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Shah Waliullah and His Concept of Welfare State: An Analysis

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Abstract *Muslim scholars have contributed enormously to the concept of welfare State. Among them Shah Waliullah is the rising sun who was born in South Asian sub-continent in the 19th century. He was holding the firsthand knowledge of Quran and Hadiths, the first primary sources in Islam. Shah Waliullah's point of view regarding welfare state occupies central theme in his works. His basic concepts like equality, justice, anti-usury, and rights of working classes, espoused with responsible governance, are the pillars of the edifice of the Islamic polity. To purge the Muslims out of dogmas and channelize their energies in compliance of the true religion, Islam, Shah Waliullah has left deep imprints on modern mind. His solutions to the prevailing ills of the society can be found in his works and thought. This paper is aimed to present Waliullah's thought on establishing a happy society by curbing the inequality in the socio economic conditions of the Muslims. Historical descriptive approach is adhered to investigate the ills and present solution thereof.*

Key Words:

Welfare State, Righteous Economic System, Private Property, Productive Sources, Professional Balance

Introduction

Shah Waliullah School of thought which emerged in the Sub-Continent in 18th century marked an everlasting impact especially in uplifting the socio economic plight of the Muslims around the world. His thoughts can be found in the books of his committed successors. This research paper attempts to present a clear picture of the economic and political system, advocated by Waliullah School of thought for uprooting the social ills and their replacement by the desired socio-economic, political, and moral order needed for a welfare state, even in modern days (Chapra, 1979).

Research Objectives of this Paper Include:

1. Philosophical bases of Islamic state for ensuring socio-economic justice

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and equality.

2. The spirit of politics in Islam in terms of social justice and welfare of the people.
3. The contribution of Waliullah School in developing the concept of welfare state.

Shah Waliullah's School believes that morality of an individual is shaped by economic conditions. To create a happy and balanced society and to inculcate in it brotherhood, tolerance, respect for others, economic needs of the society must be ensured. A well-integrated economic system is desired for the prosperous development of its citizens. The economic system advocated by Waliullah School of thought is based on the principles of mutual cooperation, equality and love towards the whole society. It furthers the interests of all the citizens with equity, irrespective of religious, cultural and ethnic affiliation (Lapidus, 1997).

Righteous Economic System

According to Waliullah School of welfare state installs an economic system that is capable of ensuring the economic needs of the people by augmenting mutual cooperation among them. The motive behind the economic system of Waliullah School is the satisfaction of economic needs of the whole society. The core objective of the economic system is to make individual free of the economic worries by guaranteeing the accomplishment of individual economic needs, hereby enabling him/her to think and concentrate on building and growing his/her overall personality. It does not make the profit maximization a factor of competition among individuals, rather it tries to make its advantages and benefits common for all (Lapidus I. M., 1996).

Objectives of the Economic System

- The most important task of the economic system is to sustain economic growth and development within the framework of socio-economic justice and equality.
- To understand the objectives and mechanism of economic system recommended by Waliullah School, it is necessary to understand its guiding principles. The concept of private property, prohibition of interest, prohibition of nonproductive and harmful professions and activities,freedom of profitable activities under some principles, balance in capital and labor, system of obligatory charity(zakat) and non-obligatory charities (sadqat), are the major principles through which the objectives of Islamic economy (as believed by Waliullah School) can be achieved (Siddiqi, 1982).

Concept of Waliullah School Regarding Private Property

Holding land and other productive resources in private possession is not negated by Islam, because private property is not the cause of upsetting the economy but the imbalance and unrestrained freedom of ways and practices to create and maximize private property deteriorate the social order. Waliullah's School does recognize the right to private property, but it gives greater value to the right to life; if there is a clash between the two, it does allow the state to interfere in the private possessions for the preservation of life as much. Prohibition of private property is the negation of human legal and natural rights causing slowdown in healthy economic activities; therefore any such step to be taking away the right to private property is equated with revolt against the nature. On one hand Islam secures the right to private property and on the other it imposes some restraint upon it under specific conditions for creating balance in individual and collective needs of the community, creating an environment for individual to bring his personal interests into conformity with the collective interest enabling him to be a well fitted and beneficial member of the society. The concept of limited private property is also recognized by both ethical sciences and social sciences as middle way of creating balance in individual's and community rights and duties (Al-Ghazali, 2004).

Individuals have natural right of having equal access to natural resources for utilization; therefore, the resultant benefits of these resources should be distributed among them with maximum possible equality. Keeping in view the spirit of universal benefaction of natural resources, an individual is not entitled to have in his possession the natural resources like mining and minerals that need the use of little labor and give high production. Because this results in deprivation of the majority of the people, and it causes concentration of wealth in fewer hands as against the welfare of the whole society and the teaching of the Holy Book, the Quran. Natural resources are to be kept by the state in its possession for welfare of the general masses or should be given in individual's possession under such conditions as to ensure a suitable share for his labor and capital investment and to guarantee national wealth for public needs .Quran says that here is a share for the poor and needy in the wealth that you possess beyond your needs, which clearly indicates that Islam wants the wealth and resources are to be utilized for the service of mankind. Wealth and economic power should not be kept or generated for any other purpose except to be used for satisfying individual and collective needs of the society (Hasan, 1984).

Prohibition of Interest

Mutual cooperation is the hall mark of Shah Wliullah's thoughts on welfare state. Interest on money or resources triggers division in the society and the equality

remains in shambles, thereby causing fundamental cause to the disturbance of the society.

As the human society was founded for mutual cooperation, therefore welfare state keeps mutual cooperation as necessary condition for any economic activity. It is the function of state to guarantee the interest-free financing because the spirit of interest is in no way in accordance with mutual cooperation. In Qura'anic teaching on different occasions, zakat andqarz-e-hasana (interest free loan) have been envisaged. Allah says, give qarz-e-hasana to Allah, which means to spend upon the needs of the poor in the society, and Allah will give its reward in the next world. If someone does not believe in the reward in the next world, at least every one believes in the results manifested in the form of social peace and tranquility in this world (Parray, 2011).

Interest is a curse that destroys the social peace by causing money flow from poor to rich segment of the society. Poor and needy take loan from the richer and pay a fixed amount on it after a fixed time. In case of non-payment the interest increases as the time lapses, so if a person cannot pay the original amount how can he pay the mounting volume of interest? Simply, once falling in such a situation under the burden of interest the person will use all his mental and physical labor but as much as he earns, will keep on returning to the person who extended him the loan. This practice causes the flow of economy from the poor to the richer without any mental or physical labor done by the capital provider and along with that his capital is not subject to any risk, because he receives a fixed amount as interest on his loan. This cycle is widening the gap between the haves and have-nots. The richer becomes the richest and the poor get poorer, the whole of labor produced goes to the capital owner, this is what Waliullah School calls imbalance between capital and labor, creating class discriminated society (Parray, 2011).

Similarly if manufacturing and business sector is provided loans on interest by banks, the business or industry owner include the interest rate that he pays to the bank in the price of his product which is ultimately paid by consumers. This way price hike makes consumers unable to buy products the way they could buy on lower price. This decreases economic activity of industrial sector and affects the whole economic cycle. Interest free finances lower the prices of commodities hereby enabling majority of consumers to afford the products so it will lead to a greater consumption which resultantly increases demand for production, leading industrial sector to increase production activity. Under this situation industrial production and consumption will increase which means industrial sector will be satisfying maximum needs of the society. Industrial owners do not go in loses because in the presence of interest their sale is low and in interest free economy the sale is high manifold, ensuring more profit for industrial owners even in low prices. Righteous economic system aims at satisfying maximum needs of the

maximum people through its economic system and that is best achieved in the interest free economy (Lapidus I. M., 1997).

Apparently interest based financing seems to be a source to cause development in the society because it can speed up the economic activity by the provision of financial support to the have-nots and enabling them to initiate some business and economic activity to fulfill their needs. But in its deep roots the causes of many social evils are hidden to grow. Interest leads the poor to more poverty, eventually lead him to resort to harmful activities like theft, steeling, killing for money gains and kidnapping the rich and threatening of death for receiving money. Allah says payment of your Zakat makes your money pure for you, pointing out the elimination of such social evils that is caused by the tyranny of cruel system of interest based financing and loans. The righteous economic system removes the entire evil first through removing the causes of evils. Zakat and qarze hasana (interest free loan) are the substitute for interest based financing. Zakat is an obligatory tax imposed upon those having minimum cash amount or capital equal to the value of 90 grams gold or 630 grams silver, his/ her wealth is subject to the payment of zakat which is 2.5% of the total amount he/ she possesses. It is the share from their wealth to be taken by the state for welfare of the needy. However some scholars hold the opinion that the amount upon which zakat has to be paid and the ratio of zakat to total amount in possession, should be decided through consensus subject to social conditioning (Hasan, 1984).

Balance in Capital and Labor

State economy ensures a just balance in labor and capital with a view to putting an end to exploitation by ensuring fair wages for physical and mental laborers. It removes the monopoly of economic powers in individual hands that creates barriers in the way of just and equitable distribution of the benefits of the economic activities. Monopoly of the economic powers in fewer hands finally leads the general public to deprivation of the basic economic rights that in turn leads them to revolt against the system and causes a violent revolution. The real base of income and wealth production is labor; a welfare state must protect and secure the rights of laborers by framing economic laws promoting the conditions of the laborers in terms of wages. If the state fails in the provision of basic needs of food, clothing and shelter to its public, such system is not the righteous one. The state where fundamental needs of the people are not satisfied, the mental status and moral standard of the people are collectively degraded leading the society to total collapse and therefore the state has to avoid the rise of any such situation by guaranteeing just wages for labor (Hasan N. a.-S., 1984).

Interest free financing is a principle that creates balance in capital and labor. When interest on capital is allowed then capital is receiving a greater share of the production without taking any risk of losses, this apparently leads capitalist to

exploit laborer and entrepreneur. Shah Waliullah pointed out that exploitation of labor by capital was extensively done in agriculture sector in the primitive societies. Agriculture is a labor extensive sector where the whole labor is done by the farmer. In the past, economy was based on agriculture and the basic unit of economic production was farmer but the farmers were not getting the due share of their labor that caused them to live below poverty line, which consequently leads the whole society into collective downfall. Similarly in our present day world economy is based on industry and its working unit is laborer. To have a just balance in capital and labor his wages must be enough to guaranty for him a good standard of human life (Lapidus I. M., 1997).

It is a universally accepted fact that throughout human history, needs and wants have always been much more in comparison to the available resources. In the limited resources satisfaction of the wholesome needs of the society is the basic task before every economic system. To ensure the satisfaction of all individuals and collective material needs of the society the economic system of welfare state is responsible to devise various plans and strategies for achieving this goal (Hasan N. &., 1984).

Priorities Determination and Resource Allocation

To fulfill the unlimited needs and desires of the society in limited resources the option of giving preference to certain economic activities over others is essential. Under the welfare state preference to the productive activities is given through prohibition of nonproductive professions or any such activities in which the income is caused without application of labor. Prohibition of such nonproductive activities diverts the resources investment into productive activities.In this connection Waliullah School takes market forces into consideration also and let it free in its natural flow for effecting determination of priorities. Market forces of supply and demand are necessary for starting economic activity because when a certain portion of the society needs certain commodities, this demand motivates the producers to produce the needed things in sufficient quantity and ensure a balance in supply and demand. So supply and demand chain is the natural force determining the production of things in certain quantity and quality. Furthermore supply and demand determines the prices of commodities and services. Welfare state does not negate to take work from market forces, but certainly stress is given on keeping them undisturbed by the people in their own favor through artificial means of decreasing the demand or production with a view to lowering and raising the prices of services and commodities in favor of their personal or sectional interest. If any such imbalance is caused by interest groups intentionally, the state interferes by laws to restore the market forces into its natural flow (Gummi, 2013).

Once the prophet was asked to interfere in the market forces through government to determine the prices of things, he replied "Allah is the one who determines the prices and He is the one who decreases and increases the supply of the things; undoubtedly He is the provider". By recognizing Allah as determining power of the prices clearly means that Allah has created the natural principle of supply and demand as determinant of the prices. When the demand is lower, people shift their investment and labor from that sector and invest it where it is more needed. Because doing so give them the chance of more personal benefit so prioritize determination is done through market forces as well.[15]On the other hand when market forces are disturbed by artificial means then it is essential for the state to interfere and bring the market forces into its natural form by removing the artificial causes created by a person or interest group. Once Hazrat Omer (r.z) visited the market and a person was selling something below the suitable price of the commodity, he asked him either to raise its price or quit the market. It shows that the person was selling the commodity under its suitable price. Hazrat Omer asked him to stop it, because this way he was disturbing the natural forces of supply and demand in the market and other people who were trading in the same commodity were facing losses, as people were not buying their products on the price the commodity, truly deserved. It means if state finds it necessary to interfere in market forces it should do it to bring the market forces to its natural position to ensure the actual position of supply and demand as to accomplish the task by the market forces to supply the commodities in the required quantity for community needs (Gummi, 2013).

Production and Distribution

In production process four factors labor, land, capital and entrepreneur are recognized. In capitalism, capital and entrepreneur are not recognized as separate factors of production.in Islamic economy; according to Waliullah School, Islamic economics recognizes three factors of production. Labor is human physical or mental efforts that is used in the production process and is entitled to get fair wages. Land is a natural resource used in production process and is subject to the risk caused by natural calamities, so in production it gets its share in the form of rent. Interest on capital is prohibited because this way capital is getting fixed interest without being subjected to the risk of losses. In this case only entrepreneur is subject to the risk of loss which is a clear exploitation of the entrepreneur through capital. Under the economic system of welfare state entrepreneur and capital both are to be subject to the risk of loss and so both are getting the profit. In industrial sector physical labor is extensively used and through that physical labor, production is possible in any industry. But generally the laborers get so little wages that they render full day labor but cannot easily keep their body and soul together at ease. The industry owner gives little wages because supply of

labor is enough and secondly the workers are compelled by their needs to show agreement for working on low wages and on the other hand industrialists get maximum benefits at the cost of the laborer. The wages should be so that the workers can maintain their lives like an average member of the society. The government is required to interfere in such conditions as the workers are the foundational elements in the development of the society (Hasan N. a.-S., 1984).

Management of Production Sources

The main productive sources of the economy are (1) Agriculture and other natural resources (2) Business (3) Industry. The development of these basic sources of economy is necessary with the help of state. Islamic economy has given them the appropriate place in its economic system. Sources of production be administered in such a way to benefit the individual and the society. The development of these sectors should not lead them in the direction of benefiting only a sect of the society whereby the spirit of collective benefit is ignored that ultimately topple the foundations of a peaceful civilization (Chapra, 1979).

Land Management

Welfare state is responsible for the provision of fundamental needs to its citizens and one of its most important responsibilities is the provision of food. Food is the most urgent and fundamental need of life produced from land through agriculture. It is necessary for government to keep itself aware about the importance of land management and agriculture promotion on priority bases. Successful government takes all the possible steps to develop agriculture.[19]Forthe promotion and development of agriculture state imposes light agricultural taxes. State provides preferential incentives to the farmers and provides them resources to make nonagricultural and barren land fertile and productive. Farmers are given the right of possession of the land for production and even ownership is granted to individuals who make a non-agriculture land agricultural through their own labor and efforts. Provision of irrigation system for agricultural land and introduction of new technology and tools is the responsibility of the state for improving agriculture. If the farmer grow crops in the land on partnership with the owner, in such a case the same principles are applied as in mazaraba (partnership) the land owner (State) provides land agricultural tools and seeds and farmer grows crops by adding his labor. So one provides capital in the form of land and other mixes his labor and get the resultant agricultural produce. So both are equal, the owner is not the master of the farmer but an equal partner. Capital and labor both should be shared in profit/loss of the agricultural produce (Siddiqi, 1982).

In case land is the property of a person or state and the farmer is growing crops by paying the rent, it should be fixed so that it does not become a source of

tyranny for the grower. The maximum rent should not exceed the half of agricultural produce; but for lower range no limit is fixed. How much is possible the rent should be lowered to benefit the grower which persuades the grower for more labor with greater interest, leading to increase in agriculture production. In early Islamic state and during Muslim rule in India agricultural land was kept in state possession and was given to those citizens who knew farming well. State used to provide seeds, tools and other necessary help to the farmers and all the land was cultivated under state supervision, in return state used to collect low agricultural tax. This land management on one hand led the farmer to prosperity and on the other hand state's food needs were easily fulfilled. For better result the monopoly on agriculture by big land owners should be abolished by eliminating the right of individual to hold agriculture land as private property (Chapra, 1979).

Industry

Building a strong base of industry is essential for a sound economy because it consumes most of the labor sector in production; secondly it consumes agriculture produce and minerals for production. In our contemporary world without a sound industrial base state cannot fulfill the social needs. To develop industry, the factors responsible for industrial development are to be kept in consideration by the state, at first place means of transportation are to be developed because raw material to industries and finished products from industry are to be transported, how much developed is the transportation means that much easy would be to develop industry and vice versa. Building roads, railway tracks and developing sea routs and sea ports are the welfare functions which bring ease in individual life and along with that industry can be developed too. A sufficient attention and resource allocation to industrial sector is the function of a welfare state. Man power is the most wanted ingredient of labor intensive industry; therefore state has to be conscious of developing its human resource to an extent to cover its industrial needs. Industrial production and satisfaction of workers are correlative, in Islamic economy labor is given its due place, same is applied in industrial sector also. To protect laborers right government frame laws under which industries are run in relation to labor wages, provision of health protective tools and environment, when laborers are satisfied they work with more interest and loyalty, so protection of laborers rights is also very important for industrial development in a country (Al-Ghazali, 2004).

In the contemporary world as individual is dependent on other human fellows similarly states are also dependent on each other. Every state tries to keep control on its money out flow and increase money inflow. Multi-national companies are investing in different countries; such a company investing in a country is considered good because its investment comes from abroad as Foreign Direct Investment (FDI). It is good for the host state if the industry established is

productive one and more over if the capital invested remains in the host country. In giving incentives to foreign companies with a view to attracting them, care should be taken as to not upset local industries, therefore conditionality is necessary that legalize only some percentage of the total earning transferable from host state, because if it is not followed then if a company has made one million initial investment, then if the same company is earning one million a year and the whole is allowed for transfer to another state then in few years the host state will face more money out flow than inflow (Parray, 2011).

Welfare state encourages earning through labor and along with that it is recognized that all the resources available in the state are to be arranged in such a way that the whole nation should be benefited. Applying these principles to industry it is secured through imposing a ratio of taxes where the industrial sector also gets developed but this development must be so to utilize the raw material or state resources in satisfying the public needs. In Islamic state development of industry in itself is not an end. Government frame laws relating to industries keeping in view proper utilization of raw material for the benefit of its public. Industrial sector is not left unfettered like in capitalism where, it is claimed that industrialist can earn how much they can under the demand and supply forces, but in welfare state of Deobandi School it is kept in view that industrialist cannot earn only through their capital. Because every industry needs raw material from state natural resources and so in development of any industry there is a big role of the whole society by providing natural resources to it. Therefore, the industry owner is not entitled to keep the whole of the profit in his own pocket, instead he has to spend a greater portion of the profit for the welfare of the public, because only through the depletion of natural resources an industry is earning and those resources are the collective national property therefore the nation have a natural right of its benefits (Hasan N. &., 1984).

Trade and Business

To regulate business on the bases of just principles, state enforces some defined laws and rules in the interest of business community as well as for the whole of the society. In business capital and labor are the main factors; the principles recommended for business by Islam establish a balanced and just relation between these factors. National and international trade and business are sources for creating a smooth provision of commodities to everyone along with that international trade is a source of earning foreign exchange also; therefore, state has to give complete attention to the development of both (Hasan N. a.-S., 1984).

As the economic system of a welfare state is intended to create justice and remove exploitation, inside the state business is left enough free of government influence and enough bound by state laws as to avoid any injustice and exploitation.

First the state proclaims a number of businesses as illegal, for example industry related to manufacturing such commodities those are not needed for human life but they are just sources of income for the industry and related business community. Manufacturing of alcohols for dirking purpose, other narcotics and drug industries, gambling, and any similar business in which labor is used only for maximization of capital but the net result it produces for the society is not related to any basic needs (Lapidus I. M., 1996).

Islam has given rules for conducting business on partnership allowing all types of business partnership in which both partners are entitled to have share in profit and both are subject to loses also. This type of partnership along with its different forms is called muzaribah and is legal in Islam. Muzaribah have different forms and shapes but in all its types mutual cooperation is the bases of business partnership; for example, if one partner invest capital and the other mixes his labor and earn profit then both have contributed in production process and both are entitled to have share in the profit. Similarly if both partners have shares in investment and both render services also then both can have share according to their investment and labor with their mutual agreement provided both are subject to loses also. If one partner is investing capital and getting share in profit but not afford losses then such a type of business is prohibited. Muzaribah is introduced with a view to avoid any exploitation of any business partner by his own partner. To avoid any exploitation of the public by business community raising prices of the commodities through lowering supply are any other artificial means is strictly prohibited; similarly hoarding is prohibited by law for the same reason (Hasan N. &., 1984).

Professional Balance

In the present world countless professions are practiced by different people and through a single profession by means of exchange all the needs are satisfied. Commodities and services needed in the society are fulfilled by division of labor; in other words, by specialized profession adapted by every person. As in society every commodity and service is needed in particular quantity therefore a balance is essential in various professions. Welfare state must keep an eye on professions and if a profession is not practiced in the required demand, state must attract people to that profession by giving them incentives (Chapra, 1979).

Allowances to Weaker

A welfare state makes all possible arrangements to create equality in economic opportunities for all and enable every individual for a handsome earning. If in spite of all these arrangements some people are still there, who cannot satisfy their minimum basic needs due to any sound reason like being handicapped, orphans,

widows and the likes; then the government is responsible to pay from bait-ul-maal for their basic needs. In case the available funds in bait-ul-maal cannot afford the provision of enough funds then the government advises those having private property or wealth beyond their needs to extend help to the people in need of financial support. If they don't do so, then as a last resort government must use force and snatch from them, but to leave no one in the state unsatisfied in basic needs of food, shelter and clothing (Islahi, 2005).

Bait-ul-Maal

Bait-ul-maal is the central finance department of the welfare state, its branches are established on provincial or district level as required to provide financing facilities to local bodies of the state under the central government advice. Bait-ul-maal is very important institution of the welfare state it collects obligatory and non-obligatory taxes and charities from the citizens and spends the revenues in the recommended sectors of the society (Islahi, 2005).

Sources of Revenues

There are different sources of revenues that maintain bait-ul-maal, Maulana Hifzur Rahman Seoharvi in *Islam kaiqtesadinizam* described them to be twelve in total. These sources of revenues can be decreased or increased depending upon the needs of the state and conditions under which these sources are available; some major sources of revenue are as under:

Usher

Usher is the tax on agriculture produce of Muslim farmers, ten percent of the total agriculture produced is paid to bait-ul-maal in case irrigation of the land is by natural water like rain, river etc, if the farmer has applied his own labor in digging well for creating a source of irrigation then he has to pay five percent usher to bait-ul-maal. Now a day's irrigation system provided by the state and farmer pay the rent of water in such a case farmer has to pay five percent of the total production as usher for state revenue. The difference in usher ratio is due to the reason of labor, if farmer has applied his labor or have used his capital to provide irrigation water then he is given the benefit of his labor in the form of reduction in usher, but when the water available is natural and farmer has not used his personal efforts for irrigation then he has to pay five percent more usher than the farmers who have applied their labor (Islahi, 2005).

Kharaj

Kharaj is the substitute of usher but payable byzimmis. Maximum care has to be

taken in collecting kharaj from zimmis. Kharaj apparently seems cruelty against zimmis because sometimes it exceed usher.But looking into the conditions for kharaj it can easily be understood that zimmis are in more benefits than the Muslims because usher is a fixed tax even khalifa (head of the welfare state) cannot change or reduce its ratio, neither is it exempted in any case, while Kharaj is fixed by the state looking into zimmis financial condition. If agriculture production is low due to natural calamities government can reduce or even totally spare zimmi farmers to pay any kharaj. After paying kharaj zimmis are exempted from any other tax or obligatory services for state, while having paid zakat and usher Muslim are still obliged to the state to render services and defend the state against any adversary. Muslims and non-Muslims citizens of a state have equal rights; though their obligations are different only in nature (Islahi, 2005).

Jazia

If a non-Muslim accepts the political authority of Islamic state and agrees to live under Islamic government in peace, he (adult, healthy and financially stable) has to pay a particular tax to the government called jazia. The tax is received by the state in return for guaranteeing protection of zimmi's life, property and religious beliefs. If the state cannot provide these protections, then state has no right to receive any jazia from zimmis. If a zimmi render services in army for Islamic state, he is exempted from jazia (Islahi, 2005).

Zakat

Zakat is obligatory charity or tax on Muslims; it is paid annually by them on fixed amount of cash, capital, gold, or any other property. It is the share of poor in the wealth of a rich. Islam imposes zakat with a view to purifying the wealth and property of the rich by taking a portion of their wealth and distributes it among the poor (Al-Ghazali, 2004).

Charities

Financial help extended by a Muslim to a person in need is called charity, individual is free to spend charity for the welfare of the people himself or give it to bait-ul-maal. In a welfare state charity is also a source of revenue to bait-ul-maal. Seoharvi in his book *Islam kaiqtesadinizam*says that if government knows that the needs of the people cannot be fulfilled by the usual revenues then under such a situation non obligatory charities can be obligatory if state think it necessary (Islahi, 2005).

Extra Taxes

The state runs under normal conditions through the usual revenues collected, but under any exigency government can proclaim extra tax to tackle with the problems faced, if bait-ul-maal falls short of the required funds for the state expenditures the shortage can be fulfilled by imposing extra taxes to keep the smooth working of state machinery undisturbed (Gummi, 2013).

Endowment

The property proclaimed by an individual for endowment state is entitled to use such properties for the welfare of the people so it becomes a source of revenue for bait-ul-maal. Besides these sources government owned land, industries and mines are also some of the sources for bait-ul-maal.

Expenditures of Bait-ul-Maal

There are various sectors in which the state revenues are to be spent according to the laws of the state. The basic theme of spending is to provide facilities to the public, as state is established for the welfare of the whole society therefore revenues collected are used in various sectors for developmental and welfare works of the society. Some major expenditure is the following though looking into the needs of the society it can be vary but the main soul of welfare of the people should be kept in view (Parray, 2011).

Salaries of Government Officials

The state administrative machinery is conducting business of the state. It requires financial support for its expenditures. The Government arranges salaries of the government servants through bait-ul-maal, so one of the expenditure of bat-ul-maal is the payment of salaries to the government officials. Salaries of the officials are to be fixed by keeping in view the income of an average member of the society (Parray, 2011).

Expenditures of Welfare Works

The list of welfare functions is very long and with the passage of time it becomes longer by the inclusion of new needs of the society. All those functions which are necessary for state existence, at least state has to perform those. Provision of basic necessities is guaranteed through the just economic system but besides that there is a multitude of tasks which are essential to be performed by the state. Extending financial help to the poor and helpless, Provision of education, health, means of

transportation, electricity, defense budget, police function, establishing courts for administration of justice, establishing institutions for developing agriculture, industry, business and so on, all these are welfare functions a modern welfare state has to perform, they are to be financed from bait-ul-maal (Siddiqi, 1982).

Conclusion

Mutual cooperation is the fundamental principle for economic activities as advocated by Waliullah School and labor is the main factor responsible for earning. Any economic activity in which mutual cooperation is not involved or in which earning is caused without labor is illegal. The main objective of state economic system is to promote mutual cooperation for satisfying human material demands in a society. Just wages for mental and physical labor should be guaranteed by the state as to enable every laborer to satisfy all his material needs easily. Wealth should be generated only for satisfaction of fulfillment. The state has the prerogative to intervene where generation of wealth is not balanced. Right to basic necessities of life is the fundamental right of every citizen and state is responsible to guarantee it.

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