

# Zakat

AND  
ITS POVERTY ALLEVIATION GOAL



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AND  
POVERTY ALLEVIATION

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## CHAPTER FIVE

### **PAKISTAN'S POVERTY-ZAKAT NEXUS: A MEASUREMENT USING ZAKAT EFFECTIVENESS INDEX**

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#### **INTRODUCTION**

The publication of a comprehensive profile of poverty in Pakistan by the Mahbubul Haq Centre for Human Development (MHCHD) in 1960 clearly testifies that Pakistan was not a poverty-free country.<sup>1</sup> In fact poverty-related problem has been encountered ever since Pakistan gained independence in 1947. Specifically, when the British relinquished its dominance and power to the Pakistani people, Pakistan had as many as 21 million people out of which about 60 per cent lived in absolute poverty, a condition of life in which the basic needs of those who are affected by the hardship are not fulfilled<sup>2</sup>. In the period 1948-58, the situation had turned from bad to worse when the country added eight million people to its population. The addition came from the arrival of millions of people as refugees from India. A very large number of these people arrived as destitute, leaving behind their properties and most of their possessions. As of October 1958, it has been recorded that the pool of poverty in Pakistan had increased by another five million, to about 26 million people in a population of some 44 million.

In 1960, about 19 million people lived below the poverty line in Pakistan. As of March 1969, it has been estimated that Pakistan's population had increased to 56 million. Of this figure, 40 per cent - or 22 million people - lived in poverty<sup>3</sup>. In 1971, owing to a sharp slowdown in economic growth and to a series of failed monsoons together with the deep restructuring of the economy undertaken by the government in power the incidence of poverty has increased. In July 1977, Pakistan's population had increased to 72 million of which 28 million were absolute poor representing around 39% of the population of the country. Also, the poor people population of 1977 was six million over and above the less privileged population as at 1969.

By 1980, the number of people defined by the government as absolutely poor had grown to 34 million. In August 1988, Pakistan had a population of 97 million, of which only about 18 per cent or 17.5 million were poor. This was a remarkable development. That is to say, while the size of the population in this 11-year period had increased by 25 million, the number of poor declined by 11 million. It is worth mentioning at this juncture that such a decline in poverty was made possible partly due to the Islamization program, much of which was focused on the introduction of *zakat* (the Islamic tax), that had