

Islamic Economic System:

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

ANSWER:

Introduction:

وَهُوَ الَّذِي جَعَلَكُمْ خَلِفَ أَنْهَارٍ صَنَعَ
 وَرَفَعَ بَعْضَكُمْ فَوْقَ بَعْضٍ دَرَجَاتٍ
 لِتَبْلُوَ كُلَّهُ فِي مَا ذَرَّا مِنْ

"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 emphases on the Economic System through

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 solution 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 Sharah:

The basic framework that Islam entails in detail:

Individual level

Production / Earning

Spending

Distribution

State-level

Revenue Generation

Expenditure

Welfare Generation

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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.

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one reference is enough for a single argument.....

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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.

Fraud

Haram
Means.

Corruption.

Involving in

business/trade

that is considered

Haram

→ Drinking

→ Pornography.

→ Pork.

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-Quran on Riba-

يَا أَيُّهَا النَّاسُ إِذَا أَنْتُمْ تَرْبَوِي مَا تَنْهَاكُمْ
وَرَزَقْنَاكُمْ مِّنَ الْبَرِّ بِمَا كُنْتُمْ تَعْمَلُونَ

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.

relate your headings and arguments to the qs statement.....

iii, Islam on Spending:

Islam finds a balance and prohibits miserliness 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:

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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 وَالْعِزْمَةُ ..

"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.

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Means of Revenue

- 1) Zakat
- 2) Ushra
- 3) Jizya
- 4) Khums
- 5) Custom Tax
- 6) Danarab
- 7) Fulfillment of Basic Needs.

Responsibilities

- 1) Social Welfare
 - Widows
 - Orphans
 - Elderly
- 2) Generation of Employment
- 3) Fair Distribution of Wealth
- 4) Encourage charity (Infaq)
- 5) Ban on Exploitation
- 6) Public Ownership of Natural Resources

Solutions to ContemporaryChallenges:

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 motto of state. (2) Inequality and Corruption

this is the 2nd part of the answer. discuss it in detail as well by giving subheadings.....

Conclusion: