

Bayt-al-mal/ Bait-ul-Maal

The literal meaning of the Arabic term 'Bayt al Maal' بيت المال means the 'House of Treasury' or the House for Money, i.e. the 'Central Treasury' which an Islamic State establishes to hold the wealth of the nation. It is from this 'Bayt al Maal' or Central Treasury whereby all the zakat, sadaqah, jizya, etc. dues are collected and spent on the running of the state and the spending on the poor and the needy. It is clear that attainment of socio-economic justice is an immediate objective of the Bayt al-Maal. The Bayt al-Maal bears the responsibility of the undertaking of the society's fiscal(Economic) system and welfare provisions

The name Bait-ul-mal was chosen because of its significance as a financial institution in Islam.

The House of Finance :Prophet Muhammad ﷺ, established the common brotherhood of Muslims soon after the Hijrah (migration) to Medina from Makkah. Each resident of Medina became a helper (ansar) to each individual who migrated with Prophet Muhammad ﷺ. The rich Muslims took charge of the poor ones and soon the economic disparity was removed with the interdependency.

Prophet Muhammad ﷺ started the Bait ul Mal (a central financial treasury) after the battle of Badr and the first Mosque, Masjid-e-Nabi (Mosque of Prophet Muhammad ﷺ), which served as the center of collection and distribution for zakat (charitable tax) and sadaqa (additional contributions). In the time of Prophet Muhammad ﷺ there was no permanent Bait-ul-Mal or public treasury. Whatever revenues or other amounts were received were distributed immediately from Masjid-e-Nabi (Mosque of Prophet Muhammad ﷺ). There were no salaries to be paid, and there was no state expenditure. Hence the need for the treasury at public level was not felt. In the time of Abu Bakr Radi Allahu Ta'ala Anhu well there was no treasury. Abu Bakr Radi Allahu Ta'ala Anhu earmarked a house where all money was kept on receipt. As all money was distributed immediately the treasury generally remained locked up. At the time when Abu Bakr Radi Allahu Ta'ala Anhu left this world there was only one dirham in the public treasury.

During Caliphate :During the time of Khalif Umar Radi Allahu Ta'ala Anhu, the Bait ul Mal became larger and it played the role of the Public Exchequer for the entire Islamic State. Umar Radi Allahu Ta'ala Anhu then invented the new system of salary and welfare, etc. For example, the poor or unemployed, could get an amount of money from the Bait ul Mal. Even women, who were either pregnant or nursing and had no one else to take care of them, received a monthly stipend from the Bait ul Mal.

Abu Huraira Radi Allahu Ta'ala Anhu who was the Governor of Bahrain sent a revenue of five hundred thousand dirhams. Umar Radi Allahu Ta'ala Anhu summoned a meeting of his Consultative Assembly and sought the opinion of the Companions about the disposal of the money. Uthman ibn Affan Radi Allahu Ta'ala Anhu advised that the amount should be kept for future needs. Walid bin Hisham Radi Allahu Ta'ala Anhu suggested that like the Byzantines, separate departments of Treasury and Accounts should be set up.

After consulting the Companions Umar Radi Allahu Ta'ala Anhu decided to establish the Central Treasury at Madinah. Abdullah bin Arqam Radi Allahu Ta'ala Anhu was appointed as the Treasury Officer. He was assisted by Abdur Rahman bin Awf Radi Allahu Ta'ala Anhu and Muiqib Radi Allahu Ta'ala Anhu. A separate Accounts Department was also set up and it was required to maintain record of all that was spent. Later provincial treasuries were set up in the provinces. After meeting the local expenditure the provincial treasuries were required to remit the surplus amount to the central treasury at Madinah.

During the Rashidun, various welfare programs were introduced by Caliph Umar Radi Allahu Ta'ala Anhu. In his time, equality was extended to all citizens, even to the caliph Umar Radi Allahu Ta'ala Anhu himself, as Umar Radi Allahu Ta'ala Anhu believed that "no one, no matter how important, should live in a way that would distinguish him from the rest of the people." Umar Radi Allahu Ta'ala Anhu himself lived "a simple life and detached himself from any of the worldly luxuries," like how he often wore "worn-out shoes and was usually clad in patched-up garments," or how he would sleep "on the bare floor of the mosque." Limitations on wealth were also set for governors and officials, who would often be "dismissed if they showed any outward signs of pride or wealth which might distinguish them from the people." This was an early attempt at erasing "class distinctions which might inevitably lead to conflict." Umar Radi Allahu Ta'ala Anhu also made sure that the public treasury was not wasted on "unnecessary luxuries" as he believed that "the money would be better spent if it went towards the welfare of the people rather than towards lifeless bricks."

Umar's (Radi Allahu Ta'ala Anhu) innovative welfare reforms during the Rashidun Caliphate included the introduction of social security. This included unemployment insurance, which did not appear in the Western world until the 19th century. In the Rashidun Caliphate, whenever citizens were injured or lost their ability to work, it became the state's responsibility to make sure that their minimum needs were met, with the unemployed and their families receiving an allowance from the public treasury.

Retirement pensions were provided to elderly people, who had retired and could "count on receiving a stipend from the public treasury." Babies who were abandoned were also taken care of, with one hundred dirhams spent annually on each orphan's development. Umar Radi Allahu Ta'ala Anhu also introduced the concept of public trusteeship and public ownership when he implemented the Waqf, or charitable trust, system, which transferred "wealth from the individual or the few to a social collective

ownership," in order to provide "services to the community at large." For example, Umar Radi Allahu Ta'ala Anhu brought land from the Banu Harithah and converted it into a charitable trust, which meant that "profit and produce from the land went towards benefiting the poor, slaves, and travelers.

During the great famine of 18 AH (638 CE), Umar Radi Allahu Ta'ala Anhu introduced further reforms, such as the introduction of food rationing using coupons, which were given to those in need and could be exchanged for wheat and flour.

Another innovative concept that was introduced was that of a poverty threshold, with efforts made to ensure a minimum standard of living, making sure that no citizen across the empire would suffer from hunger. In order to determine the poverty line, Umar Radi Allahu Ta'ala Anhu ordered an experiment to test how many seers of flour would be required to feed a person for a month. He found that 25 seers of flour could feed 30 people, and so he concluded that 50 seers of flour would be sufficient to feed a person for a month. As a result, he ordered that the poor each receive a food ration of fifty seers of flour per month. In addition, **the poor and disabled were guaranteed cash stipends.** However, in order to avoid some citizens taking advantage of government services, "begging and laziness were not tolerated" and "those who received government benefits were expected to be contributing members in the community.

Wallahu álam (Allah Knows best)