



Islamic Economic System and its Role in Sustainable Development

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Abstract

Islam aspires to establish a welfare and peaceful society where every individual's social, spiritual, and economic needs can be met, so that all the people living in the society can lead their lives with peace and security. Islam is a religion of social harmony that provides complete guidance on all issues concerning human life. In the present age, poverty, economic instability, and unemployment are issues that are increasing at an alarming rate. Poverty is not just a problem for Pakistan, but has now become an international issue. A large number of people are forced to live below the poverty line. A significant portion of society has been deprived of basic necessities of life. Economic instability itself is the cause of many evils, including inflation, begging, theft, delinquency, increased crime rates, depression, anxiety, and insecurity. The key causes of economic instability include usury, unjust distribution of wealth, poor planning, monopolization of national issues by specific groups, dishonesty, extravagance, and insecurity. Developed nations claim that they have introduced the best social security systems to eliminate poverty, but this claim is entirely contrary to the facts. The economic systems of the world have been practically tested in the past, and they have provided humanity with more problems than solutions. The demand of the present era is to find an immediate, simple, and practical solution to economic problems. Poverty, economic instability, lawlessness, unemployment, and similar deprivations can only be eradicated by the Islamic economic system, which is indeed the guarantor of sustainable economic development. Some key features of the Islamic economic system include the system of welfare (Kifalah), the establishment of Bayt al-Mal (public treasury), encouragement of charity and zakat, the payment of expiations (Kaffarat), moderation in income and spending, the concept of earning through halal (permissible) means, and the provision of Qard Hasan (benevolent loans). This research paper will discuss the various elements of the Islamic economic system and compare them with other economic systems, while also elaborating on its unique features.

key words: *Islamic economics, welfare system, poverty alleviation, economic stability, Zakat*

Meaning and Concept of Economy:

Though “economy” and “livelihood” are different words and have distinct meanings linguistically, in the field of economics, both are used to mean “moderation” and living a good life. The economic struggle of human beings began with their creation, but the formalization of the field of economics came much later. Western scholars consider Adam Smith as the founder of economics, and his book *The Wealth of Nations* is regarded as the first scripture of economics. However, the concept of economics existed long before among Muslim thinkers.



The word “Economics” (اقتصاد) is derived from “Qasd,” which means to intend or to adopt moderation in any matter. Imam Raghb al-Isfahani explains the meaning of “Qasd” as follows:

"القصد: استقامة الطريق، يقال: قصدت قصده أي نحوته نحوه ومنه الاقتصاد." ¹

“Al-Qasd: The straightness of the path. It is said, ‘Qasadt Qasdah,’ meaning I intended his direction, and I went straight towards him. From this comes the meaning of economy (اقتصاد).”

Various Definitions of Economics:

Different Muslim scholars of economics have defined and explained this discipline in various ways. These definitions not only help us understand the field but also give an idea of its vastness.

1. Ibn Khaldun states:

"ان المعاش هو عبارة عن ابتغاء الرزق والسعى في تحصيله." ²

“Economics is the pursuit of livelihood and striving to attain it.”

2. Shah Waliullah al-Dihlawi defines economics as:

“The exchange of goods among the members of society, mutual economic cooperation, and the discussion of the wisdom behind the sources of livelihood and income.” ³

3. Adam Smith defines economics as:

“Economic is a study of Wealth.” ⁴

4. Dr. Muhammad Tahir-ul-Qadri, while defining Islamic economics, states:

“Islamic economics is the study of those Shariah principles which declare the acquisition of material resources through injustice as unlawful and regulate the lawful use of material resources in such a way that they fulfill human needs and enable the individual to fulfill their personal, familial, and societal duties as imposed by Allah and society.” ⁵

This definition highlights how Islamic economics aims at ensuring just and balanced distribution of resources.

From the above definitions, it becomes clear that economics is an extensive and vast field. It encompasses everything from the individual pursuit of *halal* (lawful) earnings to the collective and public welfare laws and measures that ensure societal prosperity.

Principles and Regulations of the Islamic Economic System:

The Islamic economic system truly guarantees prosperity and development. Islam’s economic system demands that every individual’s economic needs be met, and no one is deprived of any essential economic need. As Allah says in the Qur’an:

وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ وَمَنْ لَسْتُمْ لَهُ بِرِزْقَيْنَ. ⁶

¹ Rāghib Asfahānī, Ḥusayn bin Muḥammad, *Al-Mufradāt Alfāz al-Qur’ān*, Beirut, Lebanon: *Al-Dār al-Shāmīyah*, 1992, p. 272.

² Ibn Khaldūn, ‘Abd al-Rahmān, *Kitāb al-‘Ibar wa Dīwan al-Mubtada’ wa al-Khabar (al-Muqaddimah)*, Sham, Dār al-Bayān, 1399 AH, 1, p. 364.

³ Dihlawī, Shah Walī Allāh, *Hujjat Allah al-Balighah*, Lahore, *al-Maktabah al-Salaṭīyah*, 1: p. 43.

⁴ Adam Smith introduced this perspective in his seminal work, "An Inquiry into the Nature and Causes of the Wealth of Nations" (1776).

⁵ Tāhir al-Qādrī, Dr. Muḥammad, *Iqtisādīyat Islam*, Lahore, Minhāj al-Qur’ān Publications, 2007, p. 64.

⁶ Al-Ḥijr: 15:20



“And in it We generated for you means of subsistence and also for those (human beings, animals and birds) whom you do not provide for.”⁷

Islam presents the concept of an economic life that is founded on the fulfillment of both individual and collective needs. It does not view economics as a field of competition for the wealthiest or the satisfaction of the highest desires, but rather as a means to fulfill needs and requirements while benefiting all. Islam aims to make this utility beneficial for everyone. Some key principles of the Islamic economic system are:

1. This system is derived from the Qur’an and Sunnah.
2. Every individual has an equal right to meet their economic needs.
3. The goal of economic activities in Islam is to eliminate injustice, oppression, and monopolization.
4. The satisfaction of personal desires is not the ultimate goal of life; fulfilling the rights of others is also essential.

Distinct Features of the Islamic Economic System:

The Qur’an, in its unique style, has provided clear and comprehensive guidance on economic issues, just as it has on matters of worship, transactions, politics, and other aspects of life.

Prophet Muhammad ﷺ also guided us on these issues through his sayings. Some of the distinct features of the Islamic economic system are:

1. Equality in Economic Rights:

Sustenance and livelihood are ultimately in the hands of Allah. He is responsible for providing sustenance to every individual. However, the distribution of sustenance may differ, which is a known reality. According to the teachings of the Qur’an, no individual can be deprived of sustenance, and the equality of all individuals in obtaining economic rights is a key feature of Islam. Allah has not given anyone the right to interfere in the livelihood of others. The following verses of the Qur’an support this concept:

وَجَعَلْنَا لَكُمْ فِيهَا مَعَايِشَ وَمَنْ لَسْتُمْ لَهُ بِرِزْقَيْنَ -⁸

“And in it We generated for you means of subsistence and also for those (human beings, animals and birds) whom you do not provide for.”

وَلَا تَقْتُلُوا أَوْلَادَكُمْ مِنْ إِمْلَاقٍ، نَحْنُ نَرْزُقُكُمْ وَإِيَّاهُمْ -⁹

“and do not kill your children owing to poverty. We alone give you sustenance and (will provide for) them as well.”

وَمَا مِنْ دَابَّةٍ فِي الْأَرْضِ إِلَّا عَلَى اللَّهِ رِزْقُهَا وَيَعْلَمُ مُسْتَقَرَّهَا وَمُسْتَوْدَعَهَا كُلٌّ فِي كِتَابٍ مُبِينٍ -¹⁰

“And there is no moving creature (living being) on the earth but (that) its sustenance is (a bountiful obligation) upon Allah. And He knows its resting-place and (also) the place where it is to be entrusted. Everything is (recorded) in the enlightening Book (the Protected Tablet [al-Lawh al-Mahfuz]).”

2. Avoidance of Deception:

⁷ English translation of Holy Quran are taken by *The Glorious Quran* English Translation of Irfan ul Quran by Shaykh ul Islam Dr Muhammad Tahir ul Qadri, retrieved from: <https://www.irfan-ul-quran.com/>

⁸ Al-Hijr: 15:20

⁹ Al-An‘am: 6:151

¹⁰ Hūd: 11:6



Deceptive behavior is a serious societal evil in the modern world, and it causes blessings to be removed from sustenance. Islamic teachings emphasize speaking the truth in trade and transactions. One prominent feature of the Islamic economic system is that it commands truthfulness in buying and selling and forbids lying. Allah says:

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَكُونُوا مَعَ الصَّادِقِينَ¹¹

“O believers! Fear Allah persistently, and remain in the (company) of those who uphold the truth.”

A trader who speaks the truth will be blessed with the companionship of Prophet Muhammad ﷺ. Due to acts of honesty and trustworthiness, such traders will be in the company of the Prophets, the truthful ones, and the martyrs. The Prophet ﷺ said:

((الْتَّاجِرُ الصَّدُوقُ الْأَمِينُ مَعَ النَّبِيِّينَ وَالصِّدِّيقِينَ وَالشُّهَدَاءِ))¹²

The truthful, trustworthy merchant will be with the Prophets, the truthful, and the martyrs.”

3. Prohibition of Extravagance (Israf) and Wastefulness (Tabdhir):

In the Islamic economic system, extravagance (Israf) and wastefulness (Tabdhir) are strictly prohibited. Both Israf and Tabdhir negatively impact the collective economy and excessive spending is considered a poison for the economy.

“Every act in which a person exceeds the limit is considered Israf, though the term is commonly applied to excessive spending.”¹³

In the Qur’an, Allah says:

وَلَا تَأْكُلُوها إِسْرَافًا وَبِدَارًا أَنْ يَكْبَرُوا¹⁴

“And devour not their wealth spending it wastefully and in haste (fearing that after) they grow mature (they will take it back).”

Excessive spending can be in terms of both quantity and quality. For example, Sufyan Thawri (RA) said: “If you spend very little on Allah’s disobedience, it is still Israf.” Allah has also said:

كُلُوا مِنْ ثَمَرِهِ إِذَا أَثْمَرَ وَآتُوا حَقَّهُ يَوْمَ حَصَادِهِ¹⁵، وَلَا تَسْرِفُوا إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ

“When (these trees) bear fruit, eat of their fruits, and (also) give away its due (as appointed by Allah) on the day of harvest (of the crop and the fruit), and do not spend wastefully. Surely, He does not like those who spend extravagantly.”

This verse clarifies that even in acts of charity, like giving in charity (*Sadaqah*) or paying taxes (*Zakat*), one should not exceed the limit. It is advised not to give excessively today and find oneself in need tomorrow. This could also refer to leaders not exceeding the limit in collecting charity. This verse may also imply that one should not exceed limits in eating and drinking because overeating is harmful to health and leads to diseases like indigestion, diabetes, high blood pressure, ulcers, and jaundice. Excessive consumption has long-term negative effects. In Islam, wasting anything is not encouraged.

¹¹ Al-Tawbah: 9:119

¹² Sunan al-Tirmidhī: *Kitāb al-Buyū‘*

¹³ Asfahānī, Ḥusayn bin al-Rāghib, al-Imām, *Al-Mufradāt*: Makkah al-Mukarramah, Maktabah Nāzar Muṣṭafā, 1408 AH, 1: p. 304.

¹⁴ An-Nisā’: 4:6

¹⁵ Al-An‘ām: 6:141



4. Moderation and Balance:

Moderation and balance, when practiced, have a clear and evident effect. A person who embodies the important ethical value of moderation will never appear in front of anyone with their hand outstretched, asking for help. Moderation helps an individual understand when, where, and how much to spend. Islam emphasizes moderation not just in earning, but also in spending. Allah says:

وَالَّذِينَ إِذَا أَنْفَقُوا لَمْ يُسْرِفُوا وَلَمْ يَقْتُرُوا وَكَانَ بَيْنَ ذَلِكَ قَوَامًا¹⁶

“And (these) are the people who are neither extravagant nor miserly when they spend. And their spending is (based on) a balance between the two extremes (of extravagance and miserliness).”

There is also a great emphasis in the Hadith regarding moderation:

1. Moderation in spending is half of prosperity:

Abdullah bin Umar (RA) narrates that the Messenger of Allah ﷺ said:

((الْإِفْتِمَادُ فِي النَّفَقَةِ نِصْفُ الْمَعِيشَةِ، وَالتَّوَدُّدُ إِلَى النَّاسِ نِصْفُ الْعَقْلِ، وَحُسْنُ السُّؤَالِ نِصْفُ الْعِلْمِ))¹⁷

“Moderation in spending is half of prosperity; showing kindness to others is half of wisdom; and asking good questions is half of knowledge.”

Prosperity depends on two things: earning and spending. However, the real skill lies in spending. Earning is well known, but spending wisely is a rare skill. In worldly life, those who know how to spend wisely will never have to beg.

2. Look Towards Those Who Are Less Fortunate Than You:

Today, if we bring moderation into our spending and life, we can witness a season of peace and prosperity in our lives. Moderation is the secret to being content with the status we achieve from our lawful earnings and to be grateful for it, without looking at others' higher status. The Prophet ﷺ said:

((أَنْظُرُوا إِلَى مَنْ أَسْفَلَ مِنْكُمْ، وَلَا تَنْظُرُوا إِلَى مَنْ هُوَ فَوْقَكُمْ، فَهُوَ أَجْدَرُ أَنْ لَا تَزِدُّوا نِعْمَةَ اللَّهِ عَلَيْكُمْ))¹⁸

“Look to those who are below you and do not look to those above you, for it is more likely that you will not undervalue Allah's blessings upon you.” (Sahih Muslim)

This Hadith teaches us a great principle: the wealth and blessings that Allah has granted us should not be looked down upon. If we express gratitude for the blessings given by Allah, we will attain the wealth of contentment. If we look at those wealthier than us, we will fall into ingratitude. This may lead us to complain to Allah in our hearts or on our tongues, and we may devalue the blessings we have, falling into the disease of greed. We often adopt many ways to make our lives prosperous, but these can sometimes lead us to failure, dissatisfaction, and neediness instead of success and happiness. The Prophet ﷺ said:

((مَا عَالَ مِنْ اقْتَصَادٍ))¹⁹

¹⁶ Al-Furqān: 25:67

¹⁷ Al-Bayhaqī, Ahmad bin al-Ḥusayn bin 'Alī al-Khurāsānī, al-Imām, *Shu'ab al-mān*: Bāb al-Iqtisād fī al-Nafaqah, Riyadh, Maktabah al-Rashd li-Nashr wa al-Tawzī', 1423 AH, 8: p. 503.

¹⁸ An-Naysābūrī, Muslim bin al-Ḥajjāj al-Qushayrī, al-Imām, *Al-Shāḥih: Kitāb al-Zuhd wa al-Raqāq*, Bāb al-Dunyā Sijn al-Mu'min, Beirut, Dār Iḥyā' al-Turāth al-'Arabī, n.d., 4: p. 2275.

¹⁹ Al-Shaybānī, Ahmad bin Ḥanbal, al-Imām, *Al-Musnad: Musnad 'Abd Allah bin Mas'ūd*, Beirut, Mū'assasah al-Risālah, 1421 AH, 7: p. 302.



“He who practices moderation will never be in need.”

These words from the Prophet ﷺ offer a simple yet profound rule: if you have wealth, do not spend more than necessary. Wisdom lies in spending only as much as required so that you do not become dependent on others.

5. Spirit of Selflessness and Compassion:

Another prominent feature of the Islamic economic system is that it encourages spending by prioritizing others over oneself, in pursuit of Allah’s pleasure. Some relevant Qur’anic verses on this are as follows:

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ، وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ.²⁰

“You can never attain to piety unless you spend (in the cause of Allah) out of that which you like the most; and Allah surely knows well whatever you give away.”

This verse emphasizes that true piety is in spending from what we love for the sake of Allah, and Allah knows every single act of charity.

وَيُؤْتِرُونَ عَلَىٰ أَنْفُسِهِمْ وَلَوْ كَانَ بِهِمْ خَصَاصَةٌ.²¹

“And prefer them to themselves, even though they may themselves be in dire need.”

This verse refers to the companions of the Prophet ﷺ who sacrificed for the sake of others, even when they were themselves in need.

فَلَا اقْتَحَمَ الْعَقَبَةَ وَمَا أَدْرَاكَ مَا الْعَقَبَةُ فَكُّ رَقَبَةٍ أَوْ إِطْعَمٌ فِي يَوْمٍ ذِي مَسْغَبَةٍ يَتِيمًا ذَا مَقْرَبَةٍ أَوْ مَسْكِينًا ذَا مَتْرَبَةٍ ثُمَّ كَانَ مِنَ الَّذِينَ آمَنُوا وَتَوَاصَوْا بِالصَّبْرِ وَتَوَاصَوْا بِالْمَرْحَمَةِ أُولَئِكَ أَصْحَابُ الْمَيْمَنَةِ.²²

“But he has not yet attempted the steep ascent (of the Din [Religion]) of truth and the practical life dedicated to good and piety). And what have you thought of the steep ascent (of the rigours of the Din [Religion] of truth)? It is freeing a neck (from slavery and subjugation), Or feeding on a day of scarcity (the poor and the needy during famine and scarcity i.e., striving to put an end to their sufferings and economic crises), The orphaned relative, Or the poverty-stricken destitute who is completely rundown (and homeless). (Provided this striving soul is) one of those who believe and advise one another patience and tolerance and urge one another for mutual affection and mercy. These are the people of the Right Hand (i.e., the privileged and the pardoned).”

This verse discusses the path to righteousness, which includes not only charitable acts but also advising one another to patience and compassion.

Unemployment and the lack of employment opportunities are among the most serious problems of the present age. Today, almost every individual is suffering from psychological issues because either they are financially helpless or their expenses exceed their income. The best and easiest way to escape from this economic crisis is for people today to strive more for earning halal sustenance. Then, regardless of how little the income may be, they should spend it with moderation, so that there is a balance between income and expenditure.

6. Measures for Public Welfare:

An important feature of the Islamic economic system is that it makes it the government’s responsibility to provide for the basic and economic needs of all citizens. When this system is based on Islamic principles, it is referred to as the “Islamic System of Welfare” or the

²⁰ Āl ‘Imrān: 3:92

²¹ Al-Ḥashr: 59:9

²² Al-Balad: 90:11–18



“Islamic System of Public Welfare.” In the West, this system is known as the “Insurance System.” However, this so-called “insurance system,” which the West proudly claims as a benevolent act towards the poor, is, in fact, a new system of exploitation born from capitalism. It is a modern way to amass wealth and promote Jewish business in the Muslim world, with the sole aim of ensuring that everything is for the rich, while the poor and destitute are left with nothing. In contrast, if we examine the comprehensiveness and completeness of Islam’s system of welfare with insight and awareness, we see that the Qur’an repeatedly encourages helping the weaker members of society. A portion of one’s wealth should be spent on orphans, the poor, the needy, and disabled individuals. The Qur’an says:

وَالَّذِينَ فِي أَمْوَالِهِمْ حَقٌّ مَّعْلُومٌ لِّلسَّائِلِ وَالْمَحْرُومِ-²³

“And those (who are committed to sacrifice and) in whose wealth there is a fixed share, Of one who begs and of one who is needy but does not beg.”

Regarding those who assist others in need, Allah says:

وَيُطْعَمُونَ الطَّعَامَ عَلَى حُبِّهِ مِسْكِينًا وَيَتِيمًا وَأَسِيرًا-²⁴

“And they give (their own) food, in deep love of Allah, to the needy, the orphan and prisoner (out of sacrifice, despite their own desire and need for it),”

In the Islamic system of welfare, priority is given to ensuring that no person in the Islamic state is deprived of their basic needs. The wealthy are encouraged, and motivated by the fear of the Hereafter, to provide for the basic needs of the poor and deprived. In Islam, the responsibility of public welfare lies with the ruling class of the Islamic state, and those who neglect this responsibility are warned severely. The Prophet ﷺ said:

((مَنْ وَّلَّاهُ اللَّهُ عَزَّوَجَلَّ شَيْئًا مِنْ أَمْرِ الْمُسْلِمِينَ فَاحْتَجَبَ دُونَ حَاجَتِهِمْ، وَخَلَّتْهُمْ وَفَقَرِهِمْ، اخْتَجَبَ اللَّهُ عَنْهُ دُونَ حَاجَتِهِ وَخَلَّتِهِ، وَفَقَرِهِ))²⁵

“Whoever is entrusted by Allah with the affairs of the Muslims, and he becomes negligent about their needs and their poverty, Allah will also be negligent about his needs and his poverty.”

((مَا مِنْ عَبْدٍ اسْتَرْعَاهُ اللَّهُ رَعِيَّةً، فَلَمْ يُحِطْهَا بِنَصِيحَةٍ، إِلَّا لَمْ يَجِدْ رَائِحَةَ الْجَنَّةِ.))²⁶

“Whosoever Allah has entrusted with the care of a group of people, and he does not fulfill his duties with sincere advice, will never smell the fragrance of Paradise.”

This Hadith indicates that anyone who is entrusted with leadership over a group of people, and neglects their welfare and needs, will be deprived of the blessings of Paradise. This emphasizes the duty of those in leadership positions to serve their people with sincerity and care.

6. Actions in Emergency Situations:

History attests that apart from the Islamic economic system, there is no other system where followers carry wealth in their hands but there is no one in the state to receive it. It is also noteworthy that Islam places the responsibility of providing sustenance to the people during emergency situations and natural disasters on the government. In the year 18 AH, a severe

²³ Al-Ma’ārij: 70:24, 25

²⁴ Al-Dahr: 76:8

²⁵ Sunan Abī Dāwūd, *Kitāb al-Kharāj wa al-Amārah wa al-Fi’* p. 3: p. 135.

²⁶ Al-Bukhārī, Muḥammad bin Ismā’īl, *Al-Jāmi’ al-Ṣaḥīḥ: Kitāb al-Aḥkām*, Egypt, Cairo, Dār Ṭawq al-Najāh, p. 9, 69.



famine struck Medina and the Hijaz, which lasted for nine months. Livestock perished and there were human casualties. During this time, Caliph Umar ibn al-Khattab (RA) took the following measures:

1. He distributed whatever was available in the Bayt al-Mal (public treasury) to the poor and needy.
2. He prohibited traders from hoarding grain.
3. He instructed governors in other regions to send as much grain as possible to Medina.
4. He imposed a ban on himself, deciding not to consume meat, olive oil, or milk until the famine ended.

When a large number of people from famine-stricken areas settled around Medina, Umar ibn al-Khattab (RA) arranged for a public kitchen to provide food to those affected. He personally supervised these arrangements. Around ten thousand men came to eat there, and the number of people who received food at their homes was approximately fifty thousand.²⁷

7. Social Security and the Islamic Concept:

Today, the Western world claims to have introduced the system of social security for citizens. They boast of being the protectors of the deprived and oppressed classes, claiming to have introduced the concept of social welfare. However, these claims are hollow. Islam is the true benefactor of the oppressed, providing economic security because poverty and deprivation cause many moral diseases, immorality, and insecurity. Without economic self-sufficiency, the concept of a welfare society remains a mere dream. Umar ibn al-Khattab (RA) understood and felt this deeply. He used to say:

أَوْسِعُوا النَّاسَ فِي بُيُوتِهِمْ وَأَطْعَمُوا عِيَالَهُمْ.²⁸

“Provide comfort to people in their homes and ensure that their families have enough to eat.”

This is the first charter of social security, which is one of the fundamental principles of the Islamic state. The sense of responsibility Umar ibn al-Khattab (RA) felt was so strong that he used to say:

لَوْ أَنَّ جَمَلًا هَلَكَ ضَيَاعًا بِشَطِّ الْفُرَاتِ لَخَشِيتُ أَنْ يَسْأَلَنِي اللَّهُ عَنْهُ.²⁹

“If a camel dies of thirst by the banks of the Euphrates, I fear that Allah will question me about it.”

This reflects the responsibility of a ruler in ensuring that even the smallest creature’s needs are met. He understood that the welfare of the people, especially in times of crisis, was a primary responsibility of the ruler.

8. Kind Treatment of Non-Muslim Minorities:

The Islamic economic system is based on compassionate principles, where even non-Muslims are treated with humanity and sympathy. There is no distinction between Muslims and non-Muslims in the distribution of welfare benefits. Once, Umar ibn al-Khattab (RA) saw an elderly blind man begging. Upon asking, he learned that the man was a Jew. When asked why he was begging, the man replied that he had to beg due to the payment of the Jizya tax,

²⁷ Na‘im Siddiqi, *Fārūq ‘Āzam aur Kafalat-‘Āmma*, muta‘alimah *Ziyā’ al-Ḥaram*, Lahore, Fārūq ‘Āzam Number, p. 96.

²⁸ Urdu Dā’irah Ma‘ārif Islāmīyah, vol. 2, p. 207.

²⁹ As Above.



his financial need, and old age. Upon hearing this, Umar ibn al-Khattab (RA) took the man by the hand, brought him to his own home, gave him whatever he had, and then sent a message to the treasurer of Bayt al-Mal (the state treasury), saying, “Take care of this man and others like him. By Allah, we cannot be just if we benefit from his youth (in the form of Jizya) and leave him to beg in his old age.” The Qur’an mentions:

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ.³⁰

“Indeed, alms (Zakat) are meant for the poor and the indigent”

Here, the term “poor” refers to Muslim indigents, and “needy” refers to the needy among the People of the Book (Jews and Christians). After this, Umar (RA) waived the man’s Jizya.³¹

Summary of Discussion:

Islam is a religion of social harmony that provides complete guidance on all the issues of human life. In the present age, poverty, economic instability, and unemployment are issues that are increasing at an alarming rate. Poverty is not just an issue for Pakistan; it has now become a global problem. A large number of people are forced to live below the poverty line. Economic instability itself causes many evils, including inflation, begging, theft, delinquency, rising crime rates, depression, anxiety, and insecurity. Key causes of economic instability include usury, the unjust distribution of wealth, poor planning, monopolization of national issues by specific groups, dishonesty, extravagance, insecurity, and economic instability. The world’s economic systems have been practically tested in the past, and they have only provided humanity with more problems than solutions. In the current situation, it is even more important to review the Islamic economic system because today, the majority of Muslim countries, along with the rest of the world, are trapped in an economic crisis. The present era demands an immediate, easy, and practical solution to economic troubles. Poverty, economic instability, lawlessness, and unemployment are deprivations that only Islam’s economic system can eliminate, and it is the true guarantor of sustainable economic development. There is a need to follow the principles of the Islamic economic system so that we can live a prosperous and peaceful life, contributing to the economic development of Pakistan.

Suggestions:

1. Implementation of Interest-Free Banking: Islam prohibits usury (Riba), which has detrimental effects on economic stability. Expanding and encouraging interest-free banking practices across Pakistan could reduce financial burdens on individuals and businesses, promoting equity and fairness in the economy.
2. Strengthening the Zakat System: Islam places great emphasis on helping the needy through Zakat and charity. A more structured and transparent Zakat system could provide essential financial aid to the poor, reducing poverty and income inequality while contributing to social welfare.
3. Encouraging Ethical Business Practices: Islamic teachings emphasize honesty, transparency, and fairness in business dealings. By promoting ethical business practices and corporate social responsibility, businesses can contribute to reducing corruption, fostering trust, and encouraging economic growth in a fair and sustainable manner.

³⁰ Al-Tawbah: 9:60

³¹ Imām Abū Yūsuf, *Kitāb al-Kharāj*.



4. Job Creation through Islamic Principles of Risk-Sharing: Encouraging entrepreneurship and businesses based on Islamic principles of risk-sharing (Mudarabah and Musharakah) can create jobs, reduce unemployment, and foster economic development. Government policies can support this by providing financial incentives and facilitating access to capital for small and medium-sized enterprises .

5. Strengthening Social Safety Nets: Islam prioritizes the welfare of vulnerable groups. Strengthening social security programs, such as unemployment benefits, healthcare, and housing for low-income families, in line with Islamic values, would contribute to poverty alleviation and reduce economic disparities.

6. Focus on Sustainable Development: Islam encourages the responsible use of resources and long-term stewardship. Investing in sustainable infrastructure, renewable energy, and eco-friendly projects would not only enhance the economy but also ensure that future generations inherit a thriving and secure environment.

Conclusion:

The current economic crises of poverty, unemployment, and instability can be effectively addressed through the principles of the Islamic economic system, which promotes fairness, justice, and sustainable development. By applying Islamic financial models, such as interest-free banking, wealth redistribution through Zakat, and promoting ethical business practices, Pakistan can alleviate poverty and achieve long-term economic stability. This approach would not only benefit the nation economically but also create a more socially harmonious and just society, contributing to a prosperous and peaceful future.