

## Note

# The Definition and Measurement of Poverty: An Integrated Islamic Approach

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In this paper an attempt is made to learn as to how the Islamic *shariah* defines and measures the phenomenon of poverty. A systematic study of the Qur'an, the traditions of Holy Prophet Muhammad (peace be upon him), the conduct of righteous caliphs, and the writings of early Muslim jurists would make it clear that the poor, indigent, and destitute are given adequate importance. The early Islamic state, where necessary, made serious efforts to assist and rehabilitate the poor and the needy. One of the means of assistance and rehabilitation was *zakat*. The disbursement of *zakat* funds required that the poor should be unambiguously and convincingly separated from the non-poor. How was it done in the past? Traditions of the Prophet (the *sunnah*) throw sufficient light on this issue. When we carefully go through the traditions, it would be clear that the explanation of poverty as given by the Prophet is dynamic. It defies time and space limitations. A deeper probe of the traditions would reveal that, for all practical purposes, the Prophet has stressed on an integrated approach. His explanation is far more comprehensive, integrated, and meaningful than the one expressed today in terms of daily intake of certain minimum calories. Present-day Muslim countries should redefine their approach towards the definition and measurement of poverty to reflect the essence of Islamic *shariah*.

Poverty is one of the major problems the world is confronting today. It is described as both a cause and an effect of many of the socio-economic evils of our society. It is defined as a condition of life characterised by hunger, disease, squalor, malnutrition, and mental and physical distress. According to the *World Development Report 1990* of the World Bank (1990), poverty symbolises the inability of a person to attain a minimum standard of living. It is estimated that a great majority of people in Afro-Asian and Latin American countries are poor or near-poor. Since many of the Muslim countries are in Africa and Asia, it would be relevant indeed to learn about the Islamic perspective of poverty and study how the Islamic *shariah* defines and measures the phenomenon of poverty.

It is not in the scope of the present paper to cover the metaphysical significance of the notion of poverty. The traditions of the Holy Prophet quoted in this paper pertain to the disapproval of absolute poverty. These do not disparage the metaphysical importance attached to *faqr* (poverty). In metaphysics, it is used in the sense of being in need of mercy; poor in the sight of God and detached from worldly comforts. This paper is

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organised as follows. In Section 1, Islam's concern for the poor is highlighted. Section 2 deals with the Islamic mechanism of defining and measuring poverty. Conclusions, which have policy implications, can be found in Section 3.

## I

An examination of Islamic teachings and their message to the humanity would make it clear that it is capable of providing amicable solutions to the present-day economic, social, and political problems which have besieged human civilisation, provided Islamic teachings are followed in letter and spirit. These problems include, among others, poverty, unemployment, exploitation, and growing income-consumption inequalities. These are causing social tensions, class-conflicts, and unrest, culminating in head-on confrontation between different social and political interests.

It is a noticeable fact that the Muslim world's attention has now turned towards Islamic prescriptions and solutions, which in fact were provided some 1400 years back. That they are relevant even today speaks of their enduring value. The Prophet led an exemplary life, simple and practical, devoid of any pomp and ostentation. This is one of the major reasons why the solutions suggested by the Prophet possess the properties of being the most feasible, practicable, and down-to-earth. He ushered in a new era which saw the transformation of human society, from the mosque to the market, from school to the playing field, and from home to the workplace. It is written about the Prophet that he provided an extraordinary leadership and awoke the people from a deep stupor. The Prophet led his followers successfully on three different fronts. First, he provided for the well-being of the led. Secondly, he provided a social organisation in which people felt relatively protected. Finally, he provided them with a set of beliefs.

Ali Shariati, a reputed Islamic scholar from Iran, rightly points out that the Qur'anic prophets are a part of the masses, not of any ruling establishment or ruling chieftains (with two or three exceptions like David and Solomon).<sup>1</sup> The Qur'an emphasises the fact: "God sends His messengers for the people and from amongst them. These messengers stand by the people and never identify themselves with the rulers or with the ruling classes. The Qur'an clearly and unambiguously stands with the weak in their struggle against their oppressors" [Ali (1985), p. 27]. It also reprimands those who do not come to the rescue of exploited and persecuted people. Reprimanding them, the Qur'an says: "And why should ye not fight in the cause of God and of those who being weak are ill-treated (and oppressed)? Men, women and children whose cry is: Our Lord! Rescue us from this town whose people are oppressors; and raise from us Thee one who will protect; and raise from us Thee one who will help" (4:75).

<sup>1</sup>A number of commentators of the Qur'anic verses hold the view that the number of prophets sent to different peoples and regions exceeds well over one lakh, according to Musnad Ahmed bin Hanbal, it is 1,24,000.

The Holy Qur'an not only condemns exploitation, concentration of wealth, and arrogance of power and oppression, it also enjoins upon the faithful to fight against these evils and to come to the rescue of the weak and the oppressed. "Not only this; the Qur'an goes a step further and states its intention to put the weak and the oppressed in the decisive leadership position" [Ali (1985), p. 27]. It says: "And We wished to be Gracious to those who were being oppressed in the Land, to make them leaders (in faith) and heirs" (28:5). Early verses revealed at Makkah strongly condemn arrogance of the rich and their neglect of the poor, the needy, and orphans. "Seest thou one who denies Judgement (to come)? Then such is the (man) who repulses the orphan (with harshness) and encourages not the feeding of the indigent" (107:1-3).

The Prophet of Islamic never approved absolute poverty and starvation. There are a number of traditions ascribed to him to this effect. A tradition reported by Nasai says: "O Lord! I seek refuge in Thee from poverty, scarcity and indignity and I seek refuge in Thee from being oppressed and from oppressing (others)".<sup>2</sup> It is a very significant tradition as it links the phenomena of poverty, scarcity, indignity, and oppression with one another; one aids and abets the other. The Prophet, by seeking refuge from all these, makes it incumbent on Muslims to strive against these tendencies. In another tradition, reported by Abu Daud, it is expressed in these words: "O Lord! I seek refuge in Thee from *kufir* (unbelief) and poverty". In yet another tradition, reported by Baihaqi'i and Tabrani: "Poverty in all probability leads to *kufir*".<sup>3</sup> All these traditions ascribed to the Prophet make it clear that Muslims, and more importantly the Muslim states, must fight against poverty in all its ugly ramifications. Attempts should be made both at the individual and the collective levels to eradicate poverty. It is feared that if serious efforts are not made, the continuation of poverty would then be a major impediment in the way of realising the broad goals of the Islamic *shariah*.<sup>4</sup>

An Islamic state and its rulers are repeatedly reminded of their responsibilities towards their subjects, especially the poor and the destitute. On the authority of Abdur Rahman bin Sabit, Zaid bin Harris, and Mujahid, it is reported that: "When the Caliph of the Prophet of Allah, Hazrat Abu Bakar, was on his death-bed, he summoned Hazrat Umar and said: "Oh Umar! fear Allah. Be it known to you. There are certain affairs of

<sup>2</sup>It should not be forgotten here that in the traditions of the Prophet the notion of poverty carries both "physical and metaphysical" connotations. There is a tradition of the Prophet highlighting metaphysical significance: "my poverty is my pride". "This is a poverty that comes from within, from a deep realisation that man is poor before God, since all belongs to Him. It is in this sense that Islam is referred to as a cult of poverty, which gives it the qualities of ardour, courage, tenacity and generosity". See Syed Nawab Haider Naqvi's *Ethics and Economics: An Islamic Synthesis*. Leicester, U.K.: The Islamic Foundation, 1981, p. 18.

<sup>3</sup>For a detailed discussion, please refer to Asghar Ali Engineer's *Islam and Muslim: A Critical Reassessment, op .cit.*, pp. 27-33.

<sup>4</sup>For a detailed discussion of the broad goals of Islamic *shariah*, see M. Umer Chapra's *Islam and the Economic Challenge*. Leicester, U.K.: The Islamic Foundation and the International Institute of Islamic Thought, 1992, pp. 7-13.

Allah which need to be attended during the day-time, the Almighty would not acknowledge them when attended during the night. Some of His affairs need to be attended during the night-time. These would not be acknowledged when attended during the day-time. Beware! Unless the obligatory duties are discharged, the supererogation will not be acknowledged” [Fatawa-e-Rizvia (1994), p. 437]. In all probability, Hazrat Abu Bakar was reminding Hazrat Umar of his responsibilities towards the vulnerable sections of the society. It is clear that Hazrat Umar acted upon this advice with all sincerity. He held himself responsible for the death of a camel if it died at a far-off place, uncared for and unattended. He used to say that it was his bounden duty to prevent the cries of the poor and helpless from reaching the Court of Allah. He used to go on night beats to know personally about the living conditions of his subjects. Whenever Hazrat Umar came across any deserving and needy person, he made on-the-spot arrangements for their sustenance. Hazrat Usman on many occasions distributed tons of food-grains at his own expense. Hazrat Ali used to fast frequently just to give his share of food to the hungry. When these traditions were brought to the notice of the Umayyad caliph, Hazrat Muawiya, he immediately appointed a person to look after the provision of basic necessities. Another later-period, Umayyad caliph, Hazrat Umar bin Abdul Aziz, used to weep very often from the fear of any lapse on his part in discharging his duties as caliph. He knew well that his office was more responsible than any other in protecting and safeguarding the interest of the poor, the helpless, the oppressed, the homeless, the aged, and orphans.<sup>5</sup>

Suffice it to say, the Qur’an and the traditions of the Prophet enjoin on the wealthy persons and the governments of Muslim countries to attend to the needs of the poor and the needy. The early caliphs, too, set the course of Islamic economic policy in favour of welfare of the poor and the destitute. In this context, it should be noted that “the stress on need-fulfilment in Islam should not be construed as an after-thought arising out of the recent western discussion of the subject. It has received an important place in the *fiqh* (theology) and other forms of Islamic literature throughout Muslim history. The jurists have unanimously held the view that it is a *fard al kifayah* (the collective duty) of Muslim society to take care of the basic needs of the poor and destitute”.<sup>6</sup>

This particular responsibility of Muslim states, i.e., provision of basic goods to every deserving person, could be linked to the Islamic notion of maintenance of relatives, for which jurists have prescribed two conditions: that the person for whom the maintenance is obligatory must be living in poverty and the person who is under obligation to provide maintenance must have more than can satisfy his/her own genuine needs. The jurists have included six items in obligatory maintenance: (1) food, (2)

<sup>5</sup>For numerous such instances, one may refer to M. N. Siddiqi’s *Islam Ka Nazria-e-Milkiat*. Delhi: Markazi Maktab-e-Islami, 1978, pp. 392–422.

<sup>6</sup>M. Umer Chapra, *op. cit.*, p. 210.

seasonal clothing, (3) accommodation, (4) servant or personal assistant for a person who is unable to do his own work, (5) funds to a major who is unable to marry on account of financial constraints, and (6) expenditure on the entire family of a deserving person [al-Qardawi (1992), pp. 62-63]. Ibn Qudama in his book *Al-Kafi*, writes: "Maintenance should be in accordance with the need of the needy, because the real purpose of providing maintenance is to fulfil his needs. If he needs a servant for his service, the maintenance of his servant shall also be obligatory along with him. If he has a wife, the provisions must be supplied for her as well" [al-Qardawi (1992), pp. 62-63].

Thus, the Muslim countries are responsible for supporting the weak, the poor, and the destitute. It would be certainly against the Islamic principles of justice and equality if these unfortunates continue to suffer from deprivation when there are many wealthy people around them. It is necessary for Muslim countries to adopt those means which will make the life of the poor and the needy pleasant enough.

## II

At several places in the Qur'an, there is a mention of the poor and the needy as the most important beneficiaries of charitable and *zakat*-based spending.<sup>7</sup> Let us first refer to the Qur'anic verses which read thus: "(Charity) is for those in need who in God's cause are restricted (from travel) and can not move about in the land seeking (for trade or work). The ignorant man thinks, because of their modesty, that they are free from want. Thou shall know them by their (unfailing) mark: They beg not importunately from all and sundry. And whatever of good ye give, be assured God knoweth it well" (2:273). At another place, the Qur'an states: "(it is) for the poor who fled, who are driven from their homes and their possessions seeking grace of God and (His) pleasure and helping God and His Messenger" (59:8). It happened during the time of the Prophet that a large number of his followers migrated to Medina and other places to seek refuge from the cruelty and oppression of the people of Makkah. They were addressed as the poor. At another place, the Qur'an has enumerated the following heads of *zakat*-specific expenditure: "Alms are for the poor and needy and those employed to administer the (funds), for those whose hearts have been recently reconciled (to Truth), for those in bondage and in debt, in the cause of God, and for the wayfarer; (thus is it) ordained by God, and God is full of Knowledge and Wisdom" (9:60).

In the case of the indigent or the needy, the term is differently interpreted. First, the needy are those from the vulnerable sections of society who do not resort to begging, fearing of humiliation. Persons unrelated to them do not know their real

<sup>7</sup>Earlier to it, there was no systematic and institutionalised transfer of funds favouring the poor, instead, funds were collected from all the classes of society and passed on to the religious institutions. *Zakat* is to be collected only from rich [*sahib-e-nisab*] and passed on only to the poor. For further discussion, see S. M. Hasan-uz-zaman's *The Economic Functions of the Early Islamic State*. Karachi: International Islamic Publishers, 1981, pp.133-134.

position. They do not beg and, therefore, deserve much more help and assistance than those who actually beg. Hazrat Abu Huraira reported the Prophet of Allah said: "The *miskin* (indigent) is not the one who goes round to the people and is dismissed with one or two morsels, and one or two dates". They (the Prophet's companions) asked: "Oh the Messenger of Allah! Who then is a *miskin*?" He replied: He who does not get enough to satisfy himself, and he is not considered so (as to elicit the attention of the benevolent people), so that charity may be given to him and he does not beg anything from the people" [Khan (1992), p. 202]. It is also reported that the Prophet asked them to recite the following verse from the Qur'an: "They beg not importunately from all and sundry" (2:273) [Abu Ubaid (1986), p. 892].

Secondly, the needy are the people who possess something but it is less than the *nisab*. They do some work but, on account of lack of material or physical resources, do not earn enough to support themselves and their families. They are self-respecting people who honestly strive to find a living and stand on their own feet. They are always desirous of preserving their dignity and do not like to disclose their poverty to others [Shad (1990), p. 81].

Thirdly, term *miskin* is also understood in the sense of *al-mahrum* and it appears in the Qur'an [51:19] that they too are entitled to receive funds. Hazrat Abbas is reported to have said that *al-mahrum* is a person who despite his best possible efforts finds it difficult to earn enough to support himself and his immediate dependants [Abu Ubaid (1986), pp. 816-817]. In the opinion of Imam Abu Hanifa, the needy are worse-off than the poor because they are quite helpless for they do not beg.

Finally, Hazrat Umar is reported to have interpreted the word 'needy' in the Qur'anic verse as connoting the needy among the non-believers. This, however, has been disputed. Abu Ubaid, on the authority of Mujahid, Hasan, and Ibrahim bin Mahajir, writes that *dhimmis* should not be supported out of regular *zakat* funds [Abu Ubaid (1986), p. 907]. Abu Ubaid defends the stand as taken by the above-mentioned scholars by referring to the famous tradition of the Prophet where it was directed that *zakat* be taken from Muslims only to be returned to the needy among them. Since *zakat* is a part of the faith, its collection and disbursement would be considered as a form of *ibadah* and, therefore, non-Muslims are to be excluded. Neither would they be asked to pay *zakat* nor would they receive any fund out of its collection.

From the economic viewpoint, the task of defining and identifying the poor, and reflecting the essence of the Islamic *shariah*, would be easy when it is approached indirectly by asking: Who is not poor? When we carefully go through the following three traditions of the Prophet, it would be clear that, in the first place, Islamic *shariah* intends to adopt an integrated and unsegregated approach, and in the second place, the concept of the poor is relative and dynamic [Abu Ubaid (1986), pp. 806-814].

First, the Prophet is reported to have said that except for three persons no one should beg or seek assistance. Of the three, one is a person about whom three *sane*

and *well-informed* persons belonging to his *own clan* should come forward to testify that the person concerned is really poor and starving.<sup>8</sup> He deserves utmost help till his condition improves, and he should stop begging the moment he is assisted. It is, thus, clear that the Prophet has asked people to exercise great care in identifying the truly poor, otherwise funds might be misused by unscrupulous persons. The requirement that at least three well-informed persons of the same clan should give their testimony providing first-hand information calls for great wariness and tenacity in the identification of the poor, whose number normally happens to be more than the governments' capacity to support and rehabilitate them. So far as this tradition of the Prophet is concerned, it should be noted with great care that here poverty is not expressed in quantitative terms. Reliance is placed on the identification made by three persons. From the economic viewpoint, when examined in isolation, this explanation would be of little help, because in the absence of a quantitative explanation, individual judgement and interpretation are bound to differ.

The second explanation as offered by the Prophet is that a person is not considered poor when his assets are equal to the value of an *uqiah*, which was equal to four *dinars*. It is reported on the authority of Hazrat Adu Huraira that a person came to the Prophet and sought his advice on what should be done with the one *dinar* that he possessed. The Prophet asked him to spend it on himself. On being told that he had another *dinar*, the Prophet asked him to spend it on his family-members (meaning wife, father and mother). When the person said that he had still one more, he was directed by the Prophet to spend it on his children. When for the fourth time the same question was repeated, the Prophet then advised him to spend it on his servants. The concerned person again sought the Prophet's advice maintaining that he had one more *dinar*. The Prophet gave him the liberty to spend the same in *sadqah*. Abu Ubaid, commenting on this tradition, argues that the Prophet first asked the person to spend on himself, his dependants, and servants. In other words, upto four *dinars* the Prophet did not regard him as an eligible *zakat*-payer and, therefore, he was not asked to exercise any charity. He was asked to pay *zakat* only when he declared his possession of the fifth *dinar*.<sup>9</sup>

Thus, an *uqiah* or assets worth 40 *dirhams* provided a cut-off mark because persons owning assets below an *uqiah* or 40 *dirhams* were not supposed to exercise charity as they were regarded as poor. They were held eligible to receive *zakat* funds. It

<sup>8</sup>In Pakistan, this particular responsibility is discharged by the Local Zakat Committees, (LZCs) which function at the grassroots level. These perform four important functions: (1) determining *ushr* demand, collecting *zakat* and *atiyat* (donations). (2) identifying the *mustahequeen* (the deserving). (3) disbursing *zakat* funds transferred to them by the provincial *zakat* council amongst the needy and deserving (*mustahequeen*), and (4) preparing and maintaining accounts of *zakat* funds. See Sayed Afzal Peerzade's "The Working of Pakistani Zakat System", *Indian Journal of Politics*, 29:3-4, 1994, pp. 165-173.

<sup>9</sup>This tradition also sheds light on the priorities of expenditure at the personal level.

is reported that a woman approached Hazarat Umar and requested *zakat* funds. He asked: "If you have an *uqiah*, it is then unlawful for you to receive *zakat*. She concurred maintaining that the camel she had was more than an *uqiah* in value".

Thirdly, it is reported on the authority of Suhail Ansari that the Prophet remarked that a person was preparing himself for hell-fire if in spite of being well-off he sought assistance from others. Suhail Ansari requested the Prophet to explain the meaning of being 'well-off'. He was told that a person is considered 'well-off' when the foodstuff in his possession is sufficient for two meals for himself and his family.

Abu Ubaid is of the view that the third one is the narrowest definition of being well-off, whereas a more liberal explanation is one where it is required that assets should be equal to one *uqiah* or forty *dirhams* [Abu Ubaid (1986), p. 814]. Jurists are of the view that it is unlawful for a person to receive *zakat* funds if he possesses forty *dirhams*. This view has gained acceptance. Abu Ubaid maintains that forty *dirhams* or an *uqiah* should be over and above personal accommodation, necessary seasonal clothing, and a servant [Abu Ubaid (1986), p. 815].

The cut-off mark of one *uqiah* or forty *dirhams* provides us the *nisab* level. This *nisab* level is distinctly expressed in quantitative terms, i.e., in terms of *uqiah*, *dirhams*, and *dinars*. Thus, from the Islamic viewpoint, a person is poor when he does not own *nisab* or when he owns *nisab* but it is either encumbered with debt or is unproductive. The *shariah* demands that a person should first clear his liabilities and they pay *zakat*. It is to the credit of Islam that some fourteen hundred years ago it expressed the poverty level in quantitative terms. This has greatly cleared the way for an objective measurement and estimation of the phenomenon of poverty.

It can be maintained also that the traditions of the Prophet implicitly explain two very common terms of modern times, i.e., "absolute poverty" and "relative poverty". For instance, when the Prophet speaks of "foodstuff sufficient for two meals", he is in fact referring to the notion of absolute poverty. When it is said that the value of assets in possession should be more than an *uqiah*, the Prophet is visualising the relative level of poverty. Thus, a classification is considered necessary to rehabilitate the poorest of the poor first.

At present, it is common practice to express *nisab* in terms of gold and silver. In the case of a person whose assets liable to *zakat* consist *only* of gold, the *nisab* is 87.48 grams of gold. For other assets, the silver-based *nisab* is followed, which means 612.32 grams of silver or cash or goods for trade or any other assets liable to *zakat* under *shariah*, the aggregate value of which is equal to 612.32 grams of silver.

In India, the value of 612.32 grams of silver was roughly Rs 4000 in the month of August, 1995. It means that a person whose saving is equal to or more than Rs 4000 is supposed to be an eligible *zakat*-payer, provided other conditions imposed by the *shariah* are also satisfied. In other words, he is considered as non-poor. The same argument can be stretched to define a poor person as one whose saving, if any, is less



than Rs 4000. In other words, he is entitled to receive *zakat* funds and other forms of assistance. He is the person whose support and rehabilitation is the collective responsibility (*fard al kifayah*) of all.

But it should be noted that, at present, the poverty level is normally expressed in terms of a certain minimum of money income or expenditure and not in terms of savings. In other words, the notion of *flow* is followed and the concept of *stock* is not considered, as is done for *zakat* purposes. In India, and many other developing countries (of which many are Muslim countries), the method adopted is as follows:<sup>10</sup>

1. determine the minimum physical quantities (i.e., how much) of the cereals, pulses, milk, sugar, oil, etc., which are necessary for bare subsistence for an individual for a day;
2. know the market price of these commodities; and
3. convert the physical quantities into money terms by using the price system.

This is the minimum consumption expenditure needed by a person, per day. From this we calculate expenditure per person per month or per year. This also provides an explanation of the poverty-line. However, all is not well here. This process of measurement creates certain ambiguities and difficulties. For example, if we accept the World Bank's definition of poverty as the inability of a person to attain a minimum standard of living, three issues would arise: (a) how to measure the standard of living, (b) how to define the minimum standard, and (c) how to express the severity of poverty in a single index. Often household expenditure/income is suggested as an indicator of the living standards but it would not capture the consumption of or entitlement to social services, health-care, education, etc., [Muzammil (1995), p. 8].

At the same time, it would be wrong to believe that the *shariah* explanation of poverty would be irrelevant in the context of a universal vocalisation of a minimum level income/expenditure. When we go through the three examples as given by the Prophet, it would be clear that these explanations defy the time-and-space limitations. A deeper probe of their essence would reveal that the Prophet has stressed on an integrated approach. It is necessary that these traditions of the Prophet should not be studied in isolation, i.e., one tradition separately from or independently of the other. The *shariah* explanation would turn out to be far more comprehensive, integrated, and broad-based than the one expressed in terms of the daily intake of a certain minimum of calories. It is integrated in the sense that, first, the poorest of the poor (a person having food for not more than two meals) is identified (by three sane and honest persons of the same locality). Once the poorest of the poor is helped (or rehabilitated), then an Islamic state would extend help to other *relatively* less poor persons. All three explanations of poverty

<sup>10</sup>Any standard book on Indian economy would provide necessary information. For example, KPM Sundharam's *An Introduction to Indian Economy*. New Delhi: R. Chand & Co., 1993, pp. 19–22.

as given by the Prophet still hold good. In fact, it could be claimed that all the three are interwoven and support one another. We should try to understand the essence of these traditions combined together.

In order to capture and convert the essence of the traditions mentioned above in quantitative terms, what we have to do is to compute the probable height of income at (the silver-based) *nisab* level. This would provide an income level below or at which a person would be held as poor and eligible to receive *zakat* funds and other forms of assistance. For example, when the per capita income in India for the year 1993-94 was Rs 6928.80, the per capita saving was around Rs 1761. From this it can be computed that at the given *nisab* level of Rs 4000, the per capita income must be around Rs 15657. In other words, from the *shariah* viewpoint, a person whose average annual income is less than or equal to Rs 15657 would be considered poor. As compared to this, when we stick to the bare consumption expenditure on the intake of the minimum calories, the average annual income and expenditure turn out to be Rs 2332.<sup>11</sup> At this low level, saving is supposed to be zero and, therefore, the income is equal to the expenditure.

When compared to the level of money income/expenditure, considered necessary for deriving the poverty-line in the conventional sense, its level from the *shariah* viewpoint would be quite substantial, at least seven to eight times more. This huge difference could be attributed to the conventional practice in India and other countries which covers only the bare minimum expenditure, whereas *nisab* expresses a level which is over and above the bare minimum. The Islamic approach takes into account not only the provision of bare necessities of life to the poor but goes much further—to enable them to enjoy a reasonable standard of living. Further, the *shariah* has expressed *nisab* in real terms (a minimum of silver or gold). It is our experience that these two metals are costly, and command good market value. Their prices normally exhibit a tendency to rise faster than many other commodities; whereas in India and elsewhere prices of food articles do not rise fast and very often governments have to support them from falling below the cost level.

Usually the poverty alleviation programmes are directed to increase the per capita income. But from the *shariah* viewpoint, not just an increase in income is necessary for a person to be treated as non-poor; a substantial increase in income is required. This would enable him to purchase goods and services over and above the basic requirements. The *shariah* envisions poverty (or relative well-offness) in such a way that, after meeting the basic requirements, a person is in a position to save, not merely at a point of time but over a period of time (the one-year condition is a must). When a person is saving, it amounts to saying that he has an effective command over basic goods and services.

<sup>11</sup>In 1987-88 it was Rs 1944. For the current year, a 20 percent increase in the cost of living is assumed.

When the *shariah*-based approach is followed, its immediate impact would be a substantial increase in the number of poor persons qualifying for help and assistance. Consequently, huge funds would be required for poverty alleviation programmes. Would this approach create problems for present-day Muslim countries? And how would these countries generate such resources? It can be argued that from the revenue viewpoint, when the silver-based *nisab* is followed, in all probability, the number of *zakat*-payers also would be undoubtedly larger. Silver-based *nisab*, in comparison to either minimum personal income qualifying for personal income tax or minimum property for a wealth-based tax, is reached early. Further, once the *nisab* level is reached, *zakat* is due on the total value of assets, and not on the value over and above the *nisab*. This makes a crucial difference. Similarly, in the case of *ushr*, it is paid not once in a year, but every time a crop is harvested, ensuring a steady flow of funds to the exchequer all through the year. Above all, the *shariah* also permits an Islamic state to raise revenue through taxes other than *zakat* to meet its financial requirements.

The above discussion has policy implications for Muslim countries. As done to present, these countries should not try to define and express the poverty-level in terms of calories or the bare minimum expenditure on food or the inability to attain a minimal standard of living. Instead, they should use the *shariah* prescriptions. Undoubtedly, substantially large funds would be required to meet their requirements. However, there appears to be no restriction on Muslim countries to put poor persons into different categories and preferentially treat and assist a person who is the poorest of the poor. Here the Prophet's traditions that three sane and honest persons of the locality should identify the poor person (a person who has foodstuff sufficient for not more than two times) comes to the deliverance of Muslim countries.

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