Pakistan Journal of Social Sciences (PJSS)
Vol. 29, No. 2 (December 2009), pp. 313-334

Contribution of *Zakat* in the Social Development of Pakistan

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Abstract
The main objective of this study is to provide a comprehensive description as well as evaluation of the emergence of zakat System. Simultaneously we have to analyze its contribution in the social and economic development in Pakistan. Consequently on the basis of this analysis, we may be able to establish a significant relationship between zakat and social/economic development. This system is to maintain economic balance in the economy simultaneously it has a negative impact on the concentration of wealth whereas it has positive impact on the circulation of funds. Through this mechanism every segment of the society can get the benefit. It is assumed that zakat is an antipoverty instrument. Findings of this study reveal this system guarantees that every individual will be able to get the basic needs of life. However, the basic difference between zakāt and other charities is that it stands obligatory along with other voluntary sadaqāh. Zakāt enables the poor segment of the society to participate in the economic activities and makes them a useful part of the society. Consequently they feel their importance as a part of the society. Through zakāt the poor segment of the society participate in the economic and social activities with full responsibilities.

Keywords: Islamic Economic System; Poverty; Religion; Social economics; Zakat

I. Introduction

Zakāt is one of the major financial obligations which every Muslim has to pay once in a year if he is a *Sahib-i-Nisab* (a minimum prescribed amount by *Shariah*, which varies for the different categories). The system of *zakat* collection and its disbursement is based on *Quranic* injunctions (9:60; 9-103). The early period of Islamic history provides some significant practical examples of the system of *zakat,* i.e., collection and disbursement. The main objective of this system is to maintain economic balance in the economy simultaneously it has a negative impact on the concentration of wealth whereas it has positive impact on the circulation of funds. Through this mechanism every segment of the society can get the benefit. It is assumed that *zakat* is an antipoverty instrument. This system also guarantees that every individual will be able to get the basic needs. However, the basic difference between zakāt and other charities is that it stands obligatory along with other voluntary *sadaqāh.* Zakāt enables the poor segment of the society to participate in the economic activities and makes them a useful part of the society. Consequently they feel their importance as a part of the society. Through *zakāt* the poor segment of the society participate in the economic and social activities with a full of responsibilities.

The system of charities in Islam has its own significance, impacts and objectives. Firstly, its aim is to purify the activities. Saying of Prophet (pbuh) is that charity purifies the activities of a merchant. Secondly, establishment of civic system aiming at constituting a group or organization which can provide people with a better social life. The third purpose is to organize a financial establishment which provides salaries to the collectors of *zakat*. Fourthly, through this mechanism, the system will be able to achieve economic Justice. This is inbuilt in the system that the automatically transfer of funds is taken place from the rich segment of the society towards the poor segment of the society .

Despite that many norms of the Islamic system are not practicing in contemporary Muslim world but the system of *zakat* is very much effective and active in the many parts of the Muslim world.. It has been observed that in the many parts of the Muslim world such as Pakistan official *zakat* system works in an effective way and has its remarkable affect on the society. Nonetheless, *zakat* is not mere a charity but also a very effective tool of the fiscal policy of Islamic economy. The obligation of the *zakat* is not limited to the Muslims living in the Islamic state only but it also an obligatory duty of the Muslims living out of the Islamic state. According to an unofficial report that every year thousands of Muslims are paying millions of dollars as a charity and also *zakat*.

Several studies on the relationship between *zakat* and development can be seen in the literature, for example, Ali (1963), Khan (1974), Qadri (1963), Qureshi (1980; 1979; 1978). Abdus-Salam (1976), Ahmad (1981), Hasanuzzaman (1976), Abdul et al (1995), Al-Qardawi (1999) and Shirazi (1996). Their analysis is very important but it could not be able to cover the whole issue. Some of them are discussing development only. Others are relevant to *zakat* only. Relationship between *zakat* and development is not given appropriate attention. This study is aimed to establish this link. The main objective of this study is to provide a comprehensive description as well as evaluation of the emergence of *zakat* System. Simultaneously we have to analyze its contribution in the social and economic development in Pakistan. Consequently on the basis of this analysis, we may be able to establish a significant relationship in between *zakat* and social/economic development.

Further parts of this study are presented in three sections. Section-I will be discussing literature and theoretical developments related to *zakat* in an Islamic economy, section-II will summarize the research methods and procedures adopted for this study and section-III will provide detailed discussions about the implications of this study followed by some suggestions related to the improvement of this system.

II. Theoratical Background

Nisab and its Role in Social Development

In the early Islamic period, *zakat* was payable on gold, silver, merchandise, livestock, treasure trove, and mineral and agricultural produce. Applying one of the methodologies of *ijtihad* known as *qiyas* (analogical deduction), the jurists are agreed that in modern times *zakat* is also to be paid on holdings of currency and various types of financial assets like bank deposits, shares and securities. Items in personal use and specifically the following are not subject to *zakat*: the house used by the owner for his own residence and of his family, wearing apparel, household utensils, animals or any other means of transportation in personal use, and articles of adornment if not made of gold and silver. There is a difference of opinion on whether fixed assets are also subject

to *zakat*. Agricultural land is unanimously held to be outside the purview of *zakat*. On the same analogy, many jurists regard other fixed assets like factory buildings, machinery, plant and equipment as not being subject to *zakat.* Some jurists, however, are of the view that such fixed assets should be liable for payment of *zakat*. It has also been suggested that earnings from rented land and buildings should be treated akin to agricultural produce for the levy of *zakat*. Some jurists favour the imposition of *zakat* on wages and salaries as these are received, while others are of the opinion that the base for *zakat* should be the annual salary net of deductions of debts and living expenses.[1]

The *nisab* (the minimum quantity or amount of an asset which makes it liable to *zakat*) for different items was prescribed by the Prophet; and there is *ijma*' (consensus of jurists) that no variation from the instructions in this respect is permissible. The *nisab* for gold is 20 *dinars* or 85 grams while for silver it is 200 *dirhams* or 595 grams. The *nisab* for cash, other financial assets and merchandise is similar to that for gold and silver. In the early Islamic period, 20 *dinars* were equivalent in value to 200 *dirhams*. Over time, silver has become cheaper relative to gold. There is a difference of opinion among the jurists whether the minimum holding at which cash, other financial assets, and merchandise should be considered liable to payment of *zakat* should be equivalent to 20 *dinars* of gold or 200 *dirhams* of silver. Some jurists favour equivalence in terms of *dirhams* as this would serve to enlarge the receipts from *zakat* and would beneficial to the poor. Others favour equivalence in terms of *dinars* because of the general rise in the cost of living compared to the early Islamic period. The *nisab* for agricultural produce is 5 *wasq* or 950 kg in the case of produce measured by capacity and equivalent value of staple grain in other cases. The *nisab* in the case of livestock differs by type of animal. It is 5 in number in the case of camels, 30 in the case of bovine animals, and 40 in the case of sheep and goats. There is no *nisab* on mineral produce in the early Islamic period regard to *nisab* on mineral produce in the early Islamic period is not known with certainty. According to some jurists, there is no stipulation with regard to minimum holding in the case of mineral produce while others consider it subject to levy if the value of the quantity produced while others consider it subject to levy if the value of quantity produced in a year is commensurate to that prescribed for merchandise.

The rates of *zakat* on various items were also prescribed by the Prophet, and these also are regarded as invariant. The lowest rate of 2.5 per cent is applicable in the case of gold, silver, cash, other financial assets and merchandise. In the case of agricultural produce, the rate is 10 per cent for crops irrigated by rainfall and 5 per cent for crops grown on land which is artificially irrigated. The rates of *zakat* applicable to the various categories of livestock are based on detailed schedule s laid down by the Prophet.[2] The rate is 20 per cent in the case of treasure trove. As for minerals, the position in the early Islamic period is not known with certainty. Some jurists regard mineral produce subject to *zakat* at 2.5 per cent while others are of the view that it is subject to *khums*, that is, levy of 20 per cent. The liability for the payment of *zakat* arises consequent to assets equal to more than the *nisab* having been in the ownership and possession of someone for one full year. This condition attaches to most assets subject to *zakat* but does not apply in the case of agricultural produce. *Zakat* is payable only once in respect of the same asset in a *zakat* year but *zakat* on agricultural produce, also known as *'ushr*', is payable on the harvesting of each crop.[3] There have at times been suggestions that to increase the potential yield from *zakat,* the rates of *zakat* on various items should not be considered immutable. However, such views have found very little support in the Muslim world.

The general consensus remains that any variation in the rates on *nisab* of *zakat* would seriously compromise the sanctity of *zakat* which is regarded as a form of *ibadah* (worship) in Islam, and could open the door for changes which may introduce erratic and arbitrary elements in a stable institution. It has also been pointed out that *zakat* even with invariant *nisab* and invariant rates have the potential of mobilizing substantial resources for alleviation of poverty because the *nisab* is low and the base of the levy is fairly wide. In fact, the base is so wide that almost everyone except the very poor has to pay something in way of *zakat*. In certain country studies, *zakat* has been found to have the potential of transferring 3-4 per cent of Gross Domestic Product every year to poorer sections of the population.[4] The position would, of course, vary from country to country depending on the pattern of its income distribution and its structural characteristics. Whatever these variations are, the *nisab* system of *zakat* plays a significant role in social development in all the societies. Social development in Pakistan would be discussed as a case study in the later pages.

III. Method

There is now a substantial body of literature analyzing the role of *zakat* and charities in the modern Muslim states. However, still the aspect of *zakat* as a tool of social and economic development needs more systemic studies so that its effective contribution cold be measured as a tool of social and economic development. A number of questions are arising in this area, such as:

i. How *zakat* system was emerged?
ii. What was its contribution in the economic development of Muslims societies in the past?
iii. What is its role in present Muslim societies particularly?
iv. Can *zakat* institution be useful for social and economic development in non-Muslim societies?

Economic management of *Zakat*

The objective of *zakat* management is to achieve the best possible outcome in the timely collection and distribution of *zakat* as ordained in Islamic Shariah. Therefore, the efficiency of any proposed system of *zakat* management must be assessed in terms of achieving that particular objective in the best possible way. It is interesting to note that the basic pillar of efficient *zakat* management mentioned in the Quran is the class of *zakat* workers, not the head of State or ruler, even though the latter are necessary for facilitating the activity of *zakat* workers. The role of the *zakat* House in the collection and dissemination of *zakat* must be appreciated along the same rationale of intermediary services, which brings together suppliers and demanders of a particular product or service. Thus, the basic jurist framework of *zakat* management consists of *zakat* workers appointed by the head of the Muslim State. The idea is to ensure Muslims' compliance with this primary pillar of Islam, and to give the poor and needy their dues from the richer sections of the Muslim community. Abu Bakr al-Siddiq waged war against those who denied *zakat* as a pillar of Islam and refused to pay it. This is perhaps the main reason why many scholars still believe that *zakat* must be run under Muslim governments' control. It must be noted, however, that the process of *zakat* collection and distribution must be clearly separated from central or local government budgets. *Zakat* differs fundamentally from taxation in three main aspects:

i. While government may freely utilise tax revenue in public policy targets, *zakat* proceeds are the property of the eight target groups. Government is therefore not free to re-channel the *zakat* proceeds to the financing of any particular projects, no matter how beneficial to society they are believed to be [the *tamleek* condition must be observed].

ii. *Zakat* rates cannot be manipulated like tax rates to satisfy fiscal policy imperatives. It is for this reason that some Islamic economists (e.g. Faridi (1983) do not perceive a fiscal policy function for *zakat* (see Tag El-Din, *Allocative and Stabilising Functions of zakat*)[5].

iii. The *zakat* 'House' is ideally cleared out at any given time, to indicate that collection and distribution are perfectly synchronized. Failure to clear out *zakat* in good time is an indication of inefficient management. However, this is not the right criterion for the efficiency of the tax system. Thus, there are radically different measures of efficiency for taxation as opposed to *zakat*.

iv. Many Islamic economists distinguish *zakat* as an anti-hoarding economic tool. They often refer to the Prophet's hadith, "Whoever is entrusted with an orphan's wealth, he should invest it in trade lest *zakat* would eat it up"[6].

However, the efficiency of the *zakat* system cannot be viewed independently of the extent of trust that *zakat* payers may assign to it. The whole idea of *zakat* management is to help Muslims perform this pillar of Islam and establish its primary function as a means to alleviate poverty. But if trust is not sufficiently maintained between Muslims and a government-controlled *zakat* House, the potential *zakat* payers would prefer to pay out *zakat* directly to their own relatives who are poor or needy, rather than deal through the *zakat* House.

Abbadi demonstrated the various jurist opinions regarding the possibility of authorizing people to pay their *zakat* by themselves as opposed to doing it through a state-controlled agency[7]. Al-Shafi'i in his new school, together with al-Sha'bi, al-Awza'i and the Ja'fari school are all in favor of *zakat* payment directly to its recipient by the *zakat* payer without intermediation by the state. Hanafite and Malikite make it possible only for internal wealth (excluding livestock and crops). In general, all the four schools of jurisprudence approve the option that people may pay out their *zakat* by themselves rather than through the medium of Imam, if the latter is not sufficiently trustable.

The socioeconomic Infrastructure for Society

There is no hesitation that the socioeconomic infrastructure of the Muslim person and the society has its roots in the faith in Allah, His oneness as well as in all linked values of Islam which exert their impact on social and economic behaviour of Muslims both at the individual and the social level. By virtue of these values, human contradictions and inconsistencies are overcome and properly rationalized in the management of an Islamic society.

It is well known that the social dimension and relationships within the Muslim society are determined by "Islamic Brotherhood". It is not simply a spiritual experience or mere wishes or expressions of sympathy. This notion of brotherhood is also strongly

backed by economic solidarity, as exemplified in the payment of the *Zakat* by the rich without which his faith will remain imperfect.

Islam pays special attention to land as a productive resource on which Allah made us His vicegerent. Basically, a Muslim is supposed to be a hard nullius for all Muslims or for the poor and the needy or, if the land is not used, for public utility. By virtue of their vested interest (though of *Zakat*), the beneficiaries of *Zakat* under the eight prescribed categories, are in a sense partners with those who own the three factors of production, namely: capital, land and labour. And, thus, economic and social justice is ensured. This prescribed right is decreed by Islam for those who cannot take part in the production process and in economic activities. This is dope in accordance with the rule that no Muslim should be left due to predicament.

IV. Discussions

Towards a New Framework for the Contemporary use of *Zakat*

On the basis of the preceding discussion we can put forward a framework for the contemporary use of the *Zakat* fund in financing the Islamic socioeconomic infrastructure.

i. Emasculation of a 5-year plan and an annual plan Budget for the *Zakat* treasury *(Baitul-Mal):*

We suggest preparation of a five-year plan as well as annual plan for the receipts and expenditure of *Zakat* institutions. In the absence of a public treasury *(Baitul-Mal)* I feel the need for the establishment of an Islamic international federation for *Zakat* institutions, or a world Islamic organization for *Zakat* institutions, or a world Islamic organization for *Zakat,* affiliated to the Organization of Islamic conference. We are also, in favor of preparing a detailed accountancy guide for such an organization, in line with the requirements of our time, wherein the *Zakat* is properly dealt with and systematized in all respects.

Broad outlines for financing the Islamic socioeconomic infrastructure from *Zakat* funds are indicated below:

(i) Channel of payments for the poor and the needy:
- *Zakat* funds, under this category, could be spent on Islamic education of the children of the poor.
- The establishment of at least one Islamic educational school each year in every town with one meal freely provided to its pupils.
- The teaching of Arabic as a basic school subject.
- Establishment and support to primary school for teaching the Holy Qur'an.

(ii) Professional training and rehabilitation for Zakat recipients:
- Training of craftsmen and tradesmen in order to enhance their productive efficiency and skills.
- Supplying of necessary tools to craftsmen.
- Provision of vocational training to some of the handicapped in order to turn them into productive individual, coupled with the provision for the handicapped.

- Supplying tools for productive families which can carry out economic activities indoors.
- Establishment of ready-made clothes.
- Widows knitting and producing woollen clothes.

(iii) Establishment of simple cottage industries:

- Production of handmade rugs and carpets on handlooms.
- Production of leatherwear
- Other simple products, such as wooden manufactures.

(iv) Establishment of simple agricultural and cottage industries:

- Breeding poultry and fishes.
- Establishing beehives.
- Establishing various kinds of rural and communal cottage industries.

(v) Provision of simple fixed assets in small utility and trade projects as iceboxes for selling canned food etc.

(vi) Provision of some production facilities:

- Raw materials.
- Semi finished articles produced by individuals or productive families who are recipients of *Zakat.*

(vii) Provision of working capital to craftsmen eligible for Zakat.

(viii) Low-cost housing:

- Building of low cost economic building blocks at minimum cost.
- Giving possession of flat on the basis of rent financing.
- Encouraging of benevolent endowments *(waqfs)* concerning economic housing.

(ix) Medical treatment and health care:

- Establishment of dispensaries in different localities for providing medical treatment to the poor in all fields of specialization free of charge or against nominal fees.
- Whenever possible, volunteer doctors or doctors charging nominal fees should be employed for these dispensaries.
- The *Zakat* institution should assume part of the costs of treatment of some individuals, eligible for *Zakat,* in some hospitals where a number of beds, carrying the name of the *Zakat* in-satiation may be reserved for the in-patients.

ii. Expenditure on those whose hearts are made to incline to truth

In the words of Abu Ya'la, those whose hearts are inclined to truth, Muslims or non-Muslim could have a share of *Zakat* under the following four categories of people:

a. whose hearts are inclined to help the Muslims;
b. whose hearts are inclined to defend the Muslims;
c. who can be persuaded to embrace Islam; and
d. who can be persuaded to attract their tribes and clans to Islam.

The head of expenditure on those whose hearts are inclined to truth remains valid, despite the fact that it was suspended during the reign of Hazrat Umar who believed that Islam had already been firmly established, and therefore, there was no need to persuade such people to come to the fold of Islam.

In the opinion of Abu Zahrah, funds paid to those whose hearts are to be made inclined to Islam are similar to what we now term as public relations and publicity expenditure.

Yousef Al-Qaradawi, opines that such people should continue to receive money from the *Zakat* because as it is ordained by Allah, some of these funds should be spent to persuade non-Muslims to convert to Islam or to strengthen their belief in it, or to win more supporters.

iii. Expenditure of the cause of Allah

According to Abu *Zahrah*: "some proponents of the shafi'ites and disbursed to those who are fighting for the sake of Allah and for those who are commissioned to defend the Muslim borders.

According to Abu *Zahrah*: "some proponents of the Shafi'ites and Hanbalis held the view that this type of money is not to be given to those who are fighting for the cause of Allah or defending the borders unless they are poor". In our this category is not to be treated independently. It is proper to comply with the opinion of the majority of jurists who hold that these people should receive their share of the *Zakat* even if they are rich on the grounds that they have qualified for it by reason of taking part in a holy war in the way of Allah".

The phrase "in the way of Allah" was interpreted by some jurists as to all men serving the interests of Muslims. They permitted expenditure on this account out of *Zakat* fund. We, however, are not inclined to accept such liberal interpretation of the phrase. It is reasonable to adopt the view held by the majority of jurists.

iv. Islamic Approaches to Financing Socioeconomic Infrastructure from *Zakat* Funds in Our Modern World:

- Payment of cash money to those who are completely disabled, unable to work or gain their living.
- Payment in kind, in the form of light fixed assets, production tools and productive commodities.
- Partnership that would culminate in ownership for the benefit of categories of people qualifying for he *Zakat*. This enterprise is to be financed by the *Zakat* foundation.
- Engaging in a specific lawful mudarabah project pertaining to a specific activity, with the *Zakat* foundation acting as owner of the capital, while *Zakat* beneficiaries act as workmen who take part in the mudarabah as a partner contributing his work. Any ratio of profit is to be divided between them in accord ace with an agreement made prior to commencement of the work.
- Provision for leasing light fixed assets and production tools with nominal fees or rent to the poor and the needy.

i. ***Good Loans:*** *(Interest-free loans)*

- Good loans should be granted to beneficiaries of the Zakat, under certain social conditions, or situations such as catastrophe, emergency, illness and costly surgery.

- Good loans should be extended to those who are in debt, and qualified as such under the *Shari'ah.*

For Islamic banks and companies set up in the recent past, it should be possible to identify various methods of financing the basic socioeconomic development projects from *Zakat* funds. These methods include, inter alia, the opening of benevolent investment accounts with the Islamic banks, financing construction of low cost housing on behalf of *Zakat* beneficiaries as well as providing support to crafts and simple cottage and livestock and poultry industries within the framework of the 5-year national *Zakat* plan.

V. Implications for Zakat Management System

The proposed mechanism has interrelated components. It envisaged that zakat donors would continue to pay zakat to the present Zakat agencies responsible for collection and distribution of zakat in respective banks and Zakat Committees in Pakistan. This means that there is no need to make any changes in the zakat collection mechanism followed in a country.

i. A new financial institution shall be established under the name of Zakat Investment Corporation (ZIC). The ZIC shall be registered as a waqf institution for according permanent existence but it shall operate as profit seeking corporate venture. The ZIC may have its branches and affiliate offices throughout the country. This will be the key institution responsible for financing development by channelling zakat funds into long-term investments.

ii. The zakat collection agencies shall use accumulated zakat funds for purchasing shares of the proposed institution. Thus the zakat funds will comprise the paid-up capital of the ZIC. These shares will be negotiable and transferable. These shares may be issued in various denominations. For convenience of zakat beneficiaries, however, it is suggested that each share of the ZIC be worth currency unit of the country concerned, e.g., one rupee in Pakistan.

iii. The zakat agencies shall distribute these ZIC shares to the beneficiaries of zakat, in lieu of money, in the usual manner.

iv. In order to cater for the essential needs of the zakat recipient arrangements shall be made with prominent retail outlets for cashing the shares a price not less than the face value of the shares. The retail outlets may include general stores, banks, post offices, etc. Shares held by the zakat recipients and the authorized outlets shall also be redeemable at the ZIC centres at their face value or market, value, whichever is greater.

For the mechanism to function smoothly and efficiently, both the primary and secondary markets are necessary. While the existence of a primary market needed for providing financial resources to the ZIC for employing there productively for

development purposes, the existence of a secondary market essential to help the zakat beneficiaries liquidate their investments whenever the feel the need to do so.

a. Shariah Compatibility

It is essential to discuss answers to some fundamental questions, particularly from the Shariah angle, to assess the legitimacy of the proposed mechanism. Specific questions that must be addressed include:-

i. Is it permissible to channel zakat funds into investment projects?
ii. Can the proposed institution be formed as a waqf but managed as a corporation?
iii. Is distribution of shares compatible with the Shariah, and does it uphold the principle of tamleek?
iv. Is it possible to follow the Shariah preference for distributing zakat locally?
v. Is it possible to use ZIC shares in lieu of cash for buying commodities?
vi. Is it feasible to redeem ZIC shares at or above their face value?

b. Permissibility of Investing Zakat

At present, the zakat funds accumulated with the zakat agencies remain idle either in their own depositories or in current accounts in the banks. Keeping funds idle is in violation of Quranic injunctions against "hoarding" and in favour of a "wide circulation" of funds. Zakat funds would not sit idle if there existed a complete synchronization between the zakat inflows (collections) from the donors and zakat outflows (disbursements) to the beneficiaries of zakat.

For example, in Pakistan, it was estimated that zakat funds to the extent of 63% were lying idle in 1985-86. During 1988-99, out of receipts of Rs. 2.195 billion, only Rs. 1.215 billion (55%) was disbursed, which raised the level of idle funds to Rs. 3.172 billion. There was an idle bank balance of Rs. 4.387 billion on June 30, 1989. These funds were lying in the current account with the State Bank of Pakistan without earning anything.

The question here is: What should we do with the money that remains idle from the time of collection to the time of disbursement? The answer, by analogy, is provided in a hadith which urged those who were responsible for a managing wealth of the orphans to invest the wealth in profitable ventures to prevent its gradual erosion due to zakat on it. In other words, channelling of private idle wealth of orphans into profitable projects is encouraged, knowing that the investment, if lost, would ruin the future of the orphans. The zakat fund, as a public property, has a status similar to the orphans' wealth, because in both cases the managers of the property are mere trustees of the stipulated beneficiaries. It would therefore be safe to conclude that, from the Shariah viewpoint, there is no objection to channelling the zakat fund into profitable ventures, especially when the public funds are utilized for welfare of the public.

The beneficiaries usually receive zakat sufficient to cover their expenses for a complete year. Zakat is received once a year, while the expenditures are spread over the

entire, year. Therefore the recipients of zakat carry some idle balances not. In fact, it is more sensible to invest those balance and make an attempt, over time, to pull the beneficiaries out of the category of zakat recipients.

They should, by all means, be encouraged to avail the opportunities leading to self-help. The Prophet has encouraged investment by helping a needy person to buy an axe to cut wood instead of just giving a dole to meet the immediate requirements of the needy. The investment mechanism proposed here ensures that the unused portion of zakat, instead of lying idle, is channelled into profitable projects on behalf of the zakat beneficiaries.

Investment of zakat proceeds in commercial ventures, albeit within the framework of Shahriah, needs careful consideration. Fuqaha have hesitated to permit investment of zakat funds, not because there is anything in the Quran which explicitly or implicitly mitigates against such investment, but because they fear that investment may result in deferment of the immediate consumption needs of the beneficiaries, and that it may not be prudent to expose them to business risks.

The proposed mechanism, however, gives due consideration to the concerns of the fuqaha regarding the immediacy of essential needs and the supposed business risks. First, investment through ZIC would not delay distribution of zakat to the beneficiaries although the zakat will be given in the form of cashable shares, rather than cash money. However, the shares can be used to buy commodities like money. So the beneficiaries would not need to defer their consumption needs.

Second, the ZIC will be required to invest the zakat funds into a diversified portfolio as that the likelihood of financial loss is minimized. In addition, insurance may be provided by the government by simply committing callable capital to cover capital loss if it ever happens. Alternatively, the ZIC may build a "loss reserve account" from its earnings over time. In fact, use of zakat funds for investment in projects, whereby some zakat beneficiaries as a group may become financial partners in certain productive projects, as required when investing through the ZIC, has been found compatible with the requirements of the Shariah during an 'ulama' convention held in Pakistan.

c. Establishing ZIC as Waqf and Corporation

Waqf is defined as taking the corpus of any property out of the ownership of oneself, transferring it permanently to the ownership of Allah, and dedicating its usufruct to others. The corpus of the property is detained and the income from the corpus is applied according to the terms and conditions of the *Waqf*? Therefore, by virtue of being a *waqf*, the ZIC will retain permanency.

The ZIC, being a *waqf*, will also observe the four requirements of *waqf* comprising:

i. Endower,
ii. Target beneficiaries – persons as well as purposes,
iii. Endowed assets, and
iv. Legal forms and terms of waqf contract.

In the case of waqf, it is stipulated that the mutawalli (manager) of a waqf must be mature, with a sound mind, honest and trustworthy with on known taints of immorality, and should also be capable of managing and controlling the property personally and / or through other capable managers. The management has rights to it.

i. Recover possession of waqf property,
ii. Appoint a successor,
iii. Borrow,
iv. Sell and exchange waqf property and
v. Incur waqf-related expenditure.
vi. Waqf resembles a corporation because:
vii. A waqf is juridical person like a corporation, having existence only in law;
viii. The principle separation of ownership from management, as applied to corporations, also holds for waqf; and
ix. Both a wqaaf and a corporation are permanent entities.

However, a corporation may come to an end through voluntary wind up or compulsory liquidation. It is proposed that the ZIC be formed as a waqf, but be operated as a corporate body because a corporation can be liquidated while a waqf cannot be liquidated.

d. Issues to tamleek and Zakat Distribution in Shares:

The zakat distribution can take the form of direct support to buy productive tools are establish a shop; and periodic payments to the beneficiaries. Since ZIC shares would represented ownership of production and commercial assets, such as machines and shops, it is compatible with the Shariah to distribute zakat in the form of shares that represent ownership of productive assets.

Many scholars insist that tamleek is an important condition to be fulfilled in the matter of disbursement of zakat. Tamleek means that zakat should be disbursed in such a way that the beneficiaries of zakat become exclusive owners of what they receive as zakat and can use it as they wish. Distribution of zakat in money form may be the preferred form of allocating assistance as it fulfils the Shariah requirement of tamleek by transferring ownership completely to the recipients so that the beneficiaries may utilize those funds in a manner they prefer. Zakat assistance given in the form of shares would uphold the principle of tamleek as well as provide complete freedom to the beneficiaries in disposition of the shares. In other words, disbursing zakat in the form of ZIC shares would fully satisfy the condition of tamleek in favour of zakat beneficiaries.

e. Localized Distribution of Zakat:

According to Abu Ubayd, the prophetic sayings stress the fact that when zakat is collected from a locality, it should be distributed within the same locality if it can be demonstrated that they are in need of it. This principle would also be upheld when distribution is performed in shares rather than money.

Realizing that the poor of a certain locality are accorded the first claim in the zakat collected from the rich if that locality, it may be made mandatory that a certain proportion of shares shall be disbursed only to the residents of the particular locality. If such policy is adopted, then the shares must be marked for their regional identification.

In addition, funds may be earmarked for development of local infrastructure, education, industries, agriculture, and handicrafts in which local people can be gainfully employed. Preference may be accorded to local projects, with local employment, local management, and local social and official accountability to whatever level is prudent, do that the public is vigilant of its activities and performance. The idea is to make it easier for the donors to see the operation of the ZIC and appreciate its achievements in the respective localities. These steps will certainly improve social cohesion.

f. Acceptability of ZIC Shares by Retail Outlets

In the United States, food stamps with denominations of one dollar, five dollars, and ten dollars are given to the poor. The food stamps are freely used by the beneficiaries to make purchases of essential goods from the authorized retail outlets. Similarly, Zakat House in Kuwait gives coupons to zakat recipient. These coupons can be exchanged in some supermarkets to purchase a wide range of choices of food need by the beneficiarie.12 Moreover traveller's cheques issued by various financial institutions are used for shopping throughout the world. The ZIC shares, being certificates of various denominations, just like the traveller's cheques, coupons and food stamps, can likewise be used at the specified retail outlets to purchase necessary commodities.

i. Business Risk

As a financial institution, the management of the ZIC would know very well how to channel the funds into profitable investments in order to protect the wealth from unnecessary loss. In this regard, conducting project appraisal, analyzing financial statements of the entrepreneurs, and asking for some kind of collateral are some means of preventing the element of risk and possibility of loss down to a minimum.

In view of the fact that the ZIC will be required to invest the zakat funds in participation with Islamic banks and other prominent financial institutions in a diversified portfolio, the profit or loss of the ZIC would not depend exclusively on the performance of a single project. With a diversified portfolio, even though loss might occur in some projects, it would compensated by the profits from the remaining projects. Therefore, the final outcome of the investments made out of the pooled zakat fund would normally be positive. This also means that the ZIC shares would command a market price which would necessarily be higher than their par value.

ii. Operational Modes of ZIC

It cannot be overemphasized that the challenge of conforming to the shariah is by no means confined to determining the legitimacy of various characteristics of the proposed mechanism. On the contrary, it is much broader and extends to a much larger field. The ZIC is clearly responsible expected to incorporate the Islamic objectives and values into its overall policies. This section takes up for some broader aspects in matters related to organization, investment and modes of financing, and potential sources for the capitalization of the ZIC.

iii. Organization Strategy

The ZIC should be an independent autonomous body. Commercial, economic, social, and religious of the ZIC should be well defined. All shareholders, staff, project partners, and others associated with the ZIC must be Muslims, as zakat money cannot be entrusted to non-Muslims.

A comprehensive network covering all regions in each country must be developed to undertake ZIC ‘s activities. A high-level Trustee Council should be formed in each region consisting if competent professionals and *Shariah* scholars trusted by the communities in the region. *Shariah* control over the issuing, flotation, dealings, and so on should be performed by an independent *Shariah* board. The board shall be given the right to access, review, and examine all documents deemed necessary for performing its obligations.

An administrative stricture should be designed to clearly delineate financial rules and regulations regarding funding, investments, administrative expenses, periodic assessment, inspection and auditing controls, identification of legitimate owners of ZIC shares, timely disbursement of dividends, grievance submission and handling of grievances, and the like. A committee should be set up to review compliance of the administrative performance with the laws and regulations. Control measures to pre-empt violations and prevent misuse may also be formulated.

The need for developing proper systems and procedures for accounting and financial controls for the ZIC cannot be overemphasized. This is a matter which requires early attention to ensure that the ZIC has a foolproof system of financial control. If the systems and procedures are allowed to sprout without proper planning, it will cause a great deal of trouble later, if not defeat the purpose altogether.

The staff of the ZIC should be knowledgeable and committed to their concern regarding the problems of the Muslims in their communities. They must be competent and qualified to do the job. There must be conditions of service that guarantee the necessary means of living to the employees. The ZIC may require that a certain percentage of jobs be reserved for zakat recipients with the requisite qualifications. Training is essential to develop the capabilities and skills of the poor, unemployed youth and to meet the shortage of experience and efficient personnel. ZIC, run by people of integrity, competence, piety and knowledge would certainly the size of zakat collections, there by contributing proportionately to the ZIC‘s capital.

The ZIC should establish contacts with businessmen and commercial firms and companies in order to clarify its role in revivifying the duty of zakat, as well as in consolidating the relationship with leading businessmen and the donors. It should arrange personal interviews and visits with them to explain the activities and achievements of the ZIC. The ZIC should seek to make use of the mass media to acquaint people with the duty of zakat and explain various activities of the ZIC in accordance with its policy of paying due attention to information and public awareness.

Successful growth and continuity of the ZIC depends in a large measure on the confidence of the donors and the primary subscribers in the organization. The donors and the primary shareholders should be regularly informed of the results and operations through periodic reports. Awareness among the people that zakat funds are employed in gainful activities would impart confidence and provide motivation to those who currently shy away from trusting their zakat contributions to the official zakat institutions.

In the most unlikely circumstances of insolvency, the losses, if any, must be guaranteed by the government in terms of callable funds to cover such losses. It will have

a two-fold advantage. First, the government need not hand over the callable capital until an emergency arises due to capital loss. Second, the callable capital backing would certainly strengthen the credit-worthiness and confidence in the ZIC.

iv. Modes of Financing and Investment Policy

It is important to realize that besides steering clear of interest, the ZIC must have a moral dimension in its operations and policies in that it must operate in consonance with the value system of Islam and in furtherance if the socioeconomic goals prescribed by it, such as the welfare of the poor and relief of their hardships.

Priority should be accorded to agriculture, low-cost housing, food, clothing, medical facilities, and education. Projects designed to meet essential needs of the community have to be financed to the exclusion of luxury and nonessential items. The ZIC should identify the productive tools and consumption goods of common use by he people of small means and accord priority to investing in their production, like sewing machines, clothes, shoes, dwelling houses, small poultry farms, and handicrafts. The ZIC has to follow a basic needs approach and a policy of non-involvement in prestigious projects that are not likely to benefit the masses.

Indeed, the need for an extensive role of the ZIC in financing agriculture can hardly be overemphasized. Most Muslim countries are experiencing rapid population growth, and the need to step up the production of food is rather acute. Agriculture is the source of livelihood for the bulk of population in these countries, providing more employment to the poor, the unskilled and semiskilled labour than the other sectors. Even viewed from the standpoint of income distribution, agriculture deserves special attention as the source of income distribution, agriculture deserves special attention as the source of income and welfare of the major part of the country's population therefore, the ZIC should look for projects in the field of livestock, agricultural estates, seed production, forestry, production of fruit and vegetables, fisheries, poultry, and dairy products like eggs, milk, and butter. It would also be worth while to seek projects in agricultural industries and commercial development of farms and fishing areas, storing, packaging, processing, and marketing of agricultural projects and industries. Construction of dwelling houses and production of consumer durables deserve special consideration.

All the projects undertaken should be profit oriented. It is of utmost importance that a high degree of profitability be aimed at – for the simple reason that it would be next to impossible for the ZIC to augment its funds and mobilize new resources simply through a religious appeal. It is expected that the ZIC would finance such projects and enterprises which are technically sound, and economically and financially viable. It should be made clear that preference should be given to projects with high financial and economic rates of return, and which demonstrate clear effort towards promoting welfare and self-assistance for the zakat recipients. Improved housing facilities, health services, training programs, educational institutions and a number of similar services may be initiated foe this purpose.

Investment in infrastructure in areas of poverty, as well as maintenance and operation of existing infrastructures, is necessary to create an environment conducive to the health and economic development of the poor. Developed rural infrastructure will also facilitate transition from a rural to a commercial and industrial base. Emphasis

should be given to labour intensive projects in labour abundant countries, including Islamic hotels and development of tourist resorts.

Realizing that the conventional forms of placement of funds are ruled out by virtue of the requirement regarding conformity with the Shari'ah, it is essential to explore other modes of placement, such as investment in stock markets, unit trusts, mutual funds, real estate markets and commodity markets.

The ZIC may finance most long-term private and public ventures on the basis of mudarabah, musharakah, istithna, sharikah mutanaqisah, murahahah, and other. Islamic modes of financing. Major consideration in the selection of projects must be their realizable profitability, as the funds to the zakat beneficiaries are not to be wasted on the presence of their being social goals oriented. Social programs may, if at all, be financed only from the realized profits and not from the capital of the ZIC.

ZIC, with its branches and its affiliate offices, should encourage reputable investors and establishments, and financial, commercial, industrial, and service institutions to participate in diversified investment projects in the specified fields. ZIC may also develop the capabilities of the small scale industry investors who possess the technical and managerial know how but lack the necessary funds to start or widen the scope of their existing activities.

v. Potential Sources of Capital

Cumulative zakat funds lying with the zakat collection agencies are readily available money foe capitalization of the ZIC as follows:

a. As zakat becomes due every year on the well-to-do people in each Muslim community, capital subscription of the ZIC would increase every year and will continuer to expand over time.
b. Zakat on wealth held or managed by companies, financial institutions, employers, provident fund of employees, investment trusts, share certificates, savings, or fixed deposits deducted at source may be used directly to purchase ZIC shares.
c. Capital may be raised by upgrading the zakat collection efforts. The gap remains wide between the assessment of zakat on available wealth in the Islamic countries and what is collected out of it by these bodies. Zakat has the potential of mobilizing substantial resources because the nisab is low and the base of levy is fairly wide. In fact, the base is so wide that almost everyone except the poor has to pay something by way of zakat. In certain country studies zakat have been found to have the potential of transferring 3-4%of Gross Domestic Product every year to poorer sections of the population.
d. At present zakat is not collected against all stipulated zakat able items in any Muslim country. Therefore, much of the zakat potential remains unrealized. For example, in 1988, only about 8.3% of the total zakat was collected and paid to the religious councils in Malaysia. A balance of 91.7 %(or RM335.68 million) remained uncollected or unpaid. In Sudan, zakat proceeds as insignificant relative to GDP, and zakat collected as a percentage of agriculture output falls in the range of 0.40%-0.88% only. If

proper collections were made then mere ushr from agriculture output should fall between 5-10% of agricultural outputs in the country.

e. Cash waqf may be channelled into long-term investments. Investment of waqf cash is already in practice. For instance, in turkey, the General Directorial of the Evkaf established the Turkish Evkaf Bank in 1954 holding 75% share of the bank. The income from the bank is spent on management, restoration and other needs of the waqf properties. In Uganda, a wqaf properties an managed by the Uganda Muslim supreme council, directly or through industrial and commercial Holdings, a body established by the Uganda Muslim Supreme council. Industrial and commercial Holdings an managing eight agricultural estates, one factory producing envelopes, or factory producing brushes, four cattle ranches with 500 heads of cattle, and residential and commercial buildings located in Kampala and Jinya.

Anas Zarqa has proposed to place some existing a waqf property on "hiker, and the cash so obtained be invested through the ZIC. The income so obtained from these shares can be the income realized by the wqaf authority, while the shares themselves can be retained permanently and cannot be sold except for using their price to buy other shares of another kind. It this way, the value of investment is not decreased but is increased, while the expenditures would be met out of the profits generated from the investment.

vi. Contribution towards Socio-Economic Development:

Specific benefits of the proposed mechanism in terms of self-support to the individual zakat beneficiaries and its potential to contribute towards development of agriculture, rural programs, education, health, utilities, infrastructure and services cannot be denied. Such development would definitely reduce the incidence of poverty which is rampant among Muslim countries, and among Muslims in multiracial countries. For instance, in Malaysia, the incidence of poverty in 1984 for Malay Chinese, and Indian households was 25.8%, 7.8%, and 10.1%, which fell to 23. %, 7.1%, and 9.7% respectively in 1987. The incidence of poverty among Malay Muslims is the highest in Malaysia. The proposed system is to reduce poverty and tendency to make them self-supporting.

Some advantages could be reaped through the mechanism delineated above are as following:

a) All zakat money would be transformed into long-term investment shares, and the shares would be saleable in the market and cashable for purchase of necessities of life at retail outlets. So the recipients are able to obtain full control of their rightful ownership in the form of the ZIC shares. The beneficiaries may also be able to use these shares for making transactions in amounts and manners deemed fit by them. In addition, being shareholders, they would be entitled for dividends declared by the ZIC from time to time; The beneficiaries would enjoy the further advantage of flexibility in cashing their shares and entitlement to periodic income.

b) Some members of the society are permanently placed in the category of *mustahaqqin* (eligible) for receiving zakat for meeting their basic human needs in terms of food, clothing, shelter, and medical care, because of some

permanent disability like being invalid, blind, chronically ill, senior citizens, and orphan children. Others may fall in this category because of involuntary unemployment. In fact, these people are entitled to perpetual income stream in the form of dividends from the investments made by the ZIC. The poor and the needy will benefit directly in the form of dividend earnings and also indirectly from the increased supply, and concomitant fall in the process of the goods commonly used by them.

c) There may be an additional advantage for the handicapped and physically disabled in receiving shares, instead of cash, because they may be able to manage their investment even if they cannot perform physical tasks.

d) Those who are unable to work due to, say, physical, old age, or illness should be provided with sufficient resources to relieve their hardship. The incomes of those who are not able to earn enough for ensuring a basic minimum standard of living for themselves and their dependents should be supplemented by transfers in cash and kind. However, maximum effort should be exerted to use the proceeds of zakat in such a manner that the recipients become self supporting in due course of time. It has been emphasized that zakat proceeds should be disbursed in such a way that the self-respect of the recipients is not hurt. Disbursement of zakat in the form of ZIC shares would preserve anonymity and enhance dignity of the regular recipients of zakat.

e) The establishment of the ZIC will certainly lead to a wider public participation in the stock market, particularly of those who are interested ion zakat related projects. In this way it will become a catalytic force for the development of primary as well as secondary markets in the Muslim countries.

Thus, it may be seen, that channelling of zakat funds into long-term investments is a viable proposition that may well accelerate the pace of development in the Muslim countries. Hence, the proposal to set up a suitable financial institution such as ZIC calls for early and serious attention of all those interested in the economic and social development of Muslim countries.

vii. Milestones achieved in Pakistan since October 1999:

During deliberation of the Zakat system to the present, the following Milestones have been achieved:-

(i) Reconstitution of Zakat Committees for transparency and reliability;
(ii) 67 per cent increase in Guzara Allowance (From Rs.300 to Rs.500);
(iii) 100% increase in Marriage Allowance (from Rs.5000 to Rs.10,000);
(iv) 59% increase in Educational Stipends;
(v) Launching of Permanent Rehabilitation Scheme phase I & II;
(vi) Addition of 18 Hospitals as N.H.I.S (from 58 to 76);
(vii) Formation of New Central Zakat Council;
(viii) Eid Grant of Guzara Allowance for two consecutive years;
(ix) Emergency relief of Rs.63 million to drought/famine affectees in Baluchistan and Northern Areas;
(x) Emergency relief of Rs.10 million to flash floor victims of Rawalpindi;
(xi) Zakat Grant to Northern Areas doubled from Rs.20 million to Rs.40 million;

(xii) Emergency relief of 50 million to flood affecters of Badin, Sindh;
(xiii) 100 per cent increase in the ceilings of outdoor/indoor patients of N.H.I S;
(xiv) Increase in the salary of Zakat Paid Clerks from Rs.1500 to Rs.2000/;
(xv) Grant of Conveyance Allowance at the rate of Rs.300/- p.m. to Zakat paid staff.
(xvi) Creation of Internal Audit Teams at Div. H.Qs; and
(xvii) 75 per cent increase in the allowance of Chairmen, LZCs.

viii. Scope of Project

Carry out sample checking of beneficiaries of Permanent Rehabilitation Scheme of 2 surveys should focus on the following subject:

(i) veracity & genuineness of beneficiaries selected;
(ii) amount sanctioned to each beneficiary and that actually paid according to the business of his/her choice;
(iii) time span within which the beneficiary s application was processed, from select
(iv) time span within which the cheque was issued to beneficiary and encashment by;
(v) time span within which the beneficiary started operating business after encashm
(vi) monthly income the beneficiary is receiving from the business started by him/his income has helped him and his family to overcome poverty;
(vii) proportion of beneficiaries who received payment less than the amount sanction
(viii) proportion of beneficiaries who received payment but did not start business;
(ix) proportion of beneficiaries who started business but failed to continue it and dependent upon society for their living;
(x) proportion of beneficiaries who are operating business successfully and have been
(xi) weaknesses and deficiencies identified by beneficiaries in the scheme according
(xii) awareness of zakat committees, about the scheme, its objectives and procedure

x. Enhancement in Rate of Guzara Allowance, Health Care and Marriage

The notional security council and the cabinet in their joint meeting held on 22.12.1994 rate of Guzara Allowance be enhanced form Rs.300/- to Rs.500/- per mustahiq per was implemented and the mustahiqeen are now getting Guzara Allowance at Rs.500 decision will of a long way in reducing the level of poverty and improving the living neglected segment of the society. Marriage allowance has been raised form Rs.5, 000 under health care per bed ceiling has been raised from Rs.400/- to Rs.1000/- and to 2000/- in respect of indoor and out door patients respectively.

ix. Improvement of the Zakat and Ushr System

The present government since its inception into the office has taken keen interned of the Zakat System.

In December, 1999 the Government, under the directive of Chief Executive of Pakistan committee under the Chairmanship of Dr. Abdul Malik Kasi, the then Minister Zakat and Ushr to review the existing structure of Zakat and Ushr and improvements through shout/long term measures. Dr. Mehmood Ahmad Ghazi National Security Council and former Minister for Religious Affairs, Zakat and Ushr of this Committee. The committee deliberated various issues and formed recommendations to revitalize the system through appropriate amendment president Islamic republic of Pakistan was pleased to approve Zakat and Ushr (amendment 2000) on 23-11-2000 containing following amendments while implemented.

i. *Amendment*
Of Section 9 of the Zakat and Ushr Ordinance (XVII of 1981) relating account and transfer of funds through crossed Cheques.

ii. *Amendment of Section 16*
The Chairman and members of the District committee shall be the per sand moral character and are not commonly known as persons who violate Islamic are of Financial Integrity and do not engage in political activates.

iii. *Insertion of Section 29-A*

- ✓ 29-A dissolution and reconstitution of Committee. All existing District Committees, Tehsil Zakat and Ushr Committees and Local Zakat and Ushr stand dissolved and cease to function with immediate effect and new constituted under Sections 16, 17 & 18 within a period of three months 1 of the Zakat and Ushr (Amendment Ordinance, 2000).

- ✓ Consequent upon the promulgation of Local Government Ordinance, 2001, are the composition of Zakat committees affecting operational managements has through Zakat and Ushr (amendment) Ordinance No.XXXV of 2002 (30^{th} July 2002).

- ✓ Consequent upon decision by the Cabinet to supplement District Zakat committee Funds to meet administrative expenditure upto the limit of two percent, amender been made through Zakat and Ushr (amendment), Ordinance No.XXXVIII of 2002)

V. Conclusion

On the basis of proceeding discussion we have the following suggestions:-

i. As a religious levy on wealth, Zakat does not have to be restricted to the forms of wealth which existed at the time of the Prophet SAW, and its coverage does not have to be limited by concepts affected by temporal modes of production;

ii. With the substantial decline of the role of agriculture in national economies, Zakat on industry, business, and services should be given sufficient attention. more research should be carried out in order to determine the extent of the 'Zakatablility' of these sectors;

iii. The criteria of 'Zakatability' of new items of wealth, i.e., their Nisab, should be determined in a way which maintains consistency with that of items that are mentioned in the sayings. This might be low enough to make 'Zakatable' not only the rich but also the upper poor. Furthermore, Nisab of new items including money which is not based on

gold or silver should be determined on the basis of a comprehensive understanding of the Nisab that are mentioned in the sayings;

iv. Rates of Zakat on new items of wealth should also be consistent with the prescribed rates taking into consideration the factor of wealth transformability and the multidimensional nature of contemporary economic activity;

v. Exemptions from Zakat whenever they are suggested for new economic activity must also be in harmony with those applied to old activities and must also be in harmony with those applied to old activities in a way that does not create unjustified discrimination among different categories of 'Zakatable' persons;

vi. Zakat can eradicate poverty in the Muslim world within a reasonable period of time, only if the new forms of wealth and new sources of income, especially in the sectors of industries, commerce, finance and service, are considered 'Zakatable', i.e., sizable proceeds are collected and distributed;

vii. The state should take strong measures to ensure that a reach its treasury and be distributed to the poor and needy; and

viii. Innovative forms of distribution with emphasis on permanent rehabilitation of the poor and providing them with permanent sources of income should be adopted.

ix. This is the requirement of the time that some innovations should be introduced in the system of *Zakat* in a country like Pakistan., i.e, development of the small-medium enterprises, programs for the reduction of poverty level through the generation of new employment opportunities, rehabilitation package which was proposed in the system should be improved and implemented properly.

x. Proposed mechanism of ZIC should be implemented seriously which is supposed to be more efficient from the both point of views , i.e., *shariah* and economic.

By taking on the above mentioned suggestions socioeconomic development of a society can be improved.

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