



AL-QUDWAH

ISSN(P): 2959-2062 / ISSN(E): 2959-2054

<https://al-qudwah.com>



***Poverty Alleviation and Economic Empowerment
"Islamic Approaches to Poverty Alleviation Zakat and Wealth
distribution"***

ABSTRACT

In Islam poverty alleviation and wealth distribution are central aspects of social justice with clear guidelines for addressing economic inequality. One of the most important mechanisms for this is Zakat a mandatory giving that is one of the Five Pillars of Islam. Zakat is a form of wealth redistribution requiring Muslims who possess a certain amount of wealth to donate a portion usually 2.5% of their annual savings and assets to those in need. This obligation serves not only as a means to purify wealth but also as a way to support the less fortunate reduce poverty and foster a sense of solidarity within the community. Islamic teachings emphasize that wealth should not be hoarded or concentrated in the hands of a few. The Qur'an and Hadith underscore the importance of wealth circulation stating that it is meant to benefit society as a whole. In addition to Zakat, Islam encourages voluntary charitable acts (Sadaqah) and investments that promote economic welfare. The Islamic concept of Waqf (endowment) is another tool for poverty alleviation where individuals or institutions donate property or assets for perpetual charitable purposes such as building schools hospitals or providing microfinance to empower the poor. This paper explores the significance of Zakat as a key instrument of poverty alleviation in Islamic tradition, focusing on its theological foundations, legal implications, and practical applications. It also examines the distribution mechanisms prescribed in Islamic jurisprudence, which prioritize ensuring that aid reaches the most vulnerable, including the poor, orphans, widows, and those in debt. Furthermore, the study addresses the broader concept of Islamic social justice, which encourages wealth redistribution through voluntary charity (Sadaqah), ethical business practices, and social welfare systems. By analyzing the mechanisms and impact of Zakat, this paper highlights the Islamic commitment to poverty alleviation, emphasizing how the holistic approach to wealth and charity in Islam can offer sustainable solutions to contemporary poverty challenges. Through this lens, Islamic charity not only seeks to alleviate material deprivation but also aims to foster social cohesion and spiritual well-being within the community.

Keywords: Poverty, Wealth, Economic, Riba, Waqf, Solidarity, Charity Welfare.

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Date of Submission: 28-12-2024

Acceptance: 21-01-2025

Publishing: 05-02-2025

Web: <https://al-qudwah.com/>

OJS: [https://al-qudwah.com/](https://al-qudwah.com/index.php/aqrj/user/register)

[index.php/aqrj/user/register](https://al-qudwah.com/index.php/aqrj/user/register)

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Introduction:

Poverty remains one of the most pressing challenges facing societies worldwide, affecting millions of individuals and impeding economic, social, and human development. In the search for sustainable solutions to poverty, various religious, ethical, and socio-economic frameworks have been proposed. Among these, the Islamic approach to poverty alleviation offers a comprehensive and spiritually grounded methodology. Central to this approach is the institution of Zakat, a compulsory form of almsgiving that acts not only as a tool for economic redistribution but also as a means of social justice and moral purification. In Islam, poverty is not merely a socio-economic issue but a collective responsibility of society to address. The teachings of the Qur'an and the Hadith stress the importance of caring for the poor, the needy, and the marginalized, making poverty alleviation a fundamental aspect of Islamic ethics.

“Zakat, one of the Five Pillars of Islam, serves as a structured mechanism for wealth redistribution ensuring that those with means contribute to the well-being of the less fortunate. It also embodies the values of compassion, solidarity, and equity”¹¹



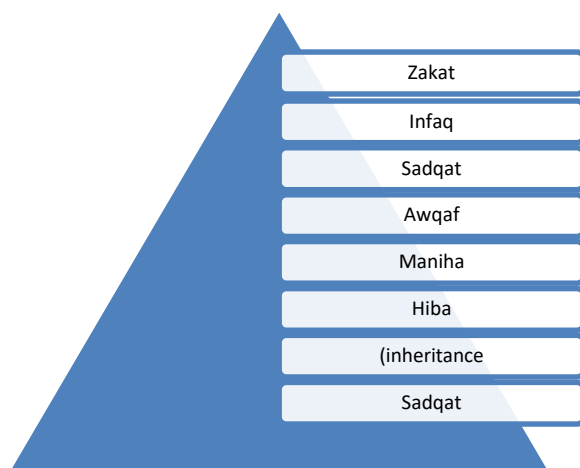
This introduction sets the stage for exploring the Islamic approach to poverty alleviation, with a particular focus on Zakat and its distribution. The paper will examine how Islamic principles guide the collection, allocation, and utilization of Zakat to uplift individuals and communities, fostering a more equitable society. By understanding Zakat’s role within the broader Islamic economic system, we can better appreciate how Islam’s ethical teachings provide both a spiritual and practical framework for addressing the global issue of poverty. Islam being the religion of all times and all regions utilizes an institutional approach in its Distributive scheme for alleviation of poverty.

“Market as an institution is allowed to play a significant role supplemented by other institutional arrangements to correct market disequilibrium”²

¹ Quraishi, M., A. (1999). The Institution of Zakat and its Impact on Society, Islamic finance, retrieved from <http://ifp.law.harvard.edu/login/contact>

² Iqbal, M. (2005). Poverty elimination in Islamic perspective: An applied general equilibrium approach. Islamic Institutions

Poverty Alleviation and Economic Empowerment....



The other institutions include, family, Zakat, Infaq, Awqaf, Sadaqat ul fitr, Maniha, Hiba, Qate'e'ah, sacrificing animal for pleasure Allah, Infaq ul afv (charity of surplus), Wrathah (inheritance) and elimination of riba (interest)

Besides that all types of exploitative acts Poverty alleviation is also having paramount importance in fiscal and development policies of Islam.

Role of the Zakat System in Poverty Alleviation

There is lot of benefits of this system. Besides the purification of heart and soul, Zakat not only purifies the wealth but also is the major tool distribution of wealth and elimination of poverty. Some of the benefits are described below.

Islam prescribes a legal share, in the wealth of affluent people, for the poor sections of the Society in the form of Zakat. Thus wealth starts flowing from the rich to the poor. Thus Zakat plays very important role in distribution of wealth and ultimately in alleviation of poverty the payment of Zakat narrows the wide gulf between the rich and the poor, the standard of living of the poor people begins to improve.

As a result the friction between the two classes disappears and their relations become harmonious. The system of Zakat plays a very important role in employment generation. The jurists are of the opinion that professional people i.e., tailors, iron smiths, launderers, butchers etc.

May be given monetary grants to buy tools of their trade. A cultivator may be granted capital from the Zakat fund to buy a plot of land to grow crops. In this way the system of Zakat increases the employment opportunities for the people and helps in poverty alleviation.

Islam, as a comprehensive way of life, provides specific guidelines on wealth distribution and poverty alleviation. Central to these principles is the concept of **Zakat**, one of the Five Pillars of Islam, which emphasizes the responsibility of the wealthier members of society to support those in need. The Islamic approach to poverty alleviation goes beyond mere charity; it involves systemic mechanisms for wealth redistribution, economic justice, and fostering a fair and equitable society.

1. Zakat: A Pillar of Social Justice

Zakat is an obligatory form of almsgiving, representing a fixed portion of a Muslim's wealth—typically 2.5% of savings and investments annually—that must be given to the poor and needy. Its main purpose is to purify wealth by redistributing it in a way that benefits those in financial hardship.

“Zakat serves multiple purposes:

- **Purification of Wealth:** It purifies a person's wealth by ensuring that it does not become an instrument of greed. By redistributing wealth, it helps prevent the accumulation of excessive wealth among the rich.
- **Wealth Redistribution:** Zakat ensures that wealth does not stay concentrated in the hands of a few individuals. This redistribution helps in alleviating poverty and promoting economic equality.
- **Social Solidarity:** It strengthens the bonds of community by encouraging wealthier individuals to share their resources with others, creating a more cohesive and compassionate society”³

2. Beyond Zakat: The Concept of Sadaqah (Voluntary Charity)

While Zakat is mandatory, Islam also encourages **Sadaqah** (voluntary charity). Unlike Zakat, Sadaqah has no fixed amount or recipient guidelines. It is voluntary and can be given at any time, in any form—whether through money, goods, or even acts of kindness like offering a smile or helping someone in need. This voluntary form of charity ensures that the wealthier members of society continue to support the underprivileged, especially during times of economic hardship.

The Quran and Hadith stress that Sadaqah is a means of gaining spiritual reward, but more importantly, it serves as an ongoing tool for reducing poverty, improving the quality of life for the underprivileged, and addressing the immediate needs of those suffering from economic or social injustice.

3. The Role of Waqf (Endowment) in Poverty Alleviation

The concept of **Waqf** (Islamic endowment) also plays an important role in poverty alleviation. A Waqf is a charitable trust where a wealthy individual or group of individuals dedicates a portion of their wealth or property for the benefit of the community. The income generated from the Waqf is used for public welfare, such as funding hospitals, schools, mosques, or providing direct support to the poor and needy.

“Through Waqf, Islamic society ensures a sustainable model for poverty alleviation. Unlike one-time donations, Waqf provides long-term solutions by creating assets that generate continuous revenue for welfare programs”⁴

4. Islamic Economic Principles and Wealth Distribution

Teachings on wealth emphasize In addition to Zakat, Islamic the fair distribution of resources. Some of the key principles are:

³ Afandi, M. F. M., Zubairi, M. I. N., Hashim, M. J., & Khamis, M. R. (2021). The Role of Zakat in Reducing Income Inequality among Muslim Society. *Global Business & Management Research*, 13(4).

⁴ Azrai, A., Harahap, M. G., Haidir, H., & Saragih, A. (2024). Distribution of Zakat towards Poverty Alleviation. *Innovative: Journal of Social Science Research*, 4(2), 635-644.

Poverty Alleviation and Economic Empowerment....

- ❖ **Prohibition of Exploitation:** Islam prohibits exploitative practices such as charging exorbitant interest (riba) or unfair trade practices. This ensures that wealth is not accumulated through unethical means.
- ❖ **Ethical Business Practices:** Islam encourages trade and business, but it emphasizes fairness, transparency, and justice in all transactions. This creates an environment where the wealth generated from businesses contributes positively to the economy and society.
- ❖ **Wealth Redistribution:** Islam's emphasis on social welfare programs, including Zakat, Sadaqah, and Waqf, ensures that wealth is not hoarded by the rich but is instead shared with the less fortunate.

5. The Ethical and Spiritual Dimensions

Islam's approach to poverty alleviation is not limited to financial assistance but includes the ethical and spiritual dimensions of charity. The Quran repeatedly emphasizes the importance of sincerity in giving. The intention behind the act of charity must be pure, not for showing off or gaining worldly recognition.

Moreover, Islam promotes a sense of empathy and responsibility toward the poor and underprivileged. It encourages individuals to acknowledge their privileges and share their wealth as a form of worship, as well as a means of spiritual purification.

6. The Role of the State in Poverty Alleviation

In an Islamic society, the state is seen as playing a key role in ensuring poverty alleviation through the implementation of social welfare programs.

“The government is responsible for:

- ✓ **Ensuring Zakat Collection and Distribution:** The state can organize and regulate the collection and distribution of Zakat, ensuring that it reaches the deserving poor.
- ✓ **Promoting Social Justice:** The government must implement policies that promote equality, such as fair wages, access to education, healthcare, and the protection of human rights.
- ✓ **Encouraging Voluntary Charity:** Through tax incentives or other means, governments can encourage individuals and corporations to engage in voluntary charity (Sadaqah)”⁵

ISLAMIC STRATEGY FOR ALLEVIATION OF POVERTY

Islam is not an ascetic religion. It is a complete code of life. The spiritual and material spheres of life are closely interdependent and if one of the two is neglected, the whole object of life is doomed. It is said that Islam is not a mere appendage to life, it is life itself.

⁵ Bakar, A. M., & Ghani, A. A. (2011). Towards achieving the quality of life in the management of zakat distribution to the rightful recipients (the poor and needy). *International Journal of Business and Social Science*. 2(4), 237-245.

It sees life as a whole and treats it as one indivisible unity, not to be broken into fragments. Islam has a multidimensional economic system, which cover all economic aspects of life.

Islamic Economic System means a system which is based on and is derived from the Holy Quran and Sunnah. In this system the economic agents are guided by the Holy Quran and the Sunnah of the Holy Prophet (P.B.U.H).

The decisions concerning production, distribution and utilization of resources are taken in the light of the Holy Quran and Sunnah.

The economic activities are based on certain values. These values are Justice, Benevolence, Piety, Equality, Cooperation, Moderation and the concept of Halal and Haram.

The basis of Islamic Economic System are very strong, and are unchangeable because these bases are not formulated, created or mentioned by any man having limited thinking and knowledge.

The first and the foremost aim and objective of Islamic economic system is achievement of „Falah“. Falah means wellbeing of the mankind in this world and hereafter.

In economic field the concept of Falah, refers to material wellbeing of the human beings. This system aims at the equitable distribution of resources.

Islam prohibits from extending one's hand before others, if he or she is not destitute or handicapped. It is evident from the Quran and Sunnah

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِنْ فَضْلِ اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَّعَلَّكُمْ تُفْلِحُونَ⁶

Then after the Prayer is offered, disperse in the land and (then) look for Allah's bounty (i.e., sustenance). And remember Allah much so that you may attain to prosperity.

The other objectives include the discouragement of concentration of wealth in few hands and emphasis on circulation of wealth among all sections of society including poor and destitute.

So bridging the gap between the rich and the poor; and provision of the basic necessities of life like food, clothing, shelter, education and health to all the citizens of the Islamic State is the primary objective of the Islamic Economic System.

It is obligatory upon the Islamic state to provide the basic necessities of life to all those citizens who are unable to earn due to physical disability, unemployment or any other reason.

One of the major objectives of the Islamic economic system is to establish socio-economic justice among all the members of the society.

Islamic Strategy for Alleviation of Poverty in the light of the teachings of the Holy Quran and Sunnah of the Holy prophet includes the prohibition of concentration of wealth in few hands

⁶ Al- Jumaa: 9-10

Poverty Alleviation and Economic Empowerment....

and it should remain in circulation in the society so that its members may maintain their life and be vigorous and energetic.

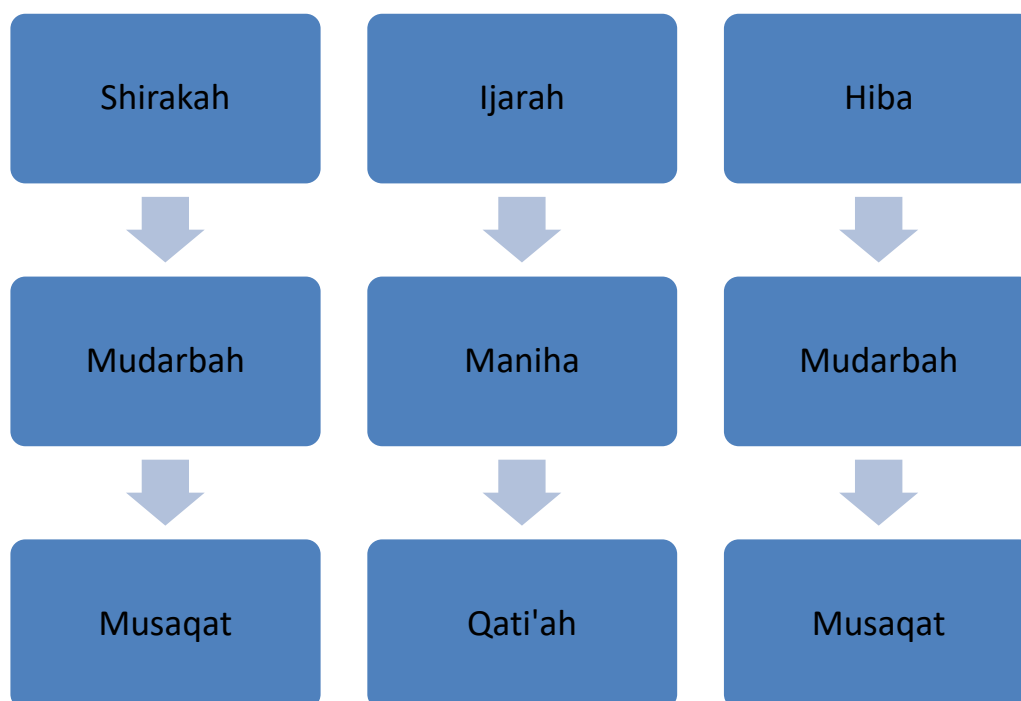
Islam encourages its believers to work hard to earn one's living. The primary responsibility to provide the basic necessities of life for himself and his family and ultimately to alleviate of his personal and his family's poverty is the responsibility of the person.

Islam wants from the poor to take part in economic active numerous traditions may be cited in which the Holy Prophet (P.B.U.H) has forbidden his followers to beg from others and stressed on earning with one's hands.

This approach prevents man from sitting idle; compel him to work to avoid poverty and hunger. A poor lacks financial resources and he requires these resources to carry out production and related business operations.

By the virtue of Qard-al-Hasan one can get the

Resources to start a business and to meet his needs. This makes his economic position secured. So this is a very effective source of poverty alleviation. If a poor person has limited resources, he is also allowed to do business or economic activity on Shirakah basis (i.e. Partnership).



Shirakah may be used in any lawful mode of business. For instance, in trade Shirakah and Mudarbah, in agriculture Muzariah (tenancy) and Musaqat (partnership in fruit trees) and in plain industry and craft Shirakah in work (Shirakah Sannai or Shirakah Amml) are lawful modes.

This mode of acquiring financial resources will help the poor to eradicate their poverty and to become self-sustained. This will also save the poor from interest based loans; and the evils and exploitation of interest.

Ijara (Islamic leasing)

Ijara is another mode through which a poor can get equipment's, instruments and the other required assets like public call offices, Photostat machines, tools and machinery for small enterprises etc. on lease or rent from persons, leasing firms or banks working on interest less basis and can do their own business on the basis of Ijara.

These schemes can bring the poor people out of poverty. The housing schemes on this basis can provide the shelter to the homeless poor.

“Bae' Salam and Bae' Murabaha are also trade based arrangements permitted by Islam through which a poor person can achieve assets for business.

This will also generate jobs for the locality in which business is established. A poor person, if is not indigent or destitute and has no financial resources may work as laborer and get remuneration for his or her services. He may work as a bonded worker or a common worker”

Involvement of a person in labor activity is appreciated by the Messenger of Allah (P.B.U.H). It is reported from the Messenger of Allah (P.B.U.H), the manual worker is the friend of Allah (S.W.T.) and He is also reported that once He (P.B.U.H) kiss the hands of a laborer.

In contrast to the other religions, Islam is not a static mode of life. The goal of Islam is welfare of mankind. This concept of welfare comprehends both the worldly and the eternal life.

The Holy Quran teaches the believers to offer the following prayer:

وَمِنْهُمْ مَّنْ يَقُولُ رَبَّنَا آتِنَا فِي الدُّنْيَا حَسَنَةً وَفِي الْآخِرَةِ حَسَنَةً وَقِنَا عَذَابَ النَّارِ⁷

And there are others of them who submit: ‘O our Lord, grant us excellence in this world, and excellence in the Hereafter (as well), and save us from the torment of Hell.’

Hence it is the responsibility of an individual as well of the society as a whole to achieve the good things and merits of this world and the next. The achievement of well-being in worldly life depends on economic development. Hence Islam empathetically urges its followers to participate in economic struggle, eliminate poverty.



ISLAMIC SAFETY NETS

There are several safety nets which save the people from poverty. Thanks to the precepts of Islam, the spirit of mutual help, sympathy and kindness has penetrated into the inner depths of its consciousness. There are different safety nets about which the Muslims are directed to act upon individually as well as collectively. If these safety nets are implemented in their true spirit, with planning and sincerity will result into alleviation of poverty at mass level.

The Islamic Law of inheritance Allah (S.W.T.) has given the constitutional verdict concerning to the property of the deceased person to distribute among his or her heirs (Surah Al Nisa:11).

⁷ Al Baqarah:201

Poverty Alleviation and Economic Empowerment....

يُوصِيكُمُ اللَّهُ فِي أَوْلَادِكُمْ لِلذَّكَرِ مِثْلُ حَظِّ الْأُنثَيَيْنِ فَإِنْ كُنَّ نِسَاءً فَوْقَ اثْنَتَيْنِ فَلَهُنَّ ثُلُثَا مَا تَرَكَ وَإِنْ كَانَتْ وَاحِدَةً فَلَهَا النِّصْفُ وَلِأَبَوَيْهِ لِكُلِّ وَاحِدٍ مِّنْهُمَا السُّدُسُ مِمَّا تَرَكَ إِنْ كَانَ لَهُ وَلَدٌ فَإِنْ لَمْ يَكُنْ لَهُ وَلَدٌ وَوَرِثَهُ أَبَوُهُ فَلِلْأُمِّهِ الثُّلُثُ فَإِنْ كَانَ لَهُ إِخْوَةٌ فَلِلْأُمِّهِ السُّدُسُ مِنْ بَعْدِ وَصِيَّةٍ يُوصِي بِهَا أَوْ دَيْنٍ أَبَاؤُكُمْ وَأَبْنَاؤُكُمْ لَا تَدْرُونَ أَيُّهُمْ أَقْرَبُ لَكُمْ نَفْعًا فَرِيضَةٌ مِّنَ اللَّهِ إِنَّ اللَّهَ كَانَ عَلِيمًا حَكِيمًا⁸

Allah commands you concerning (the inheritance of) your children: The share of a son is equal to that of two daughters; then if there are only daughters (two or) more, they are entitled to two-thirds of the inheritance; if there is only one daughter, her share will be one half; the mother and the father of the deceased will get one-sixth of the inheritance each if the deceased leaves children behind; but in case the deceased has no children and the heirs are only his mother and his father, the mother's share is one-third (and the rest is the father's); then, if he has brothers and sisters, the mother will have a sixth portion. This distribution will be (executed) after (the fulfilment of) the will he may have made or after (the payment of) the debt. You know not which of them, whether you're parents or your sons, are closer to you in bringing you benefit. This (distribution) is a duty assigned (i.e., fixed) by Allah. Surely, Allah is All-Knowing, Most Wise.

God given law of inheritance helps in diminishing wealth concentration in few hands. All those members of the family who get their share from the property will be in a position to fulfill their needs and start or expand their business out of the inherited property.

This is a great safety net which on one side saves the masses from poverty and on the other from concentration of wealth in few hands.

Al-Nafaqat

(Maintenance of one's Family and Near Relatives) Nafaqa (plural Nafaqaat) is defined as "what a person spends on the other persons to be maintained and consists of food, clothing, residence, and all the related things as water, light, and other things. It includes food, clothing, residence, nursing, upkeep, service, burial, and the expenses on medical treatment and marriage.

The institution of Nafaqat (maintenance) provides the „cement“, which makes these relationships stronger. This institution is so important that Allah has pointed it out at seventy (70) places in the Holy Quran.

Besides the Quran, the Sunnah and wisdom has established its importance. This system of maintenance provides a social security system not only for wife, children, parents and relatives but also for servants, slaves and even for animals. This institution has the potential to knock out poverty.

An important factor behind poverty today is female headed families. This problem can also be solved if the other relatives feel their responsibility and provide Nafaqa to such families.

Trust (Waqf or Awqaf)

Things, movable or immovable, which are donated in the way of Allah, are called Waqf in Islamic terminology. This institution has been playing a very effective role in the Muslim Community of every age.

⁸ Surah Al Nisa : 11

Poor houses to provide food and clothing to the beggars and the destitute, Charity Hospitals and many other pro poor institutions were founded by the Muslims.

Besides that a vast system of Awqaf was organized to look after the orphans, the poor, the blind, the destitute; and other helpless and afflicted people. The basic purpose of this system of Awqaf is to prevent the concentration of wealth in a few hands and to make the wealth to flow in a constant stream from the affluent to the poor so that the circulation of wealth in society should never cease but continue to accelerate.

This concept of Awqaf can be used at present to alleviate poverty and the other economic problems.

Maniha (Private Gift of Land)

Maniha is transference of one's land to another person for a fixed period at the end of which or whenever he wills, he has the right to take it back. The transferee can invest his capital and labour on this land and becomes the proprietor of its produce. Later the land is returned to the real owner. It may be a house which is given to another for residence and expressly states that the house shall remain in the ownership of the donee and his heirs. This is another method of Alleviation of poverty which shows how the people can help the poor relatives, fellows, neighbor and the other needy people.

Qati'ah (Gift of Land from the State)

There were ownerless lands in the past. The Islamic state has the right to give the state lands to the needy and poor people. This gift of land from the state is another method of alleviation of poverty.

The poor by utilizing this land can eradicate their poverty besides the increase in production in the economy.

Hiba (Mutual Gift)

Hiba in its literal sense signifies the donation of a thing from which the donee may derive a benefit. In the language of law it means a transfer of property by one person to another, and accepted by the later. Hiba or gift is an important measure of Islamic Economic System for poverty alleviation. Jurists of Islam derive its permission from the saying of the Holy Prophet (P.B.U.H):

“Exchange gift among you, it will create love among you”.

Civic Responsibility

Society like the individual is also accountable and answerable to Allah for the weak and poor living in its area. It is responsibility for strengthening the weak and providing sufficient means too poor to enable them to meet their basic need.

It is also duty of the society to let not the gap between the rich and poor widen beyond natural limits; and if it does, it takes necessary steps to narrow down the difference in wealth to the

Poverty Alleviation and Economic Empowerment....

natural and just limits. And if in protecting and safeguarding the rights of weak and the poor, it has to use force, or to go to war, it must go to these extremes in upholding the right principle: Allah says: “And what reasons have you not to light in the way of Allah and of the weak among the men and the women and the children.

Things of Collective Ownership

Lands adjacent to a habitation which are commonly used by the residents such as pastures or grooves or shrubs from which the inhabitants get fuel are common property. These are open to use by all residents of the habitation. Similarly, lands in which salt, oil and tar coal deposits are found are not Mawat for these products of the soil are the need of all Muslims.

Open salt mines and tar coal fields are also not Mawat but open to general use by every individual. In the same way oceans, rivers, lakes and ponds and all large reservoirs of water cannot be individually owned.

Every individual, however, has the right to obtain water from them for various needs such as drinking or irrigation, Fish and other creatures in the reservoirs are also collective property and open to use by everyone Likewise the individuals has the right to make a gift of his land, house or garden to another to make use of it for a fixed period of time.

Conclusion

The Islamic approach to poverty alleviation through Zakat, Sadaqah, and Waqf offers a comprehensive system of social welfare that goes beyond temporary relief to address the root causes of poverty. By promoting ethical wealth distribution, ethical economic practices, and a sense of collective responsibility, Islam offers valuable lessons on creating an equitable and just society. In this way, poverty is not just a financial issue but a social and moral challenge that requires both individual and collective action for long-lasting change.

Through these practices, Islam aims to create a balanced society where wealth circulates in a way that ensures every individual, regardless of their economic status, can lead a dignified and prosperous life.