Ways to Reduce Poverty in the Economic System of Islam

Nasratullah Nasrat¹, Rohullah Hamidi², Abdul Rahman Mubashir³ and Shahidullah Safi⁴

¹Lecturer, Department of Islamic Knowledge and Culture, Faculty of Education, Paktia University, AFGHANISTAN.
²Lecturer, Department of Islamic Knowledge and Culture, Faculty of Education, Paktia University, AFGHANISTAN.
³Lecturer, Department of Islamic Knowledge and Culture, Faculty of Education, Paktia University, AFGHANISTAN.
⁴Professor, Department of Judgement and Prosecution, Faculty of Law and Political Science, Paktia University, AFGHANISTAN.

Corresponding Author: Shahidullah Safi

https://orcid.org/0009-0000-9372-6983

www.ijrah.com || Vol. 3 No. 4 (2023): July Issue

Date of Submission: 10-07-2023 Date of Acceptance: 26-07-2023 Date of Publication: 31-07-2023

ABSTRACT

Poverty is an economic condition of lacking basic necessities needed to live a reasonable life. This includes need for money, food, water, education and shelter. Poverty reduction is a process, aiming to reduce the level of poverty in a group of people or countries. Islamic bank suggests that poverty can be reduced by various means and methods, which includes economic growth (increase in income and living standard) and direct aid / private charity.

World so far has followed two economic systems, communism and capitalism. The communism was based on an emotional reaction against evil consequences of the capitalist economy, specially, against the element of inequitable distribution of wealth. The world needs a third economic system. Elements of Islamic Economic System involve: financing/trading, Zakat and interest free loans. Even poor persons, with so credibility, can survive in the economic system. Islamic economics prefers cooperation to competition. This aspect of cooperation is a key to poverty reduction. It is possible to reduce poverty by following Islamic economic system because it takes care of society and social justice.

Keywords- Poverty, Reduction of Poverty, In Islamic Economic Structure.

I. INTRODUCTION

The almighty Allah made all physical systems and other creations to cater human needs from the time immoral. And those holding political power in Muslim countries under Islamic teachings are required to make necessary arrangement for the satisfaction of this material needs through efficient utilization of resources and equitable distribution of goods and services and also to fully protect him from all kinds of fear besides the fear of starvation.

There is ample evidence in Quran, Sunnah, and practice of Caliphs to provided food as well as social security to each and every individual in an Islamic economy. Pointing to this fact, an Ayah of Quran enjoying upon Quraish to worship Allah because he has protected them both from starvation and fear by granting them food and peace

(1) Similarly, a Hadith says that a society where a Muslim has to starve is forsaken by Allah

(2) The first four Caliphs were fully conscious of their obligation towards meeting the needs of poor. Hazrat Umar (may God please be with him) declared, “If a camel dies at the bank of Euphrates, I am afraid Allah would make me accountable for it”.

(3) The overwhelming stress of satisfaction of basic needs and social security both of current and future generations leaves no justification for prevalence of
widespread poverty in Islamic framework. As a matter of fact, Islam and absolute poverty cannot persist together.

II. METHODOLOGY

Based on the research problem and the related sub-questions, the analytical approach was relied upon, by analyzing and dismantling the basic elements of the research topic and its problematic, and working to study these elements in depth, which enabled us to derive judgments about the status of poverty and to reduce such social calamity. Computer lab and library are mainly used as material in this research.

III. PROBLEM

The challenge is that people in poverty which are rooted in the social, political, culture and economy exclusive structure in the world. Inequality has increased both within and between countries. Extreme poverty is globally the greatest single human rights issue. How can this goal be achieved?

Question

Based on the problem posed, some sub-questions appear, which can be summarized as follows.
1. What is the theoretical concept of existing poverty? And why it increases?
2. What are legal paths to reduce poverty and unemployment?
3. What is the rule of Sharia toward property distribution and financial justice?

IV. ISLAMIC ECONOMIC SYSTEM AND POVERTY REDUCTION

Poverty reduction (or poverty alleviation) may describe as a process which aims to reduce the level of poverty in a group of people or countries. Poverty is a complex phenomenon, a consequence of lack of growth and inequality. Effective policies require technical and empirical understanding of poverty that is combined with efficient institution and supportive system.

The basic goal of article is to rethink about poverty from an Islamic perspective through a critical analysis of the contemporary vision of poverty and poverty alleviation strategies that have been put forward by Muslim scholars. Poverty and economic deprivation are the causes of anarchy and instability in many countries of the world. Poverty is a multidimensional economic phenomenon that has both political and social ramifications.

V. ISLAMIC AND OTHER ECONOMIC SYSTEMS

Mufti Taqi Usmani once opined at the International Conference of the World Muslim Congress that: “the twentieth century has witnessed the rise of communism and the conflict between capitalist and communist countries and lastly the fall of communism. The communist was based on an emotional reaction against some evil consequences of the capitalist economy, specially, against the element of inequitable distribution of wealth, which has been experienced in the capitalist countries through the centuries. The capitalist economies still suffer from inequities in distribution of wealth. There is still a large gap between the haves and the have-nots and “poverty in the midst of plenty” is still the major problem of their economy. These are the real problems created by capitalism and unless they are satisfactorily solved, is may give birth to another reaction that may be more aggressive than communism.

The world, therefore, is badly in need of a Third Economic System. The Muslim Ummah can work out this system based on the Islamic norms.

J.R. Presley wrote in his book, directory of Islamic financial institution that, western financing (with interest) have allowed individual enterprises, countries and even part of the world to rise to a debt level which are beyond their capacity to repay (John. R. 2014) H. I. Leibling in his book, U.S corporate profitability and capital formation, also says that, “in US the main reasons of secular decline in the growth of capital stock has not been the lack of aggregate demand but higher interest” (Herman I. 1980).

The third economic system is a system as taught by the Holy Quran and Sunnah of the Prophet (PBUH), which is capable of solving the economic problems being faced by the world today. Benefits of this system, which combine the benefits of both communism and capitalism, are.

• Private ownership and marked economy.
• Profit motive.
• Justice in distribution.
• Elimination of inequities.

These benefits are related to the methods of poverty reduction as stated earlier. Economic growth is possible with private ownership: aid or charity can be a symbol of justice in distribution, which may eliminate inequities also.

It is known that production, consumption and distribution are three basic functions of economics. Islam, which teaches justice and equality, clearly puts these functions as follows.

VI. PRODUCTION

• Demand / supply of prohibited goods should fall to zero
• Production of luxury goods be checked
• Producers should not maximize profits
• Competition among producers should be healthy
VII. CONSUMPTION FUNCTION
- Prohibited goods cannot be consumed
- Consumption cannot extravagant
- Consumption should lead to an efficient and pure life
- Every individual should consume enough goods to lead a reasonable life

VIII. DISTRIBUTION FUNCTION
- Prices should be reasonable, neither too high nor low
- Interest must not be paid
- Wealth concentration should be avoided

These basic functions also provide a socialistic approach of Islamic economics, which help in reducing poverty. This system gives an opportunity to persons with lesser income to live a reasonably dignified life. As a matter of morality, Islamic economics prohibits speculative transaction and forward trading to avoid circumstances of instability. S.J Phansalkar in his book, how not to ruin your small industry, also concluded that, “Speculative transactions are not in favor of an entrepreneur”. (Sanjiv J Phansalkar, 1986).

IX. ELEMENTS OF ISLAMIC ECONOMICS INVOLVE
- Islamic mode of financing / trading.
- Zakat
- Interest free loans

X. ISLAMIC MODE OF FINANCING / TRADING
- **Mudarabah (capital trust)**
  Mudarabah is a special kind of partnership in which one partner for investing it in a commercial enterprise. The investment comes from the first partner who is called “rabb-ul-mal”, while the management and work is an exclusive responsibility of the other, who is called “mudarib”. Mudarabah may take two different forms:
  - **Al-mudarabah al-muqayyadah (restricted mudarabah)**
    The rabb-ul-mal may specify a particular business for the mudarib, in which case he shall invest the money in that particular business only.
  - **Al-mudarabah al-mutlaqah (unrestricted Mudarabah)**
    The mudarib shall be authorized to invest the money in any business he deems fit. It is necessary for the validity of 115udarabah that the parties agree, right at the beginning, on a definite proportion of the actual profit to which each one of them is entitled.

- **Musharaka (Islamic Partnership)**
  Musharaka can be defined as a “form of partnership where two or more persons combine their capital or labor together, to share the profits, enjoying similar rights and liabilities “It is a limited period contractual agreement between the partners, to use both human and financial resources and distribute whatever profit and loss they make in accordance with capital and human resources invested.
  In such a kind of Islamic partnership, partners need not have equal shares of equitable responsibility for the management. Losses would be shared in accordance with capital contribution. It is not only the contribution of capital that governs Musharaka in Islam. In practice layout, skills, management, goodwill, credit-worthiness and contacts can also form the partners’ contribution.

- **Murabahah (markup sale)**
  Murabahah is a kind of sale where the seller mentions the cost of the sold commodity he has incurred, and sells it to another person by adding some profit thereon. Thus, Murabahah is not a loan given on interest: it is a sale of a commodity for cash / deferred price.
  The Murabahah may involves purchase of a commodity by a bank on behalf of a client and its resale to the letter on cost-plus-profit basis Murabahah is a mode of financing as old as Musharakah. Today in Islamic banks work-over 66% of all investment transactions are through Murabahah.
  A simple sale in Arabic is called Musawamah - a bargaining sale without disclosing or referring to what the cost price is. However, when the cost price is disclosed to the client it is called Murabahah. A simple Murabahah is one where there is cash payment and Murabahah Muajjal is one on deferred payment basis.

XI. IJARA (ISLAMIC LEASING)
Ijara is an Islamic form of leasing. Here the bank buys capital equipment or property and leases it out under installment plans to end-users. As in conventional leasing there may be an option to buy the goods at the end of Ijara built into the contracts. The installments consist of rental for use and par-payment.
  The customer selects the asset to be financed and the bank then purchases it from the supplier and leases it to the customer for an agreed period. Refinancing of assets owned by the client in a sale and leaseback arrangement is allowed under certain circumstances.

XII. ZAKAT
The word Zakat means ‘purification. It is the amount of money that every mentally and financially able, free adult, Muslim, male and female, has to pay to support specific categories of needy people. Islam believes that all the things belong to Allah, and that wealth that is held by human beings is a mere trust.
The Qur’an and the Sunnah of the Prophet (peace be upon him), within the generality of the Message which came for all times and places, identify the ways and means by which this responsibility should be carried out. The economic philosophy of Islamic aims, in the first place, to eliminate poverty by providing the basic human needs, narrowing the gap between the rich and the poor, and developing the resources of the earth for the welfare of human beings for whom everything in heaven and earth is made subservient. Within the boundaries of its economic philosophy, Islam has contrived many ways to cure the problem of poverty. Some of these are the responsibility of the state, others are to be fulfilled by the society and some are a shared obligation of both state and society. Before discussing Zakah, it is useful to present some other means used by Islam to combat poverty because the role of Zakah should be seen within the whole context of the Islamic solution.

XIII. ROLE OF THE STATE

Islam enjoins upon the individual to earn his livelihood by labor. The Prophet (PBUH) says:

> عن أبي هريرة - رضي الله عنه - عن النبي صلى الله عليه وسلم: قال: «كان داود عليه السلام: لا يأكل إلا من عمل يده».

The Prophet (PBUH) says: “Abu Hurayrah (may Allah be pleased with him) reported that the Messenger of Allah (may Allah's peace and blessings be upon him) said: "Dawūd (peace be upon him) used to eat only from the earnings of his own hands." Al-Miqdām ibn Ma’d Yakrab (may Allah be pleased with him) reported that the Prophet (may Allah’s peace and blessings be upon him) said: "No one has ever eaten food better than that which his hands have earned. Indeed, Prophet Dawūd (peace be upon him) used to eat from the earnings of his own hands." (Mohammad bin Ismael, Hadith 286).

The Prophet (may Allah’s peace and blessings be upon him) informed us that Dawūd (peace be upon him) used to eat only from the earnings of his labor. He was a craftsman who was good at making shields and other fighting tools. Since the prophets (peace be upon them) used to work and eat from the earnings of their labor, whether that consisted of craftsmanship, agriculture, sheep herding, etc.

This is altogether the reason why those who are of a lesser rank are more required to earn through their own labor and avoid the embarrassment of having to ask people for money. It is incumbent upon the state to enable its citizens to find a suitable job for which they are qualified. The Prophet (PBUH) instructed a man from the Ansar of Madinah, who came begging for help, how to obtain an axe by which he could cut wood and earn living for his family. A modern Muslim state is required to offer the opportunity of work to all its able persons by promoting economic development, and by educating and training people for the various vocations required in the labor market. Islam also enjoins upon the ruler to distribute equitably the returns of economic activities so that the wealth of the nation should not only rotate among the rich in society. Since the freedom of economic activity benefits the rich it has to be balanced by social justice. The state may achieve this objective through preferential treatment of the poor in its fiscal and economic policies as well as through deliberate investment in the poorer regions of the country. The Muslim world suffers from disproportionate distribution of wealth between the countries and within the same country, but Islam calls for minimizing the gap to benefit the poorer sectors.

The Prophet (PBUH) said on the occasion of the martyrdom of Ja’far b. Abi Talib who had left behind small children: “I am their guardian in this world and in the Hereafter (Muslim ibn Hejjaj, Hadith 687). The ruler is the guardian of those who have no supporter.” Al-Bukhari narrated the Prophet’s (PBUH) tradition: “I am more responsible for a believer than he for himself, so that who dies in debt and left no property to cover his debt it falls upon me to meet his obligation.” (Mohammad bin Ismael, Hadith 50). Since Islam aims at fulfilling the basic needs of the individual it is the duty of the ruler to impose extra charges upon the rich if the Zakah alone was not enough to meet that objective.

Islam puts more emphasis on the role of society in easing poverty than on the role of the state, because it...
desires it to be a form of voluntary worship that cements the brotherly relations between the believers and because society is closer to the needy than the government. With this end in view, Islam instructs the Muslim to take care of his close relatives.

The regulations companions thought that he would allow M. -g first to ( ).

y on the ) warns that “If one person ( ).

because it targets the poor, in the first place, and it is responsible that they have abandoned the contract of Allah. (Nasr Adin Al-albani, Hadith No. 5505).

However, the major way by which Islam attempts to eradicate poverty from the society is through zakah because it targets the poor, in the first place, and it is paid by a wide section of people who own the nsab.

Interest Free Loans (Al-Qard al-Hasan)

Islam prefers a loan as a form of social service by the rich to help the poor. Islam does not recognize any loan with interest for the benefit of the debtor. M. Umer Chapra, an authority on Islamic economics, has given the definition of Qard Al-Hasan as: “Qard al-hasan is a loan which is returned at the end of the agreed period without any interest or share in the profit or loss of the business. “The receiver of Qard al-hasan is only required to repay the original amount of the loan (M. Umer Chapra, 1992).

Economic objectives of qard al-hasan:

- The mobilization of wealth among all people in the society.
- To strengthen the national economy.
- To facilitate the poor to create new jobs marked and business ventures by using their merits, skills and expertise.
- It can remove social and economic discrimination from the society, and

Social objectives of qard al hasan are:

- To help needy peoples.
- To establish better relationship among poor and the rich.
- Non-Muslims, who might be attracted by knowing the beauty of Islam.
- There is a great reward in the Hereafter for giving qard al-hasan.

Some verses in favor of interest free loan are mentioned as under:

- (Quran: 73:20). Some verses in favor of interest free loan are mentioned as under:

<table>
<thead>
<tr>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP. 2583</td>
</tr>
<tr>
<td>PP. 202</td>
</tr>
<tr>
<td>PP. 113</td>
</tr>
<tr>
<td>PP. 117</td>
</tr>
<tr>
<td>PP. 110</td>
</tr>
<tr>
<td>PP. 119</td>
</tr>
<tr>
<td>PP. 111</td>
</tr>
</tbody>
</table>

He who will give Allah qard al hasan, which Allah will double into his credit and multiply many times. (Quran: 2:245). (8).

He who will give Allah qard al hasan, which Allah will double into his credit and multiply many times. (Quran: 2:245). (8).

Establish regular prayer and give regular charity and give Allah qard al hasan. (Quran: 73:20). (9), and also The Prophet (PBUH) about a person in had circumstances to debt (when able to repay) says:

<table>
<thead>
<tr>
<th>Issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>PP. 2583</td>
</tr>
<tr>
<td>PP. 202</td>
</tr>
<tr>
<td>PP. 113</td>
</tr>
<tr>
<td>PP. 117</td>
</tr>
<tr>
<td>PP. 110</td>
</tr>
<tr>
<td>PP. 119</td>
</tr>
<tr>
<td>PP. 111</td>
</tr>
</tbody>
</table>

Narrated Abu Huraira: Allah's Apostle said, "A man used to give loans to the people and used to say to his servant, 'If the debtor is poor, forgive him, so that Allah may forgive us.' So when he met Allah (after his death), Allah forgave him." (Mohammad bin Ismael, Hadith 687).
XV. POVERTY REDUCTION THROUGH ISLAMIC ECONOMICS

Islam hates state of poverty due to accompanying one hundred and one evils with such a person Dr. M. Nijatullah Seddiqui has written clearly in his book, economic enterprise in Islam that “Poverty is not a desirable state in the eyes of Islam but love of worldly wealth is also a source of evil.” It shows that a person should rise from the level of poverty but must keep only that much wealth that is sufficient to carry him and his dependents. The surplus of a predetermined share should be distributed among poor.

The prophet (PBUH) once said that:

عن ابن عمر رضي الله عنهما قال: قال رسول الله صلى الله عليه وسلم: إن الله يحب أن تؤتى رخصه كما يكره أن تؤتى معصيته! رواه أحمد، وسُجَحَه ابن خزيمة وابن حبان. وفي رواية: كما يحب أن تؤتى عزازه.

The prophet (PBUH) once said that: “when Allah gives you in plenty be liberal in your livings” (18). These words can be analyzed with a simple principle of economics that rise in expenditure can boost the economy. In simple words, demand for a new dress by a richer person provides work for tailor and cobbler. Demand for good food by him may provide envelope to a cok.

The Prophet (PBUH) also said that” your faith is not complete till you like the same for your brother as you like for yourselves” (Mohammad bin Ismael, Hadith 45).

Verily we have honored the children of Adam. We carry them on the land and the sea, and have made provision good things for them, and have preferred them above many of those whom we created with a marked preferment (Quran, Chapter 17 (Sura-Asra), Verse 70).

It assigns a mission to the life of man and woman. Their mission is to act in accordance with the commandments of Allah and His Prophet (PBUH) in 24 hours of their lives inspire of being free. This is what has been called worship. Man must submit to Allah and no one else and he lives for no other mission except His. His real abode is Hereafter being hereafter where he will be rewarded or punished according to how much he has observed or deviated from the assigned mission in this world. The concept of Khilafa has numerous implications three of which are discussed below:

XVII. KHILAFAH (VICEGERENT)

Man is vicegerent of Allah on earth. Allah has given him resources and physical and mental faculties to change individual and social conditions for living a good life. Allah has placed a measure placed a measured quantity of natural resources in the universe for all time human sustenance. This quantity is sufficient for the well-being of all provided it is used efficiently and equitably. He is encouraged to make rational decisions about allocation of resources in production and consumption activities. However, he is not the only one who is a Khalifa and there are millions of other human beings who are Kkalifas like him. His real test lies in utilizing resources in ‘efficient’ and ‘equitable’ manner to achieve the well-being of all on sustainable basis. (M. Umar Chapra, 1995).

The Khalifa principle accords a dignified status to human beings in the universe. (Quran, 17:70).

Verily we have honored the children of Adam. We carry them on the land and the sea, and have made provision good things for them, and have preferred them above many of those whom we created with a marked preferment (Quran, Chapter 17 (Sura-Asra), Verse 70).

It assigns a mission to the life of man and woman. Their mission is to act in accordance with the commandments of Allah and His Prophet (PBUH) in 24 hours of their lives inspire of being free. This is what has been called worship. Man must submit to Allah and no one else and he lives for no other mission except His. His real abode is Hereafter being hereafter where he will be rewarded or punished according to how much he has observed or deviated from the assigned mission in this world. The concept of Khilafa has numerous implications three of which are discussed below:

XVIII. UNIVERSAL BROTHERHOOD

Khilafa provides a framework of social equality and universal brotherhood. This framework produces a flexible social structure which motivates an individual to grow on the basis of efficiency and good character. It
introduces social equality among human beings irrespective of color, read, and geography. These features promote beneficial cooperation and mutual sharing of resources. (Quran, 2:30, 6:165, 35:39). The private utility and profit maximization behavior is not consistent with the status of Khalifa.

**XIX. TRUSTEESHIP OF RESOURCES**

The resources at the disposal of Khalifa are in the nature of trusteeship which in fact does not imply negation of private property. It carries a number of implications which create fundamental difference in the concept of private ownership of resources in Islam and other economic system. (For further elucidation of these points, please Chapra, 1995, op. cit. pp. 207-212.). First, the resources are for the benefit of all and not just for few. Second, the ownership of resources must be acquired in rightful way. Third, the benefit from these resources must spread to all and not just to the owner and his family. Fourth, no one is allowed to destroy, waste or pollute environmental resources. Quran commands the believer not to spread mischief (Quran, 2:11). When Hazrat Abu Bakr (RA) sent an army, he addressed to his commander not to kill indiscriminately or destroy vegetation or animal life even in the enemy territory. (Abu al-Hassan ali ibn Muhammad al-Muwardi al-Ahkam al. Sultaniyyah, 1969). Thus there is absolutely no scope for burning crops, forests, dumping of products into sea for seeking profit through illegitimate ways.

**XX. SIMPLE LIFESTYLE**

Khalifa, is supposed to live a simple life avoiding pomp and show. He has to abstain from extravagance. Quran says “Do not be extravagant, surely Allah does not like extravagant.”

Thus, the Prophet (PBUH) and his Caliphs lived very simple life. Therefore, Khalifa emulating their example should live a simple life. This enables him to release some resources for spending on others to please Allah. Moreover, he saves to make bequest. The prophet (PBUH) said”, It is better that you leave behind your relatives well over than obliged to beg-alms of other (Mohammad bin Ismael, Sahih al-Bukhari, (256 AH), Vol. 3. P. 1006). Through bequest system Islam provides safeguards against the poverty of the posterity. Thus, if each person lives simple life and spend part of his surplus income on poor and needy then much of the poverty can be reduced at micro level.

Adalah (justice)

According to Quran, primary mission of all Prophets has been establishment of justice and elimination of Zulm (i.e. injustice, exploitation and oppression). (Quran 57:25.). Chapra notes that there are no less than one hundred different expressions in the Quran embodying the notion of justice either directly or indirectly. (M. Umar Chapra, 1995).

The Prophet (PBUH) warned, “stay clear of oppression for oppression is darkness on the Day of Judgment”. (26). World can survive with justice and unbelief but it cannot survive with injustice and belief (Chapra. Op. cit. p. 209). Thus, if the laborer receives just wages and small farmers receive just prices of their produce and product market works competitively, the poverty can be reasonable contained.

**XXI. IMPLICATIONS OF ISLAMIC FRAMEWORK**

Islamic framework generates at least three implications favorable to the cause of poverty alleviation. They are briefly discussed below:

- **Basic Need Fulfillment:** The principle of brotherhood and trusteeship logically imply mutual sharing and utilization of resources so the material needs of all individuals can be met at a befitting level. In particular, it is collective duty of the Muslim society to take care of basic needs of Poor. (27). There is complete consensus of all schools of thought on this point. (Guarantee of Minimum Living in an Islamic State” by Dr M. N. Siddiqui, in Distributive Justice and Need Fulfillment in an Islamic Economy by Munawar Iqbal, International Institute of Islamic Economics, p. 257.).
- **Respective Earning Opportunities:** As a Khalifa, the primary responsibility of need fulfillment lies on his shoulder. Accordingly, the jurists have stressed the personal obligation of every Muslim to strive and earn livelihood for himself and his family. However, a Muslim may not be able to fulfill the duty of earning sustenance unless opportunities of self-employment and wage employment are available. In that context, it becomes social obligation to provide equal earning opportunities to everyone. The network of productive activities has to be extended throughout nook and corner of the country where the poor could participate. However, there will still remain many who are left out, like physically handicapped, unemployable and some because they lack the appropriate skill. For all such people social safety nets will have to be provided which may take any form like family, friends, neighbors and altruistic organization. (28). The state enters if these efforts are inadequate to meet the basic needs of such people.
- **Equal Distribution of Income and Wealth:** In Islamic structure equity is simultaneously as important as efficiency. Efficiency induces growth and equity...
widely spreads its fruits reaching to the poor. Thus, the success in poverty alleviation is the joint result of the growth in income and of its distribution. Islamic structure allows only mild differential in incomes of the people which are caused by natural factors like initiative, skill, effort, and risk. These differentials cannot produce extreme inequalities with the functioning of Zakat, Sadaqat and inheritance law. There is no logic for concentration of resources within inheritance law. There is no logic for concentration of resources within few people. That is the message of Quran, “wealth does not circulate only among your rich”. (Quran, Chapter 59 (Sura Hasher), Verse No. 7)

كَيْ لاَ يَكُونَ دُولَةً بَيْنَ الَِْغْنِيَاءِ مِنكُمْ (سورة حشر- آية: 7)

To achieve the goal of income equality, it is thus essential to restructure the social behavior as well as the economy in accordance with Islamic teachings.

XXII. CONCLUSION

This article has presented an Islamic approach of poverty reduction on justifiable basis when analytical approach has been taken to conduct information for analysis. These methods suggested to reduce poverty, are integral part of Islamic economics. But it is largely in theoretical form for which no consistent example is available. Most of the Muslim countries do not follow the basics of Islamic economy. Some of them have given a modest start in the form of Islamic banking, but others are still following the capitalist system, which has made the economic atmosphere much worse than that of the developed capitalist countries. Some countries like Malaysia are following a dual system, based on both Islamic and conventional economics.

Sharia has given the clear cut Islamic principles that could have reduced poverty and the inequities existing in Muslim countries and others. Islamic economic principles provide answers to every economic problem with a human touch. Muslim world has to restructure their economic system on the basis of The Holy Quran and Sunnah of the Prophet (pbup) to provide a living example. If the principles of Islamic economy are implemented sincerely, the third economic system can overshadow the prevailing system.

REFERENCES

[8] Quran, Chapter 2, (Sura-Baqarah) Verse No. 245.
[9] Quran, Chapter 73, (Surah-Muzzammil), Verse No. 20.
[21] Quran, Chapter 17 (Sura-Asra), Verse 70.
[23] Quran, Chapter 7 (Sura-Araaf), Verse No. 31.
[26] Muslim ibn Hejjaj, Sahih al-Muslim (261 AH), Sahih Muslim (1955), vol. 4, p. 199 6:56:.
[29] Quran, Chapter 59 (Sura - Hasher), Verse No. 7.
[30] Quran, Chapter 106 (Sura-Qurissib), Verse No. 3-4.