

Zakat's Impact On Poverty Alleviation: An In-Depth Analysis In The Context Of Pakistan

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Abstract:

Poverty is a scourge that affects both the person and society as a whole. At whatever degree it is present, it poses a threat to humanity. Every society on the planet has attempted to deal with this issue. The most important and fundamental component of an Islamic order is zakat. Its nature, structure, and purpose can be more fully understood in the context of the Islamic way of life as a whole. A social order, including the Zakat and other Sadaqaat systems, evolves and develops in accordance with the principles of the Quran and Sunnah. Zakat plays a significant part in the spiritual and social life of Muslim community because it is a foundational component of Islamic theology. Not only is the payment of zakat required and necessary, but zakat as a system and organization also contributes significantly to social stability. Zakat promotes equitable wealth distribution and has a significant impact on the social system as a whole. A communal social security system for assistance will be created if Zakat is formed as an institution, and the resources can then be used for social development. This research paper aims to: explain the significance of zakat as an institution; elaborate on zakat's impact on social life in Pakistani society, which is the study's central theme; raise necessary awareness of this central theme among all societal segments, especially among intellectuals,

elites, and opinion leaders; and encourage further study of zakat's impact on social life in Pakistani society in order to establish zakat as an institution.

Keywords: Islam, Zakat, Poverty Alleviation, Pakistan.

1. Introduction:

Pakistan is an emerging nation. Its income per person is really low. The literacy rate over the previous 76 years has not changed significantly. Pakistan is seeing a daily rise in the prevalence of poverty. In Pakistan, 30% of households were living below the poverty line in 2022, and 21% were extremely poor (Siraj,2018). Pakistan's Human Development Index (HDI) at 161 out of 192 countries in the 2021-2022 period. As per the 2022 Global Gender Gap Index Report, Pakistan is ranked 145 out of 156 in terms of economic participation and opportunity, 135 out of 156 in terms of educational attainment, 143/156 in terms of health and survival, and 95 out of 156 in terms of political empowerment.(WP,2023).

One of the most important problems that humanity faces is poverty. Being unable to achieve the bare minimum of living standards and not having enough money to pay for basic essentials like food, clothing, housing, and education are the main components of poverty. People who don't make enough money or consume enough goods to elevate their standard of living above a certain minimal threshold in society are considered impoverished (World Bank, 2001).

It is now widely acknowledged that there is a social as well as political issue, and it is no longer just an economic one. It is present in practically every community on the planet, regardless of its level of wealth. It has developed into a significant issue for all people, one that goes beyond social, political, economic, and perhaps even cultural and religious issues. Poverty has many facets these days. It is dependent on the type of economic policies being implemented in addition to the nation's

socioeconomic profile, population size, and resource endowment.

The literature review makes it clear that both the Islamic and secular perspectives have placed a great deal of emphasis on the topic of poverty and how to alleviate it. Numerous research works have been carried out that examine and elucidate the various Islamic approaches to poverty alleviation. After 76 years of the Zakat system being implemented at the state level in Pakistan, an urgent need exists to assess the system using econometric methodologies, provide recommendations for its performance, and offer an appraisal. Therefore, the goal of this study is to investigate how Zakat, along with a few other factors like GDP, inflation, and net school enrollment, affects Pakistan's efforts to reduce poverty.

2. Zakat: Meaning and Definition

Meaning of the word Zakat: Purification and development The Quran states:

خُذْ مِنْ أَمْوَالِهِمْ صَدَقَةً تُطَهِّرُهُمْ وَتُزَكِّيهِمْ بِهَا

Take away their money so you can sanctify and purify them, the Quran says. (Aliy, Y.A (1975)

Zakat cleanses a donor's riches of a portion designated for the poor while also purging his soul of self-centeredness and greed. Even though paying zakat appears to reduce your bank account's balance, in a larger sense, it allows wealth to circulate, which leads to its multiplication and includes more and more people in its advantages.

Zakat is required (Fard) of all Muslim men and women who are Sahib-e-Nisab, i.e., possess a certain amount of wealth, and is paid annually from capital or savings such as farm products, cattle, business activities, paper currency, and precious metals like gold and silver.

3. Islamic approaches for poverty alleviation

Islam is not a religion of asceticism. It is an all-inclusive human code. All of life's endeavors are futile if one of its two realms—the spiritual or material—is ignored because they are intimately related. It is believed that Islam is life itself, not just an adjunct to it. It respects life

as an indivisible totality that should not be divided into smaller parts.

Islam offers a multifaceted economic system that addresses every facet of daily life's finances. An Islamic economic system is one that draws its foundations from the Sunnah and the Holy Quran. The Holy Prophet's (PBUH) Sunnah and the Holy Quran serve as the economic agents' guides in this system. Decisions about resource production, distribution, and use are made with the Holy Quran and Sunnah in mind. The economic operations are predicated on particular ideals. These principles include the notions of halal and haram as well as justice, benevolence, piety, equality, cooperation, and moderation. The Islamic Economic System's foundations are extremely solid and unalterable because no man with a restricted capacity for thought or knowledge developed, established, or mentioned them. (Badawi, 1979)

The accomplishment of "Falah" is the primary goal and aim of the Islamic economic system. Falah refers to the welfare of humankind both here on Earth and in the Hereafter. The term "Falah" in the context of economics refers to people's material well-being. The equal allocation of resources is the goal of this system. The other goals are to promote wealth distribution among all societal segments, especially the impoverished and disadvantaged, and to discourage the concentration of wealth in a small number of hands. (Abdullahi, 2019)

Therefore, the main goal of the Islamic Economic System is to close the gap between the rich and the poor and to provide all inhabitants of the Islamic State with the needs of life, such as food, clothes, shelter, health care, and education. The Islamic state is required to provide all of its residents with the needs of life if they are unable to work because of a physical handicap, unemployment, or for any other reason. Establishing socioeconomic fairness for all societal members is one of the main goals of the Islamic economic system.

According to the teachings of the Holy Quran and the Holy Prophet's Sunnah, the Islamic strategy for alleviating

poverty forbids the concentration of wealth in a small number of hands and promotes its circulation throughout society so that its members can live healthy, active lives. Islam promotes hard effort as a means of obtaining a living. The person has the primary duty for providing for his or her family's daily needs and, ultimately, for eradicating poverty for themselves and their families. The impoverished are encouraged to engage in economic activity by Islam. (Bakar, Abu, Mahyuddin and A. H. Abd.Ghani, 2011)

Islam forbids people from extending their hands to others if they are not poor or disabled. The Qur'an and Sunnah make it clear that participating in economic activity is valued. The earnings from economic activities are referred to as Allah's blessing in the Holy Quran (Al-Kindi, 2007).

The Holy Prophet (PBUH) has a long history of forbidding his followers from begging and emphasizing the need of working hard to support oneself. This strategy forces people to work in order to protect them from being hungry and living in poverty.

On the basis of mudarbah, a poor person can also obtain financial resources to engage in commerce or other forms of economic activity. In a mudarbah, two or more parties agree to conduct business with each other's capital in exchange for a share of the profits at a predetermined ratio in exchange for providing the capital (Ahmad,2002). The resources that can be employed in Islamic society to combat poverty are mudarbah and shirkah. It frequently occurs that a person has money but is unable to start a business because of a mental or physical condition, a disability, or a lack of experience.

Bae' Salam and Bae' Murabaha are two further trade-based Islamic arrangements that enable the impoverished to acquire assets for their businesses. According to Al Jazeeri (1979), murabaha refers to the sale of a commodity at a price that includes both the purchase price or cost of the commodity and an increase or profit. Salam is the term for advance payment of the

price for future delivery of a thing or asset. Bae Salam can be applied to the distribution of financial aid to the underprivileged. Iran successfully employs this method for agricultural financing. While murabaha refers to the act of selling anything at a price that includes both the cost of acquisition and any profit (Al Jazeera, 1979).

A poor person can work as a laborer and receive compensation for his or her services if they are neither indigent, destitute, or lacking in financial resources. He could be a common laborer or a bonded worker (Qardawi, 2004). The Prophet of Allah (PBUH) valued people who participated in labor-intensive activities. The laborer is considered a companion of Allah (S.W.T.) according to the Prophet of Allah (PBUH), who also reportedly kissed the hands of a laborer once.

Islam is not a static way of life, in contrast to other religions. The wellbeing of humanity is the aim of Islam. This idea of welfare includes both the mortal life and the life beyond death.

"And there are men who say: "Our Lord! Give us good in this world and good in the Hereafter, and defend us from the agony of the Fire!" the Holy Quran instructs believers to pray. Al-Baqara (2001). Therefore, achieving the virtues and rewards of this world and the next is the responsibility of both the individual and the society as a whole. Economic development is a prerequisite for achieving well-being in the outside world. Hence Islam empathically exhorts its adherents to take part in the economic struggle, end ignorance and poverty, and look into and advance further economic development aspects.

4. Islamic Net Safety:

Many safety nets exist to protect people from poverty in Islam. Islam's teachings have allowed the spirit of cooperation, compassion, and kindness to seep into the very core of its consciousness. The Muslims are urged to behave both individually and collectively in relation to various safety nets. If these safety nets are implemented in accordance with their intended purpose, careful

planning, and sincere effort will lead to a widespread reduction in poverty. The following safety nets are:

4.1. Sadaqa tul Fitar (Fitrana)

On the occasion of Eid-ul-Fitar, fitrana has become obligatory. Before performing the Eid prayer, believers are commanded to donate to the needy a set number of grains or their purchase price. Each family member's share will be paid. Everyone is required to pay this amount, not just for themselves but also for their small staff, guests, and even housekeepers. Sadaqa tul-fitar's goal is to encourage Muslims to give to the underprivileged in their community when they are celebrating their religious holidays. (Bukhari,1989)

4.2. Slaughtering Animals on Eid-ul-Azha

For Muslims, Eid-ul-Azha is a reason to rejoice. They are instructed to sacrifice (slaughter) animals such as camels, cows, goats, and sheep on the eve of Eid-ul-Azha. The impoverished may receive at least one-third of the animal's flesh, and the poor relatives may receive a second one-third. Again, this activity's goal is to aid the underprivileged, helpless, and penniless. Additionally, this aids in generating cash, creating jobs, and ultimately reducing poverty. (Abubakar,2013)

4.3. The Islamic Law of inheritance

According to Allah (S.W.T.), the decision of how to divide a deceased person's property among their successors is constitutional (Surah Al Nisa, 11). This inheritance law that was established by God aids in reducing the concentration of wealth in a select few. Everyone in the family that inherits a piece of the property will be able to meet their requirements and establish or grow a business using the inherited property. This is a fantastic safety net that, on the one hand, prevents the concentration of wealth in a small number of hands and, on the other,

rescues the people from destitution. (Shirazi, and Amin, 2010),

4.4. Al-Nafaqat

According to Al Jazeeri (1979), nafaqa (plural nafaqaat) is "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 covers costs for housing, food, clothes, nursing care, maintenance, service burial, and costs for getting married and receiving medical care. The institution of Nafaqat (maintenance) supplies the "cement" that solidifies these connections. This institution is so significant to Allah that He mentions it 70 times in the Holy Quran. The Sunnah and wisdom, in addition to the Quran, have established its significance. This maintenance system offers a social security system for servants, slaves, and even animals in addition to the wife, kids, parents, and other family. (Wahab and Rahman, 2012)

4.5. Penalties (Kaffarat)

Islam has established a set process for doing Ibadaat (devotions). The believer must pay a penalty if, for whatever cause, he or she disobeys a command, fails to follow the instructions, or sinfully violates the law. Kaffarah is the Arabic word for this punishment in Islamic language. For instance, a Muslim must pay a fine if they break their saum (fasting), violate their pledge, or do something else wrong while on their trip. This punishment will be satisfied by fasting, freeing the slaves, or giving the needy its equivalent in cash or in kind (such as wheat). Once more, the intention is to take their wealth in exchange for aiding the underprivileged.

4.6. Infaq Fi Sabil Lilah

Sadaqa is the name for the financial aid that the wealthy provide to the underprivileged. Islam urges people to use their money in Allah's service and forbids being miserly or stingy. Islam mandates that everyone with extra cash be urged to give it to the underprivileged in

order to please Allah. The main goals of are to eradicate poverty and close the wealth gap through promoting the distribution of wealth and reducing concentration. No one in the community will stay destitute or without access to basic necessities if every member of the community donates their excess wealth to those in need. (Zauro, Saad, R. J. and Sawandi,2020)

4.7. Waqf or Awqaf

According to Islamic terminology, objects—movable or immovable—that are given in Allah's service are referred to as Waqfs (Seoharwi, 1984). This institution has been extremely helpful to the Muslim Community of all ages. The Muslims established charity hospitals, poor houses that gave food and clothing to begging people and the needy, as well as many other institutions that supported the underprivileged. In addition, a sizable Awqaf system was set up to take care of the impoverished, the blind, the homeless, and other defenseless and suffering individuals.

The main goal of this system of Awqaf is to prevent the concentration of money in a small number of hands and to ensure that wealth is transferred continuously from the wealthy to the poor, ensuring that the flow of wealth throughout society never stops but instead quickens. At this time, poverty and other economic issues can be reduced using the Awqaf philosophy.

4.8. Hiba

Hiba, when taken literally, refers to the gifting of anything from which the donee might profit. In legal jargon, it refers to a property transfer from one person to another who has accepted it. A key component of the Islamic Economic System for reducing poverty is the hiba, or gift. Islam's jurists take their authority from the Holy Prophet's (PBUH) adage that "Exchange gifts among you, it will create love among you." (Arif, 2006)

4.9. Collectively Owned Things

Common property refers to surrounding land that is frequently used by the locals, such as pastures, ravines,

or shrubs from which they obtain fuel. All dwelling occupants are welcome to use these. In a similar vein, areas with salt, oil, or coal deposits are not considered Mawat because all Muslims require these natural resources. Open salt mines and tar coal fields are not Mawat either because they are available to everyone for general usage (Badai wa Sanai). Oceans, rivers, lakes, ponds, and all other major bodies of water cannot be privately owned. However, everyone has the right to obtain water from them for a variety of purposes, such as irrigation or drinking. In the reservoirs, fish and other living things are likewise communal property that anyone is free to utilize (Siddiqui, 1973). The individual also has the right to give away his land, house, or garden to another for usage for a predetermined amount of time.

5. Role of Islamic State in Poverty Alleviation

Getting elimination of poverty, squalor, and wealth concentration is one of the Islamic State's most significant obligations. It is the fundamental responsibility of the Islamic State to ensure that every person living inside its borders has access to the necessities of life, including food. The Islamic State will educate, train, persuade, and preach to the wealthy class in order to fulfill this responsibility by meeting the needs of the underprivileged. The Islamic State can collect taxes on the wealthy classes, though, if the resources are still insufficient to cover everyone's fundamental necessities despite the aforementioned steps. But only emergencies can be used for this. Such particular taxation will often need to be eliminated. (Herani, Rajar, and Ahmad, 2008)

5.1. Necessity to perform Zakat

Muslims are required to pay zakat, a financial form of ibadat (worship) in Islam. One of Islam's five pillars, this serves as the foundation of the Islamic economic system. Former Prophets also proclaimed zakat to be a requirement. In the Holy Quran, Salah and Zakat are stated together in 32 verses, while in 82 verses, it is emphatically commanded to pay Zakat. Only Sahih Bukhari (1989) contains all of the Traditions (Ahadith)

pertaining to Zakat, which total roughly 103. One of an Islamic state's fundamental obligations is to develop a zakat system. Allah (swt) declares in Sura Al-Hajj: "These are the people, if We give them power in the land, they will establish the Salah, pay the Zakat, enjoin what is right and forbid what is evil" (Al-Hajj, 41). Every Muslim who possesses a specific level of income is required to donate a particular percentage of it to those who are deemed deserving of receiving Zakat in accordance with Islamic law. Zakat is assessed on a variety of various types of wealth. Camels, cows (including oxen and buffalo), and goats are among the animals that are subject to the levying of the Zakat. Silver and gold are likewise subject to zakat. This requirement is described in numerous traditions of The Holy Prophet (P.B.U.H). The Nisab of Zakat for gold is 7.5 Tola, while it is 52.5 Tola for silver. Additionally required is zakat on commercial goods. All products that are bought and sold for profit are considered trade goods.

In addition to helping the poor and needy and distributing riches, the goal of zakat is to make a person a sincere and submissive servant of Allah by purifying the heart and soul as a required act of devotion. Zakat is a show of gratitude for Allah Almighty's blessings. Inculcating the values of love, selflessness, kindness, sincerity, consideration, cooperation, brotherhood, and camaraderie in society through the institution of Zakat eradicates niggardliness, miserliness, selfishness, spite, envy, callousness, and exploitation. (Hussain, & Shirazi,1994)

5.2. Zakat's Expenditures

In Sura Al-Tauba, Allah Almighty makes it clear who is eligible to receive Zakat: "In fact, Zakat collections are only for the needy and the indigent, for those who are employed to collect them, for those whose hearts are to be won over, for the ransoming of slaves, for helping the debtors, for the way of Allah, and for the hospitality of the wayfarers. It is Allah's obligation to do this, and Allah is All-Wise and All-Knowing (Al-Tauba, 60). This verse lists

eight categories for Zakat expenditure. Spending Zakat on any head other than these eight is forbidden.

5.3. Ushr

The eleventh component of Ushr is its literal meaning. Technically, it alludes to the land produce's Zakat. The Ushr rate is ten percent for produce from desert lands and twenty percent for produce from irrigated lands. The Holy Quran and Hadith both mention the Order of Ushr. Ushr is not always due at the end of the calendar year. If a piece of land produces two crops per year, ushr is due when the crops are harvested. The Ushr has the same expense categories as the Zakat. (Iqbal, 2002)

6. Role of the Zakat System in Poverty Alleviation

This system has a lot of advantages. Zakat is a vital weapon for distributing wealth and eradicating poverty in addition to purifying the wealth and the heart and soul. Here are some of the advantages explained. In the form of zakat, Islam mandates a legal portion of the wealthy population's wealth towards the underprivileged sectors of society. As a result, money starts to flow from the wealthy to the impoverished. Thus, Zakat is crucial to the distribution of income and, ultimately, to the reduction of poverty. When Zakat is paid, the gap between the rich and the poor is closed, and the quality of life for those in poverty starts to rise. As a result, there is no longer any tension between the two classes, and things are peaceful between them. (Rédha and Karima, 2016). Islam mandates the payment of Zakat, which is a lawful portion of wealthy people's income, to the underprivileged sectors of society. Wealth begins to flow from the wealthy to the impoverished as a result. The payment of Zakat thus plays a significant role in the distribution of income and, ultimately, in the reduction of poverty; it helps to bridge the gap between the rich and the poor, which in turn raises the standard of life for those who are impoverished. As a result, there is no longer any tension between the two classes, and their relationships are now peaceful. (Kahf, 1989)

In terms of creating jobs, the zakat system is crucial. According to jurists, professional individuals, such as tailors, iron smiths, launderers, butchers, etc., may be given financial assistance to purchase tools of their trade. A farmer may be given money from the Zakat budget to purchase a piece of land on which to raise crops. In this way, the Zakat system helps to reduce poverty by giving individuals more employment options. The needy, the impoverished, and the destitute have access to financial stability thanks to this system.

Zakat is a cooperative association, an insurance firm, and a Muslim provident fund, according to Maududi (1984). It is a fund set up to help the unemployed. It provides a source of support for those who are ill, crippled, orphaned, widowed, or without a job. In the Muslim Community, it is a guarantee that no one will go without the necessities of life. The Zakat system gives the underprivileged the ability to spend. This was shown during the reign of Hazrat Umar bin Abdul Aziz (R.A.), when wealthy individuals looked fruitlessly for those who required aid from the Zakat budget.

All wealth that is hoarded in Islam is subject to zakat, and if it is not put into a successful business enterprise, it will likely run out in a few years. Therefore, in the Muslim community, people would wish to invest their wealth in companies like private companies, partnerships, or mudarbah firms. The result will be increased economic growth and job possibilities. In the end, this technique aids in reducing poverty. Therefore, zakat, the most significant social security tool, can play a revolutionary role in reducing poverty.

Since there were no deserving Zakat recipients during the reigns of Umer bin Abdul Aziz (99–101H) and Hazrat Umar Bin Khattab (13–22H) and the second Caliph of Islam (R.A.), the condition of the populace was so prosperous, Zakat has proven to be an effective tool for reducing or even completely eliminating poverty [15,16]. It has been demonstrated throughout history that, with correct management, zakat can be a tool for reducing poverty.

7. Analysis and Discussion

It is a well-known truth that global income is rising overall, but impoverished people aren't benefiting from it because wealthy people already profit from growing income. With the rich increasing richer and the poor getting impoverished every day, the situation in Islamic nations is even worse.

In order to deal with this problem, we need to address the root causes of poverty, one of which Islam suggests is Zakat. No other system available in this world can eradicate poverty to such an extent. The western world, which claims to have a welfare system, is just an illusion as there are many people who live below the poverty line and rich people are getting by. Zakat is perhaps the most effective tool to eradicate poverty and reduce income inequality, and this has been proven in early Islamic times when there was not even a single poor person who was eligible to receive zakat. Because it favors the wealthy and takes advantage of the poor, the tax system is unfair. Therefore, we must go back to the fundamentals, figure out what went wrong with the zakat system, and then fix it. In light of the fact that just 37% of Muslim countries have state-sponsored zakat institutions, only 40% of those have made zakat collection mandatory, and the remaining 63% do not have zakat administration at the state level, we cannot reasonably expect the zakat system to help us as it is intended to. Where applicable, improper planning and implementation are the main causes of zakat system failure.

This is the most crucial phase, but a state may not be able to reach it concurrently with the implementation of the proposed system. A state will be able to reach this level when it is able to meet the basic needs of its citizens. The State Zakat Council then implements macro level projects with available funds in an effort to make people self-sufficient. Only then will there be extra money in the government coffers for large-scale initiatives, such as establishing cottage and small-scale industries, particularly in regions with low rates of development and high rates of poverty; opening vocational training centers

to teach the unskilled; and offering needy students' free education in addition to scholarships.

There is a complete lack of coordination in the governance of zakat in Pakistan. For instance, Siraj (2018), in a paper on poverty alleviation initiatives in Balochistan, notes a lack of coordination between government departments that fail to include zakat in their work or strategy for reducing poverty. Despite the fact that the government at the time claimed to have implemented Shariah in the state, this is the case. Most other Muslim-dominated states in the nation exhibit the same lack of coordination; administrations avoid connecting their operations with anything related to Zakat. This complete lack of seriousness is therefore incredibly confusing. A national summit on zakat must be held in Pakistan every year, especially at the start of the holy month of Ramadan, in order to address this issue directly and find a workable solution.

In Pakistan, as in the majority of developing nations, rural areas are more likely to be impoverished because there aren't as many contemporary services and facilities there (Siraj, 2003). Even though it is obvious that there is more poverty in countryside than cities, Zakat distribution in Pakistan is concentrated in the largest cities. Thus, especially during months of giving to charities like the Ramadan period, rural to urban migration is in many ways facilitated. The relationship between Zakat and rural poverty and how Zakat helps to minimize rural-urban migration should be the main focus of efforts to strengthen Zakat administration in Pakistan.

The distribution of zakat for the aim of investment tends to help the poor escape poverty by giving them a different source of income; this can take the shape of financial aid for education, training, the provision of physical capital, etc. However, the consumption Zakat or unproductive Zakat simply gives the needy and poor a set amount of money to meet their daily requirements. Therefore, it is recommended that the young and healthy poor receive investment Zakat in order to help them find a different source of income, while the elderly, ill, and

crippled should receive unproductive Zakat means for consumption.

8. Conclusion:

According to the conclusion of this paper, institutionalizing zakat as a substitute approach will lay the groundwork for sustained growth and a good life (hayat tayibah), as zakat is regarded in Islam as a privilege of the underprivileged and a duty owed by the wealthy. Who pays and who receives is known to both parties. Several Quranic verses and Prophetic sayings that make promises of reward and the repercussions of non-payment in the hereafter are stated in order to encourage the wealthy to contribute the Zakat. Therefore, from a psychological perspective, the wealthy are internally motivated to help the poor. The prohibition on Zakat al-Fitr is another specific measure to combat poverty. In addition to its significant social impact, it aids in determining the extent of poverty at the local level. Since the majority of Muslims contribute their Zakat throughout Ramadan, the statistics of the needy at the conclusion of the fast will help in allocating part of the Zakat funds. Islam, however, mandates work as part of its long-term plan to ensure that everyone in the community can meet their basic necessities. It upholds the preservation of personal dignity and anticipates a passive populace waiting for the Zakat budget.

The goal of this study is to investigate how Muslims regard poverty and, more especially, how Muslims combat it in light of the Quran, the Prophet Muhammad (S.W.T.)'s Sunnah, and other Islamic writings. The current analysis demonstrates that Islam has provided a complete strategy for reducing poverty. If properly and fully implemented, this system has the ability to not only reduce poverty but also boost economic activity, lower unemployment, and raise peoples' standards of living. The study has suggested a plan to address the issue of poverty as well as a strategy to fix the problems with the current Zakat system used by the Government of Pakistan.

The proposed system is not a quick fix for the issue; rather, it will take time to achieve its goals if properly managed zakat system would achieve its aims and Pakistan will revitalize their economy and society through correctly implementing zakat system. Government regulation and education are crucial in this regard because they must grant Amils permission to assess and collect zakat through public notice. It is also vital to enact legislation that includes harsh fines and penalties for recurrent infractions for anyone who fail to pay zakat. People can be encouraged to pay zakat through a public awareness campaign about the significance and advantages of zakat conducted locally by notable scholars and Amis.

9. Future Direction:

- Anyone or any authority interested in seeing improvements in the management of zakat in Pakistan should be concerned with the creation of very strong Zakat institutions. As they have not yet reached the standard found elsewhere in the Muslim world, what is now in place is still a work in progress. There are numerous advantageous developments that can be connected to the creation of powerful zakat institutions. For instance, it serves as a symbol of power and good government, encouraging Zakat contributors by assuring them that their donations will be put to good use.
- It is necessary to rearrange how the Zakat fund is used in Pakistan and to lay more emphasis on using the money to encourage the income-generating enterprises of Zakat recipients. In order to avoid the large numbers of beggars from raiding the homes of the wealthy in the cities, the Zakat budget should be used to combat poverty. This can be done by enabling the poor to support themselves through income-generating activities like farming.
- Due to nepotism, political interference, and corruption in the composition of zakat committees and the zakat committees' distribution of zakat. Lack of an efficient monitoring system is what is causing these issues. Another factor is that most individuals

do not choose to pay Zakat through the government since they have little faith in its institutions. Because of this, the Zakat proceedings are incompatible with the increase in the income and wealth of the general populace. Therefore, institutions for zakat and waqf need to be held to strict accountability standards, thus serious steps need to be taken in this direction. These include financial reporting transparency, audits, and disseminating financial information.

- An enormously important system must absolutely not be allowed to fail. To enable the community to once again benefit from the advantages that the Zakat system bestowed upon the adherents of Islam during the period of Hazrat Umar (R.A.) and Umar bin Abdul Aziz (R.A.), the flaws in this system must be fixed.

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