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6/18/2020

Islamic Economics Assignment

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1. How can we improve distribution of Zakat?

Zakat is an Islamic finance term referring to the obligation that an individual must donate a certain proportion of wealth each year to charitable causes.

Distribution of the Zakat can be improved through eZakat system. eZakat an online system of collection and distribution of the Zakat that can increase the efficiency of Zakat maal collection and distribution. eZakat system makes it easier for the zakat payers to fulfil his/her obligations without facing difficulties to find the institution of the Zakat. It will encourage rich people for paying more Zakat. eZakat system is good in terms of its transparency, efficiency and accountability.

2. Islamic economics and current problem of pandemic.

The recent outbreak of COVID-19 has shocked the world. It is leading the financial system into a crisis. Economic shutdown has created issues like demand and supply shocks. Manufacturing industries are cutting down production and employees are losing jobs.

Islamic economic system can be implemented to reduce the problem of pandemic in the following ways:

- Individual should try as much as possible to give out the Zakat and others voluntarily assets in order to reduce poverty rate and bring economic stability.
- Individual should stick to production and avoid economy of consumption.
- Interest-free debt and lending system should be adopted to avoid debt trap for household and business firms because accumulation of debt is observed to be one of the major reasons that causes economic crisis.