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**ECONOMIC DEVELOPMENT IN THE ERA OF ḤAZRAT ‘UMAR
‘IBN KHATTAB RA: AN ILLUMINATION FOR THE
CONTEMPORARY AGE**

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Abstract: Ḥazrat ‘Umar ‘ibn Khattab RA was the second rightly guided Caliph of Islam. He was one of the extraordinary personalities in the history of Islam. He was the greatest man of all time, a benevolent administrator, a great conqueror, a just ruler, and a founder of the Muslim empire. The highlight of his financial policy and reforms is establishing a Diwan, refining the functionalities of the State’s treasury also known as Bait-ul-Maal. Ensuring effective tax imposition, maintaining records of beneficiaries and taxpayers, collection of Zakat, Khiraj, Jizya, Ushr, war booty, and systematic disbursements of all collected funds. Reforming the entire framework of the economy and dealing with the opposition arising after passing any new legislation in the finance department. This article explores in-depth the entire monetary structure in the Caliphate of Ḥazrat ‘Umar ‘ibn Khattab RA.

Keywords: Umar, Wealth, Economy, Zakat, Khiraj, Ushr, Divan, Bait-ul-Maal, Stipends, Expenditure, Treasury.

Introduction

Ḥazrat 'Umar 'ibn Khattab RA was sympathetic and kind to the poor and oppressed, and yet inspired awe and terror among his people and enemies alike. The awe and fear that he commanded was because of his high moral character. He was in fact an embodiment of the virtues of Islam. The Holy Prophet Muḥammad ﷺ is reported to have said once that if there would have been a prophet after him it would have been Ḥazrat 'Umar 'ibn Khattab RA. Ḥazrat 'Umar 'ibn Khattab RA was born in Makkah, twelve or thirteen years after Holy Prophet Muḥammad ﷺ's birth. Ḥazrat 'Umar 'ibn Khattab RA was a learnt, well-educated, strong, and influential person, fond of archery, horse-riding, and wrestling. He was a successful trader and had visited various countries on business trips. Ḥazrat 'Umar 'ibn Khattab RA was an idol-worshipper and had turned against the Holy Prophet Muḥammad ﷺ when he preached Islam. He became a dire enemy of Islam, and in 6th year of Prophethood, he was on a mission to assassinate the Holy Prophet Muḥammad ﷺ, when he heard of his sister accepting Islam, and turned to her house enraged. He heard her reciting the verses of Holy Quran, which softened his heart. He went to the Holy Prophet Muḥammad ﷺ and embraced Islam. His acceptance brought strength to Islam; in fact, his conversion was a result of Holy Prophet Muḥammad ﷺ's prayer to Almighty 'Allāh to strengthen Islam through Ḥazrat 'Umar 'ibn Khattab RA . He became the most devoted follower of Islam, and even after prophet's demise, remained loyal to Abubakar during his caliphate.

In 13 AH, Abu Bakar died in Madinah at the age of 63. Before his death, he appointed Hazrat 'Umar 'ibn Khattab RA as the successor to Caliphate. Under his rule, the Islamic state expanded out and beyond. His military campaigns resulted in conquest of various nations and two-thirds of the Byzantine Empire. Ḥazrat 'Umar 'ibn Khattab RA's rule of 10 years established Islam as an international power and Muslims as a dominant nation. More than victories, he organized the system of government. It would not be wrong to say that a formal system of government and empire began in his time. He set up several sections and administrative departments to run the system of management and appoint supervisors over all of them. He used to hold them accountable after their appointments. Many non-Muslims could not live without praising him on the golden and glorious era of his caliphate. The Credit for raising the coin of Islam's glory all over the world goes to Ḥazrat 'Umar 'ibn Khattab RA .

In the era of Ḥazrat 'Umar 'ibn Khattab RA, wealth was viewed with a spirit of faith, as a belonging of Almighty 'Allāh, given to man for his usage.

Almighty 'Allāh states: "O you who believe, spend from what we have given to you."¹ The Islamic state under Ḥazrat 'Umar 'ibn Khattab RA had expanded and many nations came under his rule. Hence, sources of revenue of the state increased, and so Ḥazrat 'Umar 'ibn Khattab RA was always busy in organization and development of financial sectors, incomes, and expenditures, according to Shariah. Ḥazrat 'Umar 'ibn Khattab RA was an ideal personality, to enable effective implementation of Quran and Sunnah. He was also very particular regarding affairs of Muslims and put the public before himself.

The State's Revenue During the Era of Ḥazrat 'Umar 'ibn Khattab RA

Zakat is an important pillar of Islam, which ensures a healthy flow of wealth in a society through a well-known curriculum, taken from agriculture, gold, silver, goods, trade, and livestock, from rich to poor Muslims. Ḥazrat 'Umar 'ibn Khattab RA, following the way of the Holy Prophet Muḥammad ﷺ and Abu Bakr, established a separate institution of zakat; workers and experts were appointed, wealth was collected in Bait-ul-Maal, and effective distribution was ensured. It is reported that people of Syria came to Ḥazrat 'Umar 'ibn Khattab RA and said, "we have a lot of property in the form of horses and slaves. We want zakat to be collected from us so that this act becomes a source of purity for us." To which he replied, "What my two companions did before me I will do the same." And they gave the zakat.² He fixed Zakat on horses and slaves, 10 dirhams on Arab horses, 5 on non-Arab ones, and 10 dirhams on slaves, but not on horses used for jihad or serving slaves. If their owners did pay Zakat, they were given two sacks of grains after every two months. It was so, as the Holy Prophet Muḥammad ﷺ said: "A Muslim is not obliged to pay zakat on his horses or slaves." Ḥazrat 'Umar 'ibn Khattab RA used to collect Ushr as zakat from lands irrigated by rains and rivers. Twentieth part was taken from them, according to Sunnah.³ There were many other measures as well which were adopted for collection of Zakat according to Shariah.

"Fight those who do not believe in Almighty 'Allāh or in the Last Day and who do not consider unlawful what Almighty 'Allāh and His Messenger have made unlawful and who do not adopt the religion of truth from those who were given the Scripture - [fight] until they give the Jizyah willingly while they are humbled."⁴ Jizyah is a tax collected in exchange for

¹ Surah al-Baqarah 2:254

² Musnad Ahmad, 14/1, Ḥadīth 82

³ Muḥannaḥ 'Abd al-Razzāq 134/4

⁴ Surah at-Tawbah 9:29

protection and defense of non-Muslim dhimmis.⁵ Many rulings and laws which exist, are derived from Quran and Sunnah, and practices of Caliphs, including Ḥazrat ‘Umar ‘ibn Khattab RA. He established through consensus, that Jizyah was obligatory on free man, even if he is paralyzed physically, or blind, however does not apply to women, slaves, and children as they are dependents, and it ceases after death. It was also decided that Jizyah would be waived from extremely poor,⁶ like he did for a blind hew who was begging on streets, and even fixed a monthly stipend for him,⁷ that Jizyah would not be taken from a Muslim convert, in the year that he becomes Muslim, as Jizyah was stipulated to be paid at the end of the agricultural year. In fact, if Jizyah is received from someone and he converts to Islam, Jizyah should be returned to him.⁸ In one instance, Roman were gathering and Muslim victory was in doubt, so they returned Jizyah back to people, saying that they won’t be able to fulfill their commitment, but in case help of Almighty ‘Allāh arrives and they succeed, Jizya will be taken as per norm.⁹ There was no fixed amount for Jizyah, in fact Ijtihad was done on the financial conditions of individuals, 48 dirhams or 20 dirhams were fixed for Iraq, 4 dinars in Syria, 40 dirhams for silver smiths, and so on.¹⁰ The payment of Jizyah showed people’s sincerity towards the state, and their obedience and acceptance to laws cheerfully.

Christians of Banu Taghlib, from Arab Peninsula, refused to pay Jizyah, as they deemed it as insulting, they approached Ḥazrat ‘Umar ‘ibn Khattab RA and expressed their feelings to which Ḥazrat ‘Umar ‘ibn Khattab RA replied, “Pay the jizya.” They responded by demanding security without Jizyah payment, otherwise threatened to flee to Byzantines. Ḥazrat ‘Umar ‘ibn Khattab RA threatened them in return, dispelling their arrogance, and they agreed to pay Jizyah, yet only insisted to not call it Jizyah. Hazrat Ali intervened, and suggested double the Zakat to be taken from them as Saad bin Abi Waqas had done with others like them. Ḥazrat ‘Umar ‘ibn Khattab RA accepted, to prevent them from joining enemies and to serve public interest. This is an exceptionally good example of tactical approach of Umer, of how to deal with arrogant people, yet still ensuring Shariah implementation. There is a debate whether it was Jizya or Zakat. It was Jizyah in the sense that it was disposed off like Khiraj, and Zakat is not

⁵ Al-Siyāsah al-Shar‘īyah li Ibn Taymiyyah, pp. 113-114

⁶ Ahl al-Dhimmah fi al-Ḥaqārah al-Islāmiyyah, p. 42

⁷ Mawsū‘ah Fiqh ‘Umar, p. 239

⁸ Mawsū‘ah Fiqh ‘Umar ibn al-Khaṭṭāb, p. 239

⁹ Futūḥ al-Buldān, p. 143

¹⁰ Dawr al-Ḥijā z fi al-Ḥayā t al-Siyā siyyah, p. 230

taken from Non Muslims, however it was imposed on same things Zakat is imposed on. Nevertheless, it was a tax to show submission to Islamic state.¹¹

Khiraj is the income from lands that Muslims conquered by force, and then ruler had left for Muslims to earn from it in perpetuity. Ḥazrat ‘Umar ‘ibn Khattab RA did this with the land of As-Sawad in Iraq and Syria.¹² Islam grew strong through conquests, especially after defeats of superpowers, Persia, and Byzantine, hence sources of income increased. To maintain integrity of such a vast state, fixed and regular income was needed, this income was Khiraj. Know that whatever spoils you take, one-fifth is for Almighty ‘Allāh and the Messenger, his close relatives, orphans, the poor, and ‘needy’ travelers, if you ‘truly’ believe in Almighty ‘Allāh and what We revealed to Our servant on that decisive day when the two armies met ‘at Badr’. And Almighty ‘Allāh is Most Capable of everything. (8:41)

Ḥazrat ‘Umar ‘ibn Khattab RA wanted to divide the land among conquerors, but Hazrat Ali insisted that it should not be divided. Mua’dh Ibn Jabal agreed and drew Ḥazrat ‘Umar ‘ibn Khattab RA’s attention to the consequences of this decision on future generations.¹³ Ḥazrat ‘Umar ‘ibn Khattab RA studied the matter in detail, and it became clear to him. He decided not to divide the land, however a dispute arose, and people objected that land should be divided, as war booty was divided, and Holy Prophet Muḥammad ﷺ divided Khaybar. Ḥazrat ‘Umar ‘ibn Khattab RA gave reference to verses of Surah Al Hashar, (59:6-10) where distribution of war booty is mentioned and the reason given for distribution is mentioned, that is, “so that wealth may not merely circulate among your rich”. It was a fear of Ḥazrat ‘Umar ‘ibn Khattab RA that the conquerors might become strong over the generations and a feudal system may take shape, and the Islamic state would be divided internally to avoid which Ḥazrat ‘Umar ‘ibn Khattab RA decided not to distribute the land. The Holy Prophet Muḥammad ﷺ did divide the land of Khaybar; however, he did not do so with Makkah, which shows it is permissible not obligatory. Ḥazrat ‘Umar ‘ibn Khattab RA insisted that dividing the land among conquerors was not a good scheme, instead the earning from these lands should be used to guard borders and keep the Islamic Empire intact.¹⁴ Ḥazrat ‘Umar ‘ibn Khattab RA’s style of argument with the Sahaba shows how he presented his opinion strongly, amplifying it with evidence, and preferred softening hearts of his opponents.

¹¹ Tā rī kh al-Ṭ abarī 30/5, ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 167

¹² Al-Kharā j li Abī Yū suf, pp. 24-25

¹³ Siyā sat al-Mā l fi al-Islā m, p. 103

¹⁴ Al-Kharā j li Abī Yū suf, p. 67

He was an expert in words, yet not a crafty politician, but an excellent economist and policy maker.¹⁵

Ushr is the trade tax collected from traders entering or exiting Islamic state. The person collecting it was called Asher.¹⁶ This tax did not exist in the time of Holy Prophet Muḥammad ﷺ or Abu Bakr, however in Ḥazrat ‘Umar ‘ibn Khattab RA’s era, relations with neighboring countries increased, and many wanted to establish commercial ties with the Islamic State, so Ushr was initiated for public expediency.¹⁷ The people living beyond the sea of Aden offered Ḥazrat ‘Umar ‘ibn Khattab RA to let them bring their goods for trade and receive ushr from them in return, to which Ḥazrat ‘Umar ‘ibn Khattab RA agreed after consultation with companions. Before implementing Ushr, Ḥazrat ‘Umar ‘ibn Khattab RA inquired from Muslim traders regarding amount of money they get charged with when they enter territories of non-Muslims territories. They replied, Ushr or tenth of their wealth is taken to which Ḥazrat ‘Umar ‘ibn Khattab RA said: “take from them what they take from you.”¹⁸ Henceforth, some rules were established regarding Ushr payment. One tenth was collected from Harbi (A person who is not a Muslim and does not live under the condition of the dhimmanon-Muslims under Muslim rule), one twentieth from dhimmis, for Muslims, 1 dirham for every 40 dirhams, if entire wealth is less than 200 dirhams, then nothing is taken. Five dirhams for 200 dirhams exactly, for more, same proportions as mentioned earlier.¹⁹ 40th to be collected from Muslims according to Shariah and 20th from responsible traders. The Asher’s wages and expenses were fixed from the wealth that used to receive. Ḥazrat ‘Umar ‘ibn Khattab RA determined minimum limit of collection of Ushr from merchants. If the Muslim are dhimmi merchants had wealth remaining and its value had not increased, Ushr was not collected from them again until a year had passed. During the year, nothing was taken from them despite their constant coming and going of wealth. Ḥazrat ‘Umar ‘ibn Khattab RA treated the people of war or harb equally in the commercial sector. If he had collected more taxes from the Muslim merchants, he would collect more taxes from ahl e harb as well. If he had been lenient with the Muslim merchants and exempted them from taxes, the people of harb would be treated with the same leniency and tax exemption.²⁰ Whenever Muslims needed a particular food item or a

¹⁵ Akhbār ‘Umar, p. 210

¹⁶ Al-Kharāj li Abī Yūsuf, p. 271

¹⁷ Siyāsat al-Māli fi al-Islām, p. 128

¹⁸ Mawsū‘ah Fiqh ‘Umar ibn al-Khaṭṭāb, p. 651

¹⁹ Al-Kharāj li Abī Yūsuf, pp. 145-146 & Siyāsat al-Māli, p. 128

²⁰ Siyāsat al-Māli fi al-Islām, p. 132

commodity, Ḥazrat ‘Umar’ ibn Khattab RA would give tax concessions to the coming traders or wave of their taxes and make sure that the required item was available in abundance. In this regard, he increased the rate of collection of commercial tax from the people of harb to 20%, as there was a need for oil and wheat. It is said that once he imported food grains in Hijaz and the tax was waived.²¹ These higher regulations proved to be beneficial economically for the Islamic state it opened doors to trade and huge income increasing trade relations and improving import and export. Commercial activities increased at the ports of Islamic regions and the Arabian Peninsula.

Maal e Fay is said to be any property which the Muslims acquire without fighting with the nonbelievers, without using their horses or camels. 1/5 of this property belongs to the deserving beneficiaries.²² Mal e Ghanemat or war booty refers to the wealth that Muslims get after victory of a war. During the caliphate of Ḥazrat ‘Umar’ ibn Khattab RA more war booty was obtained because of abundance of conquests, hence areas were most developed economically. Iranians and Roman commanders used to come out in full glory and splendor when they went into the war field, this can be inferred when these commanders were killed by the Muslims in battlefields; each commander’s personal equipment and weapons were worth from 15,000 to 30,000 dirhams.²³ Muslims seized valuable property in war booty; an example is a 3600 square meter carpet made entirely of gold. It was sold for 20,000 dirhams. The biggest and most valuable property received as war booty was the conquered lands. The grains from captured lands produced an income of 70 million dirhams. The wealth received from these conquered territories was endless; the economy of the Islamic state and the Muslims prospered.

The State's Expenditures During the Era of Ḥazrat ‘Umar’ ibn Khattab RA

Stipends for the caliph were included in these expenses. Ḥazrat ‘Umar’ ibn Khattab RA either received 5000 or 6000 dirhams annually as reported by different traditions. Ḥazrat ‘Umar’ ibn Khattab RA appointed a visionary and just administrator in every region called the “Wali”. With every ‘Amil’ that he appointed, a Zakat and jizya collector, a Qazi, a Katib and a Khiraj collector were also appointed. The Amil appointed for Salah and war was called Ameer. There was another Amil for managing wealth, businesses,

²¹ Siyā sat al-Mā l fi al-Islā m, p. 133

²² Tā ri kh al-Da’ wah al-Islā miyyah by Dr. Jā mil ‘ Abdullah Miṣ rī , p. 322

²³ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 188

and profit collection and another one for land measurement, taxes, and census. All these workers were wise and experienced, and they were given their pay according to their position and nature of work. He considered the proximity to center, prosperity, inflation, and other factors regarding the area in mind when appointing officials and fixing their salaries.²⁴ A portion of these funds was spent on the military. Ḥazrat ‘Umar ‘ibn Khattab RA prioritized the Islamic forces. He established a separate Divan and department for them. Grants were distributed based on closeness to the Holy Prophet Muḥammad ﷺ and acceptance of Islam.²⁵ Muslims were divided into classes and prioritized based on their participation in jihad. First were the people of Badr, then those who participated in battles from Badr to Hudaibiyah, followed by those from Hudaibiyah to the Apostates and so on. All these were given stipends respectively. Then there were stipends fixed for the wives and children of Mujahideen. The minimum stipend was 100 dirhams, there were stipends for teenage boys and orphans and after their puberty, the amount increased.²⁶ The people who participated in the Treaty of Hudaibiyah were given 3000 annually.²⁷ The Muhajireen and Ansar were also given stipends; initially 4000 dirhams per year, later increased to 5000 dirhams per person annually. His own son received a stipend of 3500 dirhams per year. The reason for giving him less amount of money was that he migrated with his father.²⁸ There were scholarships fixed for newborns; 100 dirhams were given to every newborn. Initially it was given after weaning but later it was fixed from the day of birth. The other recipients of scholarships included the family of the Holy Prophet Muḥammad ﷺ - Ahl e Bayt or the Banu Hashim. Hazrat Abbas was responsible for distributing the shares among Banu Hashim. The wives of the Holy Prophet Muḥammad ﷺ received separate monthly stipends. It was initially 10,000 dirhams annually, but it later increased to 12,000. However, Hazrat Maimuna, Hazrat Safia and Hazrat Javeria received 6000, to which Hazrat Aisha objected, and Ḥazrat ‘Umar ‘ibn Khattab RA respected her opinion and gave equal stipends to all. The slaves were given 1000 to 2000 dirhams.²⁹ Ḥazrat ‘Umar ‘ibn Khattab RA set higher stipends for respectable heads of the nations. Harmazan received 2000 dirhams upon becoming Muslim. There were additional provisions as well; one wheat per year was given to certain individuals. Ḥazrat ‘Umar ‘ibn Khattab RA

²⁴ Siyā sat al-Mā l fī al-Islā m, p. 198

²⁵ Al-Aḥ kā m al-Sult ā niyyah, p. 227 & Siyā sat al-Mā l, p. 119

²⁶ Al-Ṭ abaqā t al-Kubrā li Ibn Sa’ d 301/3

²⁷ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 215

²⁸ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 214

²⁹ Ṭ ā rī kh al-Ya’ qū bī , 2/153-154

believed that every Muslim had a right to the wealth of the Islamic state from birth to death. Although equal shares were intended, exceptions were made for slaves, the relatives of Holy Prophet Muḥammad ﷺ, Muhajir, Ansar and companions were prioritized in wealth distribution. The reason for prioritizing them was that these people were strict adherents of Qudsiya, Fiqh, Sharia and its objectives. They were very sober and pious and had a great ability to spend wealth for proper consumption such as to promote higher social standards. Ḥazrat ‘Umar ‘ibn Khattab RA strengthened this particular Holy class economically so that it could play an effective role in society and fulfill the duty of “امر بالمعروف و نهى عن المنكر” (spreading goodness and forbidding evil). Towards the end of his caliphate, Ḥazrat ‘Umar ‘ibn Khattab RA expressed the intention to make everyone's status equal.³⁰ He considered himself the treasurer and distributor of public wealth appointed by Almighty ‘Allāh, emphasizing Almighty ‘Allāh's role in its division.³¹

“Know that whatever spoils you take, one-fifth is for Almighty ‘Allāh and the Messenger, his close relatives, orphans, the poor, and ‘needy’ travelers, if you ‘truly’ believe in Almighty ‘Allāh and what We revealed to Our servant on that decisive day when the two armies met ‘at Badr’.”³² 1/5 of the booty is allocated to Almighty ‘Allāh and the Messenger. The remaining four parts are divided among the warriors. Three of these parts go to horsemen and one part to infantry.³³ There is a special part for the Holy Prophet Muḥammad’s ﷺ loved ones and wives. There is a second part for Banu Hashim or Banu Abdul Mutalib. After the Holy Prophet Muḥammad’s ﷺ death, scholars debate whether the special parts for the Holy Prophet Muḥammad’s ﷺ relatives continue. Some believe that it goes to the caliph and the second part to the relatives of the new caliph. However, consensus suggests using these parts for jihadi needs and Muslim welfare.³⁴ Three sections are reserved for the poor, needy and travelers. These sections remained unchanged during the caliphate.³⁵ Ḥazrat ‘Umar ‘ibn Khattab RA was very cautious with wealth and transparency to public regarding assets. He is reported to have said: “Oh people! I tell you clearly what is lawful for me from the wealth of Almighty ‘Allāh. One winter pair and one summer pair, a ride for Hajj and Umrah, food for my family equal to a Qureshi who is neither too rich nor too poor. I am a member of the Muslims so mine

³⁰ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 216

³¹ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 216

³² Surah Anfāl, 41:8

³³ Al-Kharā j li Abī Yū suf, p. 22

³⁴ Al-Kharā j li Abī Yū suf, p. 22

³⁵ Siyā sat al-Mā l fi al-Islā m, pp. 205-206

needs are the same as that of all Muslims.”³⁶ Hazrat ‘Umar ‘ibn Khattab RA was deeply moved by the wealth obtained after the conquests of Persia and Jalula. On occasion of receiving wealth at Jalula’s conquest, Abdul Rahman bin Auf Ali said: “This is a place of gratitude and an event of happiness,” to which Hazrat ‘Umar ‘ibn Khattab RA replied: “Not at all, this is the wealth of the world due to this (wealth), feelings of enmity and hatred arise between nations.”³⁷ He then recited the verses of Surah al Imran (14:3) after conquest in Jalula and a prayer. He prayed for guidance in using wealth appropriately and sought refuge from evil.³⁸

Salient aspects of Economic Development

1. Record of treasury and government affairs

Bait-ul-Maal refers to the place where all the revenue and income generated of the state is collected. And from that wealth all the government expenses, salaries of the Caliph, army, judges, and workers are paid, and all other expenses of the public welfare programs are met.³⁹ Divan refers to the registers and papers in which the affairs of the state are recorded. During the blessed time of Holy Prophet Muḥammad ﷺ, wealth was distributed among the needy. The same system was practiced during the time of Hazrat ‘Umar ‘ibn Khattab RA, but as the empire and wealth had expanded there was a need for a department where official records should be kept and financed properly. A need for transparency and accountability of the state wealth and its distribution arose. Abu Huraira came from Bahrain with 500,000 dirhams Umar RA was very surprised and asked if that was all pure wealth. The Iranian commander explained about the divan and its significance to Hazrat ‘Umar ‘ibn Khattab RA. Hazrat ‘Umar ‘ibn Khattab RA was willing to establish a divan in need of an organized administration. Hazrat ‘Umar ‘ibn Khattab RA adopted a different method than that of Abu Bakar. Abu Bakar used to divide wealth among people equally, whereas Hazrat ‘Umar ‘ibn Khattab RA prioritized people who achieved excellence in jihad, helped the messenger of Almighty ‘Allāh and took lead in accepting Islam.⁴⁰ Hazrat ‘Umar ‘ibn Khattab RA became the first Caliph to set records officially which was known as “Divan”.⁴¹ Youth of Quraish were given the task to write the names of the people according to their ranks. They first wrote the names of Banu Hashim and then Abu Bakar and so on.

³⁶ Tā rī kh al-Madī nah li Ibn Shibah 698/2

³⁷ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 217

³⁸ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 217

³⁹ Siyā sat al-Mā l fi al-Islā m, p. 155

⁴⁰ Siyā sat al-Mā l fi al-Islā m, p. 159

⁴¹ Siyā sat al-Mā l fi al-Islā m, p. 157

When they presented the list to Ḥazrat ‘Umar ‘ibn Khattab RA, he was not satisfied. He asked them to first write the names of the wives, relatives and closest to Holy Prophet Muḥammad ﷺ. He himself founded the Divan and entered the names of recipients of scholarships and details of their scholarships. He hired experts, eloquent Qureshi people for the preparation of divan. Divan was written in Arabic language. The Divan helped Ḥazrat ‘Umar ‘ibn Khattab RA to centralize the collection and distribution of taxes and revenues, maintain the records of landowners and ensure fairness efficiency and accountability in government.

2. Distribution of wealth

Hazrat Umar RA himself organized the expenditure of the State’s treasury known as Baitul-Maal, in such a way that each citizen of the State had share in it. The main sources of income of State included Zakat, Jizyah, Khiraj, Ushr and War booty. The disbursements of each one of them were determined precisely in the light of Quran and Sunnah.⁴² The Quran itself determines the eight disbursements of Zakat.⁴³ “Alms-tax is only for the poor and the needy, for those employed to administer it, for those whose hearts are attracted ‘to the faith’, for ‘freeing’ slaves, for those in debt, for Almighty ‘Allāh’s cause, and for ‘needy’ travelers. ‘This is’ an obligation from Almighty ‘Allāh. And Almighty ‘Allāh is All-Knowing, All-Wise.”

The poor and the needy were given money in an amount, with which their need ended, and they were happy.⁴⁴ Ḥazrat ‘Umar ‘ibn Khattab RA said, “When you give someone, make him prosperous.”⁴⁵ And this was a very good strategy to give the suffering more wealth than they needed; it could potentially generate a source of income for the unemployed and served as a favour to perpetually poor and sick people. Stipends were fixed from the wealth of Zakat for the people of the Book, whose Jizyah had been waived off due to poverty.⁴⁶ The next class of receivers of Zakat were the Zakat Administrators. These officials had various responsibilities in coordinating the system of Zakat, including registering names and incomes of those who owe Zakat, and determining the needs of the beneficiaries. All matters in this domain needed to be recorded in detail by members of Zakat committee. This required experienced people with special skills, so workforce was recruited on salaries fixed from the wealth of Zakat.⁴⁷ Zakat

⁴² Siyā sat al-Mā l fi al-Islā m, p. 169

⁴³ Surah Tauba 9:60

⁴⁴ Siyā sat al-Mā l, p. 171

⁴⁵ Siyā sat al-Mā l, p. 171

⁴⁶ Siyā sat al-Mā l, p. 172

⁴⁷ Siyā sat al-Mā l, p. 173

was also used to liberate slaves and captives and help debtors get rid of their debts for the sake of Almighty 'Allāh. In Islam travelers are given special consideration and they are also given a fixed share from the wealth of zakat. During the time of the Holy Prophet Muḥammad ﷺ and early caliphs, travelers were treated with exemplary kindness. Ḥazrat 'Umar 'ibn Khattab RA established a separate warehouse for travelers, called "Dār al-Ḍuyūf" in which flour, dates, Satu and all other essentials required were provided. Provision of food and drink was also made for travelers, guests and anyone who was present in the service of the Muslim Caliph. Special sites were allocated providing water to the passengers which changed locations as per requirement. Another class mentioned in the Quran that is worthy of receiving zakat was for Taalif-e-Qalb. Zakat to this class was suspended by Ḥazrat Umar RA.⁴⁸ Anti-Islamic and some Muslim groups referred to this abolition by Omer as him suspending the order of Quran however this is devoid of truth as he did so because of specific reason and wisdom. In his era, Islam was powerful and dominant as compared to Islam in the early era when it was weak. Many nations had now accepted Islam and Islam gained strength. Ḥazrat 'Umar 'ibn Khattab RA considered the real reason for commandment of Quran, he didn't just look at the Quranic text superficially. This portion of the zakat was specified to encourage Arab chieftains towards Islam so that Islam could gain power and the new Muslims could stay steadfast on their religion, but now that Islam was strong and respectable, it was humiliating to give money for Taalif e Qalb, hence when the basis of the order was over, Umer discontinued it.⁴⁹ In present times different forms of Taalif e Qalb can be used.⁵⁰ Ḥazrat Ḥazrat 'Umar 'ibn Khattab RA established a separate department called "Divan e Zakat" in "Dar ul Khalifa". This department was responsible for managing the Zakat affairs. It had branches spread throughout the Islamic Kingdom, ensuring a comprehensive and organized implementation of the zakat system. The system required finding eligible recipients, verifying their conditions, and registering them in every city. Records were then sent to the central state authority for safekeeping.

3. Issuance of Islamic currency

Initially the Islamic state continued to use the same currency that was prevalent before the advent of Islam these coins featured carvings representing various civilizations including Heraclius, Kasravi and Christian symbols. There was a fire symbol as well. Ḥazrat 'Umar 'ibn

⁴⁸ ' Aṣ r al-Khilā fah al-Rā shidah, p. 202

⁴⁹ Siyā sat al-Mā l fi al-Islā m, pp. 177-178

⁵⁰ Siyā sat al-Mā l fi al-Islā m, p. 175

Khattab RA maintained this currency during his reign exactly how it was used during the time of Holy Prophet Muḥammad ﷺ and Abu Bakar.⁵¹ Ḥazrat ‘Umar ‘ibn Khattab RA added the word “permissible” to the coins to distinguish them from counterfeit ones.⁵² He became the first person to issue gold and silver coins known as Sharia dirhams. The value of these coins was determined, and they became the official currency of the Islamic state. In 18 Hijri (738 CE) Ḥazrat ‘Umar ‘ibn Khattab RA introduced a new style of currency known as the Kiswani style. Some coins were inscribed with Alhamdulillah (praise be to Almighty ‘Allāh) while others had La ilaha illa Allāh (there is no God but Almighty ‘Allāh). The name of the caliph was also written on one side of the coins during Ḥazrat ‘Umar ‘ibn Khattab RA's time.⁵³ Umer's attention to Islamic currency addressed a crucial need for social and economic life among Muslims. His successors continue to adapt the currency system according to the changing needs of the time.

4. Allotment of land

Abu Bakar had followed the example set by Holy Prophet Muḥammad ﷺ in his era. He allotted a barren piece of land between Jarf and Qanaa to Zubair bin Awwam.⁵⁴ The land in Yamama was given to Muja’ah bin Marara Hanafi for cultivation. Abu Bakar intended to give a piece of barren land to Eidina bin Hisn Fazari and Iqra bin Habs Tamimi. On the advice of Ḥazrat ‘Umar ‘ibn Khattab RA, he changed his mind to make this allotment. Umer's point of view was that Islam no longer need a compiled heart or required charity based land allotment. He encouraged people to earn a living through hard work rather than relying solely on land grants.⁵⁵ Ḥazrat ‘Umar ‘ibn Khattab RA considered the issue of compiled heart unnecessary. Following the example of Holy Prophet Muḥammad ﷺ, Umar RA personally allotted land to people. He emphasized that anyone who made barren land useful would have the right to own it.⁵⁶ If someone failed to make the allotted land productive, Ḥazrat ‘Umar ‘ibn Khattab RA would cancel the grant and reclaim the land. Some sources suggest that he imposed a fixed period; possibly three years, for land development. Although in specific instances Umar RA allotted land. Khawat bin Jubeer received barren land from Umar RA.⁵⁷ Zubair bin Awwam was given the land of

⁵¹ Al-Idā rah al-Islā miyyah fī ‘ Ahd ‘ Umar ibn al-Khaṭ ṭ ā b, p. 364

⁵² Al-Idā rah al-Islā miyyah fī ‘ Ahd ‘ Umar ibn al-Khaṭ ṭ ā b, p. 366

⁵³ Shudhū dh al-‘ Uqū d fī Dhikr al-Naqū d, pp. 31-33

⁵⁴ Al-Ṭ abaqā t al-Kubrā 104/3 (Ṣ aḥ ī ḥ tradition) & ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 220

⁵⁵ Ṭ ā rī kh al-Ṣ aghī r li al-Bukhā rī 81/1 & ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 221

⁵⁶ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 221

⁵⁷ ‘ Aṣ r al-Khilā fah al-Rā shidah, p. 221

“Aqeeq”. Hazrat Ali was given the land of “Yanba’a”. The land resulted in abundant water. It was donated to the poor as charity. According to some Zaef Hadis, some companions were allotted land by Umar RA.⁵⁸

Conclusion

The Caliphate of Hazrat ‘Umar ‘ibn Khattab RA was a ‘Golden Economic Era’ in the history of Muslims. The entire fiscal structure was established based on Shariah, incorporating every minute detail in the light of Quran and Sunnah. Hazrat ‘Umar ‘ibn Khattab RA consulted companions and experts of Sharia and performed Ijtihad before implementing any new order or in perplex matters, where any unconventional situation arose. His ultimate effort was to ensure that any governmental and financial matters were dealt with Islamic teachings and perspective. Taxation system in Hazrat ‘Umar ‘ibn Khattab RA’s era was very fool proof and extensive. The financial framework was designed in such a way, that the Islamic empire was able to generate its own revenue and be self-sufficient economically. All the resultant generated wealth was distributed systematically to the entire population, catering rights of every citizen, Muslim or non-Muslim, rich or poor, man or woman, infant or adult. The taxes, unlike in the modern era, were spent on public welfare. Hazrat ‘Umar ‘ibn Khattab RA’s caliphate economic system is an ideal role model for all Muslim nations in present day. In fact, the European economy and administration in contemporary era is very close to what Hazrat ‘Umar ‘ibn Khattab RA’s caliphate looked like. These countries have scholarships and stipends for elderly, poor, newborn and minorities, and a proper framed economic system, which we feel inspired by today. But if we look at our own history and example of a great personality like Hazrat ‘Umar ‘ibn Khattab RA and his financial policies, we’ll realize that his paradigm is the true beacon of guidance for us.

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