

Islamic Economic

System:

Write down the main principles of Islamic economics. How does these principles provide solutions to contemporary challenges?

ANSWER:

1) Introduction:

وَهُوَ الَّذِي خَلَقَ لَكُمْ أَنْفُسَكُمْ
وَرَفَعَ بَعْضَكُمْ فَوْقَ بَعْضٍ تَرْجَبُ
لَسْتُمْ فِي مَا دَأْتُكُمْ -

"It is He, who has placed you as the vicegerents on the Earth, and raised some of you above others in ranks, so that He may test you with what He has given to you"
- (6:165)

The Holy religion, Islam, places strong emphasises on the Economic System through

22/11/20

Date:

D D M M Y Y

Quran, Sunnah in the light of Shariah
 It gives details of the financial system
 at an individual and family level as well
 as at the state level. Unfortunately, the
 world and specially muslim countries have
 drifted away from Islamic teachings and
 find themselves in financial crisis like poverty,
 inflation, inequality and others. Islam has
 the resolution to all as observed in
 the times of Holy Prophet (P.B.U.H) and
 successive caliphs.

2) The foundation of the Islamic Economic System:

2.1, Sovereignty belongs to Allah (S.W.T):

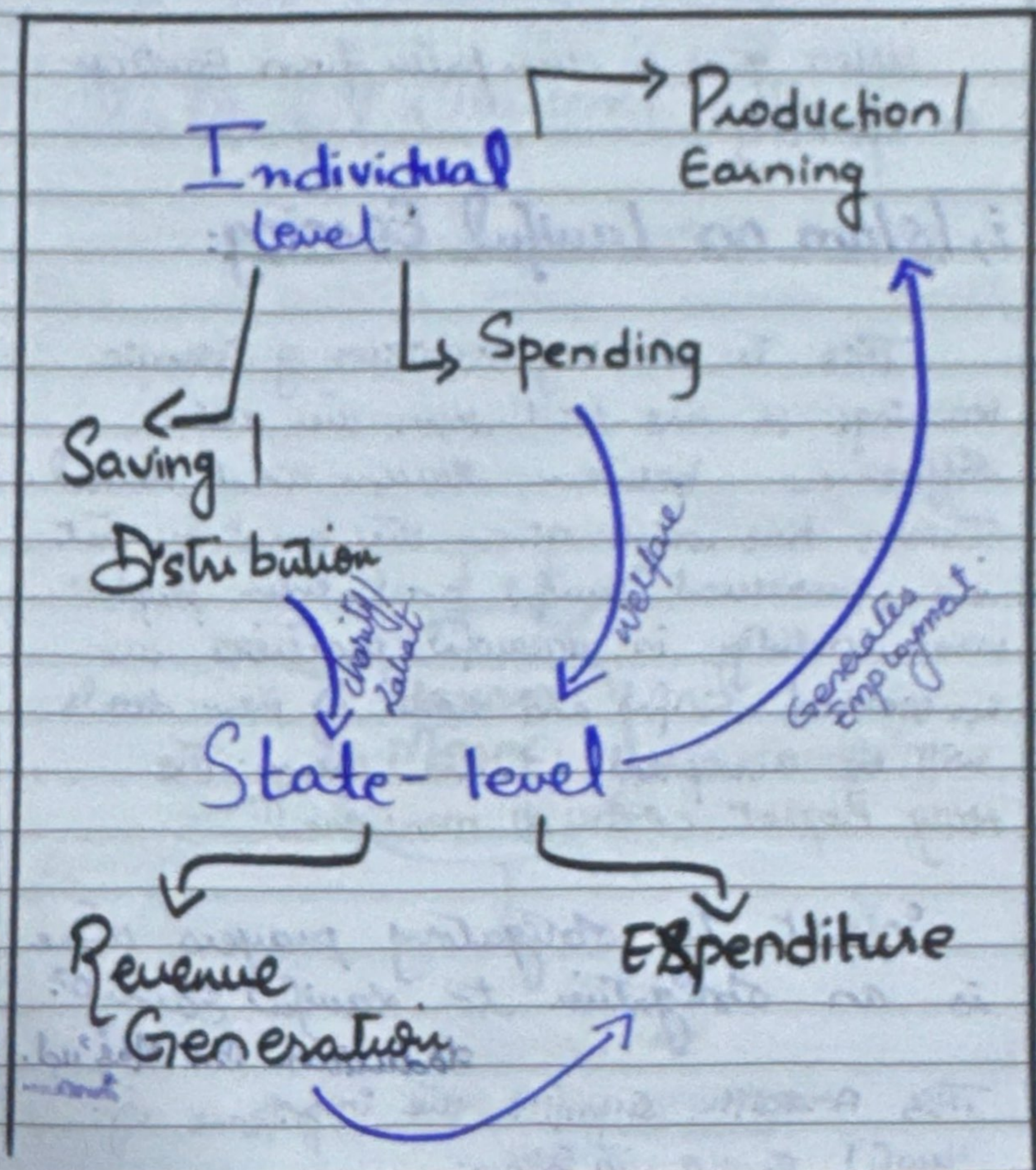
Islam clarifies that everything including
 all the worldly wealth and possessions belong
 to Allah (S.W.T) and humans are the
 vicegerents on the earth. Humans are merely
 trustees. Islamic economics treats wealth as
 both a blessing and a test. The Holy
 Prophet (P.B.U.H) taught:

"Allah, Blessed and Exalted, said: 'Son
 of Adam, spend for My sake and

"I shall spend on you."

2.2, Islam gives the Mechanism
for individuals and State in the
light of Quran and Shariah:

The basic framework that Islam entails
in detail:



3) Islam's key Principles:

The key principles and features of Islam curtail the whole web and system.

3.1, Responsibilities on an Individual:

Islam gives a clear path from Earning to Spending.

i, Islam on Lawful Earning:

This is the key condition of Islamic teachings. It has laid down the main difference between Haram and Halal. Islam has also given the earnings that are considered lawful and even people who indulge in unlawful practices are considered sinful and none of their deeds will be accepted from them. The Holy Prophet (P.B.U.H) mentioned,

'Next to obligatory prayers there is an obligation to Lawful Earning'.

Abdullah ibn Mas'ud.

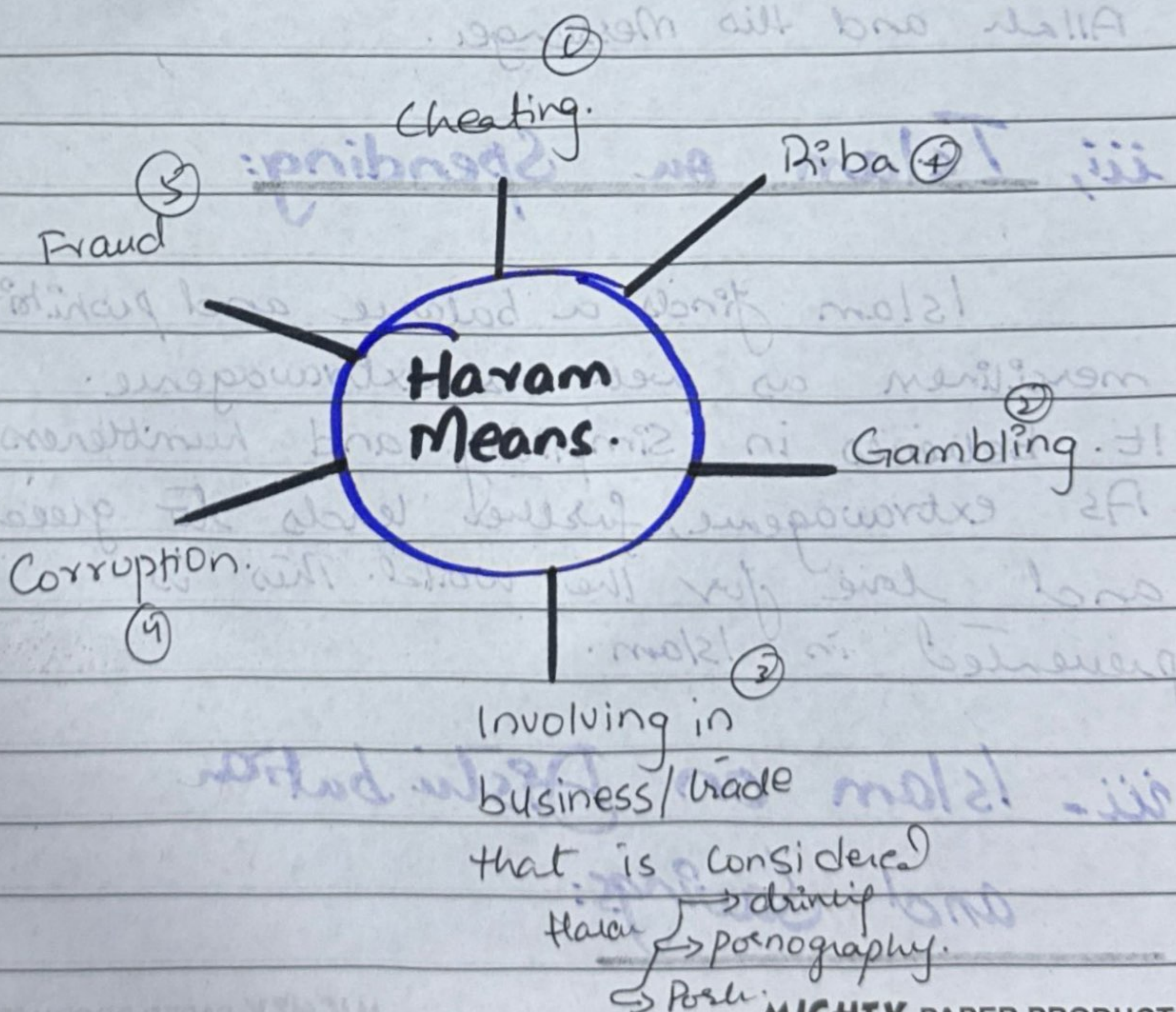
This Ahadith signifies the importance of Lawful Earning in Islam. Imam al-Bayhaqi

Islam also highly emphasises on Hardwork and Earning through work rather than begging or laziness.

"And that man can have nothing what he strives for, And that his striving will soon be seen;
- (Quran 53:39-41)

ii, Sin for Earning through Unlawful (Haram) means:

Islam is very particular about Earning. There are certain means through which a muslim can't earn.



- Quran on Riba:-

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ
وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن
كُنْتُمْ مُؤْمِنِينَ

O believers! Fear Allah, and give
up outstanding interest if you are
true believers.

- Surah Baqarah
(2:278).

Riba is also considered as a war with
Allah and His Messenger.

iii, Islam on Spending:

Islam finds a balance and prohibits
mercilessness as well as extravagance.
It believes in simplicity and humbleness.
As extravagance, further leads to greed
and love for the world. This is
prevented in Islam.

iii- Islam on Distribution and Savings:

Islam understands right to property and ownership but it prevents hoarding, accumulation of wealth. Thus the system of Zakat and Charity are obligatory and encouraged. It is Islam that considers social welfare.

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ..

"Be steadfast in your prayers and pay regular charity?"

Also on Savings The Quran Mentions:

"And for men are the benefit of what they earn; and for women are the benefit of what they earn". (4:32)

3.2, Responsibility of the State:

i. Institution of Bait-ul-Maal:

The institution of Bait ul-Maal is the Government Treasury with huge responsibilities from generating revenue to giving benefits.

Date:

D D M M Y Y

Means of Revenue

Responsibilities

1) Zakat	2) Social Welfare
2) Ushr	↳ Widows ↳ Orphans ↳ Elderly
3) Jizya	2) Generation of Employment
4) Khums	3) Fair Distribution of Wealth
5) Custom Tax	4) Encourage Charity (Infaq)
6) Daniyal	5) Ban on Exploitation
7) Fulfillment of Basic Needs	6) Public Ownership of Natural Resources

Solutions to Contemporary

Challenges:

The contemporary challenges are poverty. Zakat as an institution was built to remove poverty. By the time of Hazrat Umar's successors there was none to take Zakat. Today, unfortunately state has been indulged in other affairs and distribution of Zakat is the matter of state. (2) Inequality and concentration

Conclusion: