

Commodities given in Zakat have the same economic value in Islamic Economics

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"بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ"

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Abstract

Zakat plays an essential contribution in the distribution of wealth in Islamic Economy. The current economic reality with the blends of fiat economy inspired from interest rates impacts the pricing of commodities in the free market. This reality has implications on how wealth is distributed among the Muslims. Almost all of the school of thoughts agree that zakat can be given in the form of money equal to the market value of the commodity to be given in Zakat or in any other commodity equal to the value of nisab of commodities on which Zakat is to be given.

Keywords: zakat, Islamic economics, theory of value

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Zakat is to be paid on 10 commodities as mentioned in Table 1, the crops are charged with 7.5% of Zakat, minerals gold and silver and animals like goats/sheep, camels and cows/buffaloes are charged at 1/40 of the rate once they reach the threshold called nisab.

Ruling regarding giving Zakat in money

Among the most school of thoughts, there is a common consensus that zakat can be given in money instead of the commodities. This allows easy transfer of value to the people who have to receive zakat.

(As-Seestani) (p. 401)

(How can I pay zakat on cattle?, n.d.)

The market value of the zakat

Table 2 shows the market value of the commodities. The most recent data for the price of wheat (Statistics, 2019) was available but was not available for the other crop, hence they have been removed them from Table 2.

The value of gold and silver was taken from the open market rate (www.goldprice.org) as of 4th February 2019 and the value of animals were taken from Dawn Newspaper. (Khalique, 2010)

Is the market value of zakat equal to the zakat itself?

The comparison presented in the table below demonstrates that sheep and wheat given in zakat should be equal to one and other but since they have different market values in monetary terms the money given in zakat will not be equal. It is far more convenient for shepherd to pay PKR 2,238 or give zakat in wheat to a needy person than give away a best of his sheep in Zakat which is worth PKR 9,766 without breaking the sharia law. In this case while the zakat given on two commodities is certainly equal but their market value is not.

Similarly, if we consider that market value of the two commodities should be equal, then we would have to give 277.205 kgs of wheat in zakat which is more than 4 times of the amount to be given in zakat.

Zakat Received	Market value	==	Commodity to be exchanged with	Market value
1 Sheep	PKR 9,766	Does not equal in market value but equal in Zakat	63.525 kgs of wheat	PKR 2,238
1 Sheep	PKR 9,766	Equal in market value but not equal in Zakat	277.205 kgs of wheat	PKR 9,766

How can the value of zakat be equal to the zakat itself?

The zakat can be made equal by introducing a unit of currency which standardizes the value of commodities given in zakat as shown in Table 3. If the value of commodities given in zakat is treated as same in terms of market value as well then regardless of commodity is given in zakat the market value of the commodity stays the same.

Zakat Received	Market value	==	Commodity to be exchanged with	Market value
1 Sheep	1 Unit of currency	Does not equal in market value but equal in Zakat	63.525 kgs of wheat	1 Unit of currency

Conclusion

The unit of currency itself is only the enabler of transaction between the commodities of zakat. Thus if a person is given that unit of currency they should be able to get any of the 10 commodities equal to the amount of zakat.

References

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Tables

Table 1: Commodities of Zakat

Commodities	Nisab	Nisab in Metrics	Zakat
Wheat	300 saa'	847 kgs	63.525 kgs
Dates	300 saa'	847 kgs	63.525 kgs
Barley	300 saa'	847 kgs	63.525 kgs
Raisins	300 saa'	847 kgs	63.525 kgs
Gold	20 mithqal	3.456 gms	1.728 gms
Silver	105 mithqal	483.88 gms	12.097 gms
Camel	/ 5 Camels up to 25		1 sheep/ 5 camels
Cow	30		2 nd year (male)
Sheep	40		1

Table 2: Commodities of Zakat and their market value

Commodities	Nisab	Nisab in Metrics	Zakat	Market Value
Wheat	300	847 kgs	63.525 kgs	PKR 2,238
Gold	20 mithqal	3.456 gms	1.728 gms	PKR 10, 208
Silver	105 mithqal	483.88 gms	12.097 gms	PKR 860
Camel	/ 5 Camels up to 25		1 sheep/ 5 camels	PKR 9,766
Cow	30		2 nd year (male)	PKR 32,090
Sheep	40		1	PKR 9,766

Table 3: Commodities of Zakat and their market value in single value currency

Commodities	Nisab	Nisab in Metrics	Zakat	New Currency
Wheat	300	847 kgs	63.525 kgs	1
Gold	20 mithqal	3.456 gms	1.728 gms	1
Silver	105 mithqal	483.88 gms	12.097 gms	1
Camel	/ 5 Camels up to 25		1 sheep/ 5 camels	1
Cow	30		2 nd year (male)	1
Sheep	40		1	1