

# Obtaining the principles of economic reform from the economic life of the Holy Prophet

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## Abstract:

This study explores the economic principles and reforms derived from the economic life of the Prophet Muhammad (peace be upon him) and examines their application to modern economic systems. The economic practices of the Prophet (peace be upon him) are not only reflective of Islamic teachings but also offer comprehensive guidelines for achieving social justice, economic equity, and sustainable development. Drawing from the Prophet's personal conduct, governance, and interactions with the community, this study identifies key principles that can inform contemporary economic reforms.

The analysis begins by exploring the Prophet's emphasis on ethical commerce, where honesty, transparency, and fairness were paramount. The prohibition of *riba* (interest) is analyzed as part of the Prophet's economic reforms, promoting the circulation of wealth, and discouraging the exploitation of the financially vulnerable. The concept of *zakat* (charity) is examined as a powerful mechanism for redistributing wealth, alleviating poverty, and fostering a sense of collective responsibility in the economy. Furthermore, the study highlights the Prophet's encouragement of fair wages, honest labor, and the promotion of mutual benefit in economic transactions.

Key principles such as social justice, equitable distribution of resources, and ethical entrepreneurship are explored in depth, drawing attention to how the Prophet's model balanced the interests of individuals and communities. The Prophet's leadership, which emphasized welfare policies such as public spending on infrastructure, social safety nets, and protection of the vulnerable, is a key part of the analysis. These policies ensured that wealth was not concentrated in the hands of a few but was distributed in a way that promoted overall social well-being.

**Keyword:** Economic Principles of Seerah, Challenges, Modern Economic systems, Islamic history

## Introduction:

Allah Almighty sent His Prophets and Messengers in the world to guide His creation, who continued to perform the duty of guiding man in every aspect of life.

The last in the list of these prophets was Muhammad (Peace be upon Him).

The human species is a combination of two elements, one physical and the other spiritual - if these two are combined, then a human being is made. The body is a pile of dust without the soul and the soul is far from this world without the body. Therefore, how can it be possible that Allah Almighty sends His Messenger for spiritual training and education, but does not have any thought of physical training and education.

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Along with the maturity of the soul, Allah has blessed man with the intellect so that he can use this intellect to live his life well and obtain comforts. What are the legitimate means of achieving the goal and what are the forbidden means, Allah has guided the messengers all these details.

Our beloved Prophet (peace and blessings of Allah be upon him) himself proved from his personal life what needs to be done for economic stability. He practically taught the humanity about its importance and what should be done for the development of economics. His biography, his teachings and his rulings and decrees in this regard are available in the books of seerah and hadiths.

A major problem of today is the economy, towards which the Holy Qur'an itself and the Prophet have guided. The Holy Prophet (peace and blessings of Allah be upon him) did this with his blessed hand and also said that every prophet has been teaching economics, every prophet has grazed goats. In the first 40 years he did trade, his profession was trade.

Among the merchants of Makkah, he made a name in this field at a young age. The most important thing in his trade was his trustworthiness and honesty. He was known as Sadiq and Amin because of his honesty and truthfulness.

Along with the reformation of belief, ideology and morals, Allah Almighty has also sent His messengers for the use of human food and sources of food in the same way as He sent them for the reformation of belief, this is also the basic need of man for which he always needs. Prophets continued to be sent and told their nations that this is to eat and this is not to eat, this is to wear and this is not to wear, this method is halal and this method is forbidden. In the article under discussion, it has been described how he took care of his livelihood and how he guided the Ummah by fulfilling the needs of his life, and proved that it is necessary to take care of the material needs to live in the world.

### Meaning of Economics:

In the modern era, Iqtisadiyat is used as an alternative to economics in the Arabic language, and which is defined as economics in English. Economy is directly related to wealth, and then trade, agriculture, business transactions, sales, transportation, etc. are also included in economics. Are, Economy means living well. Allah says:

أَهُمْ يَقْسِمُونَ رَحْمَتَ رَبِّكَ ۗ نَحْنُ قَسَمْنَا بَيْنَهُمْ مَعِيشَتَهُمْ فِي الْحَيَاةِ الدُّنْيَا ۖ وَرَفَعْنَا بَعْضَهُمْ فَوْقَ بَعْضٍ دَرَجَاتٍ لِّيَتَّخِذَ بَعْضُهُمْ بَعْضًا سُلْخًا ۖ وَرَحِمْتُ رَبِّكَ خَيْرٌ مِمَّا يَجْمَعُونَ<sup>4</sup>

Do these people share the mercy of your Lord? We have divided the means of their livelihood in the life of this world among them, and We have given some of them precedence over others, so that they may serve one another, and may the mercy of your Lord be upon him. It is more valuable than the wealth that (their nobles) are accumulating.

Economics: deals with the economic affairs of man, finance, employment and production resources and is considered to be the guarantee of the economic prosperity of man. The solution to the economic problem is that it should not be considered only as a problem of bread, house and cloth, nor should earning wealth be considered as a solution to it, but it should be considered a part of all human problems and its importance should be related to other economic, political, religious and moral issues. It should be determined in the light of the problems. In this regard, the study of the economic life of the Holy Prophet (peace be upon him) and the implementation of the Prophet's economic teachings can lead us to a real solution to the economic problem.

### Economics made by Seerat Nabawi:

<sup>4</sup>Al-Zukhruf 43:32

Abd al-Muttalib, the grandfather of the Holy Prophet (peace and blessings of Allah be upon him), followed in the footsteps of his forefathers and was associated with the trade profession and developed it well. Among your ancestors, the one who gained fame in this field and introduced his trade internationally was Qusi. Good economic comfort was made possible. This is the reason that when Abdul Muttalib drew lots at Abdullah's place to fulfill his vow, he sacrificed a hundred camels to save Abdullah's life.

Abdullah was also a merchant and was staying in Yathrib (Madinah) for the purpose of trade when he passed away. Abdullah left behind at the time of his death five camels, one herd of goats, and a slave girl, Umm Aiman. All of these became a part of (Prophet Muhammad's) inheritance.<sup>5</sup>

From this brief economic sketch of the family of the Prophet (ﷺ), it is easy to understand the environment in which the Prophet (ﷺ) spent his early life. The family of the Prophet (ﷺ) enjoyed religious supremacy as well as economic stability.

But His father passed away before the birth of the Prophet (ﷺ) and his mother and grandfather during the childhood of the Prophet.

#### **The grazing of the goats of the Prophet ﷺ:**

The Holy Prophet (PBUH) said: No Prophet was sent who did not graze goats. It was asked whether you also the Messenger of Allah? He said: Yes, me too. I used to graze the goats of the people of Makkah.<sup>6</sup> Once the Companions of the Prophet (may peace be upon him) began to eat berries. This is my experience from the time when I used to graze goats here as a child.<sup>7</sup>

#### **Trade Trips:**

He made his first commercial trip to Syria at the age of 12. He ﷺ definitely went with his uncle. After that he made many business trips. Therefore, there is also a mention of a trip that the Prophet (peace and blessings of Allah be upon him) made with his uncle Zubair bin Abd al-Muttalib towards Yemen. At the age of 20, he traveled to Syria with Hazrat Abu Bakr Siddique. The aspect of the personality of the Holy Prophet (PBUH) that comes out from these commercial trips is his trustworthiness, good behavior, hard work, honesty and uprightness. Because of these qualities of his ﷺ, people started calling him "Al-Sadiq" and "Al-Amin".<sup>8</sup>

#### **Trade Representative:**

Hazrat Khadija sent him as her representative in view of the honesty and nobility of the Prophet ﷺ and this journey became the starting point of a new life for him.<sup>9</sup>

He earned an incredible amount of profit and gave it to Hazrat Khadijah.<sup>10</sup>

He traveled to different countries for the purpose of trade. Including Syria, Yemen, Bahrain, Busra, Mashqi, Duba, Jaisha, Oman, Harish.<sup>11</sup>

#### **Trade Cause of Fame:**

<sup>5</sup>IbnSaad, Muhammad IbnSaad, Tabaqat al-Kabri: 1/100, Dar al-Sader, Beirut, 1968.

<sup>6</sup>Al-Bukhari, Muhammad Bin Ismail, Al-Jami' Al-MusnadSahih Al-Mukhtasar Min Amur RasoolAllah, and his Sunnah and Aymahi, Dar Tawq al-Najat, Al-Tabbah: Al-Ulwa, 1422 AH: Hadith Number: 2262.

<sup>7</sup>- Al-Jaami al-Sahih of Al-Bukhari: Hadith No: 3406.

<sup>8</sup>Ibid.

<sup>9</sup>- Summarized from Tabaqat al-Kubra, mention of the departure of the Messenger of God, may God bless him and grant him peace, to Syria in the second time, mention of the marriage of the Messenger of God, may God bless him and grant him peace, to Khadijah bintKhuwaylid, edited: 6/114.

<sup>10</sup>Ibid.

<sup>11</sup>Ahmad IbnHanbal, Abu Abd Allah Al-Shaybani (died: 241 AH) Al-Musnad, :muassaturisalah, first edition, 1421A.H.

Due to this trade and profession, his relations with the people increased, he used to distribute what he earned to the poor, he used to protect people's property, people used to keep trusts with him, He used to fulfil promises. He became famous because of his trade. Attributes such as honesty and integrity, honesty and generosity in matters came to the fore. Due to mercy, helping the beggars, raising the orphans, etc., the esteem of the Prophet (ﷺ) increased, he (ﷺ) gained moral, economic and social superiority and he (ﷺ) began to be counted among the leaders of the Quraysh. The moral trust of people on him increased so much that people started keeping their valuable trusts with him..He was straightforward and honest in his dealings.<sup>12</sup>

He ﷺ earned a lot of profit from trade. But it was a blessed habit of the Prophet ﷺ that whatever he had, he would not be happy unless he gave charity.

**Economic life after the declaration of prophethood:**

With the declaration of prophethood, he ﷺ became busy in da'wa affairs and all other engagements, including economic activities, became secondary. However, it is a fact that with the declaration of prophethood, the economic responsibilities of the Prophet (ﷺ) increased From the study of biographical books, it is known that two persons especially cooperated with him during his involvement in da'wah and tabligh. That is, Hazrat Khadijah and Hazrat Abu Bakr Siddiq, may Allah be pleased with them, these two are the first to believe in the Holy Prophet ﷺ and they are superior to all the companions of the Prophet ﷺ in financial support.

The trend of business and trade was present in his soul, so he used to buy and sell from time to time. During this period also, on some occasions, the Prophet (ﷺ) made commercial transactions of grain and also business on partnership

**His source of livelihood in Madinah:**

After attaining the position of Messenger, in the beginning, the wealthy Companions of the Prophet (PBUH) were blessed with the privilege of sponsoring him. Among these fortunate people, the names of Hazrat Saad bin Ubada RA, Hazrat Saad bin Muaz RA and Hazrat Abu Ayyub Ansari RA are worth mentioning. These gentlemen used to offer milk, curry, bread and sometimes meat or sweet things in the service of him.<sup>13</sup>

When the series of Ghazwat began, one of the side benefits of Jihad for the sake of Allah was booty. In which as a mujahid and head of state, he was also a part. As a whole, the economic aspect of the auspicious life of the Holy Prophet is seen as an adornment of poverty and starvation. He was often hungry at home, wore simple clothes, disliked texture and elegance.

**A way of living:**

Prophet ﷺ was very simple. Food, clothing, accommodation and living were all aspects of simplicity. He liked simple food. He used to dip bread in meat broth and eat it. He used to like honey, vinegar, melon, cucumber, gourd, butter, milk and dates.

He used to say, "I am just a human being, so I eat like a human being eats, and I sit like a human being sits." And He (Prophet Muhammad) used to eat with his servant and sit with them as well.<sup>14</sup>

<sup>12</sup>Derived from Seerah al-Mustafa 1/96, Seerah al-Nabi 1/129.

<sup>13</sup>Al-Rahiq al-Makhtoum, Safi-ur-Rahman al-Mubarakfouri, Al-Nasher, Al-Maktaba al-Salafiya, Lahore, 2000, p. 239.

<sup>14</sup>Al-Bayhaqi, Abu Bakr Ahmad bin Al-Husayn, Al-Sunan, Al-Rashid Library for Publication and Distribution in Riyadh, First Edition, 1423 AH- Hadith Number 1545

In terms of clothing, he liked simplicity, modesty and elegance. The apron, shirt and turban were often used by him. The rooms he built for living were built of raw bricks and roofed with palm trunks and leaves. They were very small rooms.<sup>15</sup>

His entire belongings included a wooden bowl, a leather mattress, a bamboo cot, and a coarse mat. Sometimes, he would even sleep on a mat made of palm leaves spread on the ground.

#### **The Economic System of the State of Medina:**

In an Islamic state, the foundation of the economy is the circulation of wealth. Islam encourages the distribution of wealth rather than its accumulation by individuals. The Quran frequently teaches about spending in the way of Allah (Infaq fi Sabilillah). In the State of Medina, the collection of wealth from the wealthy and its distribution among the needy was organized at the governmental level.

The Prophet Muhammad (PBUH) promoted and encouraged charity and spending in the way of Allah in such a manner that he himself was always engaged in giving. As a result, compassion for the deprived and consideration of their economic needs became a distinguishing feature of the society in Medina.

Regarding the patronage of the deprived classes of society, the following saying of the Prophet Muhammad (PBUH) will always be remembered: أَنَا وَلِيُّ مَنْ لَا وَلِيَ لَهُ<sup>16</sup>

"I am the guardian of the one who has no guardian."

Drawing Lessons from the Noble Life of the Prophet for National Economic :

Stability: Allah Almighty sent Prophet Muhammad (peace be upon him) as a guide for all of humanity and the jinn. He is a prophet and a messenger, and he is a caller to Allah. His divine duty is to convey Allah's commandments to the Ummah, and to teach the beliefs in the Oneness of Allah, the prophethood, and the Hereafter. Allah has sent him as a guide until the Day of Judgment. Whether the matters pertain to this world or the Hereafter, his noble personality serves as a guiding light. He is the perfect model to follow.

The Prophet Muhammad (peace be upon him) provided such comprehensive guidance in the field of livelihood, just as he did in other fields, that humanity no longer needs any other system. He practically demonstrated how people can progress in the field of economy, employment, trade, and finance by adopting certain methods, ensuring success in both this world and the Hereafter. He said:

طلب كسب الحلال فريضة بعد الفريضة<sup>17</sup>

The pursuit of lawful (halal) earnings is a duty after the obligatory duties.

To improve national economics, two types of methods are used: one is lawful and the other is unlawful. It is a distinctive feature of Islam that it declares every method unlawful in which one party suffers a loss or which is morally wrong. In contrast, other economic systems in the world, whether it be capitalism or socialism, do not consider the concept of lawful and unlawful.

It is evident that if we seek economic stability in the light of the Prophet's life, we must first distinguish between lawful and unlawful means. Lawful sources include: Zakat (almsgiving), Sadaqah (charity), Kafarah (expiation), loans, gifts, trusts, bequests, inheritance, and borrowing. Unlawful sources include: interest (riba), theft, fraud, deception, hoarding, robbery, and betrayal.

<sup>15</sup>IbnHisham, Seerah al-Nabawiyyah,,: 3/453, MaktabahwaMataba Mustafa al-Babi al-Halabi and his children in Egypt, second edition, 1375 AH - 1955 AD.

<sup>16</sup>Fath al-Bari, by IbnHajar al-Asqalani, publisher: Dar al-Ma'rifa - Beirut, 1379, (9/97) .

<sup>17</sup> Abu Bakr Ahmad bin Al-Husayn, Shu'ab al-Iman, Dar al-Kutub al-Ilmiyyah – Beirut, 1st edition, 1410, Hadith number: 8741.

The Quran provides detailed guidelines on economics and finance. The economic strategy of the Prophet Muhammad (peace be upon him) was based on these principles, which can be summarized as follows: Allah created earthly resources for mankind. Allah decides the distribution of economies and destinies among people.

- Provision (rizq) is a gift and grace from Allah. It is a duty for humans to strive for this blessing. One type of provision is guaranteed, while the other is linked to human effort.
- It is everyone's right to receive their share of provision. It is dignified for humans to use pure and lawful provision. Opting for unlawful means of livelihood is disobedience to Allah.
- Hoarding resources and means for oneself is harmful to both oneself and others. Success lies in moderation in acquiring and using resources.
- The wealthy must allocate a portion for the deprived and those in need. These resources are granted to humans for a limited time, and one day, humans will have to account for these blessings before their Lord.

In light of these principles, the economic system established by the Prophet Muhammad (peace be upon him) was based on two foundations. Firstly, he ensured that no individual in his state was deprived of food, clothing, and shelter. Secondly, he ensured that all of Allah's servants were considered equal in rights, and economic equality was constitutionally protected, making sure that these principles were not just limited to advice.

**In the light of the noble Prophet's biography, the means of income for the people in the state of Medina:**

Under your supervision were individual economic activities such as agriculture, trade, industry and crafts, inheritance, and the public treasury (Bait-ul-Maal). The sources of income at the state level were as follows:

- Zakat and Tithe: It was obligatory to give a fortieth part (2.5%) of one's gold, silver, trade goods, commercial premises, animals, and surplus wealth in the way of Allah, for every person who met the minimum threshold.
- In the context of modern times, the resources of the state of Medina can be described as follows: the wealth of Zakat, the endowment of properties, creating opportunities for development and employment, ending economic disparity and fair distribution, promoting production and supervision, managing expenditures, organizing markets and markets, the role of the state in economic development, and future planning.

The foundation of development and stability of any country rests on three pillars. If any one of these is lacking, the dream of progress remains unfulfilled. These pillars are:

1. Economy
2. Society
3. Favorable climate and conducive environment
4. The establishment of the Zakat system: Zakat is a fundamental pillar of Islam. Its obligation is proven from the Quran and Hadith. Allah Almighty guides:

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ<sup>18</sup>

"And establish prayer and give zakah"

The importance of Zakat can be gauged from the fact that in the Quran, prayer and Zakat are mentioned together several times. The giver of Zakat gathers both worldly and eternal happiness in his/her lap. Allah Almighty guides:

<sup>18</sup>Surah Al-Baqarah 2: 43



إِنْ تُقْرِضُوا اللَّهَ قَرْضًا حَسَنًا يُضَاعِفْهُ لَكُمْ وَيَغْفِرْ لَكُمْ وَاللَّهُ شَكُورٌ حَلِيمٌ<sup>19</sup>

"If you lend Allah a goodly loan, He will multiply it for you and forgive you. And Allah is Most Appreciative and Forbearing."

"As for those who do not give Zakat, they are warned of a painful punishment."

وَالَّذِينَ يَكْنِزُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا يَنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبِئْسَ لَهُمْ بَعْدَ ابٍ أَلِيمٌ<sup>20</sup>

"And those who hoard gold and silver and do not spend it in the way of Allah - give them tidings of a painful punishment."

In the Noble Quran, a severe punishment is promised for those who do not fulfill the obligation of Zakat. Its importance is highlighted at several other places as well, including Surah Al-Sajdah (32:6-7), Surah Al-Tawbah (9:34-35), Surah Al-Baqarah (2:277), Surah Al-Tawbah (9:103), Surah Al-Hashr (59:7), SahihBukhari, Hadith number 1395, and Al-Tabarani, Mu'jam al-Kabir 12/444.

### **The Role of Zakat in Economic Development:**

Zakat is a social and financial worship that brings countless benefits to society. Besides spiritual, faith-related, and moral benefits, Zakat also provides an opportunity for the rich to help the poor live a decent life, thereby playing a crucial role in national development. Merely paying Zakat is not enough; rather, establishing the Zakat system is essential for an Islamic state. This system entails levying a 2.5% annual wealth tax on every wealthy person, which is then included in the national resources and distributed among the deserving. Zakat is a complete economic system; therefore, Allah has made it obligatory for Muslims like prayer, so that wealth does not circulate only among the rich. Through Zakat, the following benefits can be achieved in economic stability:

- Redistribution of wealth to reduce economic disparity.
- Encouragement of spending in the cause of Allah, which boosts economic activity.
- Purification of wealth from unlawful earnings, which promotes ethical and fair economic practices.
- Provision of a safety net for the poor and needy, fostering social cohesion and stability.
- Cultivation of a sense of responsibility and care for others in the society.
- Encouragement of investments in productive sectors, leading to economic growth and development.

### **A-Investment Opportunities:**

- When even the poor have adequate capital, they will also enter the market for their life necessities. This will increase demand, circulation of money, and the poor and needy will also invest their money for their needs, which will increase the national budget. Along with this, the government will invest Zakat funds in developmental projects for public welfare, such as public services, hospitals, schools, training centers, etc., resulting in the country's development. From the Seerah, we learn that Zakat is an obligation, and by investing it in public welfare projects, the dignity of the poor can be established in society.
- **B-The Eight Uses of Zakat:**
- The eight uses of Zakat are mentioned, so Zakat does not remain stuck in the hands of the rich but circulates and reaches out. Allah guides in this regard:

كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ<sup>21</sup>

<sup>19</sup>Surat Al-Taghabun: 17.

<sup>20</sup>Surat Al-Tawbah: 34.

<sup>21</sup>Surah Al-Hashr: 7.

So that it does not merely circulate between the wealthy among you.

### **C-The just distribution of wealth:**

The just distribution of wealth can only occur when there is an economic system in place that completely prohibits interest. The Prophet Muhammad (ﷺ) observed the people of the tribe of Hadramawt who had nothing to cover themselves with or to eat. They could not find peace until they had arranged for their food, drink, and other necessities. The Prophet (ﷺ) declared this behavior contrary to faith, saying, "He is not a believer who eats his fill while his neighbor beside him goes hungry"<sup>22</sup>. The Prophet (ﷺ) also said, "Allah has made charity obligatory upon the Muslims."

تؤخذ من أغنيائهم وترد إلى فقرائهم<sup>23</sup>

"Wealth is taken from their rich and given back to their poor."

"Holy Prophet peace be upon him, took practical steps against communities that illegally exploited others economically. You personally oversaw the markets and prohibited hoarding."<sup>24</sup>

### **"D - Public Welfare:**

In the economic teachings of Islam, the system of public welfare, grants, and zakat is of utmost importance. You, peace be upon you, established these in the state of Madinah. Simplicity and self-sufficiency in the economy were emphasized. Extravagance and dishonesty were prohibited. In the state of Madinah, you implemented zakat as a social security system. Hoarding, unfair measurement, usury, and extravagance were prohibited. Speculation, partnership, renting, and interest-based lending were replaced with a system of profit-sharing, beneficial loans, and the establishment of a treasury.

In short, the zakat system can lead to economic progress by increasing: 1- the circulation of wealth, 2- the development and growth of production, 3- an increase in investment, 4- facilities for the poor, 5- the elimination of the manipulation by a few wealthy individuals, 6- the solution to the needs of the common people, 7- the eradication of poverty and unemployment, 8- and all those activities that fundamentally benefit, most importantly, the economic stability of the country."

### **2- Establishment of the Waqf System:**

The term "waqf" literally means to hold back.<sup>25</sup> Waqf refers to property that is dedicated for the sake of Allah (or for the public welfare), where the owner relinquishes control over the property and transfers it to an institution, organization, or the Islamic government.<sup>26</sup>

The benefit from both movable and immovable property will be utilized for the economic development of the country. The poor will be given a share, and efforts will be made for their welfare and prosperity. In the past, Islamic governments have established most of their systems on the basis of waqf. Here, it should be noted that both Muslims and non-Muslims can establish waqf. However, the difference between waqf and other charities and donations is that waqf remains in its original state and its benefits are utilized, such as harvesting from land, residence from buildings, treatment from hospitals, etc.

### **Waqf In Seerat Tayyiba:**

<sup>22</sup>Al-Mu'jam Al-Kabir by Al-Tabarani, (12/119), Hadith No.: 12741

<sup>23</sup>Al-Jami' al-Sahih by al-Bukhari, Book of Zakat, Hadith No. 1395

<sup>24</sup>- Al-Tabrizi, Muhammad bin Abdullah Al-Khatib, Mishkat Al-Masabih: Hadith No.: 2896, Islamic Office - Beirut, Third Edition - 1405 AH.

<sup>25</sup>- Ibn Faris, Ahmed bin Faris (Died: 395 AH) Dictionary of Language Standards: 6/135, Dar Al-Fikr: 1399 AH - 1979 AD

<sup>26</sup>Al-Fayrouzabadi, Al-Qamoos Al-Muhit: 8/537, Al-Resala Foundation, Beirut, 2005 AD.



The first waqf in Islam is Masjid Quba, which was built by the Prophet Muhammad (peace be upon him) himself. After that, the construction of Masjid al-Nabawi was waqf. After that, you, peace be upon him, have endowed seven gardens, then the famous waqf of Hazrat Umar is like this. In this way, the waqf system was introduced even before the establishment of the Islamic state of Madinah.<sup>27</sup>

The legitimacy of waqf is established through the incident of Hazrat Umar (may Allah be pleased with him) in the following manner:

عن ابن عمر قال \* أصاب عمر أرضاً بخيبر فأتى النبي صلى الله عليه وسلم يستأمره فيها فقال يا رسول الله إني أصبت أرضاً بخيبر لم أصب مالا قط هو أنفس عندي منه فما تأمرني به قال إن شئت حبست أصلها وتصدق بها قال فتصدق بها عمر أنه لا يباع أصلها ولا يبرث ولا يوهب قال فتصدق عمر في الفقراء وفي القربى وفي الرقاب وفي سبيل الله وابن السبيل والضيف لا جناح على من وليها أن يأكل منها بالمعروف أو يطعم صديقاً غير متمول فيه<sup>28</sup>

Narrated by Ibn Umar: Umar acquired land at Khaibar and came to the Prophet (ﷺ) to consult him about it. Umar said, "O Allah's Messenger (ﷺ)! I have got a piece of land at Khaibar; what do you suggest that I do with it?" The Prophet (ﷺ) said, "If you like, you can give the land in charity, for that will be a source of reward for you, and it will remain your property and will be inherited by your descendants." Umar said, "O Allah's Messenger (ﷺ)! Let me talk to my council members about it." At that, the Prophet (ﷺ) smiled. Ibn Umar added: Umar said, "O Allah's Messenger (ﷺ)! I and my council members think that you should expend it in charity." The Prophet (ﷺ) said, "It is better for you to expend it in charity according to the opinion of your council, and that will be a source of reward for you, and it will remain your property and will be inherited by your descendants." So, Umar gave it in charity as a piece of land, but made the condition that the land would neither be sold nor given as a present, nor be inherited, but the fruits of it would be given in charity to poor persons, to kinsmen, for freeing slaves, for Allah's Cause, to the travelers, and guests; and he also wanted to make it a source of reward for himself after his death. (See Hadith No. 540)

Various types of properties are dedicated as Waqf, such as agricultural land, industrial factories, buildings, houses, hospitals, commercial plazas, shrines, schools, wells, mosques, inns, and hospices, among others. For countries like Pakistan, Waqf is a great blessing that can play a significant role in the economic development of the country. Pakistan has a large number of Waqf lands, schools, mosques, shrines, and hospices, among others, which, if utilized properly, can make the country economically self-sufficient.

### Income from Endowments and Tombs

In Pakistan, there are not just hundreds but thousands of graves of revered saints under the control of the Department of Auqaf. Countless donations are collected daily at these tombs, which are frequented by the public. Every day, thousands of devotees visit each shrine. This influx of visitors not only boosts the transportation sector but also stimulates the circulation of money through the purchase of food and other items. Moreover, the value of the offerings made by devotees at these tombs is immeasurable. Most of these shrines fall under the jurisdiction of the Ministry of Auqaf, where government staff perform their duties.

At some of the most famous shrines, offerings amounting to millions of rupees are received daily, including diamonds, precious stones, foreign currency, blank checks, and gold and silver. If the management of these shrines is improved, the income from the offerings at just a few well-known shrines

<sup>27</sup>Journal of the Islamic University of Medina, page 277, part 48.

<sup>28</sup>Muslim bin Al-Hajjaj (Al-Sahih: Dar Ihya' al-Turath al-Arabi - Beirut, Hadith No.: 1632

could be substantial enough to economically stabilize the country. The author has personally observed the daily offerings and shoe collections at Data Darbar in Lahore, which are unbelievably large. This scenario can be extrapolated to other shrines as well.

In short, shrines, hospitals, and agricultural lands are the backbone of the country's economic development. There is a complete ministry working on their organization and management, and each province has its own ministry with thousands of staff members working. The need of the hour is to effectively utilize these endowment institutions for the country's benefit.

### Solving Economic Challenges through Endowments:

By utilizing endowments, the national capital can be increased and further invested in business, commercial, and production sectors to reap benefits. This approach can lead to the elimination of unemployment, opening pathways to development, and continuous growth in endowment funds. It will provide opportunities for the youth of the nation to become self-reliant, increase national resources, reduce the prices of goods, and enhance people's purchasing power, leading to an accumulation of wealth. Consequently, agriculture, industry, and crafts will also see advancement.

In a developing country like Pakistan, endowments have not been sufficiently leveraged. However, a study of the Seerah (Prophetic biography) reveals that the most beneficial source of income in the State of Madinah was endowments. The Prophet Muhammad (PBUH) himself endowed his lands, and companions like Hazrat Abu Bakr and Hazrat Umar (RA) endowed the lands of Khyber for the public. There is a complete history of endowments where, for centuries, Muslim rulers increased the public treasury through this means and used it for the welfare and prosperity of the nation.

### 3-Formulating a Policy to Increase Production:

The most crucial task for economic stability is increasing production. There is no doubt that production is the foundation and root of sustenance. It is through production that wealth increases, development occurs, and investments are made. In the State of Madinah, we observe that the Prophet Muhammad (PBUH) made increasing production a goal for economic development and took several measures to achieve this, both ethical and practical.

In the light of the teachings of the Prophet (PBUH), these measures can be outlined as follows:

**A: The Importance of Manual Labor:** The Prophet (PBUH) said:

خير الكسب كسب العامل إذا نصح<sup>29</sup>

"The best earnings are those from the labor of a worker if he is sincere."

### B-The Importance of Manual Labor and Prohibition of Begging:

**A: The Importance of Manual Labor:** All the Prophets engaged in work with their hands. All Prophets tended to sheep.

**B: Prohibition of Begging:** Begging means extending one's hand in front of people and asking in such a way that it becomes a profession or job. Giving charity, alms, donations, or zakat in the name of Allah to the genuinely needy and poor is a commendable act. However, the Prophet (PBUH) disliked unnecessary begging. He said: "If a person were to gather a bundle of wood and carry it on his back to sell it and save his honor, it would be better for him than to beg from people."<sup>30</sup>

<sup>29</sup>Musnad, Imam Ahmad ibn Hanbal, Abu Abdullah Ahmad ibn Shaybani (d. 241 AH) Dar al-Hadith - Cairo First Edition, 1416 AH Hadith Number: 8686

<sup>30</sup> Al-Jami' al-Sahih by Al-Bukhari, Hadith Number: 1959

**C: The Importance of Paying Wages to Workers:**

In the State of Madinah, a worker was paid his wages before his sweat dried. The benefit of this practice is that the worker performs his duties with enthusiasm, which positively impacts production and earns the pleasure of Allah.<sup>31</sup>

**D: Providing Comfort to Workers:**

It is evident from the Prophet's biography that you always maintained a gentle attitude towards your employees, cared for their needs, treated them with dignity and respect, did not burden them beyond their capacity.<sup>32</sup>

- And this is a guarantee of progress in production, which brings economic stability to the country.

**E: Performing One's Work with Excellence:** In the State of Madinah, on one hand, there was respect for employees and workers, and on the other hand, they also completed their work with unity and diligence. The Prophet (PBUH) said: "Allah Almighty likes it when any one of you does a job, he does it in the best possible way."<sup>33</sup>

**F: Not Engaging in Wrongful and Prohibited Activities:** In Islamic society, there will be no transgression through the ways prescribed by Allah, nor will prohibited means be used, no matter how much apparent benefits they may seem to have. The Prophet Muhammad (PBUH) prohibited engaging in Haram (forbidden) activities and demonstrated by his own example by engaging in lawful, permissible, and virtuous trade.

**4: Investment:** Investment means putting money into a business with the aim of making a profit to achieve economic progress and stability. We see that the Prophet (PBUH) prohibited hoarding money and keeping it idle. Allah has also warned against this in the Quran:

وَالَّذِينَ يَكْنِزُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا يَنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبِئْسَ لَهُمْ بَعْدَ ابٍ إِلِيمٌ<sup>34</sup>

"And those who hoard gold and silver and spend it not in the way of Allah - give them tidings of a painful punishment."

Likewise, the Prophet Muhammad (PBUH) said:

أَلَا مَنْ وَلِيَ يَتِيمًا لَهُ مَالٌ فَلْيَتَجَرَّ فِيهِ، وَلَا يَتْرُكْهُ حَتَّى تَأْكُلَهُ الصَّدَقَةُ<sup>35</sup>

"Whoever takes charge of an orphan, his property should be invested therein and he should not leave it so that it may be consumed by charity."

**5-Establishing rules and regulations for markets and bazaars:**

After mentioning all the points for economic stability, ultimately, it is necessary to reach the consumer in the market. Mention has been made above of the means and methods for investment or production of goods, and ultimately, the goods are consumed, meaning they reach the consumer. Therefore, it is necessary to make shopkeepers and traders bound by the law, to have moral training, to have a sense of service, to work on permissible profits, to avoid deception and unlawful practices, to stay away from deceit and hoarding. For this, along with ethics, the law also has to come into action, and the state has to play its role. Therefore, through the lessons and teachings found in the Prophet's biography, this work

<sup>31</sup> IbnMajah, Abu Abdullah Muhammad ibnYazid al-Qazwini (d. 273 AH)

Al-Sunan, Dar Ihya al-Kutub al-Arabiya, Hadith Number: 2443

<sup>32</sup> Sahih Muslim, Hadith Number: 1662

<sup>33</sup> Al-Bayhaqi, Ahmad ibn al-Husayn Abu Bakr (d. 458 AH) Shu'ab al-Iman, Maktaba al-Rushd li-Nashrwa al-Tawzi', Riyadh First Edition, 1423 AH Hadith Number: 4929

<sup>34</sup> Surah At-Tawbah9 : 34

<sup>35</sup> Abu 'Isa Muhammad ibn 'Isa al-Tirmidhi (d. 279 AH) Al-Sunan, Dar al-Gharb al-Islami Beirut 1998 Hadith Number: 641

can be made easy, beneficial, and profitable. For this, you (PBUH) have given instructions through which the objectives of an Islamic state can be achieved, and economic stability can be achieved in the country. For buying and selling, you (PBUH) said:

36 عَنْ ابْنِ عُمرَ رَضِيَ اللَّهُ عَنْهُمَا، ..... إِذَا تَبَايَعَ الرَّجُلَانِ، فَكُلُّ وَاحِدٍ مِنْهُمَا بِالْخِيَارِ مَا لَمْ يَتَفَرَّقَا :

Narrated by Ibn 'Umar (may Allah be pleased with him): "... When two men enter into a transaction, each has the option to cancel it as long as they have not separated [from each other]."

Similarly, you allowed various methods to be adopted to continue business operations, such as: 1- Taking loans, 2- Borrowing money on installments, 3- Doing business by keeping collateral, 4- Renting, 5- Profit-sharing, 6- Partnership, 7- Transfer, 8- Guarantee, 9- Agency, 10- Agriculture, 11- Traveling, 12- Intercession, and so on. The details of all these methods are available in Hadith books and jurisprudence books. You established a market in Madinah where business was conducted according to Islamic law, where both rulers and strangers would arrange for their food and drink, and money would not just circulate among a few hands.

#### **6-The role of the state in economic development:**

A country or state is like a mother to its people, and the essence of business or economic development is that the people and citizens should not go hungry, and everything they need should be accessible to them. In the light of the Prophet's (PBUH) teachings, the state has a heavy responsibility to take care of the needs of its people. Planning, framework, legislation, setting values, maintaining peace and security, protecting from enemies, thieves, and robbers, avoiding wrong means and methods, imposing restrictions on illegal and unlawful businesses, etc., are all part of this responsibility. An economic crisis occurs in a country when the state fails to fulfill its role.

#### **Efforts for Pakistan's economic stability:**

Efforts for Pakistan's economic stability include:

1. Establishment of a Zakat system.
2. Establishment of an endowment system.
3. Formulating policies for increasing production.
4. Capital investment.
5. Regulating markets and mandis with rules and regulations.
6. Role of the state in economic development.
7. Competent and knowledgeable government leadership.
8. Reclaiming barren lands.
9. Upholding the fundamental principles of the Islamic economic system.
10. Elimination of the interest-based system.
11. State ownership of gifts and bequests.
12. Boosting morale against laziness.
13. Preventing hoarding through state power.
14. Preventing corruption and illegal profiteering.
15. Controlling extravagance of the state.
16. Cultivating simplicity and humility.
17. Prioritizing public interest over individual benefits.
18. Blocking treachery and corruption.

<sup>36</sup>Sahih al-Bukhari, Hadith number: 2112

19. Proper use of taxes and treasury.
20. Establishing factories and markets.
21. Increasing production and means of production.
22. Proper planning of cities and urbanization of small towns.
23. Reduction in expenditures and simple living.
24. Storing water.
25. Improving the moral standards of the nation.
26. Associating economy with worship.
27. Making the nation skillful.
28. Providing means of livelihood to eradicate unemployment.

For the economic development and stability of the country, the practical wisdom Holy Prophet has laid out and bestowed upon the nation can be articulated in the above points as the principles and fundamentals for the economic stability of the country. If our leaders implement these points, there is no reason why there should not be economic development in the country. Moreover, along with economic development, social and moral progress is also possible.

#### **Summary and Key Points:**

- The Prophet Muhammad (peace be upon him) is an exemplary figure in all aspects for humanity.
- He and his family were traders by profession, which was a prominent profession in Mecca.
- His ancestors, QusayyibnKilab and HashimibnAbdManaf, were early practitioners of their trade.
- He personally herded sheep and engaged in trade both within and outside the country from a young age.
- He excelled in international trade even in his youth.
- He continued to trade even after marriage, taking Khadijah's wealth for trade to Syria.
- He became known for his honesty and trustworthiness in business.
- He lived a very simple life, spending what he earned on deserving people up to Syria.
- He was also a skilled economist, giving divine principles of economics to mankind, showing that economics is not just about earning but also a service and worship.
- After the establishment of the state of Medina, he made reforms in the field of economics and helped the people of Medina to stand on their own feet.
- Through the Constitution of Medina, he solved economic issues very effectively.
- He provided two such sources of income to the Muslim community through the establishment of the Zakat system and the Waqf system, the presence of which poverty and deprivation cannot be imagined.
- He eliminated the root of the interest system that had been prevalent for centuries and implemented the Zakat system.
- He proved through his wise policy that economic stability is established.
- Monopoly, hoarding, and concentration of wealth are deadly poisons for national economic stability.
- It is necessary for economic stability to revive barren lands.
- Endowments are a great resource for economic stability.
- Gifts and spoils are for the state treasury, and rulers have no right to them.
- Public interest takes precedence over individual interest, and there is no concept of corruption and betrayal in the Prophet's character.
- Bringing money into the country through trade instead of sending it abroad is economic stability.

- Considering state funds as a trust, along with reducing expenses and simplicity, is economic stability.
- Making the nation skilled, creating job opportunities, and developing small towns are economic reforms.
- Improving the moral standards of the nation, relating economy to worship, promoting agriculture, and playing a role in economic stability in accordance with the Prophet's character are essential for economic stability.

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