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ZAKAT SCIENCES INSTITUTE



ECONOMC AND SOCIAL EFFECTS OF ZAKAT THEORETICAL STUDY WITH APPLICATIVE HINSTS

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Zakat Chamber

General Deposit

Economic and Social Effects of Zakat

Theoretical Study with Applicative Hinsts

In The Name of Allah

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Zakat economic and social effects are no longer controversial whereas Zakat is a financial obligation imposed on developing wealth if Zakat limit (Nisab) is attained, or after yearlong for some of it and on acquested capitals will be thrashed out throughout this chapter and herein we focus on jurist bases for assumptions related to research bolstered by Sharia tests and vary, of course, with others not abiding by Sharia rules. These jurist principles of Zakat are summed up as follows:

First :

Fixation of Zakat levy being not liable to modification or abrogation for its nature as portion of cash money or commodities. The constancy percentage of member is regarded a characteristic of economic and social dimensions as proportion is variable owing to developing income and properties and reflects state of economic activity whether prosperous, deflating or in recession.

Second :

There are minimum properties limits (merchandise, livestock, agricultural products, acquests and earning means gains) in accordance with which Zakat prepares are distinguished. These limits, known as Nisab, are decided and articulated by Sharia and not caprice or whims of individuals or potentates.

Third:

Zakat is extracted annually of most capitals involved in economic activities as trade and livestock capitals. But agricultural products, minerals and treasure tropes Zakat is paid in harvest or mining immediately. This connected with economic activity whereas yearlong

is a time limit standard known to public and private sectors world-wide for probing financial evidences and economic challenge and all budgets are annual. On the other hand harvesting has to do with corporation.

Fourth :

It is permissible to tax Zakat beforehand if Nisab is attained as the prophet (p.b.u.h.) charged Al Abass. This reflects flexibility of property liable to distribution and affects Zakat amount, taxable opulence and Zakat eligible as three variables related to economic and social activity. On the other hand eligible Zakat can be postponed on harsh exigencies and thus presumed Omer in Ramadan droughty year and extracted due Zakat the next year when farm lands yielded(1) . The case of advancing levy indicates a certain sum is pumped into prescribed shperes of economic activity and has its effect whatsoever on scale of expenditure. The case by contrast resembles recession and sectors permitted delay payments would be affected by positive psychological behavior if not materialsitically.

Fifth :

It's conceivable to the state represented by its ruler to allocate Zakat for one fund (according to some jurists) if other funds were met or the imam's preponderates commonweal in allotting the collection regardless of others (1) Flexibility of employing Zakat and preference for funds contributes to effects on kind, size tendency of demand.

Sixth:

Zakat covers expenses of collection whereas employees are constituent of its funds and this signify that Zakat net represents flow of cash and goods in distribution cycle and not deductive and most collection expenses increase and decrease in regard to the total sum.

Seventh :

Zakat specified funds are not transferable consummating some sort of expenditure stability. Nevertheless some jurists who are inclined to broaden the concept of (in the cause of God) are of the opinion that it could be disbursed for public interest.

These are jurisprudence bases we will employ in analyzing and revising Zakat effects on economic and social activities in the following pages (De Violent).

Chapter Two
Zakat Role in Income and Property Redistribution

Zakat is regarded and essential device in Islamic system for redistribution and to preserve its persistence and strictness it is rendered by God as one of Islam corner stones and not left out for economical decisions or social exigencies or individuals' impulses but fixed as right extracted when certain conditions are met.

Zakat targets basically coping with abject poverty in society and prophet (p.b.u.h.) when sent his messenger to Yemen ordered him to " report" to them that God has imposed alms to be taken from their rich and transferred to poors"

This doesn't address temporary solution for poverty problem, but target directly a final settlement alienating from poverty whereas most jurists are of the opinion that poors and poverty stricken are entitled to a yearlong satisfaction of martial needs(1) . Al- Nawawi of Shafiates, referring to Al-Ome preferred providing the crippled and unskillful of them with assets to live on their revenues. (2)

Hanabalites chose complying with poors' needs all year round and if their incomes don't cover needs they resort to Zakat subsidy whether merchants artisans, cultivators or peers for richness that proscribes Zakat taking is what which derives satisfaction even if Nisab is attained.(4)

Malikites agree on supplying needy with material needs yearlong if they have adequate income out of crafts, fixed land income, exchaquer or other sources even if Zakat subsidy exceed Nisab. They reported that if poor and needy-Zakat takers - grow richer out Zakat they can any dowries, if they are bachelors, ad hire servants if they are in need for

them " (1).

Hanafites advised that anybody who attains Nisab in addition to some more but less than Nisab is entitled to Zakat subsidy that covers basic needs viz. Food, attire, accommodation, means of transportation profession tolls, arms and books to those who need them" (2)

Shafiatis doctrine is of the opinion that poor and needy are to be provided with material needs for whole year if they are not workers or professionals and Nawawi chooses providing them with remunerative assets. Actual application of these concepts in Slamic countries tends to employ moderate methods comprehending immediate subsidies and entriching poor and needy by introducing means of production, training or assisting students. Pakistan Central.

Zakat council e.g. specified Zakat distribution at local committees level as follows :

45% of available revenue donated to pauper monthly.

45% of revenue allocated once and foe rehabilitating poors by providing permanent work.

As for regional Zakat committees the council determined allocating 40% of revenues to poverty- stricken students at schools, Universities and vocational training centers.(1)

In Sudan poor and needy fund was approx. . 33% of year 1998 budget which totaled SD. 7527.8m. In 1999 Zakat beneficiary families were 1429277 viz. 7146385 of the population or about 25%. For more details referee to table (1) whereas figures point out that Sd 2942.3m was paid against subsidizing paupers- 1383561 families. Moreover financial support was provided for wayfarer and debtors whereas the first received SD. 94.3m (41911 families 29% of Zakat beneficiary families) and debtors Sd. 163.8m. representing 0.3% of total beneficiary families for fiscal year 1999.

Zakat Chamber sponsors financing collective and individual projects for enriching poors inclusive of fishing boats, cloths, plants, ploughing machinery, irrigation canals, oil pressers, soap factories, poultry, health insurance, food for University and Quranic Schools students and flour mills.(2)

Kuwaiti Zakat Chamber provides monthly subsidies for needy families and students and finances ladies productive projects and endows means of production.

This method not only tends to redistribution of income and fortune but promote efficiency of productivity by upgrading financial status of citizens yoked to poverty.

Zakat effect on income redistribution is illustrated by the fact that it represented 0.5% - SD 570m - of gross national income for year 1990/ 1991 and in 1999 estimations raised to SD 1200 m vis. approximately two hundred folds. 50% of total collection is collated for poors and poverty stricken as follows:

32.5% in commodities and cash to be distributed at localities level.

17.5% for financing means of production purchasing and families subsistence and relief projects.

Zakat Chamber's administrators in Sudan consider collection to be far lagging behind and below their aspiration for coping with poverty in the country. According to collection assessment 1999 budget Zakat represented 4% of state central revenue estimations of same year and 0.48% of gross national product estimations liable to Zakat levy and 45% of local product. Perceptible though in spite of increment of collection but, percentage went down compared to 1990/1991 as already indicate. Thus, patent a lot of properties is out of reach and Zakat van hardly bridge the breach between collection and poverty.

Chapter Three

Zakat Role in allotment of Economic Resources

Allotment of economic resources is intended for redistribution of these resources among various activities in field of investment and consumption for public or private sectors and for benefits of contemporary or future generations. Noteworthy Zakat levy is based on the theory of engendering effects on quantity, quality and tendency of economic resources. Quran suppurates eight funds to meet this purpose "Alms are for the poor and the need, and those employed to administer the (funds)' for those whose hearts have been (recently) reconciled (to truth)' for those in bondage and in debt' in the cause to God' and for the wayfarer' (thus is it) ordained by God, and God is full of knowledge and wisdom. " Zakat has indirect effects on properties allotments referred to in the following:

First : Director Effects:

Zakat allotted economic resources directly to fields of social insurance as indicated in. previous chapter regarding poor, needy wayfarer funds as well as military activities as " The cause of God" is construed. A proportion of Zakat is allocated initially to ensure productivity and fiduciary conduct as in debtors' fund. Zakat purports to be direct transference of properties to certain sectors of society and its immediate effects depend on collections proportionate to gross national income.

As aforesaid Zakat collections estimation for 1999 budget was 4% of government central revenues and amounted to 0.48% of gross local production liable to Zakat and 45% of gross local production whereas Zakat role appears to be minor for there is enormous capitals liable to

Zakat still out of reach .

Professor Mohammed Munir concerned with the subject, prepared a study regarding properties liable to Zakat in eight countries utilizing three jurisprudence probabilities to decide collection.

The First Probability : Majority of jurists application regarding specification of capitals liable to Zakat.

Second probability : Sheikh Garadawi's opinion.

Third probability : Sheikh Ibn Ageel of Hanbalites . opinion .

In the light of these opinion researcher Munzir concludes that Zakat in seven of the eight countries - Saudi Arabia, Syria, Egypt, Indonesia, turkey Pakistan, Qatar - add up to 1-2% of gross national income but in Sudan it amount to 4.3% whereas high percentage refers to huge livestock. By applying second and third opinions Zakat levy.

But researcher's conclusions nonetheless, remain in final analysis theoretical probabilities that could contradict virtual application.

Second : Indirect Effect of Zakat on Resources Allotment:

This appears through its effects on consumption, saving and investment as essential variables affecting economic are sources turnover.

(1) Zakat Effect on Consumption:

Zakat is considered to be transferable payments for poors and needy as various texts stipulate of the prophets (p.b.u.h.) advice to Mo'as Ibn Jebal, his messenger to Yemen " Impart to them that God has ordained also to be taken from their rich for their poors. " Paupers are known to have high marginal consumption whereas the rich are on the contrary. Thus Zakat functions to edge upward consumption demand for it's donated by low marginal consumption demand sectors to counter sectors of poors and this affects supply which extends to bridge production gap. Though expected production increment encompass only poors' consumed commodities".

Thus allotment generates quantitative effects by affecting size of resources destined for consumption and qualitative by influencing produce commodities whereas some researchers, citing these effects, are of the opinion that consumption function in Islamic societies in higher than that of non Islamic . But this result founded on theoretical analysis has to be asserted by practical standee of an Islamic society wherein size of consumption prior and after applying Zakat is measured. It also assumed that non-Islamic societies don't apply methods for redistributing national income though taking cognizance to the fact that Islamic teachings tend to curb consumption by inhibiting extravagance and profligacy and prohibiting some goods and services injurious both to individuals and society.

(1) Zakat acts to allocate resources for saving as a first step towards investment by applying two method

First :

Direct allotments: Zakat tribute is net income intends to ameliorate poverty- stricken financial status, abilities and productivity and that imply improving work power efficiency and capacity. According to jurists' sanctioning of health, educational and scientific services/ financing by Zakat , Sudan chamber of Zakat appropriated funds for poor and needy services as follows :

(a) Health Field :

1. Health insurance Scheme 1: In 1998 the chamber paid SD 18.5 m against annual insurance fees for poor families to provide them with free health service. Covered families were 22745 countrywide (113725 persons).

2. Construction of clinics and treatment centers at poors inhabited areas to offer free and low cost health services whereas hospital is under

construction at Gadarif Tabarkl Allah Village at a cost of fifty million dinars (in the first phase), and ten million for second phase.

3. Opening up of pharmacies that supply drugs at cost price and subsidized to poor patients. There are now thirty-five pharmacies bustling all over the country.

4. Subsidizing cardiac diseases patients relief project by donating two million American dollars (SD 510m).

5. The Chamber adopted implementing specified schemes in certain areas as tuberculosis confrontation project in Gezira, Sinar and Red Sea States at a cost of fifty million Dinars in 1998.

6 Supporting treatment centers and governmental hospitals that admit multitude of needy patients (Khartoum , Omdurman, Khartoum North and Nuclear Therapy Hospital ... etc) by Sd 400m payment in the years 1992, 1998.

7- Purchasing equipment and appliances for some hospitals and health centers for approx. two million American dollars in year 1997, 1998.

(b) Education Field:

1. The Zakat Chamber subsidized Student Fund, an institution entrusted with accommodation of poor students, since its establishment and Sd 250m. was paid for university student care project in year 2000 budget (6000 students were covered country-wide).

2. Securing yearlong nourishment for Quranic Schools students.

Obviously the resultant of rendering these services and payments culminated in improving work power and saved proportions of incomes that ought to be paid for health and education services. Incomes were improved and final effects of payments tend to allot resources as prior phase to investment.

Second: Zakat direct effects on resourcesallotment for saving:

Saving is parceled out into private and public whereas modern state employ taxes to acquire public saving that enables it to take convenient decisions in regard to economic resources allotment. States transfer extracted taxes to accomplish social welfare and finance health, educational, security and defense services in addition to infrastructure. It's solicitude for Zakat will culminate in collection increment, broad coping with poverty and services problems saving funds for tackling other questions that don't respond to Zakat stipulated funds. Though Zakat ratio to national income is low but it's a developing proportion and new Zakat Statute when applied will lead to significant increment for it include state investments in properties liable to Zakat.

3. Zakat effect on investment :

Zakat effect on resources allotment is manifested through distinct effects on consumption and savings whereas incomes increment scale up consumption and conduct to supply flourishing and booming investments. Development in saving ratio reflects well on properties available for investment and Zakat as well for it is imposed on capitals and profits.

Being a religious tribute, Zakat is characterized by individual and state supervision and is hardly erased for invested or unemployed capitals. The prophet (p.b.n.h.) advised orphan guardians to invest their capitals otherwise they will be corroded by Zakat and this works as a motivation for all Muslims whatsoever the rate might be, and so we are of the opinion that saving and investment decisions coincided.

If investment decision in capitalist system depends on comparing interest rate with capital marginal adequacy, in Islamic system its based on

comparing average interest rates with Zakat ratio, orienting individuals towards investment activities.

In conclusion Zakat acts to allocate resources at first hand to stipulated funds representing social insurance, security and defense resources. Other economic resources are indirectly oriented to consumption, saving and investment spheres.

Chapter Four

The Role of Zakat in achieving Economic Stability

Zakat is considered to be subjective stabilization device for its fixed ratio and Nisab. Its collection manifest the prevailing economic status whereas its ups and downs depend on incomes without affecting collection. Pooled Zakat could also be employed as presumed financial policy, as transferable payments or governmental expenditure comprehensive programme are used.

First: Zakat and subjective Stabilization :

Zakat, by its fixed ratio and specified Nisab, provides stability basis required for financial policy, though State financial system based on Zakat imply spontaneous fluctuations in revenues in accordance with incomes flux. In case of income decreases, Zakat dwindles driving the state to look for other financial resources as loans or deficit financing to meet expenditure funds. though on the other hand in prosperous times Zakat provide surplus in state revenues.

A research scholar points out that Zakat participation in achieving state budget stability appears in regard to its funds whereas a considerable proportion of these are transferable payments. In economic boom total value required for financing transferable payment will decrease resulting in surplus in Zakat budget that could be posted through years to cope with recession effects on individuals, videlicet that surpluses are devised as financial compensation policy. Recession leads to low Zakat revenues for fixed ratio and Nisab but, in prosperous times profits contribute to lesson Zakat effects on incomes and capitals whereas these represent a

burden in recession obliging financiers to pay out of capitals and this in turn affect its revenues.

Out of previous opinion crystallized two debatable questions:

(1) Effect of economic boom on Zakat Nisab value and revenues on needy numbers.

(2) Permissibility of posting Zakat from year to another.

Economic prosperity effects are crystal - clear on actuation and production whereas potential operations scale up. vis. More job opportunities and absorption for unemployed energies resulted in incomes increment and flourishing production and profits leading to high Zakat revenue. More important created job opportunities assimilate unemployed ad reduce number of Zakat eligibles.

The propounding question is whether Nisab value is affected economic saving? Islamic Sharia' specified Nisab for properties liable to Zakat and some of it is affected by economic property as gold, silver and capital goods for their prices are influenced by the ups of prevailing economic activity, but camels , cows , goats, sheep, cereals and fruits' Nisab is decided by number and measure which has nothing to do with recession or boom, though tribute is variable according to number and measure and market price, viz. Zakat revenues not its Nisab.

As for the admissibility of transferring Zakat surplus the pattern being to distribute revenues in regions where collected for the prophet when delegated Mo'as to Yemen told him to "import to them that God has imposed on them alms to be taken from their rich for their poor", and Omer advised his successor to " tax fringes of their properties for the benefit of their poor".

Central government is authorized to transfer Zakat surplus to where needed for Mo'az transferred to Omer a third of Yemen alms and he disapprove of it saying. " I didn't delegate you as a tax collector and I

extract no tribute but I sent you to tax rich people for poors" benefit.

Mo'az said" I didn't deliver to you something and there is someone to take"

The next year he transferred half that alms and the same debate was repeated. In the third year Mo'az transferred all the alms and similar agreement followed and in answer to it he said. " I couldn't find any one to take anything".

The tradition imply Zakat locality, whereas region poor residents are entailed to their region Zakat revenues, and transferability of surplus to central government. Zakat High council of Trustees in Sudan charged with mapping out fund's policy adheres to commonweal and of the opinion of transferring Zakat revenues to accomplish poise and justice.

No jurists impediment interdict using Zakat surplus for recession years in accordance with specific Zakat funds regulations to activate production and this opinion is enhanced by admissibility of Zakat precipitation or deferment according to economic situation wherein commonweal is addressed in both cases and poors' right is observed.

Zakat spontaneous stabilizing effect in recession times works in two ways:

First : Distributed revenues among poor and needy ameliorate their cash incomes leading to high demand and supply promotion that create convenient investment opportunities vis. Activation of economic resources and prices stabilization.

Second: Recession obliged Zakat payers to fly to investment or otherwise their capital will be eroded and this tendency ensure resources comprehensive activation.

The long and short of it is that Zakat spontaneous effect is integral device lessening or prohibiting economic variations.

Second : Zakat as Financial Compensatinal policy:

Employing Zakat revenues as financial compensation policy originates from the fact that state is responsible for executing expenditure policy through local administrations or central government in case of transferred surplus and by slight modulation could affect the economic activities. Being sole responsible, the state could opt for cash or capital goods in collection and distribution thus affecting directly the flow of cash and goods in the national economic.

It is advisable in recession in accordance with preceding opinion to collect and redistribute Zakat in Consumer goods (lest jeopardize Zakat payers saving ratio) in a way that affects floating capitals, ownership preserving demand at lowest possible level viz. conveying floating capitals to Zakat eligibles without transferring it to cash as companies' shares. Zakat also could be redistributed in the way that urge fortune accumulation by concentrating on redistributing capital goods and lessening consumer one(1).

Prior advice raises topics in regards to:

(1) Stitching to cash or goods for Zakat raising.

(2) Redistributing Zakats in form of : consumer or capital goods.

This attitude is known to Muslim jurists ad " paying in value" and the hanafites are of this opinion interpreting the prophet's tradition as regards animals Zakat to be for facilitation purposes. consequently individuals and states could opt for cash or goods to fulfill public interests.

Redistribution of Zakat as conveyance to floating capitals ownership high on being remunerative to cover needy basic necessities or otherwise it will be contrary to Zakat purposes.

Sudanese experiment sponsors two methods for redistributing poor and needy fund:

a. Horizontal redistribution method whereas monthly subsides are

offered in cash or goods.

b. Vertical redistribution method that ensure providing means of production to beneficiary families and current funds policy allocated 17.5% of total revenues to be distributed in form of capital goods.

A distinguished scholar holds the view of creating budget surplus to combat inflationary effects of random redistribution of revenues for cash disbursing in economic inflation results not only in high prices but is injurious to Zakat eligibles' interest.

Sudan Zakat Chamber's experiment sponsor storage policy for collected goods to control prices. Accordingly, in 1997 the Chamber handled sorghum to Northern Darfur State whereas some was offered to needy and the rest was sold at half cost to preserve price stability. The same plan was executed this year (2000) and 30,000 bags were distributed in Kasala, Kordofan, Darfur, Red Sea and River Nile States. Moreover four folds of this amount are stored up for the same purposes.

The Scholar deems that the state should build up surplus for eligibles' benefit by reducing other Zakat funds thus leading to scale down demand and prices consequently.

The second advice differs with the first that views benefiting of budget surplus in combating inflation and is related to two question:

First, as indicated inflation affects Zakat taxable limit (Nisab) for deflating currencies soar gold, silver and merchandise prices but no effects afflict Zakat amounts as it is a fixed percentage.

The view that inflation affects Zakat eligibles has no conceivable evidences to prop, through its undersirable effects incumbent upon state to combat against.

Second, attending to create budget surplus to cope with inflationary pressures without being solicitous for Zakat eligibles satisfaction is contrary to Zakat principles as it results in holding back due payable

sums and Muslims jurists crave for precipitation of Zakat redistribution to poors in dire need for relief and forbid deferring payment of all revenues except insignificant amount awaiting arriving travels.(1)

Taking into consideration other methods for confronting inflation, Zakat inclusion seems otiose as it is accomplished at needy and poors' expense.

As indicated, Zakat could be devices as presumed financial policy according to circumstances of inflation and recession, or used as compensation financial policy in case of budget surplus.

Moreover, employing Zakat as financial policy medium doesn't contracdict its principles and Muslim jurists are of the opinion of allotting all revenues for one of its funds, if necessary and no harm is inflicted on others.(1)

In the light of this, the state could allocate revenues for needy in recession that resulted in economic losses and debtors defaulting, to ensure productive activity.

Chapter Five

Zakat Role in Economic Development

Various roles of Zakat were alluded to and discussed thoroughly as regard redistribution of national income, Consumption, saving, investment and achievement of economic stability whereas these aspects are factors for disposing production process environment and scaling up direct effect of Zakat on economic development.

First : Zakat Role in Increment of Producers:

Zakat system strives for increasing producers and consequently amount of invested capital in two ways:

(1) Erosive effect of Zakat on unemployed capitals motivates financiers to production lest their capitals decline and then and more work power.

(2) Zakat by one way or another works to augment producers as jurists legalize providing Zakat eligibles with their crafts tools and capitals enabling them by and by to contribute in social welfare.

Sudanese Zakat Chamber predilection for providing means of production led to allocation of 17.5% (1999) budget for this purpose in addition to poor families relief projects. This percentage (17.5%) amounts to 33.5% of total funds allotted for poor and needy(SD. 5.5 billions) (dollar exchange rate = 250 Dinars).

Moreover the Chamber sponsors financing collective projects as follow :

(1) Collective sewing works which develop to factories as Kassala factory (costed SD. 3.00m), Youth palace factory of Omdurman, province and Atbara ready made clothes factory which contributes to solving rail ways workers problems in the aftermath of applying liberal economic measures, taking into consideration that the town is the poorest

in the country whereas workers on pension greater proportion of pensioners. The factory covers five thousands families at a cost of SD 50.00m.

(2) Collective poultry farms.

(3) Irrigation canals for poors' agricultural schemes as :

a. Makli Canal Project of Kasala Province that resulted in reclaiming sic thousands acres of arable land for three thousand families at a cost of SD 29.00m and farmers turn over was SD 46000 each. Thus the Chamber policy provided poor families with regenerative veritable income resource.

b. Nomads resettlement project at Nahr Atbra region- Salvation Delta Project - that includes a subsidiary canal excavated by Zakat Chamber in 1998 to irrigate 130 thousands acres for the benefit of about five thousands families.

c. Wad-Al-Kirail Canal Project of Gezira Province which was excavated in 1998 at a cost of ten million Dinars for irrigation of six thousands acres owned by about thousand families.

d. Rehabilitation of reservoirs and dams project in Northern Darfur State at a cost of SD 17.00 Million to serve five thousands families. In Northern Kordofan State a dam was constructed for rain water at a cost of SD 4.8 Million for the benefit of more than three thousands families and their livestock.

e. Collective ploughing of needy farmers project whereas fifteen tractors were purchased for SD 84.00 million in Gedarif State only in addition to providing seeds for some poor peasants. A sum of Sd 12.3m. was earmarked in sinar State and SD 20.00 M for Southern Kordofan. In Southern Darfur State ten thousands locally made ploughing tools were handed out at a cost of ten millions.

Second : Zakat Role in Enhancing work Power by Education and Training:

Zakat preserve society work power by providing for poors and needy individuals and the Chamber sponsored projects with direct effect on Zakat eligibles as follows:

a. Providing fresh drinking water projects :

- Kassala : Hamsh korab Water Project.

- Gezira State : fifteen artesian wells were dug in addition to rain water reservoirs in Botana province at a cost of Sd 83.00m and storage capacity of twenty thousands cubic meters. These nomads resettlement and facilitate providing them with health, education, security and veterinary service.

- Northern State : SD 15.00m was paid for subsidizing water projects.

b- Supporting poor relief projects :

1. Planting palm trees at Hamsh korabe of Kasala State.
2. Ploughing poor's arable lands.
3. Excavating irrigation canals.
4. Preparing poor's farms in Blue Nile State for a sum of Sd. 24.1m
5. Catering for poors and needy.

2. Zakat also contributes towards work power competence through education and training for students eligible to Zakat as well and their fund covers textbooks, references and scholastic acquirements means.

Noteworthy Zakat Chamber of Sudan tends to provide these services through poor and needy fund as aforementioned:

1. Subsidizing student's funds.
2. Student's health insurance.
3. Catering for students.
4. Providing food for Quranic schools student's yearlong.

Paving the way for educational opportunities is another way to ameliorating poors' status and enhancing work power efficiency.

Third *:* Zakat Role in Improving Production Environment:

This aspect is ensured through participation in providing skillful personnel and bolsting production by demand raising. The Chambers direct associated programmes with the purpose include:

a. Contributing to agricultural pests confrontation by allotting SD 30.00m in year 2000 budget.

b. Chamber's Headquarters' allocates annual sums for improvement of services on cattle routes by digging wells, dredging reservoirs and opening veterinary pharmacies- SD 70.00m was allotted for year 2000 project budget.

Moreover Zakat cope with recession by activating expenditure preserving by this attitude cash and capital goods flow. This flow, if we consider Zakat funds, is a creditable drive for economic activity that quarantees investor's pessimistic spirits and their systematic and continuous contribution to production process.

Fourth: Zakat Role in Ensuring Productive Activity :

Zakat debtor's funds is regarded as insuring factor in economic transactions for its existence imply:

(1) Insurance against economic calamities that results in psychological stability for partners and acts as prodding factor to financiers.

(2) Urge fiduciary activities by providing guarantees for speculators creating bustling money markets free from usury and securing capitals flow that expedite economic development.

(3) Economic usage of resources as Muslim jurists restricted Zakat payable debt- not to be resultant of dissipation, extravagancy or paid for religiously prohibited articles.

Though practical application - as regards debtors shows the meager fund allotted as poors and needy funds are given priority over others - approx. 50% of revenues. Nevertheless Khartoum Zakat Chamber gives precedence to debts other that investment or trade ones mainly essential of existence debts and

Nevertheless it could be assumed that Muslims investors seeking to evade erosive effects of Zakat might turn to profiteers without paying regard to national economic, but network that'

1. Muslims pay tribute in submission to God and it is assumed they invest in most benefiting schemes propelled by faith and hope of hereafter reward.
2. Zakat is not sole factor that affects investment activities, as the state is responsible for drawing economic policies that govern resources in accordance with its priorities, functions and co-ordination of public and private interests.

Zakat also could be criticized as indolence factor for its role towards poor's and needy. But this argument ignore that Zakat is not paid for able bodied unless their unemployment is not of their own volition, viz, compulsory owing to recession or lacking of job opportunities, and can't afford to pay for essential of existence.

Moreover, Zakat is not distributed at random but according to social practical studies that evaluate individuals' incomes, their dependents and causes behind unemployment of disablement whether temporary or permanent.

Also this probability is attenuated by Islam's persistent call for work and interdiction of optional unemployment, idleness and mendacity, whereas its objective power incite individuals to work and impel them to renounce alms.

Nasir Social Bank of Egypt experiment remains an example for converting Zakat eligible to proactive power throng needlework, sewing and tricot training centers. Zakat committees provided in one year (July 1984- June 1985) twenty thousands of sewing and tricot machines.

This resembles Sudan Zakat Chamber experiment of individual and collective productive centers in fields of leather, poultry and soap industries alluded to previously.

Khartoum
Gezira
Trustee General
Kassala
Red Sea
Blue Nile
White Nile
Sinar
N. Kordofan
W. Kordofan
S. Kordfan
N. Darfor
W.Darfor
S. Darfor
Northern State
River Nile
Upper Nile
Bahr A- Jabal
Bahr Al- Gazal
Grand Total