

ECONOMIC REFORMATION OF THE PROPHET (PBUH): PERSPECTIVE MEDINA

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Abstract

In the year 13th after Nubuawah, migrating from Mecca to Medina with companions being ordained by Allah (SWT), the Prophet Muhammad (Pbuh) found Medina on very imbalanced economical condition for many causes. So after very beginning of establishing the Islamic State of Medina, the Prophet Muhammad (Pbuh) had to face a farm challenge to overcome this situation and reform all the economic spans from top to bottom. In this paper we would like to analytically discuss the causes behind those problems and circumstances, such as: Economic aspect of Medina, Misuses and Capitalism of the Jews. And the processes of their solving and reformation taken by the Prophet (Pbuh) such as: Legislation of Zakat, Emphasizing on Charity, Prohibition of Riba, Market Control, Pre-foundation of Bait-al-Maal, Revenue and Taxes, War after property Management, Rules of Heritage, Postponement of Conventional Business Processes in Ayaam al-Jahiliyah, Permitted Investment law and prohibition from begging etc. And thus the World noticed the unique model of the Prophet (Pbuh) for solving economic problems of all the ages and eras.

Keywords: Economic, Reformation, the Prophet (Pbuh), Medina, Zakat, Riba

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INTRODUCTION

After the *Hijrat*, the Prophet Muhammad (Pbuh) established the Islamic State of Medina, which became an ideal state for all the ages (Mamun, 2019). And inaugurated reformation of all the

aspects of Medina, which includes social, religious, economic, political, and so on. And He had taken the most effective strategies lead the people to have a potential as well as sustainable development in economic sectors. Within very short time He had successfully been able to reform all the corners of economic zone at that time in Medina, and also to make that an everlasting criterion for all the ages. We mainly try to focus in this paper on discussing imbalanced economic condition in Medina before the Prophet (Pbuh) came there, pointing on causes behind those problems and conditions, taken policies and processes of the Prophet (Pbuh) to solve and overcome those bottle neck situations with identifying all the technical terms related to prophetic economy and finally we show the modern application as the results of Prophetic economic strategies in Medina in this day. And this short journey will be going on using the primary sources of data and information, where we directly take them from its own language (mostly from Arabic) and translate into English, but in some cases, we depend on some translated books of Hadith, Islamic Law (*Fiqh*) in English, scholarly writings, and research journals as the secondary sources of data also. And discussion through the paper will be divided into three sections: 01) The Medina economic conditions before Hijrah of Prophet (Pbuh), 02) The reforms by Prophet (Pbuh) after Hijrah to Medina, having some sub-sections and 03) The Modern application of Prophetic economic strategies in Medina. And thus, we finalize the paper with a conclusion.

THE ECONOMIC CONDITIONS BEFORE HIJRAH OF THE PROPHET (PBUH)

Economic Aspects of Medina

Before the *Hijrat*, there were mainly two sorts of people abode in Medina, they are: 1) Arab and 2) the Jews. Arab were mainly in two tribes a) *Aws* and b) *Khazraj*, and the Jews were in three groups, a) *Banu Qainuqa'* b) *Banu Nadheer* and c) *Banu Quraijah* (Al-Mubarakpuri, 2005). However, *Aws* and *Khazraj* were depended mainly on agriculture, and they were in affluence with their lands, dwellings and business. (Al-Mubarakpuri, 2005). On the other hand, the Jews excelled at the arts of earning money and trading. They in fact monopolized trading in cereals, dates, wine, clothes, export and import. For the services they offered to the Arabs, the latter paid heavily. Usury was a common practice amongst them, lending the Arab notables great sums to be squandered on mercenary poets, and in vanity avenues, and in return seizing their fertile land given as surety (Al-Mubarakpuri, 2005). In this circumstance the economic power started to be centralized at the hands of the Jews in Medina, but *Aws* and *Khazraj* - being though the prime inhabitant of Medina- began to be poorer day by day.

While coming to Medina, the *Muhajirs* (the Muslims of Mecca, who migrated with the Prophet Pbuh to Medina.) who were homeless, jobless and moneyless and took shelter to the *Ansaars* (the inhabitants of Medina, who helped the *Muhajirs* in Medina), normally the economic condition of Medina started to be deteriorated. So, establishing the unique state of Medina the Prophet (Pbuh) had to take a great deal of hard challenge to solve the problems and to reform the economic conditions with a very efficient way.

Misuses and Capitalism of the Jews

Before the Prophet (Pbuh) came to Medina, the economic condition was going to be imbalanced day by day due to two prime causes:

- a. Capitalism: The economic phenomenon of Medina was controlled by the Jews, (Al-Umary, 1994). and they would invest their capital against high usury. (Al-Umary, 1994). So, they were becoming rich to richer. And they used to use their property anywhere and anyhow they wanted. Beside this, cheating, fraudulence, artificial crisis making were also the way of their gathering wealth. They would stimulate the fire of tribal conflict among Khazraj and Aws as they could be profiteer more and more (Al-Mubarakpuri, 2005).
- b. Misuse: On the other hand, the Aws and Khazraj sometimes misuse their property unnecessarily, such as: squandering on mercenary poets, in vanity avenues (Al-Mubarakpuri, 2005). and in their arms hiring or collecting for tribal conflicts etc. So, they were being empty handed day by day and yielding to the Jews.

Islam does not recognize the ownership like capitalism, nor it refuses the total ownership of the property for people like communism. But Islam is the moderated one. So, ownership of the property is recognized by Islam but with some logical conditions. Islam forbade every deceptive way of earning money and there is no room for misuse of the property. And Allah the Almighty made this *Haram* as it is being said: “You don’t squander, Allah does not like the squanderers.” (Sura al-An’am, 141)

The Reforms by the Prophet (Pbuh) after Hijrah to Medina

With the migration of Prophet (Pbuh) to Medinah, socio-economic sectors and conditions were being reshuffled and getting changes, for when the oppression of the Jews was gone away, and the inhabitants of Medina from every stand were aware of their duties and started to proper use of the property, the economic stability had been restored. On the other hand, Prophet (Pbuh) took some initiatives to solve the Medina economic condition like obligation of Zakat, emphasizing on charity, prohibition of *Riba*, market controlling, postponement of business of *Ayaam al-Jahiliyah* and throwing new investing and business law and so on, thus the Prophet (Pbuh) began his journey of economic reforms in Medina for a stable and balanced finance system and socio-economic condition. Here are those taken approaches in detail:

Legislation of Zakat:

To reform the socio-economic aspect in Medina, Zakat was legislated as a compulsory act on the rich Muslims, and clearly announced its spending sectors in *Sura al-Tawbah*:

إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمَوْلَافَةَ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغُرْمِينَ وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ

“The alms are only for the poor and the needy and for those employed in connection therewith, and for those whose hearts are to be reconciled and for the freeing of slaves, and for those in debt, and for the cause of Allah, and for the wayfarer-an ordinance from Allah. And Allah is All Knowing, Wise.” (*Sura al-Tawba*, 60)

So, Rasul (Pbuh) managed *Zakat* taking from the rich and used to distribute among the poor, even he used to send the envies to other Muslim communities around Medina and he also told his governors in occupied areas, as we got it in the *Hadith*: Narrated by Ibn Abbas (R.)- The Prophet (Pbuh) sent Muaj bin Jabal to Yemen ordaining him that “Call them to testify that there is none to be worshipped but Allah, and I am the Messenger from Him, if they would obey it, then inform them that Allah has made *Salat* compulsory five times a day, if they would obey it, then inform that Allah made the *Sadaqah* (*Zakat*) mandatory for them, which will be taken from their riches and will be distributed among their poor.” (Al-Bukhari, 1987)

Emphasizing on Charity

Apart from the giving *Zakat*, the Prophet Muhammad (Pbuh) would emphasis on *Nafl Sadaqah* (Non-compulsory charity), even sometimes he ordered to pay that as *Kaffaarah* (Expiation for sins and guilty), sometimes he urged on because of becoming successful in Hereafter etc. Ever and anon, the state of Medina had to face some serious issues, but the Prophet (Pbuh) solve it with the Charity from his companions, for an example, we can recall the *Tabuk War* issue, the State fund of Medina was approximately empty, then Allah’s Messenger (Pbuh) ordained people to put their *Sadaqah* and they did it. (Al-Qushairy, N. D.) At last, the critical moment was over.

Beside this, sometimes new Muslims or poor men came to Medina, who were in their basic needs, then the Prophet (Pbuh) used to bid his companions to put *Sadaqah*, and thus solved the issue. (An-Nasayee(a), 1420 A.H.) (Al-Shaibani, 1999). And there were a good number of issues in the Prophetic life in Medina where he solved many problems with this process. Here may be added, the Prophet (Pbuh) was the most advanced in charity, as it is Ibn Abbas said: “The Messenger of Allah (ﷺ) was the most generous of the men; and he was the most generous during the month of Ramadan when Jibril visited him every night and recited the Qur'an to him. During this period, the generosity of Messenger of Allah (ﷺ) waxed faster than the rain bearing wind.” (Al-Bukhari, 1987)

Prohibition of *Riba*

Before coming Islam in Medina, the Jews conducted usury among the people, Islam strived to make them free from the curse of usury and to keep economic condition stable. Although the system of usury lately prohibited but its process was started from a long, usury had been prohibited through four major stages:

First stage: It is begun in Mecca with when Allah the Almighty said:

وَمَا آتَيْتُمْ مِنْ رَبًّا لِيَرْبُوَا فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُوا عِنْدَ اللَّهِ وَمَا آتَيْتُمْ مِنْ زَكَاةٍ تُرِيدُونَ وَجْهَ اللَّهِ فَأُولَٰئِكَ هُمُ الْمُضْعِفُونَ

[And whatever you give for interest to increase within the wealth of people will not increase with Allah. But what you give in *Zakat*, desiring the countenance of Allah - those are the multipliers]. (*Sura Al-Rum*, 39)

Second stage: It is when the Most Exalted Allah said:

فَيُظْلَمُ مَنْ الَّذِينَ هَادُوا حَرَّمْنَا عَلَيْهِمْ طَيِّبَاتٍ أُجِّلَتْ لَهُمْ وَبَصَّاهُمْ عَنْ سَبِيلِ اللَّهِ كَثِيرًا وَأَخَذِهِمُ الرِّبَا وَقَدْ نُهُوا عَنْهُ وَأَكْلِهِمْ أَمْوَالِ النَّاسِ بِالْبَاطِلِ وَأَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا

[For wrongdoing on the part of the Jews, We made unlawful for them [certain] good foods which had been lawful to them, and for their averting from the way of Allah many people, And [for] their taking of usury while they had been forbidden from it, and their consuming of the people's wealth unjustly. And we have prepared for the disbelievers among them a painful punishment.] (*Sura Al-Nisa*: 160-161)

Third stage: When Allah the Almighty said:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُضَاعَفَةً وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ وَاتَّقُوا النَّارَ الَّتِي أُعِدَّتْ لِلْكَافِرِينَ

[O you who have believed, do not consume usury, doubled and multiplied, but fear Allah that you may be successful. And fear the Fire, which has been prepared for the disbelievers.] (*Sura Aali-Imran*, 130-131).

Fourth stage: It is the final indication of Islam regarding *Riba* (Usury):

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَخْبِطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَٰئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ يَمْحَقُ اللَّهُ الرِّبَا وَيُزِيلُ الصَّدَقَاتِ وَاللَّهُ لَا يُحِبُّ كُلَّ كَفَّارٍ أَثِيمٍ إِنَّ الَّذِينَ ءَامَنُوا وَعَمِلُوا الصَّالِحَاتِ وَأَقَامُوا الصَّلَاةَ وَءَاتَوْا الزَّكَاةَ لَهُمْ أَجْرُهُمْ عِنْدَ رَبِّهِمْ وَلَا خَوْفٌ عَلَيْهِمْ وَلَا هُمْ يَحْزَنُونَ أَيُّهَا الَّذِينَ ءَامَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ فَإِنْ لَمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَرَسُولِهِ وَإِنْ تُبْتُمْ فَلَكُمْ رُءُوسُ أَمْوَالِكُمْ لَا تَظْلُمُونَ وَلَا تُظْلَمُونَ

[Those who gorge themselves on usury and thereupon desists [from usury], may keep his past gains, and it will be for God to judge him; but as for those who return to it -they are destined for the fire, therein to abide! God deprives usurious gains of all blessing, whereas He blesses charitable deeds with manifold increase. And God does not love anyone who is stubbornly ingrate and persists in sinful ways. Verily, those who have attained to faith and do good works, and

are constant in prayer, and dispense charity - they shall have their reward with their Sustainer, and no fear need they have, and neither shall they grieve. O you who have attained to faith! Remain conscious of God. and give up all outstanding gains from usury, if you are [truly] believers; for if you do it not, then know that you are at war with God and His Apostle. But if you repent, then you shall be entitled to [the return of] your principal: you will do no wrong, and neither will you be wronged.] (*Sura Al-Baqarah*, 275-279). And finally bade to abstain from *Riba* (Sabeq, N. D.).

On the other hand, the Prophet (Pbuh) told against usury in many of his speeches, as he said: "You people abstain from seven devastating things, the companions asked: which are those? The Messenger of Allah replied: al-Shirk with Allah, the Magic, killing anybody illegally, taking *Riba*... ." (Al-Bukhari, 1987). The Prophet (Pbuh) also announced: "May Allah's curse be upon taker of *Riba*, its giver, its writer along with its two witnesses." (Al-Qushairy, N. D.). Hence, we can realize that before revealing the last commandment from Allah about *Riba* most of the people in Medina avoided *Riba*, as the Prophet (Pbuh) made them with his speeches, acting and approval.

Market Control

During the Prophet (Pbuh) was in Medina the market was under controlled and suitable for the people from all levels, no anarchy nor corruption was found there. For the Prophet (Pbuh) took some steps against those very strictly. Here could be mentioned them in detail:

- a. **Adulteration:** Adulteration in food or any other products was strictly prohibited by the Prophet (Pbuh), even he said:

عن أبي هريرة رضي الله عنه أن رسول الله -صلى الله عليه وسلم- مرَّ على صبرة طعام فأدخل يده فيها فنالت أصابعه بللاً فقال: ما هذا يا صاحب الطعام. قال أصابته السماء يا رسول الله. قال: أفلا جعلته فوق الطعام كي يراه الناس من غش فليس مني.

"Narrated Abu Hurayra (r.) that the Messenger of Allah (Pbuh) was passing by a bunch of food and intruded his hand into it and got it wet. Then asked the owner saying: 'What is that? The owner replied to him: got wet due to rain. The Prophet (Pbuh) told him: 'Why did not you keep them on the bunch as the byer can see it? Every those who made adulteration is not among us'" (Al-Qushairy, N. D.).

- b. **Brokerage:**

Due to the brokers, the prime buyers may get not their proper price of their product, so the Prophet (Pbuh) bade to stop all the brokerage in the market of Medina. The Messenger of Allah (ﷺ) said, "The caravans carrying merchandise should not be met on the way to purchase from them; a man in the city should not sell for a man of the desert." Tawus (one of the narrators)

asked him (Ibn 'Abbas): "What do these words really imply?" He said: "He should not work as an agent on his behalf." (Al-Qushairy, N. D.). Except this, he also prohibited from artificial inflating prices (Al-Qushairy, N. D.).

c. Hoarding:

The prophet (Pbuh) also prohibited from *Ih'tikar* (hoarding) when the countrymen are in need for but they are not available in the market. He said: "Hoarding is nothing but sin." (Al-Qushairy, N. D.). But when it is available everywhere in the market, or the people are not in crisis then it is permitted (Al-Mubarakpuri A. R., 2001). So, artificial food crisis was not possible in the market of Medina.

d. Price hiking:

Price hiking was strictly forbidden in Medina, there are a lot of *Hadith* which show us the awful consequence and dreadful torment of price hiking, such as: Imam Ahmad narrated with strong chain, Ma'qal ibn Yasar (R.) said that he had listened to the Prophet (Pbuh) saying for many times: "Every who takes any process to increase the price upon Muslims, it is mandatory for Allah to make him sit on the Hellfire in the Day of Resurrection." (Al-Shaibani, 1999). Imam Ahmad also narrated: "Everyone who hoards to price hike upon Muslims is sinner" (Al-Shaibani, 1999).

e. Forbidden goods:

There were some products those the Messenger of Allah (Pbuh) forbade to buy and sell in the market; we would like to mention some of them:

- i. *Khamr* (intoxicants), *Maisir* (gambling), *Ansoab* (sacrificing on stone to other than Allah), *Azlaam* (lottery), Allah the Most Exalted said:

يَا أَيُّهَا الَّذِينَ ءَامَنُوا إِنَّمَا الْخَمْرُ وَالْمَيْسِرُ وَالْأَنْصَابُ وَالْأَزْلَامُ رِجْسٌ مِّنْ عَمَلِ الشَّيْطَانِ فَاجْتَنِبُوهُ لَعَلَّكُمْ تُفْلِحُونَ

"O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful." (*Sura Al-Maidah*, 90).

- ii. Price of dog, Brothel, Soothsaying: as we see in the *Hadith*:

"Allah's Apostle forbade taking the price of a dog, money earned by prostitution and the earnings of a soothsayer." (Al-Shaibani, 1999).

- iii. Earning of copper, stud fees for a stallion: as it is mentioned in *Hadith*:

Abu Hurairah said: "The Messenger of Allah forbade the earnings of a copper, the price of a dog and stud fees for a stallion (An-Nasayee(a), 1420 A.H.). And many other things were forbidden in Medina according to the order of the Prophet (Pbuh).

Pre-foundation of *Bait-al-Maal*:

Bait-al-Maal (in the form of official norm) was founded by the second caliph of Islam Umar ibn al-Khattab (Suyuti, 1952). But the activities of *Bait-al-Maal* (i.e.: collecting, distributing of wealth, and describing its sectors) was begun from the age of the Prophet (Pbuh), such as:

First: Defining the quantity of some sort of taxes, revenues, war after property (coming soon in detail) and their proper and exact execution.

Second: Sending envoies as Walid ibn Uqbah to the tribe of Banu Mustaliq for collecting Zakat or Sadaqat, (Ibn-Katheer, 1430 A.H.). Abu Ubaidah ibn al-Jarrah to Bahrain for collecting Jizya, (Al-Bukhari, 1987). Muaj ibn Jabal to Yemen as a governor and uttered one of his duties was collection of Zakat and distribution among their poor, (Al-Bukhari, 1987) (Al-Qushairy, N. D.). Umar to Ibn Jameel, Khalid ibn al-Walid and Abbas, (Al-Qushairy, N. D.).

Third: Distributing the obtained property in various sectors in accordance with their right, such as: As the Prophet (Pbuh) bestowed on Umme Atiyah from the property of Zakat, etc. (Al-Qushairy, N. D.).

Revenue and Taxes:

Revenue and Taxes are the backbone of the finance affairs in a country, So the Prophet Muhammad (Pbuh) composed some regulation in Medina regarding revenues and taxes, they are in the following:

- a. Ushr and Nisf-Ushr: Ushr is one tenth of the crops after it is harvested, it is for the lands under the Muslims (Madkur, N. D.) and the land was not irrigated. (Al-Bukhari, 1987), If it was irrigated by the land holder then it is one twentieth of the crops (Al-Bukhari, 1987) is called Nisf-Ushr.
- b. Kharaj: Taken revenue from non-Muslims for their cultivating Islamic lands.
- c. Jizya: Taken from Non-Muslims as their safety cost in Islamic state.
- d. Rikaz and Ma'dan: Rikaz is the hidden treasure, found in the land, (Kuwait, 1404-1427 A. H.), but there is a little difference in scholastic opinion of the Muslim Jury, Imam Abu Hanifa said: Rikaz is everything which is found from the land, other scholars said: Rikaz is only those things which are hidden by the Ahlul Jahiliyah (the people of the age of darkness) found in the land (Sabeq, N. D.). One fifth of the Rikaz is payable to the state. (Sabeq, N. D.). Ma'dan is the costly things found in the land (Sabeq, N. D.). Imam Abu Hanifa said: One fifth of the Ma'dan should be paid to the state whether it is little or more, others said: The minimum quantity of Ma'dan when it should be paid to state is like the Nisab of Zakat, (Sabeq, N. D.).

War after property Management:

- a. Ghanimat: Ghanimat is the name of gained property from the Ahlul Harb (the people of war against Islam and Muslims) after they had defeated, (Sabeq, N. D.). One fifth of Ghanimat is to be paid to Bait al-Maal.
- b. Nafil: According to the most of Islamic scholars Nafil is same to Ghanimat, (Ibn-Katheer, 1430 A.H.).
- c. Fai: The gained property by Muslims from their enemies without having any war, (Sabeq, N. D.).

Rules of Heritage:

Islam legislated a well-structured heritage law for the purpose of economic stability after the death of nearest one like: Father, mother, brother, sister, son, daughter etc. Even Allah the Wisest has Himself declared and disclosed in detail (Sura Nisa, 10-11), for the people may not be gone to astray (Sura Nisa, 176). And Islam -at first- utters the special part of property to the women, before Islam they were fully deprived from their economic facilities.

Postponement of Conventional Business Processes in Ayaam al-Jahiliyah:

The Prophet (Pbuh) set a new policy to stop all the conventional business processes which were in Ayaam al-Jahiliyah, He postponed all kinds of purchasing and selling system where there is uncertainty, deception or anything that lead the people to conflict, some of those are given below:

- a. Bai al-Mulamasah: According to Abu Hurairah (may Allah be pleased with him): Mulamasah is when each person touches the garment of his companion without examining it further (Al-Khattab, 2007). And to the other scholars: Mulamasah is a buy for prefixed price with closed eyes, or in darkness just by the first touch of hand. (Al-Khattab, 2007)
- b. Bai al-Munabajah: According to Abu Hurairah (may Allah be pleased with him): Munabajah is when a person throws his garment to the other, and neither of them examines the garment of the others.” (Al-Khattab, 2007). And to the other scholars: “Munabajah is an agreement to barter one thing to another without seeing or checking either of them”, (Al-Khattab, 2007).
- c. Bai al-Hasah & Bai allaji feehi Gharar: The Prophet (Pbuh) forbade from Hasah transactions [Hasah transactions are those that involve throwing stones, and based upon where they land a deal is finalized] and Transaction of involving ambiguity, (Al-Khattab, 2007).
- d. Habal al-Habalah: Selling the offspring of offspring that is still in the womb of the camel to being sold, (Al-Khattab, 2007). Abdullah Ibn Umar (may Allah be pleased with him) narrated: During the period of Jahiliyah, people used to sell the meat of the camels upto Habal al-Habalah, and Habal al-Habalah means the she-camel gives birth, then the one

- that bore becomes pregnant. The Messenger of Allah forbade that, (Al-Khattab, 2007).
- e. Bai al-Musarrat: The Messenger of Allah said: "Whoever buys a sheep in whose udder milk has been allowed to accumulate, has the choice for three days: if he wishes he may keep it, or if he wishes he may return it along with a Saa of dates." (Al-Khattab, 2007).
 - f. Bai Qablal Qabd: Bai Qablal Qabd means selling products before taking their possession. The Messenger of Allah said: "Whoever buys some food, let him not sell it until he has received it in full." Ibn 'Abbas said: "I think that all things are like this (i.e. it applies to all transactions)." (Al-Khattab, 2007).
 - g. Bai al-Mukhadarah: To sell green fruits before appearing their ripeness, (Sabeq, N. D.) as it is narrated from Ibn Umar that the Messenger of Allah forbade selling fruits until their ripeness appears. He forbade it for the seller and the buyer. (Al-Qushairy, N. D.).
 - h. Bai al-Muhaqalah: Muhaqalah is to sell the wheat in spikes (before harvesting) against assumed measuring with fresh wheat, (Al-Nawawee, 1392 A. H.). The Islamic scholars have a lot of different opinions regarding Bai al-Muhaqalah, (Sa`di, 1988).
 - i. Bai al-Muzabanah: The Prophet forbade Muzabanah. Muzabanah means selling the produce of palm trees for dried dates by measure, or selling grapes for raisins by measure, or selling crops for dried wheat by measure, (Al-Khattab, 2007). But He gave consent on Bai al-Araya [Selling dates in tree for fresh dates on assumption where it is not more than five Wasaq (658.8 kgs)].
 - j. Bai al-Mukhabarah: The Messenger of Allah forbade Mukhabarah, (Al-Khattab, 2007). A'ta said that Jabir (may Allah be pleased with him) explained us, Mukhabarah refers to unused land which a man gives to another man who spends on it then (the owner) takes some of its produce in return, (Al-Khattab, 2007).
 - k. Bai al-Mua'wamah: Selling dates for years before appearance, (Al-Qushairy, N. D.).
 - l. Bai al-Najash: It is price hiking with negotiation in order to make the price higher for others without having intension of purchasing. Rasul (sm) unambiguously forbade Bai al-Najash, (Al-Qushairy, N. D.).

And like these, the Prophet (Pbuh) bade the people of Medina to give up the systems of selling which were on the custom of Ayaam al-Jahiliyah, for nobody would be victim of deception, harassment and other unlawful activities among buyers and sellers. And by this He ensured the highest safety in market for general people in Medina.

Permitted Investment law:

On the other hand the Prophet (Pbuh) recognized and approved some investment policies, such as:

- a. Mudarabah: Mudarabah refers to the agreement for sharing the profit where the investment from one and the labor from other. It was accustomed to the people before Islam, and the Prophet (Pbuh) approved it, (Al-Harrani, 2005).
- b. Musharakah: Musharakah means the agreement between two parties or more of sharing the capital, profit and loss together. It was also known in Ayaam al-Jahiliyah, as we found it in the hadith of Sa-ib ibn al-Sa-ib: "He was the partner of the Prophet (Pbuh)

in trade before Islam.” (Al-Naisaburi, 1990). And in the narration of Nasay’ee: “Sa-ib used to share in trade of the Prophet (Pbuh) in Jahiliyah.” (An-Nasayee(b), 1991).

And after Islam had come the Prophet (Pbuh) approved this process, as we noticed in the Hadith of Abu Minhal: “Bara ibn A’zib and Zaid ibn Arqam (may Allah be pleased with them both) were trade partners and they bought silver (some of it) in cash and (some others) on credit, when it reached to the Prophet (Pbuh) he bade to take which was in cash and return that was on credit.” (Al-Shaibani, 1999).

- c. Bai’ al-Salam: Paying advance for selling described goods provided lately, (Sabeq, N. D.). It was also known in Ayaam al-Jahiliyah as we noticed in the Hadith of Ibn Abbas: “While the Prophet (Pbuh) came to Medina the people of Medina used to pay in advance the price of fruits for being delivered within two or three years, then the Prophet (Pbuh) said: Whoever pays the prefixed price in advance for anything else, he should do it for definite measure and definite period of time.” (Al-Bukhari, 1987).
- d. Ijarah: Ijarah refers to an agreement in exchange of taking benefits for, (Sabeq, N. D.). It was known to people from ancient age, as we found in the Holy Quran:

قَالَتْ إِحْدَاهُمَا يَا أَبَتِ اسْتَأْجِرْهُ إِنَّ خَيْرَ مَنِ اسْتَأْجَرْتَ الْقَوِيُّ الْأَمِينُ قَالَ إِنِّي أُرِيدُ أَنْ أُنكِحَكَ إِحْدَى ابْنَتَيَّ هَاتَيْنِ عَلَى أَنْ تَأْجُرَنِي ثَمْنِي حَجَّ فَإِنْ أَتَمَمْتَ عَشْرًا فَمِنْ عِنْدِكَ وَمَا أُرِيدُ أَنْ أَمْلِكَ عَلَيْكَ سَتَجِدُنِي إِنْ شَاءَ اللَّهُ مِنَ الصَّالِحِينَ

[One of the daughters said, "O my father, hire him. Indeed, the best one you can hire is the strong and the trustworthy. He said, "Indeed, I wish to wed you one of these, my two daughters, on [the condition] that you serve me for eight years; but if you complete ten, it will be [as a favor] from you. And I do not wish to put you in difficulty. You will find me - if Allah wishes- from among the righteous."] (Sura al-Qosas, 26-27).

And the Prophet (sm) himself hired and approved it, such as: Ayesha (may Allah be pleased with her) the spouse of the Prophet (Pbuh) narrated: Allah’s Messenger and Abu Bakr hired a man from Bani al-Dayl as an distinguished guider, he was then on the religion of the infidels of Mecca. They both gave him their riding camels and took his promise to bring their ridings at the third day at the cave of Thawr, so he came to them with the riding camels on the dawn of the third day, (Al-Bukhari, 1987).

Moreover, the Prophet (Pbuh) urged on fully payment for hiring, as it is in the Hadith: “Allah said: I will be the opponent of three at the Day of Qiamah, 1) One who had an agreement in my Name but he betrayed, 2) One who sold a free person as a slave then took its and 3) One who hired a man, and asked to be fulfilled his duty but he had not paid him (full).” (Al-Bukhari, 1987).

- e. Musaqat and Mujhara’yah: Musaqat is to hand over the trees to another one for working on, watering and looking after those on the condition of giving a fixed share. And Mujhara’yah is an agreement on land for a fixed share, (Al-Mubarakpuri A. R., 2001). These both are permissible according to all the scholars but Imam Abu Hanifa, (Al-Mubarakpuri A. R., 2001).

- f. Bai al-Muajjal: Bai al-Muajjal is taking goods (which is not measured with Kayl nor weigh) for increased price on credit. It was approved by the Prophet (Pbuh) also, as Imam Ahmad narrated: "... The Prophet (Pbuh) then ordained: Purchase for us a camel against even three she-camels... I sold a camel against two..." (Al-Shaibani, 1999).

Besides these mentioned processes the Prophet (Pbuh) legislated Iqalah (Postponement of selling on request from seller or buyer) (Al-Ajimabadi, 1415 A. H.), Khiyar (Choosing the better option between either the transaction would be finalized or be postponed) (Al-Ajimabadi, 1415 A. H.), Shufa'h, (Sabeq, N. D.), H'awalah (Transferring debt from one to another being unable to pay) (Sabeq, N. D.) and so on. Thus, the Messenger of Allah (Pbuh) reformed the whole system of financial transactions from top to bottom and helped the people to get rid of the imbalanced economic condition.

Prohibition from Begging: Moreover, the Prophet (Pbuh) put a lot of emphasis on becoming self-depended with working by hand, He said: "Nobody has ever eaten a better meal than that which one has earned by working with one's own hands. The Prophet of Allah, David used to eat from the earnings of his manual labor." (Al-Bukhari, 1987). And he also urged on to not begging, such as: "Asking is not permissible without three: first: a man who is in debt, it is then permissible for him to ask until his difficulty is resolved; second: a man who was struck by calamity, which destroyed his holdings, which also makes it permissible for him to ask until he is in a position to earn his own living; and third: a man who has been reduced to poverty and three persons of wisdom from his society testify to his poverty, such will ask until he finds a means of support for himself. Other than these cases, O Qubaisah, it is considered as taking suht (illegal and forbidden earning)." (Al-Qushairy, N. D.).

The Modern application of Prophetic economic strategies in Medina

During the last few decades, we notice in different countries of the World a rapid change has been taken place, and Islamic economic system is getting popularity among the people. Even up to 1996, there were about 273 Islamic Banks, financial institutions, and insurances in the World, (Hamid, 2002). And of these, 221 were in Muslim and other 52 in Non-Muslim countries. There were among the Muslim countries, in Pakistan 57, Sudan 37 and Indonesia 22, on the other hand, among Non-Muslim countries, in UK 10, Switzerland 7, Bahamas 7 and USA 4, (Hamid, 2002).

According to Professor M. S. Hussain: In more than 40 countries, the Islamic banking system and financial activities have been introduced, such as: Afganistan, Algeria, Argentina, Bahamas, Bahrain, Bangladesh, Cyprus, Denmark, Djibouti, Egypt, Germany, Guinea, India, Indonesia, Iran, Jordan, Kazakhstan, Northern Cyprus, Kuwait, Liechtenstein, Luxembourg, Malaysia, Mauritania, Morocco, Niger, Pakistan, The Philippines, Palestine, Qatar, Saudi Arabia, Senegal, South Africa, Sudan, Switzerland, Thailand, Tunisia, Turkey, UAE, UK and USE, (Hussain, 1996). But in last two decades, the number of countries as well as banks and institutions has a revolutionary change.

All these Banks, institutions, insurances, cooperative initiatives founded and they have been running their financial activities since 1962,[Because the first attempt to implement the principles of Islamic banking was taken in Malaysia 1962 and Mit Ghamr Saving Bank in Egypt

in 1963.] (Hussain, 1996), facing the problems caused by conventional Usuary based banking system. They – in general – follow the prophetic investment and saving law like: *Mudaraba*, *Musharakah*, *Bai Salam*, *Bai-al-Muajjal*, *Ijarah* and *Wadiah* etc. In terms of their mission, it is nothing but making finance without Riba, gaining business basis profit, practising permitted way of trading, which are the endeavour started by the Prophet (Pbuh) in Medina 1400 years ago. But following his footsteps, the economic and financial activities are successfully going on, to solve and overcome the current situation. It has already been recognized even by non-muslim in many countries. We hope that, those days are not so far, when the conventional usuary based economy would be yielding to Islamic financial system, what had been started by the Prophet (Pbuh) in Medina.

CONCLUSION

Reaching here we can say that the economic condition of Medina in the time of the holy migration of the Prophet (Pbuh) was extremely critical, imbalanced as well as instable. So, the Prophet (Pbuh) had to take the hard challenge to reshuffle and reform it. And he threw a unique model and stood to execute in Medina. Finally, he handled the circumstances and successfully reform the economic condition within a few years, which strengthened the economy of Islamic state of Medina and became the model and standard for all. Now, basing on that model of Prophet (Pbuh) in Medina, we notice its modern application as: Islamic Banks, insurance and other financial institutions which have been founded and becoming popular day by day in every corner of the Earth.

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