Zakat in Bangladesh: Islamic principles, social impact and economic potential

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In the framework of Islamic Shariah, zakat stands as one of the five fundamental pillars, yet its significance transcends individual piety. In the Qur'an and Hadith, **zakat is presented not merely as a recommended act of charity but as a sophisticated, mandatory economic system designed to mitigate poverty and bridge the chasm of inequality.** It is the spiritual and material mechanism through which a balanced distribution of wealth is achieved, ensuring that capital does not circulate solely among the wealthy but reaches the furthest corners of the social strata.

The scriptural basis for zakat is unequivocal. Allah commands in the Qur'an, **"Establish prayer and give zakat" (Surah Al-Baqarah: 43).** This pairing of prayer and zakat highlights that a Muslim's relationship with the Creator is inseparable from their responsibility toward the creation. **Furthermore, Surah At-Tawbah (Verse 103) instructs, "Take charity from their wealth in order to purify and cleanse them."** These verses redefine zakat; it is not a gift from the rich but a right belonging to the poor. Historically, the Prophet Muhammad (SAW) transformed these revelations into a robust administrative reality in Madinah. He appointed representatives or amils to regional posts, ensuring that the collection and distribution were systematic rather than sporadic. This institutionalisation reached its zenith during the Caliphates. Caliph Abu Bakr (RA) famously defended the integrity of the zakat system against those who sought to decouple it from the state's obligations. By the era of Hazrat Umar (RA), the system was so efficient that historical accounts suggest it became difficult to find individuals eligible to receive zakat in certain regions. This serves as a powerful proof of concept: when managed institutionally, zakat can effectively eliminate extreme poverty.

Bangladesh, a nation of approximately 170 to 180 million people, stands at a critical juncture. Despite impressive GDP growth, a significant portion of the population remains near or below the poverty line. In this context, zakat is not just a religious obligation; it is a vital economic tool. For zakat to become obligatory, Islamic Shariah has determined a minimum threshold of wealth called **nisab**. According to the Hanafi school of thought, **the**

nisab for gold is seven and a half bhori (approximately 87.48 grams), and the nisab for silver is fifty-two and a half bhori (approximately 612 grams). Given the cultural propensity for hoarding gold and the rising middle-class savings in Bangladesh, the potential for zakat collection is staggering. The country's banking system holds deposits amounting to several lakh crore taka. If we apply the standard rate of 2.5 per cent to these stagnant savings, gold ornaments, and business inventories, the resulting fund could dwarf many national social safety net programmes.

The potential for zakat in Bangladesh can be categorised into several primary sectors. First is the financial sector, where personal savings, fixed deposits, and insurance payouts form a massive pool of liquid assets. Second is trade and commerce; Bangladesh's economy is driven by wholesale, retail, and manufacturing. By calculating 2.5 percent on tradable goods and raw materials, the business community could generate a transformative volume of capital. Third is the capital market. With increasing participation in the stock market, shares and mutual funds represent a promising source for zakat that remains largely untapped due to a lack of awareness regarding calculation methods. Finally, the agricultural sector remains important. According to Islamic Shariah**, agricultural production is subject to ushr, which is 10 per cent on crops produced through natural irrigation and 5 per cent on crops produced through artificial irrigation.** If zakat is collected systematically from the agricultural sector, it could make a significant contribution to the formation of a social fund.

To understand the scale, one must look at the macro data. With a total GDP of approximately 55.5 lakh crore taka (around 460 billion US dollars), international benchmarks suggest that zakat potential in **Muslim-majority countries ranges between 1 per cent and 3 per cent of GDP.** If 1 percent of the total GDP is considered zakatable wealth, **the potential zakat fund would be approximately 55,527 crore taka. If it is considered 2 per cent, the amount would be about 111,055 crore taka, and if 3 per cent is considered, about 166,582 crore taka** could be generated. If even the lower bound of 55,000 crore taka were collected and managed transparently, it could fund the education, healthcare, and micro-entrepreneurship needs of millions, creating a self-sustaining cycle of growth.

In modern economics, zakat functions through demand stimulation and the multiplier effect. When wealth is redistributed to the poor, their marginal propensity to consume is high. They spend immediately on basic needs such as food, clothing, and housing. This immediate injection of cash into local markets increases demand, which encourages production, thereby creating jobs. Unlike traditional trickle-down economics, zakat operates on a bottom-up model. It ensures that wealth does not remain stagnant. By imposing a cost on idle wealth through the 2.5 per cent charge, Islam encourages the wealthy to invest their money in productive ventures rather than letting it sit in vaults, further stimulating the economy.

The current practice of zakat in Bangladesh is largely individualistic. It is often limited to distributing zakat clothes such as saris or lungis, which, while helpful in the short term, does little to break the cycle of poverty. To realise the true potential of zakat, the focus must shift toward institutional management and productive distribution. For example, zakat funds should be channelled into specialised scholarship programmes and vocational training. By equipping a poor student with technical skills, zakat transforms a receiver into a taxpayer within a few years. Establishing zakat-funded hospitals or clinics for the underprivileged ensures that a single medical emergency does not push a borderline family back into the depths of poverty. Furthermore, instead of small cash handouts, zakat can provide seed capital for rickshaws, sewing machines, or livestock. This empowers the recipient to become self-reliant, fulfilling the ultimate goal of zakat: to make the receiver so financially stable that they become a giver in the future.

For an integrated zakat system to work in Bangladesh, several pillars must be established. Public awareness must increase, as many Muslims are unaware of how to calculate zakat on modern financial instruments like stocks or insurance. A transparent and accountable management structure is essential. Moving away from consumption-based giving toward investment-based giving will ensure that beneficiaries can become self-reliant in the long term. Finally, utilising zakat funds in productive sectors such as education, healthcare, and small entrepreneurship development will create a sustainable social security system.

Zakat is more than a ritual; it is a divine economic philosophy designed to ensure social justice. In the context of Bangladesh, it represents an untapped social security system that could alleviate the burden on the national budget while fostering a culture of compassion.

By transitioning from sporadic individual donations to a planned, institutionalised framework, **Bangladesh can harness between 55,000 and 165,000 crore taka annually.** This is not just a dream of the past; it is a viable roadmap for a future where poverty is minimised and economic growth is inclusive. In the words of the prophetic tradition, zakat is taken from the wealthy to be returned to the poor, completing the circle of social harmony and spiritual purification.

In the current economic context of Bangladesh, if this fund is utilised through proper planning, transparency, and an effective institutional structure, it will be capable of bringing significant positive changes to the country's economy. From the perspective of Islamic principles and justice-based economic thought, if the effective implementation of zakat is ensured, it can play an important role as a powerful tool for social justice, compassion, and sustainable economic development in Bangladesh.