harm in performing the obligatory duties such as the obligatory charity (*Zakāt*), and five times daily obligatory prayers (*ṣalawāt*) openly. But is much better to perform voluntary duties secretly, because that will help to form the character of a person by doing righteous deeds sincerely for the sake of Allāh only. And also it will develops virtues in him and eradicates vices. In regard to this, Allāh glory be to Him says:

“He is the Ever Living, none has the right to be worshipped but He; so invoke Him making your worship pure for Him Alone (by worshiping Him Alone, and none else, and doing righteous deeds sincerely for Allāh's sake only, and not to show off, and not setting up rivals with Him in worship). All the praises and thanks be to Allāh, the Lord of the mankind, *jinn*, and all that exists” (*Ghāfir* (40) 65).

“Those who spend their wealth in the Cause of Allāh, and do not follow up their gifts with reminders of their generosity or with injury, their reward is with their Lord. On them shall be no fear, nor shall they grieve.” (*Al-Baqarah* (2) 262).

“Kind words and forgiving of faults are better than charity followed by injury. And allāh is rich (Free of all needs) and He is Most-Forbearing” (*Al-Baqarah* (2) 263).

⁵² *Al-Bukhārī*, Vol.2, Kitāb al-Zakāt, (Chapter To give objects of charity with the right hand) (No. 504)

“O you who believe! Do not render in vain your charity by reminders of your generosity or by injury, like him who spends his wealth to be seen of men, and he does not believe in Allāh, nor in the Last Day. His likeness is the likeness of a smooth rock on which is a little dust; on it falls heavy rain which leaves it bare. They are not able to do anything with what they have earned. And Allāh does not guide the disbelieving people”(*Al-Baqarah* (2) 264).

“And the likeness of those who spend their wealth seeking Allāh’s Pleasure while they in their own selves are sure and certain that Allāh will reward them (for their spending in His Cause), is the likeness of a garden on a height; heavy rain falls on it and it doubles its yield of harvest. And if it does not receive heavy rain, light rain suffices it: whatever you do is in the sight of Allāh” (*Al-Baqarah* (2) 265).

“O you who believe! Spend of the good things which you have (legally) earned, and of that which We have produced from the earth for you, and do not aim at that which is bad to spend from it, (though) you would not accept it save if you close your eyes and tolerate herein. And know that Allāh is Rich (Free of all needs), and Worthy of all praise” (*Al-Baqarah* (2) 267).

2.4.1 Charity from the economic point of view

In regard to this *Maudūdi* said: “If the rich people of a society spend money in buying their own necessities of life and those of their dependants and distribute a part of their wealth among the needy to enable them to buy their necessities of life, or if they lend it to businessmen without interest or invest it in business on the basis of partnership or lend it without interest to their government for national service, then obviously, commerce, industry, agriculture etc., will thrive to a very high standard. The standard of national prosperity will rise higher and higher and the production of its wealth will become larger as compared with the country where interest is lawful.”⁵³

⁵³ Maudūdi, *The meaning of the Qur’ān*, Vol. 1 , (Lahore: 1967) p.204.

2.5 Extravagance and waste of wealth are discouraged in Islam

Extravagance and waste of the wealth are forbidden in Islam. Every Muslim when he spends should be responsible in his spending and be moderate. In connection to this Allāh the almighty says:

“And those who, when they spend, are neither extravagant nor niggardly, but hold a medium (way) between those (extremes).”
(*Al-Furqān* (25) 67).

“And give to the kinsman his due and to the poor and to the wayfarer. But spend not wastefully (your wealth) in the manner of a spendthrift.” (*Al-Isrā'* (17) 26).

“Verily, the spendthrifts are brothers of the devils, and the Devil is ever ungrateful to his Lord.” (*Al-Isrā'* (17) 27).

“And let not your hand be tied (like a miser) to your neck, nor stretch it forth to its utmost reach (like spendthrift), so that you become blameworthy and in severe poverty.”
(*Al-Isrā'* (17) 29).

“O Children of Adam! Take your adornment while praying and eat and drink but waste not by extravagance, certainly Allāh likes not those who waste by extravagance.”
(*Al-A'raf*, (7) 31).

Narrated by 'A' *'isha* (May Allāh be pleased with her and her father):

“The prophet (peace be on him) died when we had satisfied our hunger with two black things, i.e. dates and water.”⁵⁴

“The family of *Muhammad* (peace be on him) had not eaten wheat bread to their satisfaction for three consecutive days since his arrival at *Al-Madīnah* till he died.”⁵⁵

⁵⁴ *Al-Bukhārī*, Vol. 7. (The Book of Foods. (Chapter: Whoever ate till he was satisfied), Ḥadīth number 295).

⁵⁵ *Ibid.* Ḥadīth number 327).

Narrated by (*Nāfi*): *Ibn 'Umar* (May Allāh be pleased with them) never used to take his meal unless a poor man was called to eat with him. One day I brought a poor man to eat with him, the man ate too much, whereupon *Ibn 'Umar* said to servant, “Don’t let this man enter my house, for I heard the Prophet (peace be on him) saying:

“ A believer eats in one intestine (is satisfied with a little food), and a *Kāfir* (disbeliever) eats in seven intestines (eat much food)”⁵⁶.

Narrated by *Abū Hurairah* (Allāh be pleased with him)
Allāh’s Messenger (peace be on him and his family) said:

“ The food for two persons is sufficient for three, and the food for three persons is sufficient for four person.”⁵⁷

It is clear from the above text that extravagance is a waste of Allāh’s gifts, therefore, those who misuse or squander Allāh’s gifts are the brothers of the evil ones who are ungrateful to Allāh. Therefore. A Muslim should be moderate in his or her spending by restriction themselves to their basic needs only and think always of helping those who are in need among the society. Thus, they will be successful in this world and the Hereafter.

⁵⁶ *Al-Bukhārī*, Vol. 7. (The Book of Foods. Chapter: A believer eats in one intestine), Ḥadīth number 305).

⁵⁷ *Ibid.* (Chapter: The food of one person is sufficient for two persons), Ḥadīth number 304).

2.6 Inheritance (AL-Farā' id)

Inheritance is the entry of living persons into possession of dead person's property and exists in some form wherever the institution of private property is recognized as the basis of the social and economic system.⁵⁸ However, the Law of inheritance in Islam is based upon five main considerations:

1. To break up the concentration of wealth in individual and spread it out in society,
2. to respect the property right of ownership of an individual earned through honest means,
3. to hammer in the consciousness of man the fact that man not the absolute master of wealth he produces but he is its trustee and is not, therefore, authorized to pass it on to others as he likes,
4. to consolidate the family system which is the social unit of an Islamic society,
5. To give incentive to work and encourage economic activity as sanctioned by Islam⁵⁹.

⁵⁸ Ibn Qudāmah, *Al-Mughnī*, Vol. 9, *Kitāb Al-Farā'id* (Cairo: 1989) pp. 5- 213. See also al-Imām al-Shāfi'i, *Kitāb Al-'Umm*, Vol. 4. *Kitāb Al-Farā'id*. (Beirut: 2000) pp. 427-481. *Muslim, Ṣaḥīḥ Muslim*, (tr.) Abdul Hamīd Ṣiddīqī. Vol.3. Beirut, pp. 849-856.

⁵⁹ Muhammad Nejātullāh Ṣiddīqī, *Muslim Economic Thinking*, (Robert MacLehose and Co.Ltd. Britain: 1981) p.25. See also al-Maudūdī, *Economic Problem of Man and Its Islamic Solution*, (Maktaba Jamā 'at-e-Islami Pakistan, Lahore, 1947 and 1955) pp.57-59. Muhammad Nejātullāh Siddiqi, *Some Aspect of the Islamic Economy*, p. 123. Abdul Hamīd ṣiddiqī, *Ṣaḥīḥ. Muslim* (tr.) Vol. 3, pp. 849-856. See also Muhammad Hamīdullāh. *Economic System Of Islam*. (article) IIU. Pakistan.

Allāh the almighty says in the holy *Qur'ān*:

“There is share for men and a share for women from what is left by parents and those nearest related, whether the property be small or large - a legal share. And when the relatives and the orphans and poor are present at the time of division, give them out of the property, and speak to them words of kindness and justice” (*Al-Nisā'* (4) 7-8).

Ḥadīth narrated by *Ibn 'Abbās* (May Allāh be pleased with them):
The Prophet (peace be on him and his family) said:

“Give the shares of the inheritance (that are prescribed in the *Qur'ān*) to those who are entitled to receive it. Then whatever remains, should be given to the closest male relative of the deceased.”⁶⁰

2.6.1 The meaning *Al-Farā'id*

Farā'id is an *Arabic* term which signifies the shares which are fixed for the closest relative of the deceased.⁶¹ Such shares are prescribed in the holy *Qur'ān* in *sūrah* *Al-Nisā'* and it is:

a. One-half: Those who are entitled to get one-half of the deceased property are five:

1. The husband in the absence of a child or grandchild from her own son.

⁶⁰ *Muslim*, Vol. 3. “*Kitāb Al-Farā'id*” (Chapter: Give the inheritance to those entitled to it) *Ḥadīth* number 3929).

⁶¹ Ibn Qudāmah, *Al-Mughnī* Vol. 9, *Kitāb Al-Farā'id* (Cairo: 1989) pp. 5- 213. See also al-Shāfi'i, *Kitāb Al-'Umm*, Vol. 4. “*Kitāb Al-Farā'id*” (Beirut: 2000) pp. 427-481.

2. A single daughter (without brother or sisters)
3. A single son's daughter (granddaughter) in the absence of the grandson.
4. A single full sister in the absence of a brother, father, son, and grandson.
5. A single half sister through the father in the absence of a brother, father, and grandson.

b. One-fourth: Those who are entitled for these shares are two, and they are:

1. The husband in the presence of a child or grandchild from the wife.
2. The wife in the absence of a child or grandchild from the husband.

c. One-eighth: The person who is entitled for this share is the wife of the deceased person in the presence of a child or grandchild. Two or more wives will divide among themselves the prescribed share equally.

d. Two-third: Those entitled to receive this share are four in kind, and they are:

1. Two or more daughters in the absence of a son. (Their brother).
2. Two or more son's daughters in the absence of an own loin children, or son's son (their brother).
3. Two or more full sisters in the absence of the father, and own loin children.
4. Two or more half sisters through father in the absence of the full sisters and half brother through a father.

e. One third: Those entitled for this share are three, and they are:

1. Mother in the absence of a child or grandchild (through son), or two or more brothers or sisters of any kind (full or half brothers and sisters).
2. Those with the same mother but different fathers in the absence of any descendants or ascendants such as father, grandfather, son, son's son, male or female if there are two or more inherit together a one-third share equally.
3. Paternal grandfather in the presence of the brothers and sisters.

f. One-sixth: Those entitled for this share are seven, and they are:

1. Mother if there is a child or grandchild or more than two brothers and sisters from any kind.
2. A single grandmother in the absence of a deceased mother.
3. The father (with a son from the deceased or without).
4. The grandfather in the absence of the father.
5. A single half brother or a single half sister in the absence of the deceased father, grandfather, son, son's son male or female.
6. Son's daughter in the presence of the deceased daughter.
7. Half sister through a father in the presence of full sister alone⁶²

⁶² Al-Jazā'irī. *Mihāj Al-Muslim*, (Al-Madīnah al-Munawwarah: 1976) pp. 405,408.

In connection to the above mentioned shares Allāh the almighty says:

“Allāh commands you as regards your children’s (inheritance): to the male, a portion equal to that of two females; if (there are) only daughters, two or more, their share is two-thirds of the inheritance; if only one, her share is a half. For parents, a sixth share of inheritance to each if the deceased left children; if no children, and the parents are the (only) heirs, the mother has a third; if the deceased left brothers (or sisters), the mother has a sixth. (The distribution in all cases is), after the payment of legacies he may have bequeathed or debts. You know not which of them, whether your parents or your children, are nearest to you in benefit; (these fixed shares) are ordained by Allāh. And Allāh is Ever All-Knowing, All-Wise. In that which your wives leave, your share is a half if they have no child; but if they leave child, you get a fourth of that which they leave after payment of legacies that they may have bequeathed or debts. In that which you leave, their (your wives) share is a fourth if you leave no child; but if leave a child, they get an eighth of that which you leave after payment of the legacies that you may have bequeathed or debts. If the man or woman whose inheritance is in question has left neither ascendants nor descendants, but has left a brother or a sister, each one of the two, gets a sixth; but if more than two, they share in a third, after payment of legacies he (or she) may have bequeathed or debts, so that no loss is caused (to any one). This is a Commandment from Allāh;

and Allāh is Ever All-Knowing, Most-Forbearing. These are the limits (set by) Allāh (or ordainment as regards laws of inheritance), and whosoever obeys Allāh and His Messenger (Muhammad peace be on him) will be admitted to the Gardens under rivers flow (in Paradise), to abide therein, and that will be the great success. And whosoever disobeys Allāh and His Messenger (Muhammad peace be on him) and transgresses His limits, He will cast him into the Fire, to abide therein; and shall have a disgraceful torment.”(*An-Nisā’* (4) 11-13).

“They ask you for a legal verdict. Say: “Allāh directs about those who leave neither descendants nor ascendants as heirs. If it is a man that dies leaving a sister, but no child, she shall have half the inheritance. If (such a deceased was) a woman, who left

no child, her brother takes her inheritance. If there are two sisters, they shall have two-thirds of the inheritance; if there are brothers and sisters, the male has twice the share of the female. (Thus) does Allāh make clear to you (His Law) lest you go astray. And Allāh is the All-Knower of everything.” (*An-Nisā'* (4) 176).

Al-Barā' (Allāh be pleased with him)

Reported that the last verse revealed in the Holy *Qur'ān* is:

“They ask thee for a religious verdict; say: Allāh gives you a religious verdict about *Kalāla*. “the person who has neither parents nor children”⁶³

2.6.2 When a Muslim dies there are four duties, which need to be done.

1. First charge on the property left by the deceased is the payment of his or her funeral expenses,
2. payment of his or her debts to the creditors,
3. execution his or her testament (wills) to the limit does not exceed one third of the available property. The aim of this rule is to permit one's to adjust things, in extraordinary cases, and also to prevent the accumulation of wealth in the hands of few, if one should give the whole property own by him through will to a single person excluding totally those entitled by Islamic Law (*sahrī'ah*) to inherit him,
4. distribution of remaining property amongst the heirs according to Islamic Law. The partner of life, the parents, the descendants (sons and daughters) considered as the first class heirs, because they inherit in all cases. Brothers and sisters, and other

⁶³ *Muslim*. Vol. 3. “*Kitāb Al-Farā'id*” (Chapter: The last Verse Revealed was that pertaining to *Kalāla*) Hadith number 3939).

relatives inherit from the deceased person only in the absence of nearer relatives.

Uncles, aunts, cousins, nephews, etc. are among the remote relatives.⁶⁴

Islam indeed desires the circulation of wealth among a large number of its people, that is why, it has taken firm steps pertaining to the inheritance, in order to prevent the accumulation of wealth in the hands of a few, and also to safeguard the interest of the people as whole. The following are the steps taken by Islam pertaining to inheritance:

- a. Obligatory distribution of the goods of a deceased person among his relatives.
- b. Restriction on the freedom of bequest through wills and testaments.
- c. Legal heirs do not require any testamentary disposition in order to inherit the property of the deceased because the Islamic Law has already determined their proportions.
- d. Testament is required only in favour of those who have no right to inherit from a deceased person.
- e. Equality among the relatives of the same category is compulsory; therefor one cannot award to one son more than to the other, whether major or minor.

⁶⁴ Ibn Qudāmah, *al-Mughnī*, Vol. 9. (Cairo: 1989) pp. 5-213. Muhammad bin Idrīs, *Kitāb al-ʿUmm*, Vol. 4. (Beirut: 2000) pp. 427-481.

2.6.3 Certain rules pertaining to disqualification of the inheritance

a. Difference of religion

The majority of 'ulamā' are of the opinion that disbelievers are allies of one another, therefore, as far as the inheritance concern, they inherit each other, thus, a Muslim cannot be the heir of disbeliever⁶⁵ because Allāh the almighty says:

“And those who disbelieve are allies of one another”
(*Al-Anfāl* (8) 73).

Prophet Muhammad (peace be on him and his family) has prohibited inheritance among relatives of different religions. In a *Ḥadīth* narrated by *ūsāmah bin Zaid* (May Allāh be pleased with them): The Prophet (peace on him) said:

“A Muslim cannot be the heir of a disbeliever,
nor can a disbeliever be the heir of a Muslim.”⁶⁶

b. Homicide

Prophet Muhammad (peace be on him and his family) has also excluded a homicide from the inheritance of his own victim as a punishment in order to prevent all the temptations to kill a rich relative in view of earlier inheritance.⁶⁷

'*Amr b. Shu 'aib* reported: A man from *banū Mujlad*, by name *Qatāda*, struck his son with the sword and it hit his shin and blood flowed out and he died. *Surāqah b. Ju 'sham* came and reported (the matter) to '*Umar b. al-Khaṭṭāb*. '*Umar b. al-Khaṭṭāb* said:

⁶⁵ Ibn Qudāmah, *al-Mughnī* Vol. 9. (Cairo:1989) pp. 5-213. See also Ibn Qayyim, *Tahzīb al-Imām Ibn Qayyim Al-Jawzīyyah*, pp. 180-181.

⁶⁶ *Al-Bukhārī*, Vol. 8. (Kitāb Al-Farā'id. Ḥadīth number 756). See also *Sunan Abī Dāwūd*, Vol. 4. (Ḥadīth number 2789).

⁶⁷ Al-Jazā'ri , *Minhāj al-Muslim*, (Al-Madīnah al-Munawwarah: 1976) p. 404.

Keep 120 camels ready by the water of *Quadaid* by the time I arrive there. When 'Umar b. al-Khattāb arrived at the place he took out of his flock of camels thirty *hiqqahs*, (three year old she-camel) thirty *jadh 'ahs* (four year old she-camel) and forty *khalifahs* (pregnant she-camels) and then asked where the brothers of the murdered was and said to him: Take them all, for the Apostle of Allāh (may peace be on him) declared that a murderer is deprived from inheritance.⁶⁸

Observing the limits set by the almighty Allāh regarding inheritance is compulsory, therefor it is unlawful (haram) for a father to deprive his own children of inheritance, or a wife who is not a favorite to him, or one relative to deprive another eligible relative of inheritance by means of a trick. Allāh the almighty out of His knowledge, and justice, has established the distribution of inheritance in order to give each eligible person his or her share, and He has commanded mankind to remain within the limits of His legislation, therefor, anyone who deviates from His system in the distribution of shares has indeed strayed into a plain error; Hence, needless to say every Muslim must obey his Lord's commandments and laws without any option in his decision as Allāh says:

"It is not for a believer, man or woman, when Allāh and His Messenger have decreed a matter that they should have any option in their decision. And whoever disobeys Allāh and His Messenger, he has indeed strayed into a plain error."
(*Al-Ahzāb* (33) 36).

"The only saying of the faithful believers, when they are called to Allāh (His words, the Qur'ān) and His Messenger (peace be on him), to judge between them, is that they say: "We hear and we obey." And such are the successful. And whoever obey Allāh and His Messenger, fears Allāh, and keeps his duty (to Him), such are the successful." (*An-Nūr* (24) 51-52).

⁶⁸ al-Imām Mālik, *Muwatṭā'* Vol. 2. (Hadith number 867).

2.7 Protecting orphan's property

Guardians must sincerely look after the property of orphans, and release it to them when they perceive that the orphans have become capable of looking after their own affairs. It is hateful for a guardian to eat up or waste an orphan's property unjustly. Whoever committed such great sin, Allāh the almighty has indeed promised to burn him or her in the blazing Fire. In regard to this Allāh the almighty says:

“And give unto orphans their property and do not exchange (your) bad things for (their) good one's; and devour not their substance (by adding it) to your substance. Surely, this is a great sin.” (*An-Nisā'* (4) 2).

“And try orphans (as regard to their intelligence) until they reach the age of marriage; if then you find sound judgement in them, release their property to them, but consume it not wastefully, and hastily fearing that they should grow up, and whoever (amongst guardians) is rich, he should take no wages, but if he is poor, let him have for himself what is just and reasonable (according to his labour). And when you release their property to them, take witness in their presence; and Allāh is all-Sufficient in taking account.” (*An-Nisā'* (4) 6).

“Verily, those who unjustly eat up the property of orphans, they eat up the only fire into their bellies, and they will be burnt in the blazing Fire!” (*An-Nisā'* (4) 10).

“And come not near to the orphan's property, except to improve it, until he (or she) attains the age of full strength.” (*Al-An 'ām* (6) 152).

“And come not near to the orphan's property except to improve it, until he attains the age of full strength. And fulfil (every) covenant. Verily, the covenant, will be questioned about.” (*Al-Isrā'* (17) 34).

Narrated by *Abū Hurairah* (may Allāh be pleased with him): The prophet (peace be on him and his family) said: “ Avoid the seven great destructive sins.” Among them as the Messenger of Allāh (peace be on him) said, “ To eat up an orphan’s wealth”⁶⁹.

The reward of those who follow the commandments of the Almighty Allāh regarding orphans is paradise as the Prophet *Muhammad* (peace be on him and his family) said in a *Ḥadīth* narrated by *Abū Hurairah* (may Allāh be pleased with him)

“ I and the person who looks after an orphan and provides for him, will be in Paradise like this,” putting his index and middle fingers together.⁷⁰

2.8 Hoarding of foodstuff and other basic necessities is unlawful

Islam has totally condemns those who withhold goods in the market from the poor people driven by greed to accumulate wealth at the expense of others. Such a selfish hoarder of foodstuff who is only aim and ambition to become rich at the expense of the helplessness of the poor people was denounced by the Prophet Muhammad (peace be on him and his family) in the following two *Ḥadīth* Narrated by *Ma'mar* (Allāh be pleased with him) that Allāh Messenger (peace be on him) said: “ He who hoards is a sinner”. And also said: “ No one hoards but the sinner”⁷¹

Islam allowed good and natural competition in the market place and given freedom for individual to involve in doing business according to Islamic Law. However. Those who

⁶⁹ *Al-Bukhārī*, Vol. 4, “*Kitāb al-Waṣāyā*,” (Ḥadīth number 28)

⁷⁰ *Al-Bukhārī*, Vol. 8, “*Kitāb Al-āḍāb*”, (Chapter: The Superiority of the Guardian of an orphan) (Ḥadīth number 34)

⁷¹ *Muslim*, Vol. 3, “*Kitāb Al-Buyū*” (Ḥadīth number 3910 and 3911).

serve the public interest by selling their commodity for a reasonable profit indeed they will be blessed by Allāh the almighty. But those devoid of human feelings who withhold the commodity from the market for the purpose of creating artificial scarcity and then take undue advantage of the helplessness of the poor people, Allāh the almighty is not unaware of what they do, therefor the recompense of these group is a disgrace in the life of this world, and on the Day of Resurrection they shall be consigned to the most grievous torment.

“The Day whereon neither wealth nor sons will avail, But only he (will prosper) that brings to Allāh a sound heart.”
(Ash-Shu ‘arā (26) 88-89).

2.9 Interest on money-lending is forbidden

Islam has not only forbidden dealing in interest, but also remedied the causes leading to the existence of this evil and cruel nature institution in human society, also it blocks the way for anyone who tries to increase his capital through lending on interest (*Riba*), whether it is at a low or a high rate. However. All interest-based transaction, whether giving or receiving, dealing with Muslim or non-Muslim is unlawful in Islamic Law.⁷²

The main reason of forbidden interest is the realization of overall socio-economic justice, which is declared by the Holy *Qur’ān* to be the main mission of all Allāh’s Messengers.

⁷² Muhammad Munzir Qahf, *Al-Iqtisād al-Islamī*, (Dar al-Qalam, Kuwait, 1979) pp. 149-156. See Also Muhammad Nejātullāh Şiddiqī, *Some Aspect of the Islamic Economy*, pp. 125-127.

Allāh the almighty says:

“Indeed We have sent Our Messengers with clear proofs, and revealed with them the Scripture and the Balance (Of Right and Wrong) that mankind may keep up justice. And We brought forth iron wherein is mighty power as well as many benefits for mankind, that Allāh may test who it is that will help Him (His religion and His Messenger in the unseen. Verily, Allāh is All-Strong, All-Mighty)” (Al-*Ḥadīd* (57) 25).

2.9.1 The Meaning of *Ribā*

The *Arābic* word *ribā*‘ literally means “increase in” or “ addition to” anything, expansion or growth.⁷³ Technically, according to Islamic Law (*Sharī ‘ah*), *Ribā* refers to the additional sum of money that must be paid by the borrower to the creditor along with the principal amount as a condition for the loan or for an extension in its maturity⁷⁴. In other words, it was applied to that additional sum which the creditor charged from the debtor at a fixed rate on the principal he lent that is interest.⁷⁵ Or any addition however slight, over and above the principal sum lent that is, *ribā* (interest).⁷⁶ It consists of three elements:

- a. Excess or surplus over and above the loan capital
- b. Determination of this surplus rate in relation to time

⁷³ Ibn Manzūr, *Lisān-al- ‘Arab*, (Beirut: 1968) Vol. 14, pp.304-305. See also, al-Zubaydī, *Tāj al- ‘Arūs*, (Cairo: 1306H) Vol. 10, pp. 142-143. Al-Maudūdī, *The Meaning of the Qur ‘ān* (Lahore: 1967) p. 198.

⁷⁴ M. Umar Chapra, *Towards a Just Monetary System*, (op. Cit , p. 57).

⁷⁵ Al-Maudūdī, *The meaning of the Qur ‘ān*, (Lahore: 1967) p. 198.

⁷⁶ Sayyid Sābiq , *Fiqh al- Sunnah* , P.126. See also Ibn Rushd al-Qurṭubī, *Bidāyat al-Mujtahid Wa Nihāyat al-Muqtaṣid*, PP. 1166-1178. And Al- Shāfi ‘ī, *Mawsū ‘at al-Imām al-Shāfi ‘ī, Kitāb al- ‘Umm*, Vol.3, PP. 296-308.

- c. Transaction to conditional on the payment of a predetermined surplus.⁷⁷

These three elements jointly constitute *Ribā*, therefore, any deal or bargain or credit transaction in money or in kind which contains these three elements is considered a transaction of *Ribā*. It covers both usury and interest. It cannot be contended that *Ribā* applies to usury or lending money at exorbitant rates, which is cruel, while interest at a low rate is allowed. Similarly, no distinction can be made between the interest for productive purposes and the interest for non-productive purposes.

2.9.2 Kinds of *Ribā*

There are two kinds of *Ribā*: (a) *Ribā al-Nasī'ah*, and (b) *Ribā al-Faḍl*.

- a. *Ribā al-Nasī'ah*, (i.e. interest on lent money) “Nasī’ah” means delay granted to the debtor to repay the loan in return for the ‘addition’ or the premium. *Ribā al-Nasī'ah* is well-known among Arabs in the pre-Islamic period (i.e. *Al-Jāhiliyyah*). They used to give loans which accrued interest and could either be paid back as a whole or installments. If, the loan matured, the borrower was unable to clear his debt, the amount owing was raised and the period of payment extended. This is the *Ribā* that was practiced in pre-Islamic times, and is called *Ribā al-Jāhiliyyah*. This *Ribā* is prohibited due to its evil and cruel nature.⁷⁸

⁷⁷ *Ibid.*, p. 198ff.

⁷⁸ al-Jazā'irī, *Minhāj al-Muslim*, (Al- Madīnah al-Munawwarah: 1976) pp 322-323.

Allāh the Almighty says in its prohibition:

“O you who believe! Eat not *Ribā* (interest) doubled and multiplied, but fear Allāh that you may be successful.”
(*āl-‘Imrān*, (4) 130).

When an item is sold for something else of the same kind such as gold, silver, wheat, barely, and dates with an addition, that is considered *Ribā al-Nasī’ah*, and is also banned in Islam.⁷⁹

Narrated by *Abū Sa ‘īd al-Khudrī* that the Messenger of Allāh (peace be upon him) said:

Do not sell gold for gold, except like for like, and don’t increase something of it upon something; and don’t sell silver unless like for like, and don’t increase something of it upon something, and do not sell for ready money something to be given later.⁸⁰

b- *Ribā al-Faḍl*, (i.e. interest in barter) this signifies the excess charged in the exchange or sale of things of the same kind. For example, exchange of a weight of wheat for a larger weight of wheat, etc. Barter transactions were common in Arabia, people used to exchange goods for goods. The prophet *Muhammad* (pbuh) did not confine the application of *Ribā* to credit transactions for cash only, but to all forms of barter. *Ribā al-Faḍl* is prohibited by the prophet *Muhammad* (pbuh) as a precautionary and a preventive measure lest it should lead to *Ribā al-Nasī’ah*.⁸¹

⁷⁹ *Ibid.* pp. 322-323.

⁸⁰ *Muslim*. Vol.3. (Kitāb Al-Buyū ‘) (Ḥadīth number 3845).

⁸¹ Ibn.Rushd, *Bidāyat al-Mujtahid Wa nihāyat al-Muqtaṣid*. Vol.3. (Beirut: 1995) pp. 1280-1157. See also M.Umer Chapra, *Towards a Just Monetary System*, (Leicester, UK. 1995) pp. 57-61.

Narrated by *Abū Sa'īd al-khudrī* (Allāh be pleased with him):

Once *Bilāl* (Allāh be pleased with him) brought *Barmi* (a kind of) dates to the prophet (peace be on him) and the prophet asked him "From where have you brought these? *Bilāl* replied " I had some inferior kind of dates and exchanged two *sa'* (measure) of it for one *sa'* of *Barmi* dates, in order to give it to the prophet to eat, thereupon the prophet (peace be on him) said: Beware! Beware! This is definitely *Ribā*, This is definitely *Ribā* (usury) Don't do so, but if you want to buy (a superior kind of dates) sell the inferior kind of dates for money and then, buy the superior kind of dates with that money.⁸²

Abū Hurairah and *Abū Sa'īd al-Khudrī* (Allāh be pleased with them) reported that Allāh's Messenger (pbuh) deputed a person from *Banū 'Adī al-Anṣārī* to collect revenue from *Khibar*. He came with a fine quality of dates, whereupon Allāh's Messenger (pbuh) said to him:

Are all the dates of Khaibar like this? He said: Allāh's Messenger, it is not so. We buy one *ṣā'* of (fine quality dates) for two *ṣā's* out of total output (including even the inferior quality of dates), whereupon Allāh's Messenger (may peace be upon him) said: Don't do that, but like for like, or sell this (the inferior quality and receive the price) and then buy with the price of that, and that would make up the measure.⁸³

2.9.3 Distinction between commercial gains and interest (*Ribā*)

Islam has made a very clear distinction between commercial gains and interest on money-lending where a loan is advanced to a person on a payment of interest over and above the principal for the time period of debt.

⁸² *Al-Bukhārī*, Vol.3, The Book of Sales, Chapter. " If a deputy sells something in an illegal manner, the transaction is invalid" (Ḥadīth number 506) P. 291.

⁸³ *Muslim*. Vol. 3. (*Kitāb Al-Buyū'*) (Ḥadīth number 3869).

Allāh the almighty says in the holy *Qur'ān*:

“Allāh has permitted trading and forbidden Ribā (interest)”
(*Al-Baqarah*, (2) 275).

According to *Maudūdī*: “The settlement of profit between the buyer and the seller is made on equal terms. The buyer purchases the article he needs and the seller gets profit for the time, labour, and brains he employs in providing that article to the buyer. In contrast to this, in the case of interest, obviously the debtor cannot settle the transaction on equal terms with the creditor because of his weaker position. As far as the money lender is concerned, he gets that fixed sum of interest, which he considers as his profit. If the debtor spends the borrowed money in fulfilling his personal needs, the time factor definitely does not bring any profit at all. And if he invest that money in trade, commerce, industry, agriculture etc., then there are equal chances of profit or loss. Thus lending money at interest might bring a guaranteed and fixed profit to one party and loss to the other, or a guaranteed and fixed profit to one party and uncertain and indefinite profit to the other.”⁸⁴ Any one engaged in a proper business which is lawful, in order to earn a profit in that business he will need to spend time, labour, intelligence and other sacrifices. In contrast to this, in the case of money-lender he does not have to spend any time or labour and yet he will be entitled to a fixed guaranteed interest in the earnings of the debtor, whether there is any profit at all or loss. However, there is no doubt that trade helps to build and construct society but *Ribā* (interest) leads to its destruction.⁸⁵

⁸⁴ Abūl A'la Maudūdī, *The Meaning of the Qur'ān*, Vol.1. (Lahore: 1967) p. 199.

⁸⁵ *Ibid.* Vol. 1, p. 200.

2.9.4 Injunctions from the Holy *Qur'ān* regarding *Ribā*

Allāh the almighty says:

“And that which you give in (to others), in order that it may increase (your wealth by expecting to get a better one in return) from other people's property, has no increase with Allāh; but that which you give in charity seeking Allāh's Countenance, then those they shall have manifold increase.”

(*Ar-Rūm* (30) 39).

“And their taking of *Ribā* (usury) though they were forbidden from taking it and their devouring of men's substance wrongfully (bribery). And We have prepared for the disbelievers among them a painful torment.”

(*An-Nisā* (4) 161).

“Those who devour interest become (on the Day of Resurrection) like the one whom Satan has bewitched and maddened by his touch. They have been condemned to this condition because they say, “ Trade is just like interest”, whereas Allāh has made trade lawful and interest unlawful. Henceforth, if one abstains from taking interest after receiving this admonition from his Lord, no legal action shall be taken against him regarding the interest he had devoured before; his case shall ultimately go to Allāh, but if one repeats the same crime even after this he shall go to Hell, where he shall abide for ever. Allāh deprives interest of all blessing and develops charity; and Allāh does not like an ungrateful sinful person.”

(*Al-Baqarah* (2) 275-276).

“O Believers, fear Allāh and give up that interest which is still due to you, if you are true Believers; but if you do not do so, then you are warned of the declaration of war against you by Allāh and His Messenger, but if you repent, you shall have your capital sum. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums). And if the debtor is in a hard time (has no money), yeh grant him time till it is easy for him to repay, but if you remit it by way of charity, that is better for you if you only knew it.” (*Al-Baqarah*, (2) 278-280).

2.9.5 Teachings of Prophet (peace be on him) on this issue

The prophet *Muhammad* (pbuh) declared war on interest and cursed not only the acceptor of interest, but also its payer, its writer, and its witness due to its evil and cruel nature.

Narrated by *Abd Allāh bin Mas 'ūd* (may Allāh be pleased with him) said that Allāh's Messenger (pbuh)

“Cursed the one who accepted interest and the one who paid it”⁸⁶

Jābir said that Allāh's Messenger (pbuh)

“Cursed the acceptor of interest and its payer and one who record it, and the two witnesses; and he said: They are all equal”⁸⁷

Narrated by *Samurah bin Jundub* (may Allāh be pleased with him):
The Prophet (pbuh) said:

“This night I dreamt that two men came and took me to a Holy land whence we proceeded on till we reached a river of blood, where a man was standing, and on its bank was standing another man with stones in his hands. The man in the middle of the river tried to come out, but the other threw a stone in his mouth and forced him to go back to his original place. So, whenever he tried to come out the other man would throw a stone in his mouth and force him to go back to his former place. I asked, who is this? I was told, The person in the river was a *Ribā*-eater.”⁸⁸

Narrated by *'Aun bin Abī Juḥaifa* that: “The prophet (pbuh)

forbade the acceptance of the price of a dog or blood, and also forbade the profession of tattooing, getting tattooed and receiving or giving *Ribā*, and cursed the picture-makers.”⁸⁹

⁸⁶ *Muslim*, Vol. 3. (*Kitāb Al-Buyū'*) (Ḥadīth number 3880).

⁸⁷ *Ibid.* (Ḥadīth number 3881).

⁶⁵ *Al-Bukhārī*, Vol. 3. (*Kitāb Al-Buyū'*) (Chapter: The sin of one who eats *Ribā*) (Ḥadīth number 298).

⁸⁹ *Ibid.* (Chapter: The sin of the *Ribā* payer..) (Ḥadīth number 299).

Narrated *Abū Hurairah* (may Allāh be pleased with him)
The prophet (pbuh) said:

“Avoid the seven great destructive sins.” The people enquired,
“O Allāh’s Messenger! What are they?” He said, To join others
in worship along with Allāh, (2) To practice sorcery, (3) To kill
a person which Allāh has forbidden except for a just cause
(according to Islāmic law), (4) To eat up Ribā (usury, interest
(5) To eat up orphan’s wealth, (6) To show one’s back to the
enemy and fleeing from the battlefield at the time of fighting,
(7) And to accuse chaste women, who never even think of
anything touching their chastity and are true believers.⁹⁰

The prophet (pbuh) in his sermon on the occasion of the farewell pilgrimage said:

“All the usury of pre Islamic period must be entirely abandoned,
you are entitled to recover your principal sums only, deal not
unjustly and you shall not be dealt with unjustly.”⁹¹

2.9.6 The impact of *Ribā* on society

“Allāh deprives interest of all blessing and develops charity; and
Allāh does not like an ungrateful sinful person.”
(*Al-Baqarah*, (2) 276).

Ribā is, in its very evil nature, an obstacle to the spiritual, moral, social and economic
prosperity of society, but charity indeed helps society to develop and prosper in a high
quality manner.

1. Interest from the spiritual and moral angles

By looking at interest from these angles, it will be clear to us that this evil institution is
based on greed, selfishness, hard-heartedness, parsimony, narrow-mindedness, and also,
by its evil nature, creates cruelty money-worship, and kills the spirit of fellow-feeling and

⁹⁰ *Ibid.* Vol. 4. (*Kitāb Al-Waṣāyā*), (Ḥadīth number 28).

⁹¹ *Sunan Abī Dāwūd*, Vol. 5, (*Kitāb al-Buyū* ‘, Bāb waḍ ‘I al-Ribā, Ḥadīth number 3194) PP.9-10. See also
Muslim in *Kitāb al-hajj*.

co-operation among the society, therefore, it is a destruction for society spiritually, morally and economically. But if we look at charity we will see that it is based on generosity, sympathy, mercy, fellow-feelings and broad-mindedness, and its also help in the development of the society⁹².

On those who receive an admonition from the almighty Allāh to stop eating *Ribā* (interest-usury) and did not obey, Allāh the almighty says regarding them

“Such are the dwellers of the Fire- they will abide therein.”
(*Al-Baqarah*, (2) 275).

But for those who give charity for the sake of Allāh, and do deeds of righteousness, Allāh the Most Gracious, the Most Merciful says regarding them

“They will have their reward with their Lord. On them shall be no fear, nor shall they grieve.” (*Al-Baqarah*, (2) 277).

2. Interest from the social angle

According to *Maudūdī*: “ A society can never become strong and stable if its individual members base their mutual dealings on self-interest. He said: If the rich people believe that the poor people exist merely to afford them an opportunity for exploitation, there will be a clash of interests which will result in the disintegration of that society. If other factors also help this evil state of affairs, these will surely produce class struggle. On the other hand, if the individual members of a society base their dealings on mutual sympathy and treat each other with generosity, they will most surely strengthen it.

⁹² Al-Maudūdī, *The Meaning of The Qurā'n*, Vol. 1. (Lahore: 1967) pp.198-200. See also Al-Jazā' irī, *Minhāj-al-Muslim* (Al-Madīnah al-Munawwarah: 1976) pp. 323-324.

If everyone tries to help the other in need, and if the rich treat the poor or needy with sympathy or at least with justice, mutual love and fellow feelings will develop in that society and it will become strong and stable. Obviously, its progress will be accelerated by mutual co-operation and fellow-feeling.”⁹³ Allāh the almighty says:

“Nay, co-operate with all in what is good and pious but do not co-operate in what is sinful and wicked. Fear Allāh. Verily, Allāh is Severe in punishment.” (Al-Māidah, (5) 2).

3. Interest from the economic angle

There are two kinds of loan. (a) **Consumptive loan** (b) **economic loan**

a. The consumptive loan: This kind of loan is normally borrowed by poor and needy for their personal needs, however, the interest charges render the payment of this loan is high and almost impossible for such people and to the extend that they will have to borrow one loan after the other in order to get themselves out of this problem. Even after paying interest equal to many times the original principal amount, the principal amount remains as it was before without any decreasing, rather, the major portion of the income of the poor debtor will be taken away by the money-lenders who make the condition of labourers and poor people in general miserable to the extend that they find themselves unable to take care of their family by providing a proper food for them, not only that even when they become sick they will not be able to buy the necessary medicine for want of money. This naturally kills the interest and sincerity of the majority labourers in their work. When the fruit of their labour is taken away by others, definitely they cannot put

⁹³ Al-Maudūdī, *The Meaning of The Qur' ān* , p. 201.

their whole heart into their work, and this will lower the quality and standard of national production, and the results will be the deterioration and destruction of the nation.⁹⁴

According to Islamic law, it is compulsory that the creditors have to give more time to the poor debtors for the payment of debts, if they cannot pay back their debts (without interest) due to hard time and circumstances. Allāh the merciful has commanded those creditors to grant an ample time for a poor debtor till his monetary condition becomes better. Allāh says:

“And if the debtor is in a hard time, then grant him time till it is easy for him to repay, but if you remit it by way of charity, that is better for you if you did but know.” (Al-Baqarah, (2) 280).

Narrated by *Abū Hurairah* (may Allāh be pleased with him)
Allāh’s Messenger (pbuh) said:

“A man used to give loans to the people, and used to say to his servant, ‘If the debtor is poor, forgive him, so that Allāh may forgive us.’ So when he met Allāh (after his death), Allāh forgave him.”⁹⁵

b. Economic loan: *Maududī* has mentioned three evils out of many regarding the fixed interest on economic loan, and they are:

1. “Those concerns that cannot pay an interest higher than or equal to the market rate cannot draw in capital howsoever useful they may be for the nation. All the available money flows into those channels of commerce and industry, which can bring interest

⁹⁴ Muhammad Hamīdullāh, *Economic System of Islam*, Art. IIU. Islamabad, Pakistan. See also Al-Maudūdī, *The Meaning of The Qurā’n*, pp.198-204.

⁹⁵ *Al-Bukhārī*, Vol. 4, (The Book of the prophets), (Ḥadīth number 687).

equal to or greater than the market rate of interest, whosoever harmful or ruinous they might be from the national point of view.

2. There is no business, commercial, industrial, agricultural that can guarantee a fixed and uniform rate of profit, say five, six or ten percent or more under all circumstances. Not to speak of such a guarantee, there cannot be any guarantee against loss in any business. Therefore, the business, which borrows capital at a fixed rate of interest, can never be free from risk or loss.

3. As the money-lender himself is not directly a partner in the profit or the loss of the business but keeps in view only his guaranteed fixed interest, he is not interested in its welfare. His only concern is his own interest; therefore very selfishly tries to withdraw and withhold his money whenever he has even the slightest fear of a slump in the market. In this way he creates panic by his selfishness and paves the way for a further crisis and when there is already a crisis, he accelerates it into a disaster.”⁹⁶

The above mentioned three evils clearly show that interest in general decreases the national economic wealth, and hinders the progress of a nation, therefore, no one can deny the truthfulness of the Allāh’s law pertaining interest, because He is indeed, all-knower, all wise.

⁹⁶ Maudūdī, *The Meaning the Qurā'n*, Vol. 1. Pp. 204-205.

2.9.7 Why the noble *Qur'ān* delivered such a hash verdict against *Ribā*?

According to M. Umer Chapra: The principal reason why the *Qur'ān* has delivered such a hash verdict against interest is that Islam wishes to establish an economic system where all forms of exploitation are eliminated, and particularly, the injustice perpetuated in the form of the financier being assured of a positive return without doing any work or sharing in the risk, while the entrepreneur, in spite of his management and hard work, is not assured of such a positive return. Islam wishes to establish justice between the financier and the entrepreneur. Under these circumstances it is difficult to see how anyone could justify interest in an Islamic society. The difficulty to understand the prohibition comes from lack of appreciation of the whole complex of Islamic values and particularly its uncompromising emphasis on socio-economic justice and equitable distribution of income and wealth. Any attempt to treat the prohibition of *Ribā* as an isolated religious injunction and not as an integral part of the Islamic economic order with its overall ethos, goals and values is bound to create confusion.⁹⁷ Allāh the almighty says:

“And be afraid of the Day when you shall be brought back to Allāh. Then every person shall be paid in full for the good or evil one has earned, and they shall not be dealt with unjustly.”
(*Al-Baqarah*, (2) 281).

“O mankind! Fear your Lord and be dutiful to him! Verily, the earthquake of the hour (of judgement) is a terrible thing. The Day you shall see it, every nursing mother will forget her nursling, and every pregnant one will drop her load, and you shall see mankind as in a drunken state, yet they will not be drunken, but severe will be the torment of Allāh.”
(*Al-Hajj*, (22) 1-2).

⁹⁷ M. Umer Chapra, *Towards a Just Monetary System*, (Leicester, UK. 1985) p. 64.

“But whosoever turns away from My Message, Verily for him is a life of hardship, and We shall raise him up blind on the Day of Judgement. He will say: “ O my Lord! Why have you raised me up blind, while I had sight (before).”(Allāh) will say: “Like this: Our revelations came unto you, but disregard them, and so this Day, you will be neglected (in the Hell-fire, away from Allāh’s mercy).” And thus do We requite him who transgresses beyond bounds and believes not in the revelations of his Lord; and the torment of the Hereafter is far more severe and more lasting.” (Tā-Hā, (20) 124-127).

2.10 Social Insurance

As it is clear to everyone that Islam is designed to cater for human welfare through its teachings and Constitution and to establish a peaceful society, harmonious brotherhood under the economic justice. At the beginning of Islam insurance against captivity, homicides were a real need. Therefore, in the Constitution of the City-State of *Madīnah* of the first year of the Prophet *Muhammad* (pbuh) *Hijrah*, (i.e. the emigration of the Prophet *Muhammad* (pbuh) from *Makkah* to *Madīnah al-Munawwarah* in 622 A.D.⁹⁸) this insurance is called *mā'qil* (i.e. blood money) and it works in the following manner. If someone was made prisoner of war by an enemy, payment of ransom was needed for purchasing his liberation. Similarly, all culpable homicides required payment of damages or blood money. This normally exceeded the means of the individual concerned, prisoner or criminal.

The Prophet (pbuh) organized an insurance on the basis of mutuality, the members of a tribe could count on the central treasury of their tribe, to which everybody contributed according to his means, and if the treasury of the tribe proved inadequate, other related or

⁹⁸ Ibn Qayim, *Zā' al-Mā'id*, Vol.3, (Beirut: 1981), pp. 43-61. See also Muhammad Hamīdullāh, *Economic System of Islam* , IIU, Islamabad, Pakistan.

neighboring tribes were under obligation to render help. A committee was established for organizing the units into a complete whole.⁹⁹

2.11 Social institution of the time of the caliph 'Umar b. al-Khaṭṭāb

In the time of the caliph 'Umar b. al-Khaṭṭāb (Abpwh) the units of insurance were organized on the basis of professions, military, civil, administrations, to which one belonged, under the name "*Dīwān*".¹⁰⁰

Among the social institution of the time of caliph 'Umar b. al-Khaṭṭāb (Abpwh) is that he had organized a system of pensions for all the inhabitants of the country according to their status, he gave preference to the foremost to embrace Islām of the *Muhājirūn* (those migrated from *Makkah* to *Madīnah*), and assigned for everyone among the *Muhājirūn* who attended and witnessed the battle of *Badr* 5000 *dirhams* yearly, among them, 'Ali b. Abī ṭālib, 'Uthmān b. 'Affān, 'Abdurrahmān b. 'Auf, Talha b. 'Ubaydullāh, and Zubayr b. 'Awwām (may Allāh be pleased with them all). And also he assigned for himself 5000 *dirhams*, and gave 'Abbās b. Abdulmuṭṭalib, 'al-Hasan and Husain b. 'Ali b. Abī Ṭālib (may Allāh be pleased with them) 5000 *dirhams* each for their position in the Prophet's heart (pbuh). And for those who witnessed the battle of *Badr*¹⁰¹ among the *Anṣār* (the citizens of *al-Madīnah* who helped and gave aid to the *Muhājirūn*) (4000 *dirhams*) each.

⁹⁹ Abī al-Ḥasan al-Mawardī, *Al-Ahkām al-Sulṭānīyah*, (Cairo: 1973), pp.231-236. See also Muhammad Hamidullāh, *Economic System of Islam* (art.) IIU, Islamabad, Pakistan.

¹⁰⁰ al-Dhahabī, *Siyar A 'alām al-Nnubalā'* Vol.1, (Jeddah: 1995), pp. 31-69.

¹⁰¹ Is about 50 miles southwest of Madīnah al-Munawwarah. This battle was fought in Ramaḍān in the second year of the Hijrah between Muslims and the Pagan enemies of Makkah. Against all odds the Muslims won a brilliant victory, and many of the enemy leaders were killed.

And for the wives of the Prophet (pbuh) he assigned for each one of them (12,000 *dirhams*) (May Allāh be pleased with them all). And for those who migrated to *Madīnah* before the conquest of *Makkah*, (3000 *dirhams*). And for those who embraced Islam after the conquest of *Makkah* (2000 *dirhams*). And then assigned for the rest of the inhabitants of the country according to their status and their recitation of the Holy *Qur'ān*, and their participation in the battle for the cause of the almighty Allāh glory be to Him, and for the people of *Al-Yaman*, *Asshām*, *Al-Irāq* he assigned for every man among them from (2000, to 1000, to 500, to 300, *dirhams*,) and he said: If the money increases and becomes abundant I will allocate for every man (4000 *dirhams*) 1000 for his horse, 1000 for his weapon, 1000 for his travel, 1000 for his family while he is away. Even so much so that as soon as a child was born, he began to receive a certain pension.¹⁰²

Allāh the Almighty says:

“And the foremost to embrace Islam of the Muhājirūn and the Anṣār and also those who followed them exactly (in Faith). Allāh is well pleased with them as they are well pleased with Him. He has prepared for them Gardens under which rivers flow (Paradise) to dwell therein forever. That is the supreme success” (*Al-Tawbah* (9) 100).

“And Allāh has already made you victorious at Badr, when you were a weak little force. So fear Allāh much that you may be grateful” (*āli 'Imrān*. (3) 123).

¹⁰² Abī al- Ḥasan al-Māwardī, *al-Ahkām al-Sultānīyyah*, (Cairo, Egypt: 1973) pp.199-218. See also Muhammad Yūsuf al-Kandahlawī , *Ḥi ayāt-al -Ṣahābah* , Vol. 2, (Beirut: 1999) pp. 184-194. Ibn Al-Jawzī, *Amīr al-Mu'minīnah 'Umar bun Al-Khaṭṭāb*, pp.85-88.

“Our Lord! Let not our hearts deviate (from the truth) after You have guided us, and grant us mercy from You. Truly, You are the Bestower (8). Our Lord! Verily, it is You Who will gather mankind together on the Day about which there is no doubt. Verily, Allāh never breaks His Promise (9). Verily, those who disbelieve, neither their properties nor their offspring will avail them whatsoever against Allāh; and it is they who will be fuel of the Fire (10).”(*ālī ‘Imrān* (3)).

Islam is the solution in dealing with all economic problems of life true its principles and teachings. Eradicating poverty, promoting stability, maintaining law and order, and to ensure social and economic justice are the essential functions of the Islamic economy¹⁰³. However, the philosophy of the Islamic economic lies in man’s relationship with the almighty Allāh by obeying His rules and commands. Also man’s relationship with other human beings, and the purpose of his life on this earth¹⁰⁴. Islam indeed encouraged mankind to avail themselves of the vast opportunities of productive enterprise afforded by the limitless bounties of the almighty Allāh.¹⁰⁵ As mentioned earlier, Islam recognizes the right of ownership for individual and the acquisition of wealth true the lawful means. Therefore, any methods of earning, which are morally or socially harm, have been declared unlawful (*Ḥarām*). For instance, selling, purchasing, possession and manufacturing of wine (*al-khamr*) and other intoxicants (*muskirāt*) and drinks which spread evil and immorality, bribery, stealing, gambling, speculation, business based on fraud and deceit, hoarding and holding back the necessities of life with the intention of

¹⁰³ M. ‘Umar Chapra, *The Islamic Welfare State and its Role in the Economy*. PP.11-20.

¹⁰⁴ Muhammad Nejātullāh Siddīqī, *Muslim Economic Thinking*, P.5.

¹⁰⁵ *Ibid.*

raising the prices, monopoly of the means of production by one or several persons which narrows down the field for others, all these methods of earning are absolutely *Ḥarām* according to Islamic Law.¹⁰⁶ However, Muslim must fear the almighty Allāh Who has created man from a piece of thick coagulated blood and taught him that which he knew not “He has created man from a clot” (Al- ‘*Alaq* (96) 2), by abstaining from all kinds of sins and evil deeds which Allāh glory be to Him has forbidden, and love the almighty Allāh much by performing all kinds of good deeds which Allāh the Most Gracious the Most Merciful has ordained. In this regard Allāh the almighty says:

“O Muhammad, say to them, “Should We tell you who are the most unsuccessful people and miserable failures in regard to their deeds? They are those, all whose deavours, in the worldly life, had gone astray from the Right Way, but all along they were under the delusion that everything they were doing, was rightly directed. Those are the people who rejected the Signs of their Lord and did not believe that they would ever go before Him. Therefore all their deeds were lost, for We will assign no weight to them on the Day of Resurrection. Their recompense is Hell for the disbelief they showed and for the mockery they adopted in regard to My Signs and My Messengers. Verily those who believe and do righteous deeds shall have the gardens of paradise for their entertainment. Wherein they will abide for ever and they will never desire to go anywhere out of them.” (Al-Kahf (18) 103-108).

¹⁰⁶ Sayyed Abūlālā Maudūdī, *Economic Problem of Man and Its Islamic Solution*, PP. 47-51.