

## **BAYT AL-MAL AND ITS ROLE IN ECONOMIC DEVELOPMENT: A CONTEMPORARY STUDY**

**Md. Habibur RAHMAN<sup>1</sup>**

### **Abstract**

Bayt al-Mal, known as the public treasury of Islamic state, was established by the Prophet-may peace be upon Him- and then it was further extended and expanded by Abu Bakr and Umar, who succeeded the Prophet as the Caliph of the Islamic state. It is the state treasury that keeps the sole authority to mobilize the funds of the state. This paper aims to study the potential role and contribution of Bayt al-Mal to economic development in the contemporary context. It will be a qualitative paper and the analytical and descriptive method will be applied. Historically Bayt al-Mal played a great role in the distribution and redistribution of funds. It performed the function that is similar to the function of the ministry of finance at present. It also carried out the jobs of central bank in terms of monitoring, issuing currencies, controlling credits and so forth. Through discussing its sources and expenditures the paper posits that the role of Bayt al-Mal can be revived and accelerated by, for example, providing small-medium funds, managing Zakah and awqaf, channeling the funds, issuing various financial instruments and so forth. Bayt al-Mal could have a significant role in the eradication of poverty from the state. The paper concludes that with the rapid growth of Islamic finance, the Bayt al-Mal can be utilized in parallel in order to have a robust economic development.

**Keywords:** *Bayt al-Mal*, Funds Management, Economic Development, Distribution and Redistribution, Role of State.

## **BEYTÜLMAL VE ONUN İKTİSADİ GELİŞMEDEKİ ROLÜ: MODERN BİR ÇALIŞMA**

### **Özet**

İslam Devletinin kamu hazinesi olarak bilinen Beytülmal, Hz. Peygamber (sav) tarafından oluşturulmuştur ve Hz. Peygamber (sav)'den hemen sonra gelen İslam Devletinin iki halifesi Hz. Ebubekir (ra) ve Hz. Ömer (ra) tarafından da genişletilmiştir. Beytülmal devlet fonlarının toplandığı ve kullanıldığı kamu hazinesidir. Bu makale çağdaş yaklaşımla Beytülmal'ın iktisadi gelişmede oynadığı potansiyel rolü ve katkısını incelemeyi amaçlamaktadır. Kalitatif bir makale olacaktır, analitik ve betimleyici method uygulanacaktır. Bu makale, güçlü bir iktisadi büyüme için İslam Finansının hızlı gelişmesiyle birlikte Beytülmal'den istifade edilebileceği sonucuna varmaktadır.

**Anahtar Kelimeler:** Beytülmal, Fon Yönetimi, İktisadi Gelişme, Dağıtım ve Yeniden Dağıtım, Devletin Rolü.

---

<sup>1</sup> Department of Fiqh and Usul al-Fiqh, International Islamic University Malaysia, Jalan Gombak, 53100 Kuala Lumpur, Malaysia; email: [hrnizamee@yahoo.com](mailto:hrnizamee@yahoo.com)

## 1. Introduction

In early days of Islam the word '*bayt mal al-muslimin*' or '*bayt mal-Allah*' was used to refer to the building or the place where the moveable public properties of Islamic state were stored, until these are disbursed for respective purpose, such as war booties, fifth of war spoils and the like, and then merely the word '*bayt al-mal*' is sufficed to understand this meaning. However, in the later period of Islamic era the usage of the word '*bayt al-mal*' was evolved so that it refers to the institution or body that owns the public properties of the Muslims (*Mawsu'ah Fiqhiyyah*, 1986: 8/242). The public properties refer to the property that all the Muslims deserve it, none of them is specified as the owner thereof, and these are the rights of '*bayt al-mal*'. Nevertheless, now '*bayt al-mal*' is name of the body or institution and not name of the place (al-Mawardi, 213; Abu Ya'la, 235).

So *bayt al-mal* is the authority that is in charge of all the state's revenue and expenditures for which all the Muslims are entitled. Every property, be it land, buildings, minerals, money, or merchandise for which the Muslims are eligible, according to the Shari'ah, but none of them is specified as the owner though the area upon which it is spent is determined. This sort of property is the rightful property for *bayt al-mal*, regardless of whether it is already in the custody of *bayt al-mal* or not. Likewise, each property that is due to be spent upon its beneficiaries and rightful owners, or in the wellbeing of the Muslims and their affairs, or in carrying out missionary (*da'wah*) activities, all such funds are duty upon *bayt al-mal*, irrespective of whether the funds are spent or not. So in this context *bayt al-mal* refers to a competent authority (Zalloom, 1988: 14).

Nonetheless, there should not be any confusion between '*diwan bayt al-mal*' and '*bayt al-mal*' because '*diwan bayt al-mal*' is a particular department dedicated to record the incomes, revenues, taxes, and other public properties. This is, according to Mawardi and Abu Ya'la (203 and 224), one of the departments of the state, as at that time there were four departments: department for army, for management, for employees of the state and fourth one for *bayt al-mal*. However, this department does not have any right to deal in the properties of *bayt al-mal*; rather it is dedicated to record the inflows and outflows of the funds.

## 2. Literature Review

**2.1 Funds of Bayt al-mal:** with regard to the funds of Islamic state, Zalloom (1988) discusses war spoils, booties, fifths, *kharaj*, *jizyah*, public properties, state properties, lands, buildings, general utilities, tithes, illicit money from the rulers or civil servants money acquired illegitimately, fines and so forth. *Zakah* on various types of wealth has been discussed within the funds of *sadaqat*. While discussing the sources of *bayt al-mal*, Abu Ubayd (d224H) has categorized it mainly into two, *first*: funds that were exclusively belonged to the Prophet (may peace be upon Him) excluding others and these comprise of three:

*a. Fay*: it refers to the funds which Allah gave to His Prophet from the non-believers, and the Muslims had rushed neither horse nor camel upon them, like the possessions of Banu Nadir, as they surrendered their properties and lands to the Prophet

under the peace treaty without fighting with them. The Muslims had not to rush for their possessions and control.

*b. Safiyy*: that part of war spoils which the Prophet selected for himself before distributing among the Muslims.

*c. Fifth of fifth*: after distributing the war spoils the Prophet used to receive for him one fifth of the fifth of war spoils.

*Second*: the funds, which fall under the head of the Muslim state, are of three kinds as pointed out by Umar, and he elucidated it from the holy Qur'an:

*a. Sadaqah*: it consists of *Zakah* collected from the possessions of the Muslims like gold, silver, camels, cows, sheep, goats, grain, fruits and so forth. *Zakah* is only for eight beneficiaries as prescribed by Allah, and thereof no right for others than that. Therefore, Umar says: these are only for them.

*b. Fay*: it includes the possessions received from the free non-Muslims under Islamic rule through a peace treaty. These are *jizyah* (that is taken as a charge for the protection of their lives and properties), *kharaj* (tax of the lands conquered by force and by treaty), tithes from the free non-Muslims, custom duty collected from infidels, and so forth.

*c. Fifth of war spoils, treasure of trove, mines, and the like* (Abu Ubayd, 1989: 75 & 86).

Manjarah (d1179H) categorizes the funds that should be collected and accumulated in *bayt al-mal* into twelve. These are: fifth of *rikaz* (hidden treasure), fifth of *nadrah* (piece of mineral), bequest of free slave, tax of the land taken from enemy by force, *jizyah* (head tax) by peace, and by force, fifth of war spoils, gift received from the enemy, wealth of the apostate, wealth that remains after distribution of the prescribed shares, what is taken from the businessmen of enemy and free non-Muslims under Islamic rule, and wealth that occupies the liability (Manjarah, 1993:62). However, Tawudi (d1209H) mentions that funds, which would be managed by *bayt al-mal* in Shari'ah compliant way, are seven. These are: fifth of spoils, *rikaz* and the like, war booty, tax of the land that is acquired by force and by peace, *jizyah*, what is taken from the traders of fighters and free non-Muslims in Islamic state, wealth of the person dies without heir(s), and lastly the wealth where the owner is missing and the beneficiaries are unknown (Tawudi, 2000: 38).

**2.2 Expenses of Bayt al-mal**: Lakhmi says: at first the funds should be spent for the defense of the city where it is collect. So it would be spent to reform its forts at coastal areas; weapons, instruments, etc. would be bought; salaries of the officials, army and judges of that city would be paid. If anything remains would be given to the poor, and then if anything remains would be kept to face the unforeseen circumstances (Manjarah, 72). Ibn Habib also states the same while says: it has been practicing by the previous Caliphs and Imams that whatever funds accumulated in *bayt al-mal*, excluding *Zakah*, would be spent to safeguard the Muslim cities and to ensure general wellbeing of the Muslims. So, funds would be spent on military establishment such as buying weapons and arms, building and repairing the forts, paying for salaries, ammunitions and supplies of the army, and the like. Also, it would be spent to ensure public utilities, to construct roads, archways, bridges, residences, mosques and so on. It would be spent also on the needy, poor and helpless people. However, all these are subject to the

discretion of chief of the state, and he is free to spend and to prioritize whatever he deems appropriate to get attention of the funds of *bayt al-mal* (Tawudi, 62).

**2.3 Managing Bayt al-mal:** Basically, it is not permissible to change or transfer the ownership of *bayt al-mal* like *waqf*. However, it is permissible to allow the constructions on the land of *bayt al-mal* for the wellbeing of the Muslims considering it in the status of general *waqf* for them. Schools, colleges, hospitals etc. any kind of institutions that safeguard the wellbeing of the Muslims could be built on the land of *bayt al-mal*, yet the ownership of land continues to be for the *bayt al-mal* (Khalili, 2004:245). Nevertheless, the land of *bayt al-mal* can be leased out for a specified duration, though it is long; subject to that after leasing period whatever remains on the land would go into the *bayt al-mal* (Khalili, 249). However, if necessity arises the property of *bayt al-mal* can be sold out; subject to the conditions (Khalili, 254), as follows:

- The price should be just and fair for the *bayt al-mal*.
- Another property can be bought for *bayt al-mal* with that price, which is less neither in terms of value and nor in terms of benefit than the original asset sold.
- This should be under the supervision of reliable experts in the respective field.

### 3. The Emergence of Bayt al-Mal in Islam

Some of the sources indicate to that the Caliph Umar is the one who first initiated the function of *bayt al-mal* (Ibn al-Athir, 2/290). However, most of the sources mentioned that the Caliph Abu Bakr is the one who established *bayt al-mal* for the Muslims. Ibn Abd al-Barr (1358H: 3/455) mentioned in the biography of Mu'ayyib ibn Abi Fatimah that Caliph Abu Bakr employed him in *bayt al-mal*. Moreover, Ibn al-Athir mentioned: Abu Bakr has *bayt al-mal* in suburb of the Medina, and he used to live there until he moved to the Medina. Someone told him: don't we appoint anyone to guard it? He said: no. In fact, he used to spend for (on) the Muslims whatever is there and do not allow anything to be left. After moving to the Medina he shifted *bayt al-mal* in his house. When Abu Bakr died Umar gathered all the managers and opened *bayt al-mal*, yet they did not find anything there except a dinar that is dropped from the sack, (Ibn al-Athir, 2/290).

Prior to this, at the time of the Prophet though *bayt al-mal* was not formed as an institution but some of the activities and services of *bayt al-mal* were there. There were people who record the public properties of the Muslims like war booties, fifth of the spoils, charity funds, weapons and instruments of the army and so forth. All of these were registered and stored until disbursement (Abu Yusuf, 36). In fact, *bayt al-mal* in the sense of the place where revenues are kept and from which expenses are spent, no such place is specified during the lifetime of the Prophet (may peace be upon Him); because at that time revenues were limited and there was hardly anything left after what had been distributed amongst the Muslims and spent for them. The Prophet used to distribute the spoils and the fifths (*khumus*) at the end of each battle. He would not delay the distribution of the funds or spending them on their eligible categories. Hanzalah ibn Sayfi, who was a clerk to the Prophet, reported: the Prophet told me: "Accompany me and remind me of everything for no later than three days". He said: "so I kept on reminding him for three days about any fund or food or any money I received",

so the Prophet would not spend the night except after he distributed everything". Most of the time, the funds used to be distributed on the same day. Hasan ibn Muhammad reported: the Prophet never used to keep any fund till late in the day or overnight", i.e. if He received it in the morning, he would distribute before noon, if He received in the evening he would spend it and would not keep it overnight. Therefore, there never used to be any saved funds that needed to be kept in a place or on record (Zalloom, 15).

After the period of Caliph Umar *bayt al-mal* continuously played its role throughout the Islamic epoch until the modern systems have appeared and replaced it, and consequently now its role has been confined to a few activities. Nowadays the Ministry of Finance, Treasury, Central Bank, etc. are playing the key role of the institution of *bayt al-mal*.

#### **4. The Competent Authority in the Funds of Bayt al-Mal**

The sole authority in the funds of *bayt al-mal* is for the Caliph alone or who represents him. The Caliph is the representative of the Muslims where person in charge is not specified amongst them. Anyone who deals with any right of *bayt al-mal* his authority must be obtained from the authority of the Caliph. Usually the Caliph appoints on *bayt al-mal* someone on behalf of him who has integrity and competency on that. Person in charge on *bayt al-mal* on behalf of the Caliph is named '*Sahib bayt al-mal*', yet he deals with *bayt al-mal* according to the ways determined by the Caliph.

Nevertheless, having the sole authority for the Caliph on *bayt al-mal* does not mean that he can do thereof whatever he wishes, as one deals with his/her personal estate. Rather, he would deal with the funds of *bayt al-mal* as like the dealing of a guardian with the property of orphan. The Caliph Umar rightly says: "with regard to the funds of *bayt al-mal* I assume myself a custodian of the funds of orphan; if I had what I need, I would not take anything from these, and if I could not manage what I need, I would take reasonably, and then once I get solvency I will repay it" (Abu Yusuf, 60). So, the Caliph should deal with the funds of *bayt al-mal* in a way that ensures the wellbeing and welfare of the Muslims, not according to his inclination and egoism.

Qadi Abu Ya'la (.. :12) says: In respect of affairs of the *Ummah* the chief of the state has numerous responsibilities, such as raising the funds of war booty, charities, etc. pursuant to the Shari'ah, estimating the salaries of the army and other expenditures of *bayt al-mal* without squandering or inadequacy, and settling this on time without advance or delay. The Caliph may give some incentives from *bayt al-mal* for people who have visible contribution to the wellbeing of the Muslims. Further he (... : 52) says: in the early days of Islamic state it was the norm that the governor of a city or region represents the Caliph in terms of the collection and disbursement of the funds of *bayt al-mal*, and he is supposed to deal with these funds according to the rules of Shari'ah. However, the judges were not eligible to undertake this. Perhaps, in some cities or regions person in charge on *bayt al-mal* used to be supervised directly by the Caliph, being autonomous from the governor of that city or region.

#### **5. Organizational Structure of Bayt al-Mal**

The departments of *bayt al-mal* were designed and specified in the time of Umar in 20H. However, in the time of the Prophet *bayt al-mal* did not have any department,

though the Prophet did appoint some people to keep record of the funds. He appointed Mu'ayqib ibn Abi Fatimah to record the spoils, Zubayr ibn al-Awwam to record the charitable funds, Huzayfah ibn al-Yaman as secretary over agricultural products of Hijaz, and Abdullah ibn Rawahah to oversee the agricultural products of Khaybar. Moreover, Mughirah ibn Shu'bah was appointed as secretary for the loans and transactions, while Abdullah ibn Arqam was appointed to record the tribes and their waters. However, despite this the Prophet did not set up any department or division in *bayt al-mal*. This went on during the period of Abu Bakr. Yes, things changed in the time of Umar when the conquests increased. This consequently increased funds pouring into Medina, which necessitated the setting up of departments and writing records and designating places for keeping them and writing them (Zalloom, 17).

There are two main divisions in *bayt al-mal*. The first one deals with the revenues of *bayt al-mal* and their sources, while the second deals with the expenditures and the funds which *bayt al-mal* is liable to pay to the rightful owners.

**The revenues' division:** this encompasses the following departments according to the type of funds:

**1. Department of Booties (*fay'*) and Land taxes (*kharaj*):** This division would be the place where the funds of general booties, for which all Muslims are entitled, are kept and recorded. It would also include all the revenues from taxes, which the Muslims in some cases could be liable to pay, in case the revenues are not sufficient to cover the expenditures due on *bayt al-mal*. These taxes could be due as recompense for the state's employees, or as service for the common interest and affairs of all the Muslims. A special place in *bayt al-mal* would be assigned for the funds of this division and it will not be mingled with other funds. This is because the fund of this department would be spent on looking after the Muslims' affairs, and on their common interests, according to the opinion and *ijtihad* of the Caliph. In accordance with its revenues and funds due to it, the department of *fay'* and *kharaj* consists of the following sections:

- a. Section of spoils: this includes the war spoils, booties and fifth.
- b. Section of land tax (*kharaj*).
- c. Section of lands: this includes the lands conquered by force, lands subject to tithe, pure lands, state properties, public properties and the reserved lands.
- d. Section of head tax (*jizyah*).
- e. Section of *fay'*: this encompasses the records of the revenues from the pure lands, the tithes, the fifth of hidden treasures and minerals, revenues of what is sold or rented from the lands, buildings of the state, and the wealth which has no heir, and so forth.
- f. Section of taxes.

**2. Department of public properties:** This is the division where the funds of public properties are kept and recorded, in terms of research, exploration, mining, marketing, as well as all revenues and expenditures. Revenues earned from the public properties would be reserved in *bayt al-mal* separately, so that they are not mixed with other funds because they are property of all the Muslims. The Caliph would spend such funds according to what he deems on the wellbeing of the Muslims, pursuant to his own discretion, within the provisions of the Shari'ah. According to the funds and what is

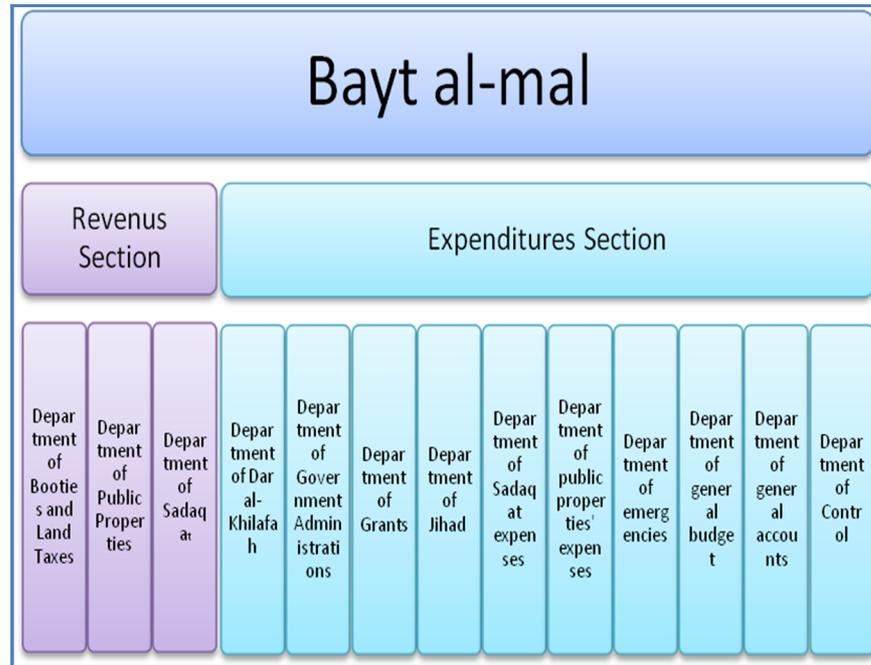
required to set them up, the department of public properties comprises of the following sections:

- a. The section of oil and gas.
- b. The section of electricity.
- c. The section of minerals.
- d. The section of seas, rivers, lakes and springs.
- e. The section of forests and grazing lands.
- f. The section of reserved lands.

**3. The department of *Sadaqat*:** This department is to keep record of the funds of obligatory *Zakah*. The funds of *Zakah* are recorded separately in *bayt al-mal* and they are not mixed with any other type of fund. Allah *swt* has restricted those entitled to *Zakah* in eight categories, and therefore it is not allowed to allocate the funds of *Zakah* to any other category. This department has the following sections:

- a. Section of *Zakah* on cash and merchandise.
- b. Section of *Zakah* on crops and fruits.
- c. Section of *Zakah* on camels, cattle, and sheep.

**Figure 1: Organizational Structure of Bayt al-Mal.**



Note: Adapted from Zalloom, 1988.

**The expenditures' division:** This is related to the expenditures and funds that are due on *bayt al-mal*. This includes all the expenses of departments, sections, managements, and the eligible bodies as follows:

**1. Department of *Dar al-Khilafah*:** it encompasses:

- a. Dar al-Khilafah.
- b. Counselors' office.
- c. Office of Commissioners.
- d. Office of Executives.

**2. Department of Government Administrations:** it includes:

- a. Section of the commander of *jihad*.
- b. Section of the governors.
- c. Section of the judges.
- d. Section of various government agencies, managements, and offices related to the general utilities.

**3. Department of grants:** this would be the place to record those the Caliph deems eligible for funds, such as the poor, needy, indebted, wayfarers, farmers, industrialists, and others. The expenditures of these three departments would be covered by the revenues from the booties and land taxes.

**4. Department of *jihad*:** it includes:

- a. Section of the armed forces covering their establishment, formation, equipment and training.
- b. Section of armament.
- c. Section of weapons' industry.

The expenditure of this department would be covered by the revenues of all departments of the first division. So it would be funded by the revenues from the booties and the land taxes because this is the part of recoverable and irrecoverable liabilities of *bayt al-mal*. Also, it would be funded by the revenues of reserved land raised from public properties, as well as it would be funded by the department of *sadaqat*.

**5. Department of *Sadaqat* expenses:** These are covered by the revenues earned from *sadaqat*, if funds were available.

**6. Department of public property's expenses:** these would be covered by the revenues raised from the public properties, according to what the Caliph deems appropriate, pursuant to the provisions of the Shari'ah.

**7. Department of emergencies:** this includes all what human being may suddenly face, such as earthquakes, floods, famines and so forth. Emergencies are covered by revenues from the booties and land taxes, and revenues from the department of public properties. If these funds were insufficient then funds would be raised from the Muslims.

**8. The department of general budget:** this department is responsible for preparing the future budget of the state, subject to the concern of the Caliph, in terms of estimating the state's revenues and expenditure, comparing the overall and real revenues and expenses with that budget, and monitoring the total revenues of the state and its real expenditure. This department would be affiliated to the *Dar al-Khilafah*.

**9. Department of general accounts:** this is in charge of controlling all the state's funds, i.e. accounting its existing funds, its assets, liabilities, expenditures and so forth, be it those already collected and those due for collection.

**10. Department of control:** this is responsible for reviewing and checking all the balance sheets of the state's funds and its administration, making sure of the exact amount of the existing assets, expenses, revenues and expenditures. It also takes charge of accounting the officials in relation to the collection and spending of those funds. It also monitors and accounts all the state's departments and employees regarding the administrative matters (Zalloom, 20-25).

## 6. Funds of Bayt al-Mal

There are different types of funds in *bayt al-mal*, in terms of the various scopes of their expenditures. Not all expenses should be covered by the same fund. Some funds are valid to be disbursed for such expenditure which shall not be covered by other funds. Thus, the funds of *bayt al-mal* should be allocated according to the scopes of their disbursement. For example, *Zakat* funds in *bayt al-mal* shall be separated from the funds of land tax. Likewise, funds of charity and tithes shall not be mingled with funds of the land tax; because funds from land tax are considered booties which are for all the Muslims while charity funds are for the people specified in the *Qur'an* (Abu Yusuf, 80).

Hanafi School of Islamic law states that the Caliph shall allot the funds of *bayt al-mal* in four categories. Other Schools, however, do not decline this division in general. According to Hanafi School, the Caliph is allowed to borrow from one of these funds to manage the expenses of other fund, and afterwards it must be given back to the lending fund, (Ibn Abidin, 2/57). The four categories of the funds are as follows:

1. Fund of Fifths (*akhmas*).
2. Fund of War Booties (*fay'*).
3. Fund of Missing.
4. Fund of *Zakah*.

Nevertheless, there could be another fund namely:

5. Fund of Public Properties.

**1. Fund of Fifths:** Allah swt says: "*and know that whatever of war-booty that you may gain, verily one-fifth of it is assigned to Allah, and to the Messenger, and to the near relatives (of the Messenger), and to the orphans, the poor and the wayfarer*" (al-Qur'an: 8/41). The sources of this fund are as follows:

a. One fifth of the movable war spoils. The *ghanimah* or war spoils are the wealth that is taken from disbelievers by fighting except the lands and real estates. One fifth of these spoils would be assigned to *bayt al-mal*.

b. One fifth of the minerals like gold, silver, iron and so forth.

c. One fifth of the treasures that are hidden in the ground by human being. It refers to the treasures of pre-Islamic period, or treasures of unbelievers if it is found by the Muslim, then one fifth of it would be for *bayt al-mal*, and the rest would be for the person discovers it.

d. One fifth of war booty (*fay'*), according to Shafi'i School and one view of Imam Ahmad. However, Hanafi, Maliki and another view of Ahmad opine that fifth would not be taken from the war booties (*Mawsu'ah fiqhiyyah*, 8/249).

**Table 1: Funds of Bayt al-Mal (*Mawsu'ah Fiqhiyyah*, 1986)**

Funds	Sources	Disbursement
<b>Fund of Fifths</b>	<ul style="list-style-type: none"> <li>a. Fifth of <i>ghanimah</i></li> <li>b. Fifth of minerals</li> <li>c. Fifth of hidden treasures in the ground</li> <li>d. Fifth of war booties.</li> </ul>	<ul style="list-style-type: none"> <li>a. For Allah and His Messenger... now would be moved to the fund of war booties</li> <li>b. For His relatives</li> <li>c. For Orphans</li> <li>d. For the poor</li> <li>e. For the wayfarers.</li> </ul>
<b>Fund of War Booties</b>	<ul style="list-style-type: none"> <li>a. Portion of Allah and His Messenger from the fifths</li> <li>b. Lands of <i>ghanimah</i></li> <li>c. Tax of the lands of <i>ghanimah</i></li> <li>d. <i>Jizyah</i></li> <li>e. Tithes of free non-Muslims.</li> </ul>	<ul style="list-style-type: none"> <li>a. Grants</li> <li>b. Equipments, weapons, expenses of <i>jihad</i></li> <li>c. Salaries of employees</li> <li>d. Taking care of needy Muslims</li> <li>e. Spending on free non-Muslim under Muslim rule</li> <li>f. Ransom for untying the Muslim captives</li> <li>g. The general welfare of Muslims</li> </ul>
<b>Fund of Missing</b>	<ul style="list-style-type: none"> <li>a. Properties found but the owners are unknown</li> <li>b. Wealth of thieves with having no claim on that.</li> </ul>	<ul style="list-style-type: none"> <li>a. For foundlings that are poor and do not have guardians...as a charity from owners.</li> <li>b. Could be spent on general wellbeing of the Muslims.</li> </ul>
<b>Fund of Zakah</b>	<ul style="list-style-type: none"> <li>a. <i>Zakah</i> on various types of wealth</li> <li>b. <i>Zakah</i> on grazing livestock, crops, money, and commercial goods.</li> <li>c. Tithes of the lands subject to <i>zakah</i></li> <li>d. Tithes from the Muslim traders.</li> </ul>	<ul style="list-style-type: none"> <li>a. Would be spent on the eight sectors specified in the <i>Qur'an</i>.</li> <li>b. Could be spent on general wellbeing like the booty.</li> </ul>
<b>Fund of Public Properties</b>	<ul style="list-style-type: none"> <li>a. The general utilities for all people</li> <li>b. Assets whose natural formation prevents individuals from holding them exclusively</li> <li>c. Minerals that replenish and do not deplete.</li> </ul>	<ul style="list-style-type: none"> <li>a. Would be spent upon what is related to public properties</li> <li>b. For general welfares and benefits of the citizens.</li> </ul>

**Disbursement of this fund:** This fund would be disbursed in five categories, for Allah and His Messenger, for His relatives, for the orphans, for the poor and lastly for the wayfarers, as stated in the verse mentioned above. The Prophet used to take His shares in His lifetime and after that it would be spent on wellbeing of the Muslim with the concern of the chief of the state, and consequently this share would be moved to the fund of war booties. The rest of the four shares would be preserved for their owners in *bayt al-mal* until these are disbursed to them, and these should not be spent on wellbeing of the Muslim in general (Mawardi, 127; Abu Ya'la, 121; Ibn Qudamah, 6:406).

**2. Fund of War Booties:** Allah *swt* says: "*what Allah gave as booty (fay') to His Messenger, from the people of townships, it is for Allah, His Messenger, the kindred of the Messenger, the orphans, the poor and for the wayfarer*" (al-Qur'an: 59/8). Among the significant sources of this fund are as follows:

- a. The portion of Allah and His Messenger from the fifths.
- b. The lands which the Muslims obtained as war spoils, pursuant to the opinion says that would not be distributed nor that would be considered *waqf* lands.
- c. The tax of the lands which the Muslims acquired as war spoils, regardless of whether these are considered *waqf* or not.
- d. Lands and real estate that the disbelievers evacuated due to the fear of Muslims. Shafi'i School opines it would be considered *waqf* like the lands obtained as war spoils by fighting, and revenue thereof would be distributed every year (Qaliyubi, 3/191).
- e. The movable properties that the unbelievers evacuated and left. This would be distributed instantly and would not be considered *waqf* (Qaliyubi, 3/188).
- f. *Jizyah*, which is the tax imposed on disbelievers for their staying in Muslim countries. So every man who is matured and has ability has to pay a sum of money, or the whole city has to pay a lump sum specified amount. If anyone, who is not obliged, pays any amount that would be *hibah* not *jizyah*.
- g. Lands that are acquired as war spoils by fighting, which are agricultural land, in accordance with the opinion says that should not be distributed among the conquerors.
- h. Tithes of free non-Muslims: this is the tax would be taken from their commercial goods that they do business with that between enemies and Muslims countries.
  - i. Wealth that the fighting non-Muslims pay to the Muslims as compound.
  - j. The fifth of the hidden treasures where the owners are unknown for a long time.
  - k. The fifth of the minerals discovered from the ground such as the metal, oil or the like. Some says: instead of one fifth *Zakah* would be taken thereof which is a quarter of ten, and then it would be disbursed to the sectors specified for *Zakah*.
    - l. The wealth, including blood money, of the Muslim who dies without an heir.
    - m. Wealth of apostate and atheist who is killed or died because their wealth would not be bequeathed rather it would be considered *fay'*.
    - n. The wealth of free non-Muslim if he dies without an heir, otherwise what will remain after giving to the heirs would be considered *fay'*.
    - o. Employee taxes on the citizen which is not employed for a particular purpose.

- p. The donations and gifts for the judges, governors and chief of the state.

**Disbursement of the fund of war booties:** This fund would be spent on public wellbeing of the Muslims. It would be under the control of chief of the state, and he would spend it on general welfare, according to his discretion and judgment. Usually when the scholars say this expense would be covered by *bayt al-mal* they mean the fund of booties of *bayt al-mal*. Unlike others this is the only fund specified for public wellbeing since the rest of the funds have specific sectors where these should be spent, and it is not allowed to spend these funds on other sectors. Nevertheless, some potential sectors of public wellbeing where this fund would be spent are as follows (*Mawsu'ah fiqhiyyah*, 8/251-254):

a. Grant (*Ata'*): A portion of *bayt al-mal* that would be given for every Muslim, irrespective of whether he is fighter or not, according to one opinion of Hanbali and Shafi'i Schools. Imam Ahmad says: every Muslim has right in *fay'*, whether poor or rich. However, another stand of Hanbali School and the preferred stand of Shafi'i School is, *fay'* would be for the Muslim army and those who provide their supplies and ammunitions.

b. Weapons, equipments, fortifications, expenses of *jihad* and for defense of Muslim countries.

c. Salaries of the employed people that the Muslims need them for their general affairs. For example, the judges, accountants, treasurers, scholars, teachers, muftis, professionals, etc. those dedicated themselves for wellbeing of the Muslims. So these people and their families deserve sufficiency from *bayt al-mal*, and essentially it would vary according to the difference of times and cities due to the discrepancy of circumstances and prices (Ibn Abidin, 3/280). However, if the fund is not available in *bayt al-mal* to pay the salaries of soldiers and officials then it would be debt on *bayt al-mal* and that should be deferred like the debt with insolvency. Nevertheless, this is in contrast with other forms of wellbeing because these are not to be carried out with inability (Abu Ya'la, 236).

d. Taking care of the Muslims who are poor, disabled, imprisoned, foundlings, etc. who do not possess what they need to spend on them, nor they have relatives who is required to spend on them. So *bayt al-mal* should bear their expenses, cloths, medication, etc. everything that is must to lead a typical life.

e. Spending on the free non-Muslim under Muslim rule is admissible if he is weak and unable to manage the sustenance for survival.

f. Among the expenditure of the fund of *fay'* of *bayt al-mal* also, paying the ransom for untying the Muslim captives from disbelievers. The second Caliph Umar says: the ransom to untie the Muslim captives from unbelievers should be paid from *bayt al-mal* (Abu Yusuf, 196).

g. The general benefits and wellbeing of the Muslim countries, such as constructing the mosques, roads, bridges, archways, rivers, schools, and so forth, as well as the reparation of what is destroyed thereof (Ibn Qudamah, 6/417).

h. Compensation of impairment caused by mistakes of the government officials.

i. Taking over the rights that are recognized by *Shari'ah* for their holders, while the rules of *Shari'ah* require that nobody should take over such rights individually. For example, someone is killed in crowd of *tawaf*, or in general highway or in general mosque, while nobody knows who is the killer, in this case the blood money should be

settled from *bayt al-mal*. It is reported that the Prophet settled the blood money of Abdullah ibn Sahal who was killed in Khaybar and the killer was not identified (Bukhari: 3173; Muslim: 4434).

**3. Fund of Missing:** The missing properties are the properties that are found but the owners are unknown. It could be gleanings, or consignment or collateral, and so on. Also, wealth that is found with the thieves while there is no claim would be considered missing and accordingly would go to *bayt al-mal* (*Rawdat al-Talibin*, 5/279). The missing properties would be stored in *bayt al-mal* for their owners. If there is enough assertion that it is impossible to find out the owner then it would be spent for the sake of *bayt al-mal*.

**Disbursement of this fund:** According to Hanafi School, this fund of *bayt al-mal* would be spent on foundlings that are poor and do not have guardians. So their life expense, medication, compound, funeral cost, and so forth would be given from this fund. However, the fund would be spent on them as a charity from the owners. With regard to the others Schools, the fund is not specified for the foundlings; rather it would be spent on the general benefits of the Muslims like the *fay'* (Mawardi, 193; Abu Ya'la, 215).

**4. Fund of Zakah:** All forms of *Zakah* would be accumulated in this fund. The sources of this fund are as follows:

- a. *Zakah* that is collected by Imam on various types of wealth, whether external or internal.
- b. *Zakah* on grazing livestock, crops, money, and commercial goods.
- c. Tithes of the lands subject to *zakah*.
- d. Tithes that would be taken from the Muslim traders.

**Disbursement of this fund:** This fund would be spent on the eight sectors specified in the Qur'an. However, there is debate in the nature of the control over this fund. Imam Abu Hanifah opines that it is the right of *bayt al-mal*, and accordingly it would be spent pursuant to the discretion of chief of the state as *fay'*. Therefore, it is admissible to spend this fund on the general wellbeing like the booty. On the other hand, according to the view of Imam al-Shafi'i, *bayt al-mal* is just a custodian of *zakah* fund preserving it for the rightful beneficiaries. If they are found the fund should be disbursed to them, otherwise it would be preserved in *bayt al-mal* compulsorily according to his old view, and not compulsorily according to his updated view, subject to the compulsory or optional of paying *zakah* to chief of the state (Mawardi, 214; Abu Ya'la, 23).

**5. Fund of Public Properties:** In addition to these four funds mentioned above, there would be another fund for the public properties. These are the assets where Allah *swt* gave ownership to all the Muslims and made it common amongst them. Individuals are permitted to utilize these but they are not allowed to hold them. These assets are classified into three main types:

- a. The general utilities for all people which are indispensable in their daily life and in case of their absence they would disperse, such as water. The Prophet (may peace be upon Him) has explained the nature of these utilities as He says: "Muslims (in

another transmission: people) are partners in three: water, pasture, and fire" (Abu Dawud). Also, He says: "the Muslim is a brother to the Muslim; they accommodate each other over water and trees"(Ibn Majah). In fact this is not restricted to these three assets mentioned in the *hadith*. It rather includes everything that holds the attribute of public utilities. The general rule here it should be related to public need while they cannot continue their daily life without it, and if it were not the community would disperse in search for it. This is like the tribes who used to disperse when water was not found or when pasture for their cattle and grazing livestock was not found. This form of asset would be considered the public properties (Zalloom, 64).

b. Assets whose natural formation prevents individuals from holding them exclusively. The Prophet says: "Mina is the resting place for the one who reaches first" (Abu Dawud). It means it is owned by all the Muslims, so the one who reaches first and stops thereof it would be for him, as it is common amongst them and is not owned by anyone so that he prevents others from it. Likewise the public road, as the Prophet had consented to the joint ownership of the people thereof, and the right of everyone to pass it, and made the removal of harm from it a form of charity, and prohibited the sitting down on the roads as it might prevent the passage of the people or restrict it for them. So, reflection on the reality of Mina and public roads shows that the nature of their formation prevents individuals from holding them exclusively. Therefore, the seas, rivers, lakes, oceans, gulfs, straits, general canals like Suez Canal, public parks, mosques, etc. are considered the public properties for all the citizens (Zalloom, 66).

c. Minerals that replenish and do not deplete. These are vast amount of minerals which are not limited in measure. These are considered public properties owned by all the Muslims and individuals are not allowed to own that. Similarly, it is not allowed to give concession for their mining to individuals or companies; rather they must remain a property jointly owned by all Muslims and the state should carry out their extraction, purification, smelting and selling on their behalf and place their price in the *bayt al-mal* of the Muslims. As for insignificant amounts of minerals which are limited in measure, these are private properties individuals are permitted to own that (Zalloom, 68).

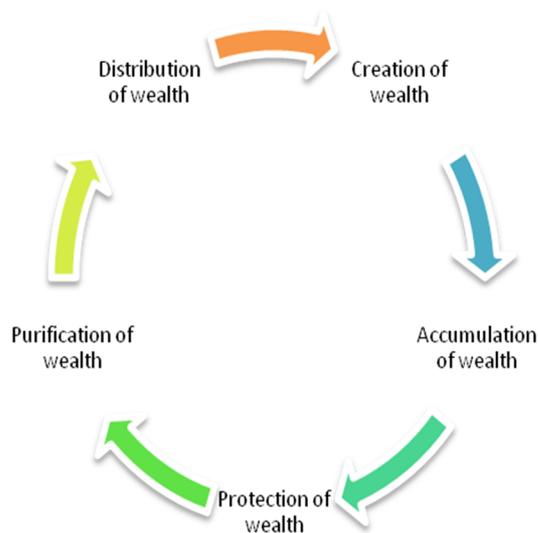
**Disbursement of the fund of public properties:** These three main types of assets, what branches out from them, and the incomes they generate, are jointly owned and possessed by all the Muslims. They represent one of the revenues of *bayt al-mal* of the Muslims. It would be spent upon what is related to public properties, such as the department of public properties, its buildings, offices, records, studies, employees and so forth. It also could be distributed amongst the citizens who are the owners of these public properties and their revenues. However, in the distribution the chief of the state is not restricted to any specific manner. He can distribute these according to their needs in homes and markets without price, or at a cost price only, or at the market price. Also, he can distribute amongst them money, out of the profits of public properties. He would proceed in all this according to what he deems appropriate to ensure the wellbeing and benefits for the citizens (Zalloom, 72).

### 7. The Role of Bayt al-Mal in Economic Development

Historically, *bayt al-mal* played the role of ministry of finance, central bank, and the treasury of the state. However, now it is normally known as a charitable institution. This cannot be denied as presently the role of *bayt al-mal* has become confined to provide assistance, endowments, and charity contributions to the public (Possumah & Ismail, 2012). Thus, it is proposed that *bayt al-mal* should be registered as *waqf* in every single country of the world and with the United Nations (Robbani, 2010). In Islamic jurisdiction certain objectives must be achieved by revenues, such as economic wellbeing within the framework of the moral norms of Islam; universal brotherhood and justice; equitable distribution of wealth; and freedom of the individual within the content of social welfare (Mughal: 54). *Bayt al-mal* has potential to play an effective role in achieving sustainable economic development through the inflow and outflow of the funds thereof.

Wealth management and asset allocation is a significant aspect in Islam. It is closely related to individual and societal welfare. The success of economic development does not merely relies on how income and expenditure level, it rather depends on how the wealth is properly managed, distributed and benefited to those who need to achieve justice and equality welfare of society. Strength of the public wealth sector and realizing its full potential for the socioeconomic development depends on proper mobilization and distribution of the resources.

Figure 2: The Cycle of Wealth.

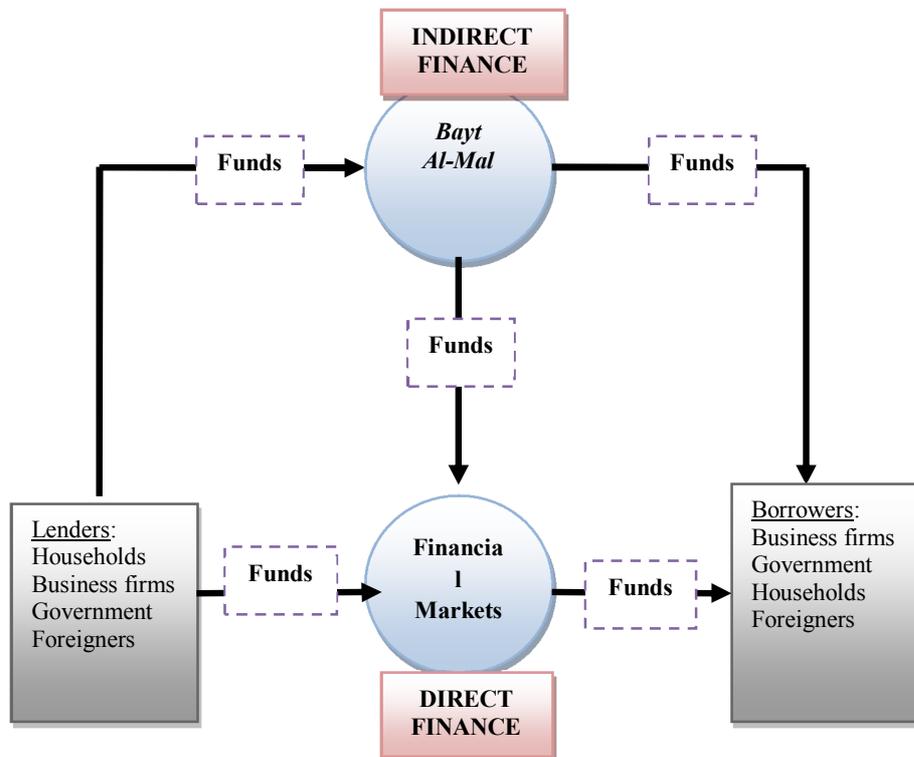


Note: Adapted from Lahsasna, 2013:58.

Asset allocation and resource mobilization and distribution can be done through *bayt al-mal* by various channels, as follows:

**7.1 Financial intermediary:** *Bayt al-mal* can play the role of a financial intermediary between lenders and borrowers, which is actually carried out nowadays by the financial institutions. It channels the funds from the surplus to the deficit units of the community. It can issue securities to those from whom funds have been entrusted and accept securities from those to whom funds have been loaned or invested. Thus, it can act as a buffer between suppliers and users of funds, gathering funds in quantities and on terms that are acceptable to savers, and supplying funds in quantities and on terms agreeable to the users. In this way, it can facilitate and improve the distribution of funds in several aspects, (INCEIF, 2009).

**Figure 3: Flows of Funds through Bayt-al- Mal.**



Note: Adapted from Zainal, 2011.

**7.2 Grant and donation:** charitable donation is always encouraged in Islam. The head of the state or person in charge of *bayt al-mal* may donate from *bayt al-mal* for the poor, needy, debtors, wayfarers, and so forth. Funds can be granted from *bayt al-mal* for the people or sectors that safeguard the wellbeing of the Muslims. So, all the grants and

donation from *bayt al-mal* would be subject to achieving the general welfare of the Muslims, or giving someone who is unable to earn. Everyone whose time and energy is occupied to achieve the general wellbeing should be paid from *bayt al-mal*. It encompasses government officials, professionals, religious teachers, muezzins, imams of the mosques, and so forth. Nevertheless, funds can be granted for the distinguished citizens pursuant to the general welfare of the state. Also, funds of *bayt al-mal* can be spent for charitable purposes (Balatunusi, 1989: 148-150). The grant and donation from *bayt al-mal* is not limited to the Muslims alone. It extends to non-Muslims as well. Umar ibn Abdul Aziz commanded to look after the disabled, to protect non-Muslims and to help them from *bayt al-mal*. This is actually traced back to what Umar al-Faruq had done to an old *dhimmi* whom he saw begging. Umar told to the *dhimmi* that we have not done justice to you by taking *jizyah* from you while you were young and taking no care of you now that you are old. The *dhimmi* was then ordered a regular ration from *bayt al-mal* (IRTI, 1995:41).

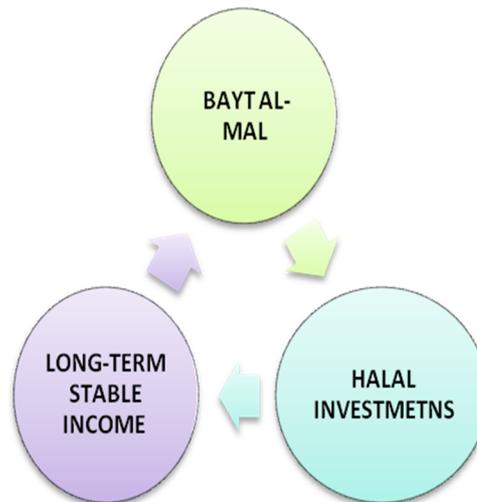
**7.3 Enhancement of income sources:** to play a big role in economic development of the state *bayt al-mal* should be strong financially. Thus, its revenues and incomes should be accelerated. In this respect several efforts can be made to have the sustainability for *bayt al-mal*, as follows:

- Income sources of *bayt al-mal*, especially charity sources must be enriched. Thus, new and effective strategies must be adopted for fund development potential. New and contemporary sources should be identified for collecting *zakah* and *sadaqah* thereof, such as crops, businesses, orchards, mining, and the like.

- *Halal* investment should be made with *bayt al-mal* funds. The doubtful and illegal income must be identified which can be a source to the existence of money laundering, money from banking sector, capital market, insurance and so forth.

- Establish procedures in claiming and payment of unclaimed money, disposal and the inquiry of its existence and modify legislation of management, charity product branding like perpetual charity, endowment and so forth (Possumah & Ismail).

**Figure 4: Achieving Long-term Self-Sustainability.**

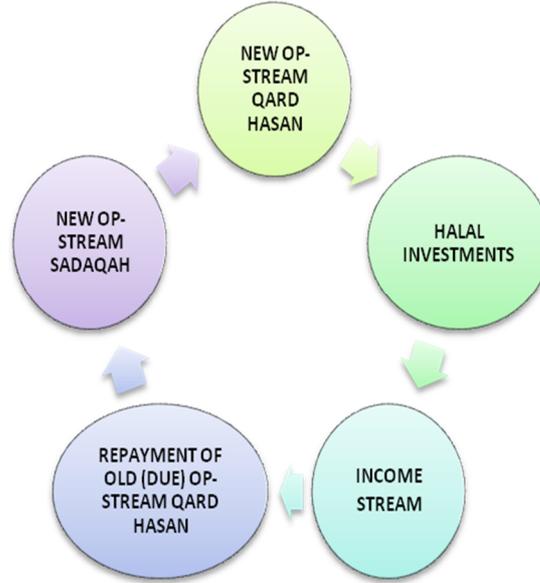


Note: Adapted from Robbani, 2010.

**7.4 Islamic microfinance:** *Bayt al-mal* can provide Islamic microfinance for SME business and the like. It could be given through various projects:

*Qardul Hasan:* for credit-based financing the *qardul hasan* financing can be used. This is known as benevolent loan whereby *bayt al-mal* cannot ask more than the principal amount, but it can accept any grant of appreciation from the borrower. Nevertheless, the due diligence process must also be conducted to ensure the borrowers' ability to run the business (Possumah & Ismail). Dependency on *qardul hasan* funding will eventually be replaced over time by the income stream from *halal* investments (Robbani, 2010).

Figure 5: Sustainable *Qard Hasan* Repayment Strategy.

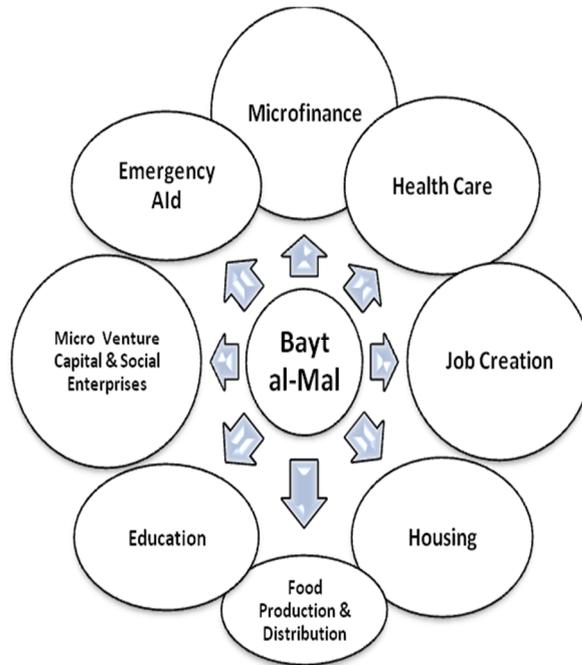


Note: Adapted from Robbani, 2010.

*Al-Rahn*: the purpose of this scheme is to extend the loan or to get money fast and easy way to make the asset as collateral. This scheme is not to make profit but to provide facilities to the needy business. It also serves to produce the entrepreneurs in the long term. And any failure of market risk should not be trusted to the traders involved. To address this risk, *bayt al-mal* may establish mechanisms to ensure that borrowers do not misappropriate the money lent (Possumah & Ismail).

**7.5 General services:** to safeguard the social and general wellbeing of mankind, especially for Muslims, *bayt al-mal* can provide the general services that are essential for a smooth and healthy life. It may contribute to sharpen the human development of the society and hence it could provide quality education system, construct educational institutions and so on. *Bayt al-mal* also could contribute to construct the general infrastructures of the state, like building roads and highways, providing quality health care, investing in manufacturing and industries, arranging house and residence, and so forth.

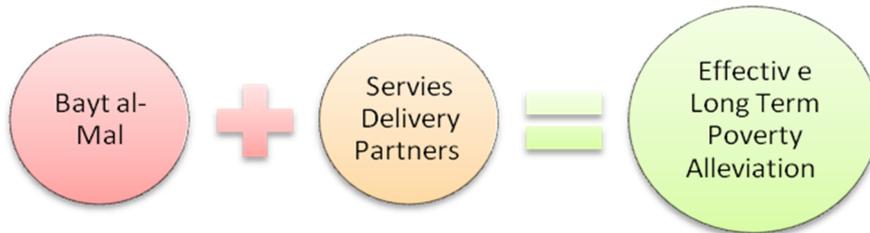
Figure 6: Services could be provided by Bayt al-mal.



Note: Adapted from Robbani, 2010.

**7.6 Poverty eradication:** *Bayt al-mal* can play a big role to reduce the poverty from the economy as it has potential to provide necessary funds and services for the needy businesses. It provides interest free micro-loans, cash-gifts, grants, debt-relief, etc to the poor and disadvantaged Muslims. Direct and indirect emergency aid can be supplied by *bayt al-mal* to the extremely poor and those affected by natural and/or man-made disasters. It can provide tactical health, housing, education, employment and other social services, alongside that of the efforts of the governments of each country. However, all services would be provided through authorized and approved service delivery partners such as major charities, NGOS, and the like.

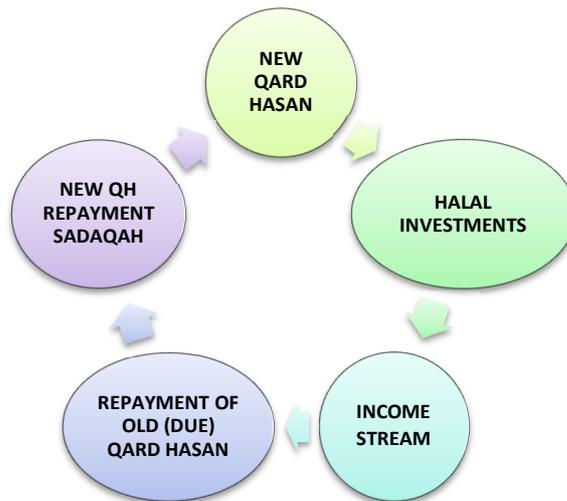
Figure 7: Poverty Alleviation by Bayt al-Mal.



Note: Adapted from Robbani, 2010.

**7.7 Managing Zakah:** *Bayt al-mal* should spend all *zakah* and *sadaqah* funds it collects in the best possible way so that public has trust and confidence to the *bayt al-mal*.

Figure 8: Zakah Fund Qard Hasan Repayment Strategy.



Note: Adapted from Robbani, 2010.

**7.8 Managing Waqf:** It is argued that, in the contemporary world *bayt al-mal* may have an important role in managing *waqf* funds and using in establishing an effective welfare system, assisting in resource mobilization and redistribution, and strengthening civil society. There would be religious *waqf*, like the property that has been allocated for mosques and religious schools. Also there is philanthropic *waqf*, like the humanitarian *waqf* whereby benefits are allocated to the public for supporting the poor, and also promote social activities. For example the library, educational centers,

health care, animal care, takes care of environment, development activities of the green space, and roads are kind of benefits (Possumah & Ismail).

**7.9 Investment activities:** *Bayt al-mal* may invest its excess of funds in the Shari'ah compliant businesses, activities and various financial instruments. However, this can be done by the whole surplus of *bayt al-mal* in the country combined to become large sum of funds to invest, for example, in *Sukuk*. Profit through this investment can be channeled back to the group of funds to be distributed to the *Zakah* recipient. Apart from making the investment, *bayt al-mal* can also serve as trigger the development of fixed assets and income flow channeled back to him as a source of income to *bayt al-mal*. If it is general, this income included in the general account. However, if *bayt al-mal* is the trust of *waqf*, the benefit is extended to beneficiary. *Bayt al-mal* can take their part as a fee management. The larger the amount of revenue generated the larger income of *bayt al-mal* as manager. It thus can provide better space management and enhance highly skilled duties (Possumah & Ismail).

**7.10 Micro-venture capital:** *Bayt al-mal* can supply capital for the business and economic activities. It provides equity and management resources to small business start-ups and going concerns under models such as *musharakah*, *mudarabah*, *wakalah* and so forth (Karimah, 2014).

**7.11 Social security:** social security expenditures are important to the development process, particularly in protecting the welfare of the most disadvantaged and vulnerable groups. This type of spending can also help achieve long-term growth and poverty reduction by improving the productivity of the poor. There are synergies between social protection and pro-poor agricultural growth. Social security based on public properties may be provided through several main techniques, like social insurance, social assistance, income security, and so forth. *Bayt al-mal* has potential to play a big role in providing social security by having a distributional scheme of social security under its management (Possumah & Ismail).

**7.12 Land-grant:** The head of the state is allowed to grant any property from *bayt al-mal* to whom he deems eligible for it, pursuant to the general welfare of the Muslims, and mostly it is exercised in granting the lands as estate (Balatunusi, 153). The Prophet (peace be upon Him) says: "The waste lands are for Allah and His Messenger, and then for you", i.e. such lands will be divided into parts and distributed among the people (Aby Ubayd, 367). However, granting the lands by the head of state is restricted to the lands where he is permitted to deal and his order will be implemented, and it does not extend to property which has a specific owner and claimant. Grants may be of two kinds: one that concedes the right of ownership and another that concedes the right to produce. Lands where the right of ownership is granted may either be dead land, cultivated land, or mines. Dead land has two types: one which has always been dead for as long as anyone can remember such that no cultivation exists, and no property rights have been established. Such lands may be conceded in a grant by the head of state to anyone who wishes to revive and cultivate it. Another type of dead land which was once cultivated and then become devastated and unused, it has two types: one is those lands belonging to the pre-Islamic period like the land of *Ad* and *Thamud*; these lands can be granted, whereas another type of lands which were the land of the Muslims and then become dead; these lands can be granted

provided that their owners are not identified. With regard to the cultivated lands these are of two types: one is whose owner is known and in this case the head of state has no authority over it, except regarding any claim on it from the *bayt al-mal*. Another type of cultivated lands is whose owners are not clearly known or whose property rights have not been defined. They are of three types: One: land which has been chosen by the Imam for *bayt al-mal* at the time of conquest of various regions, either by reason of the fifth, which is taken in order to fulfill the right of those entitled to it, or what has been taken in order to satisfy the booty-takers. The head of state is not allowed to give a grant-right of ownership to this type of cultivated land. His setting it aside for *bayt al-mal* means that it is for all Muslims, and its status is that of a *waqf*-property in perpetuity. Second: this type of cultivated land is that which is subject to the *kharaj*, in which case it is not allowed to be granted as a property-grant. Third: this comprises property, whose owners have died, and there is no claim on it by any inheritor or other tribe member; such property is transferred to the *bayt al-mal* and is inherited by all Muslims and spent on their general interests. Nevertheless, regarding the granting of revenue, this may be of two kinds: the tithes and the *kharaj*. Granting the tithes is not permitted, because it is a *zakah* for a specific category of persons whose claim on it is established at the time it is allotted to them. As for granting the *kharaj*, its ruling would be varied according to the status of the grantee (Mawardi, 248-255).

## 8. Conclusion

The study revealed that *bayt al-mal* is the authority that is in charge of all the state's revenue and expenditures for which all the Muslims are entitled. The activities of *bayt al-mal* are carried out basically by two main sections; one section deals with the revenues of *bayt al-mal* and their sources while another section deals with the expenditures and the funds which *bayt al-mal* is liable to pay to the rightful owners. There are several categories for the funds of *bayt al-mal* namely Fifths, War Booties, Missing, *Zakah* as well as the fund of Public Properties.

The study also demonstrated that, *bayt al-mal* has a great potential to play a significant role in economic development. Though at present time the historical role of *bayt al-mal* is being carried out by all of the Ministry of Finance, Central Bank, and Treasury of the State, still there is a big room left for *bayt al-mal* to contribute. Currently, with the rapid development of Islamic finance, the *bayt al-mal* shall be utilized in parallel with the development of the economic sector. *Bayt al-mal* can provide microfinance, *qard hasan*, etc. to the SME enterprises and so forth, along with its charitable activities. It also can contribute significantly to mobilize *Zakah*, *sadaqah*, *waqf* and other charitable funds which would enhance the social development of the community. *Bayt al-mal*, indeed, can serve as a financial intermediary between the surplus and deficit units of the society. It also can contribute to provide public utilities and to construct the general infrastructures of the state.

Last but not least, this study suggests that intensive efforts should be made to create and enhance the funds of *bayt al-mal* in order to ensure the smooth survival of it. In this respect, engagement from various private sectors is required. Government commitment is also necessary to back up and to realize the *bayt al-mal* function as a guarantor and provider of welfare of the community. This would, at the end, contribute to have a robust economic development.

## REFERENCES

- Abu Yusuf, (1979), *Kitab al-Kharaj*, Beirut: Dar al-Ma'rifah.
- Balatumusi, Taqi al-Din Abu Bakr, (1989), *Tahrir al-Maqal fima Yahillu wa Yahrimu min Bayt al-Mal*, ed. Fath Allah Muhammad, Egypt, al-Mansurah: Dar al-Wafa.
- Farra, Abu Ya'la Muhammad, (1973), *al-Ahkam al-Sultaniyyah*, Indonesia: Surabaya, 3<sup>rd</sup> edn.
- Islamic Financial Institutions and Markets*, (2011), Kuala Lumpur: INCEIF, the Global University in Islamic Finance.
- Karimah, Ibn Sadah, (2014), *al-Iradat al-Ammah al-Islamiyyah wa dawruha fi Tahqiq al-Tanmiyyah al-Ijtima'iyah*, Jil Research Center. Retrieved on 14/12/2014 at <http://jilrc.com>
- Khalili, Ahmad ibn Hamd, (2004), *al-Fatawa...Bayt al-Mal*, Muscat: al-Ajyal li al-Taswiq.
- Lahsasna, Ahcene, (2013), *Maqasid al-Shari'ah in Islamic Finance*, Kuala Lumpur: IBFIM.
- Manjarah, Abdur Rahman, (1993), *al-Fath al-Mubin fi Bayan al-Zakat wa Bayt Mal al-Muslimin*, ed. Muhammad al-Habib al-Tajkani, Rabat: Dar al-Afaq al-Jadidah.
- Mawardi, Abul Hasan, (1989), *al-Ahkam al-Sultaniyyah wa al-Wilayat al-Diniyyah*, Kuwait: Dar Ibn Qutaybah.
- Ministry of Awqaf and Religious Affairs, (1986), *al-Mawsu'ah al-Fiqhiyyah*, Kuwait, vol. 8, 2<sup>nd</sup> edn.
- Possumah, Bayu Taufiq & Ismail, Abdul Ghafar, (2012), Baitul Mal and Legal Constraint: Public Wealth Management in Malaysian Context, *International Journal of Academic Research in Business and Social Sciences*, vol.2, no.11.
- Readings in Public Finance in Islam*, (1995), IRTI, IDB.
- Robbani, Mohammed, 2010, *Bayt al-Mal: Proposed Launch & Operational Framework*, UK: The Institute of Islamic Finance.
- Salam, Abu Ubayd al-Qasim, (1989), *Kitab al-Amwal (the Book of Finance)*, Beirut: Dar al-Shuruq.
- Tawdi, Muhammad, (2000), *Kashf al-Hal anil Ujuh allati Yantazimu minha Bayt al-Mal*, ed. Abdul Majid al-Khiyali, Beirut: Dar al-Kutub al-Ilmiyyah.
- Zalloom, Abdul Qadeem, 1988, *Funds in the Khilafah State*, London: al-Khilafah Publications, 2<sup>nd</sup> edn.