

Hazrat usman and his contributions to islamic finance, banking and economics

[Literature](#), [Russian Literature](#)



Hazrat Usman RA was the second cousin, notable companion and son-in-law of Holy Prophet SAWS. The 3rd Caliph among the Rightly Guided Caliphs of Islam. Born in the tribe of Banu Umayya of the Quraysh Tribe. One of the most important and early converts to Islam. His Caliphate was 6th November 644 to 17th June 656. He was the predecessor of Hazrat Umar Ibn Al-Khattab RA. Under Hazrat Usman's RA leadership, Caliphate and rule Islamic Empire expanded into Iran and Afghanistan. Hazrat Usman RA was an insightful businessmen and prosperous trader since his early years of life which contributed to growth and expansion of Islamic Empire under his Caliphate rule. Hazrat Usman RA was known for his tolerance, approachability, gentle nature and modesty with a slight touch of shyness. In terms of preference in acceptance, embracing and espousal of Islam, Hazrat Usman RA was closer to the first caliph, one of those chosen by the Holy Prophet SAWS to write Quranic verses when they were revealed onto Holy Prophet SAWS. He was the caliph who one thing relatively more than other caliphs didn't had, i. e. wealth. He spent this money and his wealth. Hazrat Usman used the ijthihad on some issues to come to a conclusion and make a decision.

He administered the zakat collection and its distribution from the bayt al-mal. Plus the collection of jizyah tax by the non-Muslim ahl-e-kitaab which also went to the Bayt al-mal of the Islamic state. And the collection of the wealth and booty from battles. As follows:

Time duration/ reign

As discussed earlier Hazrat Usman was the 3rd Caliph amongst the Rightly Guided Caliphs, his Caliphate period was 644-656 AD. Duration of his

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caliphate he faced many challenges and tackled them wisely although it was merely a short span of time of 12 years, full of controversies and challenges and expansion of Islam and its reforms.

Contribution: Islamic economics, finance and banking

The financial policies of Hazrat Usman were different firstly because they were backed by the teachings of Islam.

- Policy of wise spending as Islam is against extravagance.
- Public wealth distribution to be done in halal sources and some of it to be spent on the needy people.
- Effects of accumulation of wealth on the ummah.
- Zakat ruling according to Usman's explanation.
- Public income from jizyah.
- Public income from the kharaj and ushoor.
- Allocation of land.
- The salary of caliph.
- Salary of governors from Bayt al mal.
- Public expenditure and financing of Hajj from the Bayt al-mal.
- Finances and expenditure on the rebuilding of Masjid-e-Nabvi.
- Finances and expenditure on the rebuilding of Ka'ba.
- Investment and expenditure on establishment.

Policy of wise spending as Islam is against extravagance

As the Caliphate were of strict followers of Islamic teachings it is their duty to implement the teaching of Islam under their reign of caliphate. Among the

duties it is a compulsion to follow which Hazrat Usman RA did: Working out stipends and what people are entitled to from Bayt al-maal, without extravagance or stinginess, and paying them on time, neither too early nor too late and Appointing honest and sincere people to various posts and tasks including financial matters, so that this work will be controlled and run by people who are qualified and sincere. Hazrat Usman sent out letters to the governors for the collection of finances and collection of the wealth for the welfare of the people. Public wealth distribution to be done in halal sources and some of it to be spent on the needy people.

The kharaj (Tax on agricultural land) collectors collected the dues for the Bayt al-mal as under the command of the Caliph Hazrat Usman RA. But these collectors cannot go extreme in collection this wealth. The salaries of the Muslims under Caliph Hazrat Usman RA were given from Bayt al-mal either directly or in the case of dissemination of Zakat to those who are eligible for it, in either case the distribution was fair and just. Under Islamic finance and wealth distribution it is forbid to go against principles and favor someone and deny the share of others without proper and justified reasons. Further not allowed to delay in delivering these remunerations. With regard to indirect payment in the form of public services offered by the state to the people, it is not permissible for the benefit to go to one individual only; rather it should benefit the whole ummat. Zakat ruling according to Usman's explanation" Usman said: " This is the month of your zakat, so whoever owes a debt. Let him pay it off so that you may pay zakat on your wealth. Whoever does not have anything will not be asked for anything unless he bring it voluntarily.

Whoever has already paid zakat does not have to anything more until this time next year, Ibrâheem ibn Saad said: think he meant the month of Ramadan's Abu ' ubayd said: In some reports it says that the month meant by Usman was Muharram by saying this, Usman confirmed the following principles: Hazrat Usman called on people to calculate to first calculate then pay the amount of Zakat due on them to promote and encourage to pay of their debts to the creditor so to make it easy for the calculation of the wealth subject to Zakat.

Hazrat Usman RA said: The one who does not have anything will not be asked unless brought voluntarily, hence opening the doors for voluntary giving and sharing, especially for people who wanted to contribute to the Bayt al-mal. Uthman would have left those who owned gold and silver to pay zakat on wealth that is an invisible kind of wealth, namely gold, silver and trade goods, and he would not accept it from them unless they brought it voluntarily.

According to Hazrat Usman, on such a credit that is lend out but can be reversed on the lender's demand then on such a loan Zakat can be taken. Borrowing money from the zakat fund and spending it on the public interest Hazrat Usman RA took money from the funds of Zakat and invested and spent on the war and military purposes such as Jihad yet he did payed it back because he was liable to do so. Usman set a new precedent by spending it to providing eatables to masjids during Ramadan especially for people sitting in I'tikaaf.

Creating inns with Zakat funds

Hazrat Usman RA devised Zakat amount collected to develop some houses as inns where strangers i. e. people who had no place to have some shelter to come and stay. For every Slave a stipend from Bayt al-mal Hazrat Usman being lenient and soft hearted, brought a reform for the enslaved people i. e. other than their wages and money from their master they will also be given a portion of money from the Bayt al-mal i. e. from the remaining of wealth on 3 days every month so they could also have extra money for help.

The division of booty of war

As a result in the victory or success of the war the Bayt al-mal was replenished and increased, by khums and Jizyah from the non-Muslims who didn't want to fight yet keep their religion. Allah permitted war booty to the Muslims, four-fifths of which were distributed among the conquerors and the other fifth of which was paid to the Bayt al-mal of the Muslim. There follow some of the issues that arose as the result of implementing the public financial policy at the time of ' Usman ibn ' Affan with regard to the khums (one-fifth) of the war booty acquired by means of the conquests: There were then the valuation of the booty and its share in the Bayt al-mal in one of the contributions of Hazrat Usman, which was done in accordance of the following Quranic verses: Which is one fifth to Allah, His messenger and his near relatives. The remaining four fifth $\frac{4}{5}$ of the booty were distributed to conqueror, where 3 shares for every horseman and his horse, and one for every soldier on foot.

The one fifth which was spent on the name and path of Allah, His Messenger, near relatives, orphans, Al-Masakeen, the wayfarers etc. was used by Hz. Usman to be spent upon horses and weapons.

Success of the financial policy in financing the Islamic battles

Financial Policies designed by Hazrat Usman were fruitful answers and results they gave the expected output as expected from them, whether it be financing the battle or the results of these achievements to be battles. The results were in lined with Hazrat Usman's expectations. The financial sources by the booty of the conquests contributed to the Bayt al-mal providing its share other than what contributed to the Bayt al-mal was different other sources of income like Usher, Zakat, Jizyah and kharaj. Usher being Zakat on agricultural land, Jizyah being the tax collected from the Non-Muslims, Kharaj being the tax from the revenue on the agricultural land and Zakat being a pillar of Islam the tax collected from all the Muslims subjected to pay according to the wealth and eligibility.

The financial policies with regards to non-Muslims by Hazrat Usman RA:

1. The ahl al-dhimmah had the contribution in the Bayt al-mal as for established for Muslims by paying their wealth's share in the form of Jizyah tax and were given rights and protection.
2. The segment of the wealth of ahl al-dhimmah was resolute by the load carried by the state if these burdens are increased the Jizyah would increase and vice versa.

3. The ups and downs of in the rate of Jizyah depends upon the sharing the load of the state in
4. Financial matters to maintain the level of Bayt al-maal.

At the time of Hazrat Usman, the principles and rules of Jizyah which were introduced at the time of Hazrat Umar, were refined and implemented. In his tenure, the function of Bayt-ul-mal was to collect Jizyah after valuing it. State's responsibility was to maintain rights and protect the payers of Jizyah. Most of the Jizyah used to come from areas which Muslims had conquered. For example, 800, 000 dirhams came from Azerbaijan and 2520000 dinars came from North Africa. Treaties were also signed between different Muslim rulers and people to ensure peace. For Example, People of Cyprus gave 7000 dinars to Muslims for a peace treaty, People of Jargan used to pay one hundred to three hundred thousand dinars to Saeed Ibn Salih, and there were numerous others.