

-(Question)-

Islamic economic system can
save the Muslims living all
over the world from individual
and collective economic problems?

Thesis Statement: Islamic economic system comprised of high moral values under the sovereignty of Allah which holds the capacity to safeguard all muslims.

Introduction: Nuts and Bolts of Islamic Economic System

Islamic state is a state which operates under the teachings and preachings of Quran and Sunnah. Currently, the challenges faced by muslims all over the world including trade deficit, poverty

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Inflation, all can be addressed by applying the Islamic teachings in true letters and spirit. As compared to western economic models Islamic teaching foster equality, rule of law, prohibition of Interest, resulting in prosperous society. Dr-Hamidullah in his book Introduction to Islam stated that

“ The leader in an Islamic State is chosen through contract, he ensures justice and equality in a society. ”

(II)

Understanding the concept of Islamic State

Sayyid Qutib, a well known

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muslim scholars, defined the Islamic state in the following words.

“An Islamic state is a state which operates under the sovereignty of Allah and all the social, political and economic systems worked in compliance with the teachings of Quran and Sunnah.”

(III)

Fundamental Principles of Islamic Economic System

Islamic economic systems work with the following Robust mechanism.

a- Sophisticated Zakat System:

A Robust and sophisticated zakat system is applied in the society in order to eradicate the

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poverty. Furthermore, it is made obligatory in muslims to pay alms taxes. Holy prophet ^(PBUH) once said while sending invitation of Islam: that

“Zakat is made obligatory on you, it must be given by rich to poor in order to bring social equality.”

2. Prohibition of Ridaah (Interest)

Interest ~~data~~ is strictly prohibited in Islam, as it engages a body or state in a vicious debt cycle.

Currently, all the muslim states as well as non muslim states are under debt trap.

“Highest portion of Pakistan's budget is given for interest.”

Ministry of Finance.

3. Compatible and visionary Leader under the sovereignty of Allah

The leaders in the Islamic state act as viceregents of Allah Almighty which pushes them to act morally.

As in Holy Quran, Allah Almighty said that

وَإِذْ قَالَ رَبُّكَ لِلْمَلَائِكَةِ وَإِنِّي
أَعْلَمُ بِالْأَرْضِ فَلَمَّا سَمِعُوا

When your Lord said
to Angels, Indeed we
have sent on earth
our viceregents -

(AL-Baqarah)

4- Justice and Equality: an important pillar

Justice and equality is the basic of Islamic economic society.

Holy prophet (PBUH) in his last sermon also put emphasis on this.

poor
in
prof
inv

All men and women uphold dignity.
"O people! Fear Allah
concerning women."

(Last sermon of
Holy Prophet (PBUH))

5- Protection of wealth and life of weak:

Islamic economic system provided
a vibrant and dynamic system
to safeguard the rights of
population. Holy prophet (PBUH) Stated
that

"Allah has forbidden
you to take usurgy."
(Hadith)

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Economic Problems
faced by Muslim
world: Bird's eye View

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In the contemporary era, muslims faced the various economic problems at individual and collective level.

↳ Poverty

[Pakistan's 39% population is below poverty line. (World Economic Survey 2024) ✓

↳ Increased Inflation

↳ trapped in debt cycle

↳ Weak and fragile political system

↳ Food insecurity

(IV)

Implementation of Islamic economic system: Hobson's choice - only choice to counter the looming threat of fragile economic condition

The economic crisis rooted in the corruption, unequal distribution of resources can be mitigated by the revival of ^{Islamic} economic system.

Hence, Islamic economic system
remains a necessary ^{way out of the} rubicon in the
fight against economic crisis.
Following steps needed to be
taken to mitigate this threat.

↳ Islamic Banking System:

(Pakistan adopted in 2000: Mezzar Bank)

↳ Promoting Financial Inclusion

(Islamic microfinance)

↳ Encouraging Ethical Business

Malaysia's Example

↳ Education and Public Awareness

(Islamic economic education)

↳ Integrating Zakat and Waqf

Conclusion:

There is utmost urgency to implement
the Islamic economic system to ensure
equality and equity. Moreover it
is considered as a quality of muslims

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to pay zakat and take decisions
on consensus building to promote
peace and prosperity. The words of
Holy Quran shed light on this
in the following way:

وَالذِّلِّ اسْتَجِيلُو لِكُلِّ حَمْدٍ وَلَا مُحْمَدٍ
اللَّهُو أَمْرٌ بِهِ الشُّورَى يَسْعِمُ
وَمَا يَرِيدُ بِنَفْقَةٍ

(Surah - AL Shura)