

The Role of *Zakāh* in Poverty Alleviation¹

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Abstract

This paper examines the importance of the institution of *Zakāh* in Islam with the aim of highlighting its role as an effective tool for poverty alleviation. *Zakāh* has an immense value in the Islamic financial system. It is one of the five pillars of Islam and was enjoined as a compulsory duty on wealthy Muslims in the second year of *hijrah*. Therefore, it is perceived as a purification observance in three dimensions which include the moral, the economic and the social spheres. The institution or the office for the collection of *Zakāh* mobilizes from those on whom it is due their surplus wealth and distributes it to the recommended categories of individuals to provide the basic necessities of life in order to enhance their quality of life. This goes a long way to prevent waste in the economic system in which people might keep wealth for an extended period of time without any ethical commitment. Human welfare, therefore, is the end product of *Zakāh* and not the hoarding of wealth. The implication is that productive earnings enrich the whole community and, therefore, go a long way to alleviate the plight of those who do not have at any material moment of the *Zakāh* financial year.

Keywords: *Zakāh*, Poverty Alleviation, Islamic finance.

1. Introduction

Zakāh is one of the five pillars of Islam. It literally means “growth” and “increase” as well as “purity”.⁴ Technically, it has been defined as the practice of giving out a specified percentage of a person’s property to certain classes of people in the Islamic society.⁵ The limit of

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⁴ Sabahaaddin Zaim, “Recent Interpretations of the Economic Aspects of *Zakāh*”, in: I.A. Imtiaz, M.A. Mannan, M.A. Niaz and A.H. Deria. (Eds.). (1989). *Management of Zakāh in Modern Muslim Society*. Islamic Research and Training Institute, Islamic Development Bank. Jeddah, Saudi Arabia. p 101.

⁵ M. Abdullah and A. Suhaib. (n.d.). *The Impact of Zakat on Social life of Muslim Society*. p.68.

property at which *Zakāh* is due is known as *Nisāb*. *Zakāh* was enjoined as a compulsory duty on wealthy Muslims in the second year of *hijrah*. It is such an important obligation that the Holy *Qur'ān* enjoined Muslims to observe it in more than thirty verses.⁶ The *Qur'ān* says:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ ...

*And establish prayer and give Zakāh ...*⁷

It is, therefore, an important pillar of Islam which is always mentioned alongside the daily prayers. Islam does not oppose hard work and the acquisition of wealth. However, Islam perceives wealth as a blessing from Allah which he bestows on whosoever He wishes. Therefore, to make it possible for everyone to enjoy Allah's bounties and the universal blessing, the *Qur'ān* makes it a rule that, in the wealth of the materially blessed, there is a portion for the less privileged. For this reason, in the Islamic community, it is the duty of the state to see to it that no one is left unprovided for in terms of the basic necessities of life. The well-to-do are to pay for it. When food, clothing, shelter, education and medical aid are provided to the entire nation their efficiency as well as their standard of living improves. Their efficiency brings them higher wages by which they try to live as well as they can afford. The result is an increase in the demand for things that the factories produce and the shopkeepers sell. The result is an extension of production, therefore more employment, more purchasing power, leading to more employment until the entire nation becomes prosperous. In spite of having paid the heavy duty of *Zakāh* that wealthy do not become poor; they rather go on getting further wealth on account of the extension of trade and industry. That is why the *Qur'ān* has contrasted charity with interest.⁸

⁶ Sabahuddin Azmi. (2002). *Islamic Economics*. Goodword Books Pvt. Ltd. New Delhi, India. pp 60-61.

⁷ *Qur'ān*: 2:110

⁸ Ahmad. (1947). *Economics of Islam*. pp. 102-103.

يَمْحَقُ اللَّهُ الرِّبَا وَيُرْبِي الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ .

*God will deprive usury of all blessings, but will give increase for deeds of charity:
for He loveth not creatures ungrateful and wicked.*⁹

2. The Importance of *Zakāh* in Islam

Zakāh brings about purification of one's wealth in three directions. Its work covers the moral, the economic and the social spheres. In the moral spheres, it washes away greed and acquisitiveness of the wealthy, makes them alive to and responsible for solving the problem of poverty. It frees the spirit of man from the hold of wealth which grows tighter in direct proportionate to the greed of man. Secondly, *Zakāh* purifies wealth itself of its evil tendency to gather more and more in fewer and fewer hands on account of unequal opportunities which human beings enjoy. *Zakāh* takes away from the few, their surplus wealth and gives it to the many to provide necessities of life to them. Wealth is no longer the demon for which people work on, even when they no longer need it. Welfare is the end and not wealth. According to Islam the productive earning of wealth enriches the whole community. Earning of wealth is therefore encouraged.¹⁰

The third domain in which the institution of *Zakāh* performs its purifying process is the entire social sphere. A nation of paupers on the one side and millionaires on the other is the most unfortunate of nations. Not only because the vast majority of the population is underfed, under-clothed, unhealthy, uneducated and therefore inefficient; but also because as a consequence industry and trade of that nation stagnate and get blocked. The crises occur. When the vast majority of the nation has no purchasing power that can purchase the goods which the factories

⁹ *Qur'ān*: 2:276

¹⁰ Ahmad. (1947). *Economics of Islam*. pp. 100-102.

are turning out and the good things of life which the shopkeepers display in their show-cases, what can the factories do except stopping production when there is no market for the accumulated stock. This causes unemployment and therefore reduces purchasing power. This vicious circle continues until the dark clouds of poverty gather thick and covers the whole nation. Even the millionaires become the poorer for it. This is not so in Islam.

3. Poverty Alleviation through *Zakāh*

Zakāh is the hub of the Islamic public finance since it is the most important source of revenue of any Islamic state. It provides relief from poverty and brings other forms of social security.¹¹ Abu Ubayd affirms that *Zakāh* is the share of the poor in the property and wealth of the rich.¹² The *Zakāh* assumes a unique character in the socio-economic structure of an Islamic state as its payment not only fulfils an economic necessity but also becomes a religious obligation and means of spiritual purification.¹³ The verse of the Holy *Qur'ān* reads:

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا ...

*Of their wealth take alms (Sadāqah or Zakāh) that so thou mightiest purify and sanctify them ...*¹⁴

Zakāh is the most important fiscal and distributive mechanism of an Islamic economy.¹⁵ *Zakāh*, not only provides relief to the poor, but aims also at providing the poor with their own means of production, so that persons helped by *Zakāh* are removed forever from the category of the poor and needy. This is in addition to the essential shelter and immediate relief that *Zakāh* provides. We also see that what is given as *Zakāh* must become the property of the recipients so that recipients of *Zakāh* no longer remain have-nots. Indeed, they might become payers of *Zakāh* in

¹¹ Azmi. (2002). *Islamic Economics*. p 60.

¹² Abu Ubayd. (1986). *Kitab al-Amwal*. Dar al-Kutub. Beirut, Lebanon. p 459.

¹³ Azmi. (2002). *Islamic Economics*. p 61.

¹⁴ *Qur'ān*: 9:103

¹⁵ Zaim. 'Recent Interpretations of the Economic Aspects of *Zakāh*'. p 110.

the future,¹⁶ and this is very important in the making sense of the role of *Zakāh* in poverty alleviation in the Islamic society.

The *Qur'ān* declares that the poor have a right in the wealth of the rich:

وَفِي أَمْوَالِهِمْ حَقٌّ لِّلسَّائِلِ وَالْمَحْرُومِ .

*And the beggar and the destitute had a share in their wealth.*¹⁷

This sharing takes many forms; the compulsory contribution, known as *Zakāh*, which all property owners are required to bear in mind for the upliftment of the poor in accordance with set rules and regulations.¹⁸ It is the responsibility of the state to make arrangements for the collection and distribution of *Zakāh*. Beside this compulsory levy, which helps solve the problem of poverty in a generalized manner through the agency of the state, Islam places particular responsibility on all well-to-do members of the society to help their close relatives through an institutional mechanism known as *nafaqāt* (obligatory maintenance by relatives), which can be given legislative effect if found necessary.¹⁹

The obligation to help the poor and the needy is based on the premise that Allah is the Creator and real Owner of all wealth, and what one gets in this world from one's efforts is His Grace. Spending a part of one's wealth on the poor and the needy is thus an expression of one's

¹⁶ Yusuf Al-Qaradawi. (2011). *Fiqh Al-Zakāh: A Comprehensive Study of Zakāh Regulations and Philosophy in the Light of the Qur'ān and Sunnah*. Translated by; Monzer Kahf, Edited by; Iqbal Siddiqui. Islamic Book Trust. Selangor, Malaysia. p 587.

¹⁷ *Qur'ān*: 51:19

¹⁸ See: Ziauddin Ahmad. (1991). *Islam, Poverty and Income Distribution*. The Islamic Foundation. Markfield, Leicester, UK. p 47.

¹⁹ Ziauddin Ahmad. (1991). *Islam, Poverty and Income Distribution*. p. 33.

gratitude to Allah. It is Allah's munificence that He regards the amount thus spent as a 'goodly loan' which in recompense is increased in manifold.²⁰

The *Qur'ān* asks:

مَنْ ذَا الَّذِي يُعْرِضُ اللَّهُ قَرْضًا حَسَنًا فَيُضَاعِفُهُ لَهُ أَضْعَافًا كَثِيرَةً ...

*Who is it that will lend unto Allah a goodly loan so that He may give it increase manifold? ...*²¹

After having a brief understanding of the concept of *Zakāh*, the question arises as to why then there is poverty among Muslims. Despite being rich in all kinds of natural resources and with a fairly large number of billionaires, majority of Muslims are living in poverty. *Zakāh* on one billion dollars is around \$25 million and this amount can go a long way in helping many to manage for food, clothing and shelter. *Zakāh* can eradicate poverty and when you eradicate poverty, you can eradicate corruption, social injustice, human trafficking, reduce crimes and most important is that you save the dignity of a human being.²²

There are many countries in the Muslim world that are rich in resources but poverty is beyond imagination in these countries.²³ Poverty can be eradicated from the Muslim world if all Muslims start taking the institution of *Zakāh*, which is mandatory, seriously. It would be pertinent to mention here that *ṣadāqah* is not obligatory but a form of charity that even the poor can give the poorer. Muslims around the world have simply forgotten the third pillar of Islam. Moreover, giving *ṣadāqah* is the best way to purify business from all doubts of *Haram* means of earnings

²⁰ Ahmad. (1991). *Islam, Poverty and Income Distribution*. p 42.

²¹ *Qur'ān*: 2:245

²² <http://www.arabnews.com/news/531401> Retrieved: 11.01.2016

²³ Somalia and Yemen are examples of how poverty is destroying the social fabric. In the past, these two countries were the main food and livestock exporters of the region.

which is advised by the Holy Prophet (pbuh).²⁴ Imam an-Nasai reported from Qais bin abi Gharzah that the Holy Prophet (pbuh) said:

يَا مَعْشَرَ التَّجَارِ إِنَّ هَذَا الْبَيْعَ يَحْضُرُهُ الْحَلْفُ وَالْكَذِبُ فَشُوبُوا بَيْعَكُمْ بِالصَّدَقَةِ .

“Oh you merchants, your transaction is (usually) surrounded by either idle talk or lying, so make *ṣadāqah* (charity) an integral part of it.”²⁵

In another place The Prophet Muhammad (pbuh) said:

“... مَا نَقَصَ مَالُ عَبْدٍ مِنْ صَدَقَةٍ ...”

“... Nobody’s assets are reduced by charity.”²⁶

Zakāh and *ṣadāqah* cannot only help eradicate poverty but can also bring people closer not only Muslims but also even people from other faiths. Omar Bin Khattab, one of the rightly guided caliphs of Islam, helped an old Jew from the Bait Al-Mal. Ali Bin Abi-Talib once said: “If poverty were a man, I would have killed him.” It is a shame to see many cities across the Muslim World who live on the job of begging seemingly with no choice. The Muslim world is full of resources and has many rich people but it is very important to be part of society and pay the dues. It is our responsibility to fight poverty and *Zakāh* is the Islamic solution to this problem.²⁷

However, there are no restrictions on *Zakāh* funds that they should be spent only in the area where they are collected. If the funds are not needed in a certain area, they can always be

²⁴ Baker Ahmad Alserhan. (2011). *The Principles of Islamic Marketing*. Gower Publishing. Surrey, the UK. p 16.

²⁵ *An-Nasa'i*: 3797

²⁶ *Al-Tirmizi*: 2325

²⁷ <http://www.arabnews.com/news/531401> Retrieved: 11.01.2016

transferred to more needy regions or parts of the world.²⁸ Islam always wants its fellow men to be wealthy and prosperous and it never supports poverty. Prohibition of interest (*ribā*), the obligation of *Zakāh*, *kaffārāt* (financial penalty on certain offences), giving *ṣadāqah*, the rights of one's neighbour, the encouragement to work and do business and the condemnation of idleness are some of the Islamic principles directed towards the removal of poverty. According to Ibn Taimiyyah, the eradication of poverty is an obligation of the state.²⁹

Zakāh has a major role to eradicate poverty, therefore, its collection becomes the duty of the government. Efficient fiscal machinery and precise accounting procedure of the *Zakāh* institution are required.³⁰ Further, *Zakāh* collection could be done at the district level. This could be collected from where it is due and distributed with just and never to deprive the deserving. If the *Zakāh* is collected and distributed in a required manner it can surely play a significant role in the alleviation of poverty. It was for this reason that the Holy Prophet (pbuh) himself urged and supervised the collection and distribution of *Zakāh* funds.³¹ History proves that with the proper management, *Zakāh* is capable of eliminating poverty. During the reign of Umar bin Al-Khattab and Umar bin Abdul Aziz, it was reported that there was so much prosperity that it was nearly impossible to find the eligible recipient of the *Zakāh* fund.³² The implication is that if poverty is reduced this way, the proceeds from *Zakāh* could be invested in a sustainable venture for the wellbeing of the future generation which in all intents and purposes, is the objective of the

²⁸ Irfan Ul Haq. (1995). *Economic Doctrines of Islam: A Study in the Doctrines of Islam and their Implications for Poverty, Employment and Economic Growth*. The International Institute of Islamic Thought. Herndon, USA. p. 182.

²⁹ Abdul Azim Islahi. (1988). *Economic Concepts of Ibn Taimiyah*. The Islamic Foundation. Leicester, UK. p. 181.

³⁰ Irfan Ul Haq. (1995). *Economic Doctrines of Islam: A Study in the Doctrines of Islam and their Implications for Poverty, Employment and Economic Growth*. p. 181.

³¹ See: *Sahih al-Bukhari*. 3:292, 319.

³² Farah Aida Ahmad Nadzri. et. al. 'Zakat and Poverty Alleviation: Roles of Zakat Institutions in Malaysia', in: *International Journal of Arts and Commerce*. Vol. 1 No. 7. December 2012. p. 71.

facility. The objective of *Zakāh* is not to promote laziness but economic hard work and development of the highest level imaginable.

With the above achieved, the proceeds from *Zakāh* could also be used to finance interest free banking in which small business loans (without interest), itself aimed at promoting individual hard work and corporate investment, could be given. For example, poor farmers can be given loans or even grants from this *Zakāh* money to enable them to purchase their equipment and materials they need to lift them out of poverty. The same can be done for small business owners, or for the poor to set up small workshops or factories to lift them out of poverty once and for all. Within a few years, poverty would be eliminated or at least reduced.³³

4. Conclusion

Zakāh distributes wealth from the well-to-do to the poverty groups. The purpose of *Zakāh* is to help people stand on their feet, to move out of the poverty line and to be socially and economically productive. The implication is that if this Islamic economic tool (*Zakāh*) is well administered, it will go a long way help reduce poverty. The institution of *Zakāh* is therefore, built on fairness, justice and accountability. Prohibition of interest (*ribā*), the obligation of *Zakāh*, *kaffārāt* (financial penalty on certain offences), giving *ṣadāqah*, the rights of one's neighbour, the encouragement to work and the motivation for both individual and corporate business and the condemnation of idleness are all Islamic principles aimed towards the eradication of poverty from the society. Therefore, with the right institutional framework in place, the institution of *Zakāh* could go be very effective for the eradication of poverty in Muslim society.

³³ <http://www.nairaland.com/2274172/how-zakat-reduce-poverty-starvation> Retrieved: 18.01.2016

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