

not have any top heavy administration or big administration. It should have a small size administration so that the revenues are not spent mostly on paying salaries and the allowances or the facilities of officers and staff. In any event we have to have, finance from the revenues. Second I believe that a part of the expenditure has to be met from foreign loan. I am not for taking too much loan. I believe that the foreign aid is a trap to make the countries slave. A new imperialism is emerging, new political and economical imperialism is emerging. One or two countries are trying to dictate the whole world, because most of the countries are in debt. This is a new kind of slavery- debt slavery, you can call it. The only way to get out of it is not to depend on foreign aid or foreign assistance or loan. May be for countries like us it would be difficult in one day but we should make a policy. Let us eliminate the need for foreign assistance over ten years. If we reduce every year our foreign aid need by ten percent, then dependence on foreign aid we can eliminate within ten years. So this is what is important to achieve, this will require serious political commitment of the govt. to do it.

So I would say that for the public sector financing, I don't suggest to get foreign aid or foreign assistance. We have to depend on revenue. May be, part of the finance can be done by the high powered money created. We know every year Central Bank creates new money or what we call high powered money which is approximately ten percent of the current money. The Central Bank can give this money free in stead of giving on interest to the govt. They can take only a service charge from the government. This money can be used by the govt. in financing the public sector project and particularly the poverty alleviation program. This can be helped very seriously if the govt. with the consent of the top ulama of the country launches a program for zakat collection on a obligatory basis. That is of course, difficult. But it is possible. At least effort should be made. So that those who are hard core poor like the widows and disabled without any financial support or the orphans can be taken care of by the zakat money. I would like to suggest that govt. can raise Islamic bonds also in Islamic framework and the money can be used only in partly helping the Islamic Banks to tide over monetary problem, partly in financing those projects of the government where it is possible under profit sharing arrangement.

I feel that if the govt. follows prudent policy of avoiding wastes and mis-expenditure, I don't find any difficulty in public sector financing under Islamic framework.

So the tax regime in an Islamic state will not be very different except that the Islamic govt. is likely be of honest and public minded people. As for the expenditure policy which is the other part of the fiscal system, Islamic state will be more prudent and careful of the rights of the people. It is an obligation under Islam that the need of all people should be fulfilled. The state is under an obligation to fulfill the needs of all people and poverty must be eliminated. So, there will be more emphasis on elimination of poverty than the current time or there will be more emphasis in reduction of poverty and also need fulfillment of the needs of people. The demand of justice is that before you meet the luxuries of the rich people, you meet the need of all people.

I understand that in a private sector driven economy the production will be free and the market will be free. But even than the govt. policies like monetary policies and the fiscal policies and the banking policies will be full geared to fulfillment of the needs of the people before the luxuries of the rich are fulfilled. These are the initial comment about the fiscal system of Islam.

Now coming to the topic, public sector financing under Islamic framework I would first submit that it will depend on what we mean by public sector and what will be the size of public sector. If we take the case of Bangladesh, now i.e. the end of the 2002 and the beginning of 2003, then I will say that public sector is gradually going to be a small sector. Most of the industries are in private sector and govt. is gradually withdrawing from the industry and commercial activity. Recently Adamjee Jute Mill has been closed and now another dockyard has been closed. I believe that the public sector enterprises will be gradually sold out or closed down. So the public sector size will be small in so far as industries and commercial activities are concerned. But I think public sector size will be considerable in communication (ports, highways). I believe in the long run public sector role in education will be less though it is very big now. But I think education will go to private sector in the long run like other countries. May be, that govt. scholarship program will increase. But owning of all schools, colleges and universities is not the appropriate policy for the government as far as I understand from the scenario of the last thirty-four years. In this connection, I would mention that whereas there are only 15 or 20 govt. sector universities, there are already 40 private universities.

Now, how to finance? Whatever the size of the public sector, how to finance the expenditure of the public sector? I believe that like any other country the financing has to be made essentially from the revenues of the govt., by raising taxes and expanding it wisely. It would

فقہیہ واحد اشد علی الشیطان من الف عابد ☆ ایک فقہیہ شیطان پر ہزار عابدوں سے زیادہ بھاری ہے

☆ اپریل ۲۰۰۳ء
محر ۱۴۲۴ھ

﴿۷۳﴾

علمی و تحقیقی مجلہ فقہ اسلامی

needed. However they have emphasised that there should not be unjust taxes. The govt. should remember, while taxing, that there should not be any unjust taxation or such heavy taxation which people cannot bear. But this is a relative issue, subjective issue. What is heavy and what is necessary is a matter of judgement for the Govt. and the Parliament who pass the budget. For this it is my submission that taxes in Islamic state now will be more or less same. Like any other state we shall have the custom duties, income taxes, value added taxes (VAT) or sales tax.

It is not necessary to levy special tax on the non-Muslims. As long as the non-Muslims pay taxes like Income tax, Customs duties, Value Added Tax, etc. as token of their obligation and obedience to the state, there is no need for a special tax only on Non-Muslims. Islamic states of Iran, Pakistan, Saudi Arabia, do not think it necessary to impose a special tax on Non-Muslims in particular name.

This is also the view of the great jurist of the current age Dr. Yousuf Al-Qaradwabi. He mentions that Umar bin Al-Khattab, the 2nd Khalifa of Islam on the request of the Christians of Banu Taglib dropped 'zizia' and imposed another tax (as at that time there was no modern tax payable by all). Dr. Qaradawi wrote, "Real situation of present time is that the non-Muslims do not want to pay Zizia. No Muslim state is realising this also. They can pay another tax equal to Zakat. It is not necessary to name it as Zizia..." (Dr. Yousuf Al Qaradawi, Fiqhuzzakat, Vol. I, "Zizia" Section).

Hazrat Umar (RA) wanted to realise 'Zizia' from Banu Taglib. Hazrat Numan Ibn Zuraa (RA) said "Banu Taglib is an Arab tribe, they did not like to pay Zizia.....", then Umar imposed another tax Imam Abu Obaid had written that he (Umar) took from Banu Taglib tax but did not keep the name of 'Zizia', but kept the name 'Sistanit Sadaqah'..... It has been mentioned in the tradition that "Allah has planted truth in the tongue and heart of Umar Imam Abu Ubaid says, it is one of the most beautiful acts of Umar (Kitabul Amwal). (Dr Monzer Kahf during discussion on the paper mentioned that Zizia is not relevant in the modern states as these are not conquered territories rather these states mostly have been established by the joint struggle of the Muslims and non-Muslims. Syed Abul-Ala Maududi has also stated in his book "Rasail Wa Masail" (Vol. IV, page 158, Bangladesh Edition published by Syed Abul Ala Maududi, Maududi Research Academy, Moghbazar, Dhaka) in response to a question on rights of Non-Muslims that Zizia is applicable only in case of citizens of conquered territories and not applicable to the non-Muslim citizens of country like Pakistan and Bangladesh).

حضرت امام شافعی رحمۃ اللہ علیہ فرمایا کرتے تھے: امام مالک اور سفیان بن عیینہ نہ ہوتے تو حجاز سے علم رخصت ہو جاتا

Public Sector Financing in Islamic Framework

Shah Abdul Hannan
Former Secretary, Govt. of Bangladesh

I would discuss the subject in the context of Bangladesh and also in general context. Before I discuss the particular issue that is Public Sector Financing under Islamic framework, I want to discuss about the Fiscal System in Islam in general. Now, by Fiscal system we mean two policies. One is the tax regime of the country or the taxation system of country. The other is the expenditure policy of the country. In other words, how revenue is realized and how revenue is spent. This is the matter of discussion under the Fiscal system.

Now, I would mention here that I would discuss about the taxation regime in the modern time in an Islamic system. Now, it is true that in early Islam the tax regime was not very big. Initially there was only land tax or what we call 'Kharaj' and there was later, at the time of Omar-Al-Faruque, custom duty was introduced on imports and exports. So this was a very simple tax system. There was also revenue from state properly like the state owned mines or forests. Then there was 'Zakat' and 'Ushr'. But this was not the part of the general taxation. This was a part of we can say welfare taxation. The purpose of zakat and ushr is not to meet the general expenditure of administration or for construction of the roads and highways. The purpose of zakat and ushr is for poverty alleviation or eradication and not general purpose. So these were the heads in the beginning and may be the government was also not very complex at that time. The administration was small and money realised from these heads was enough to meet the expenditure of that time.

However, I must mention here that the administration is now very complex and we require much more revenue. So this came up in the Fiqh literature or in the juristic literature, wheather the government can tax other then those which were imposed in the early days of Islam and the consensus is now that the government can impose any tax that is necessary for the country for its development. Any body can look into the book of Dr. Yusuf-al-Qardawi "Fiqhuluz Zakat" in Arabic (in Bangali Islamer Zakater Bidhan) where he has dealt the question at length over a hundred page and he has concluded that the general consensus is that the state is empowered to impose whatever taxes are

☆ اترکوا قولی بخیر الرسول ﷺ ☆ حدیث شریف کے مقابل میرے قول کو چھوڑ دو (ابو حنیفہ) ☆