



**ZAKAT
CENTER
INDIA**



COLLECTIVE SYSTEM OF ZAKAT IN INDIA

ROADMAP FOR A CARING & SHARING SOCIETY

**HOW ZAKAT AMELIORATES
LIFE IN INDIA**

COLLECTIVE SYSTEM OF ZAKAT IN INDIA FOR A CARING & SHARING SOCIETY: A ROADMAP

*“Zakat is one of the largest forms of wealth transfer to the poor in existence” says
The Guardian.*

All eligible Muslims have to pay 2.5% of everything they own- savings, bank accounts, gold, investments, in excess of what they use annually. Though Zakat is the third pillar of Islam not much is known in details nor widely practiced among the masses. Whereas other pillars- prayers, fasting and pilgrimage are well known and very popular among the community. Many are confused by the subject and are paying Zakat incorrectly or concerning point is not paying it at all. Further, Zakat is considered as mere charity but it is actually an institution to transform both the faith and the faithful.

Quran has clearly defined eight categories of Zakat beneficiaries but people by and large are satisfied by giving few kilos of food grains or few meters of clothing and a small amount of money to the needy and even after receiving zakat the poor and needy continue to remain in the same condition for years together.

Sachar Committee report, SNAP report of Noble laureate Dr. Amartya Sen and more recently data and details provided by Dr. Christopher Jafferlot, are an eye-opener to know the plight of the Indian people and Muslims in particular. One- fourth of beggars in the country are Muslims, among them, women are in majority, Muslim prisoners are double compared to their population and one-third of the young men and women between 18-25 years are uneducated and unemployed.

The collective obligation (Farz-e-Kifayah) of a Muslim society is to take care of the basic needs of the poor. Poverty has two aspects – _Economic and Social. The economic aspect consists of necessities of daily life like food, clothing, shelter, safe drinking water. The Social aspects are access to information, education and healthcare.

The institutionalization of Zakat is the first step to be undertaken to create a better society with a focus on social welfare and economic empowerment.

These special issues of the Newsletter are designed and dedicated to creating a proper understanding of the concept of Zakat and its implementation in our country. A Nine point roadmap is presented before the readers for thoughtful consideration and effective communication among the masses.

H ABDUR RAQEEB

Trustee, Zakat Center India

abdraqeeb@gmail.com

+91 94440 75501 | www.icif.org.in





1 GENERAL AWARENESS

As a first step, awareness has to be created among the people about the importance of Zakat and how this institution was built during the time of the Prophet and his caliphs. It should be highlighted that Zakat was institutionalized in Prophet's period with his outstanding companions designated to collect and distribute it.

Such was the situation during the period of Caliph Umar and then of Umar bin Abdul Azeez that there were people to give Zakat but no one to receive it. An exemplary "Caring and Sharing Society" emerged in those Golden periods.

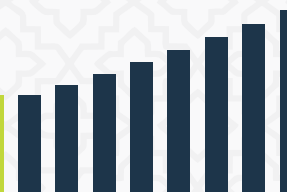
2 ENGAGING PIOUS AND PROFESSIONAL PEOPLE

Apart from creating awareness, men and women of skill and spirit have to be involved in the management of this system. Not only people with piety but also professionalism have to be included. Scholars well versed in the understanding of today's worldly affairs, those having knowledge of accounts and audit like Chartered Accountants along with social workers having good PR traits. **Thus, not only an ethical but an efficient system has to be evolved.** A humble beginning

3 FINANCIAL LITERACY & WEALTH CREATION

Financial literacy is lacking in our community. The creation of wealth and indulging in entrepreneurship and gainful employment is to be encouraged. A habit of saving and investment into productive business has to be planned so that a strong community of "Givers" can be created. Thus a real economy is envisaged where people create employment opportunities as well.

The details of the market of Medina by Prophet Mohamed and the example of his wife Khadijah should induce Muslims of today to engage in gainful entrepreneurship. Among the ten prominent companions of the Prophet who were assured of Paradise (Ashrah Mubashra) four of them- Caliph Usman, Abdur Rahman bin Awf, Zubair bin Awwam and Talha bin Ubaidullah were billionaires in today's standard.



4 INCLUSION OF MODERN-DAY ZAKAT MANAGEMENT IN MADRASSA SYLLABUS

An initiative has to come from the ulemas of the community. Zakat, as a detailed subject has to be included in the syllabus and curriculum of the religious seminars, practical field works of socio-economic survey and focusing on the real life of the people, have to be undertaken. Various departments of zakat require different knowledge and skills e.g., for collection of zakat one should acquire the knowledge of psychology, Personal relations (PR) for approaching people, accountancy and auditing for bookkeeping, statistics for conducting a socio-economic survey, and distribution to

various categories require financial management expertise. Inclusion of these subjects in the religious seminars will equip the Ulemas in spearheading the Zakat Movement in the country. Organizations like the Islamic Fiqh Academy of India and the World Zakat Council can be approached to

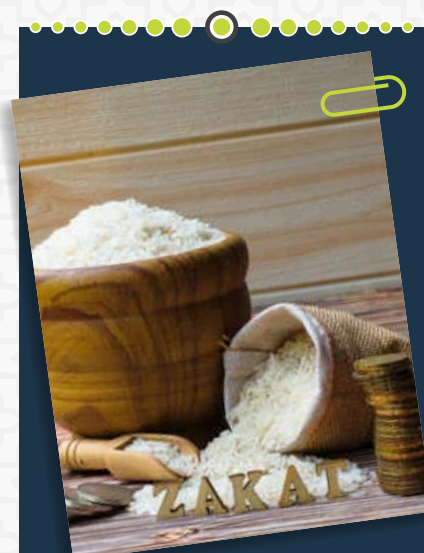
coordinate in this regard.

5 SUCCESS STORIES IN ZAKAT MANAGEMENT OF OTHER COUNTRIES

World Zakat Forum has about 40 countries, in which some of the countries where Muslims are in minority are South Africa and Ghana, and the rest are Muslim majority countries. In Malaysia and Indonesia, various new techniques and tools are being employed for Zakat utilization. BAZNAS of Indonesia has many novel experiments both in social and educational sectors. Malaysia also has many new techniques in collection and distribution as well as the use of FinTech. SANZAF in South Africa is unique in the sense that it is a county where only 2-3 % Muslims are there but this organization has existed for several decades and currently headed by two eminent ladies, Chairperson Ms Fayruz Mohamed and CEO Yasmina Frankie, with 52% female staff and winning Global Good Governance Award from International Financial Advisory, Cambridge UK for Capacity Building in the social sector and Philanthropy.

Our neighbor country Bangladesh has a robust Zakat Management Centre with highly competent persons at the helm of affairs with well-trained staff and delivering effective results in various fields like Rural Development, Child Education, etc.

UK with its UK Zakat Foundation is unique in contributing significantly in various fields



6 ZAKAT AND SDG

Lastly, mention of United Nations Sustainable Development Goals which has charted a universal call to action to **“end poverty, protect the planet and ensure that all people enjoy peace and prosperity”** having some striking commonalities between SDG and Zakat and its foundational goals of Shariah called **“Maqasid-e-Shariah”**. Zakat organisations in Indonesia and Malaysia have come out with various projects along with UNDP and other UN agencies. We in India also can look forward to collaborating with UNDP and other UN agencies, with Zakat organisations here to play a similar role in our county to eradicate poverty and creating ‘a caring and sharing society for all.’

7 FIN-TECH

Fin-Tech can play a positive and powerful role in the collection and distribution of Zakat. Digitalization of the zakat proceeds can reenergize the whole system. Apart from providing greater convenience to the people, it will not only strengthen trust and confidence but also build transparency. Crowd-funding is increasingly used in FinTech which raises money from a large pool of people commonly known as a Crowd through internet platforms. Block-chain is another method increasingly used for account and auditing purposes.

8 ZAKAT & MICROFINANCE

Microfinance is another tool that can be adopted with the Zakat money.

Zakat money is mostly allowed to spend for meeting the emergent needs of the poor but if it is used as seed money (investment) rather than spent money (consumption) a sufficient number of business enterprises preferably small and petty businesses can be developed. Once the capacity of the poor is enhanced for doing business micro and small, then the opportunity to employ other poor people will also be increased consequently, poverty would be reduced exponentially. Zakat Takers will become Zakat Givers.



9 SKILL DEVELOPMENT THROUGH ZAKAT

In some countries like Malaysia, Poor are categorized as 'Productive poor' and 'Non-productive poor'. Non-Productive poor are those who are old aged, widows, handicapped and physically challenged, those who are affected by terminal illness and in need of medicines throughout the year and those unable to work - are provided regular amounts for their livelihood.

Productive poor are those who are self -employable, skilled persons whose skills can be enhanced and those who do not have the requisite capital to trade. This second category poor is specially focused and provided money substantially to become financially independent and self-reliant so that they can come up in life and livelihood and in a few years themselves give back to the society by becoming Zakat Givers.



وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَمَا تُقَدِّمُوا لِأَنفُسِكُمْ
مِّنْ خَيْرٍ تَجِدُوهُ عِنْدَ اللَّهِ إِنَّ اللَّهَ بِمَا تَعْمَلُونَ بَصِيرٌ

Establish Prayer and dispense Zakat.

*Whatever good deeds you send forth for your own good,
you will find them with Allah. Surely Allah sees all that you do.*

Al-Baqarah - 110

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ZAKAT
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**ZAKAT
CENTER
INDIA**

+91 788 788 4210 contact@zakatcenterindia.org

www.zakatcenterindia.org

Admin Office: # D 301 Dawat Nagar,
Abul Fazal Enclave, Okhla, Delhi – 100025

