

## -(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



inflation, all can be addressed by applying the Islamic teachings in true letter 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



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 system 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



poverty. Furthermore, it is made obligatory in muslims to pay alms taxes. Holy prophet <sup>(PBUH)</sup> 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 Rida (Interest)

Interest ~~data~~ is strictly prohibited in Islam, as it engages a body or state in a vicious debt cycle. Currently, all the muslims 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 viceregants of Allah Almighty which pushes them to act morally. As in Holy Quran, Allah Almighty stated that

وَإِذْ قَالَ رَبُّكَ لِلْمَلَأِكَةِ إِنِّي جَاعِلٌ فِي الْأَرْضِ خَلِيفَةً

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

(AL-Baqarah)

### 4. Justice and Equality: an important pillar

Justice and equality is the base of Islamic economic society. Holy prophet (PBUH) in his last sermon also put emphasis on this.



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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  
populace. Holy Prophet (PBUH) stated  
that

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

(III)

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



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 <sup>Islamic</sup> economic system.



Hence, Islamic economic system  
remains a necessary <sup>crossing of the</sup> rubicon in the  
fight against economic crisis.  
Following steps needed to be  
taken to mitigate this threat.

↳ Islamic Banking System.

(Pakistan adopted in 2000: Mezan 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



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

وَالَّذِينَ اسْتَجَابُوا لِرَبِّهِمْ وَأَقَامُوا  
الصلوة أمرهم شورى بينهم  
ومما ذرؤهم ينفقون .

(Surah - AL Shura)