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Zakat Payments in Pakistan Exceed State Social Protection

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Every year, hundreds of millions of Muslims across the world pay a proportion of their wealth as zakat, one of the five pillars of Islam mandating an annual payment of a proportion of an individual's productive wealth, broadly representing 2.5 per cent. Consequently, zakat represents a significant part of how redistribution and social protection works in practice. And yet there have been almost no empirically robust estimates of its quantum and effect. Since 2021, a partnership between the ICTD and the Lahore University of Management Sciences has enabled more systematic accounts of how zakat is paid in practice, including through a new nationally representative survey of 7,500 Sunni Pakistanis conducted via computer-assisted telephone interviews in 2024. Using this novel data, this factsheet explains how much zakat we can estimate is being paid in Pakistan every year – and where the money is going.

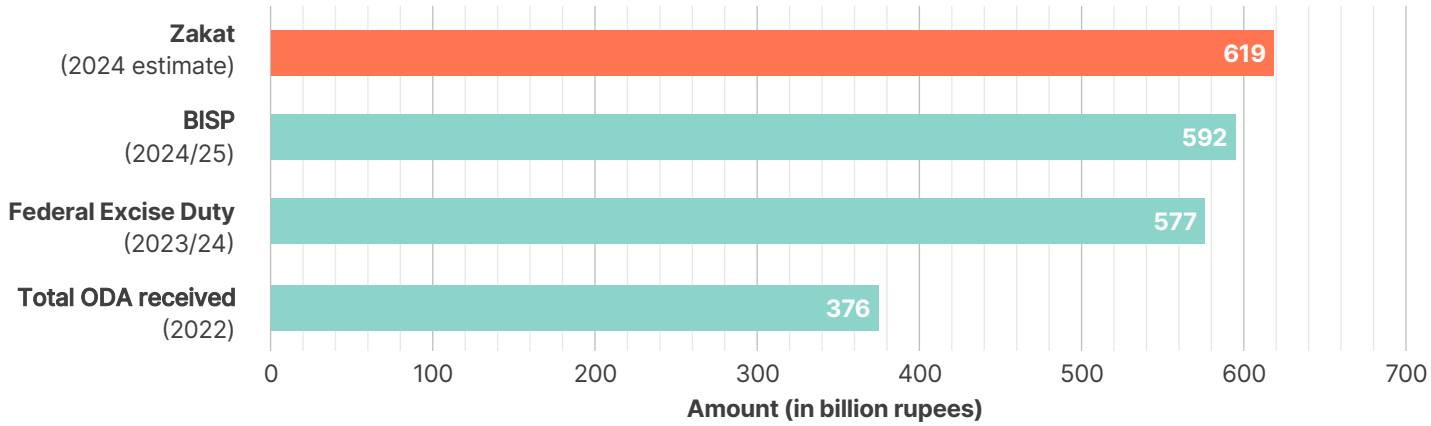
Pakistanis pay over 619 billion rupees in zakat every year

We estimate that self-identified Sunnis in Pakistan paid over 619 billion rupees (£1.7 billion) in zakat in 2024.[1] Among those that paid, average contributions in 2024 were about 15,000 rupees (£43); with over 50 million Pakistanis paying, this added up to a substantial amount. The amount is even starker in the context of existing state-led social protection: our data suggests that every year, more money is being distributed to people in need in Pakistan through zakat than through the largest state-led cash transfer programme, the Benazir Income Support Programme (BISP) (Figure 1).[2] Similarly, more money is being distributed than Pakistan received in official development aid in 2022, despite Pakistan being among the largest aid recipients in South Asia.[3] More money has been raised through zakat than through the federal excise duty.[4]

Estimates are always imperfect. However, in the absence of similar studies, we are confident that our figures are currently the most accurate existing estimate of zakat paid in Pakistan. We have taken two steps to ensure greater accuracy in this estimate. For one, while data asking people about religious and charitable giving is likely to be affected by social desirability bias, our survey is also able to estimate misreporting of payment and adjust our data accordingly. People who did not pay zakat may still claim they did, because they may feel that the interviewer is judging them for not paying. A list experiment in our survey helps us estimate how many people are misreporting zakat payment: based on this, while 52 per cent of men and 45 per cent of women in our survey told us that they are paying zakat, our overall estimate instead assumes that 43 per cent of men and 39 per cent of women are paying zakat. Further, with respect to how much people have paid, we apply winsorization to limit extreme values.

Notably, this is also a conservative estimate, with good reason to think that the real amount may be even higher. This is because we do not capture zakat given by Shia-identifying Pakistanis, who were excluded from the survey as their proportion of the population is difficult to estimate. If we were to assume, for example, that average giving among Shia is the same, and that they make up 10 per cent of the Pakistani population,[8] our estimate would rise to 687 billion rupees (all else remaining equal).

Figure 1 Zakat in context



Sources: ICTD 2024 survey of zakat in Pakistan; World Development Indicators 2022[5]; Pakistan Federal Board of Revenue[6]; Pakistan 2024/2025 Federal Budget.[7]

[1] Using annual average exchange rate posted by the State Bank of Pakistan.

[2] 592 billion rupees, according to the 2024/25 federal budget.

[3] In 2022, Pakistan received US$1.8 billion in official development assistance and official aid, making it the second largest recipient in absolute terms in South Asia (after Bangladesh) and 22nd largest in the world (World Development Indicators 2022).

[4] 577.4 billion rupees, according to Pakistan's Ministry of Finance.

[5] World Bank (2022) *World Bank Development Indicators* (accessed 11 March 2025)

[6] Pakistan Federal Board of Revenue (2024) *Revenue Division 2024 Yearbook* (accessed 11 March 2025)

[7] Government of Pakistan (2024) *Federal Budget 2024-25* (accessed 11 March 2025)

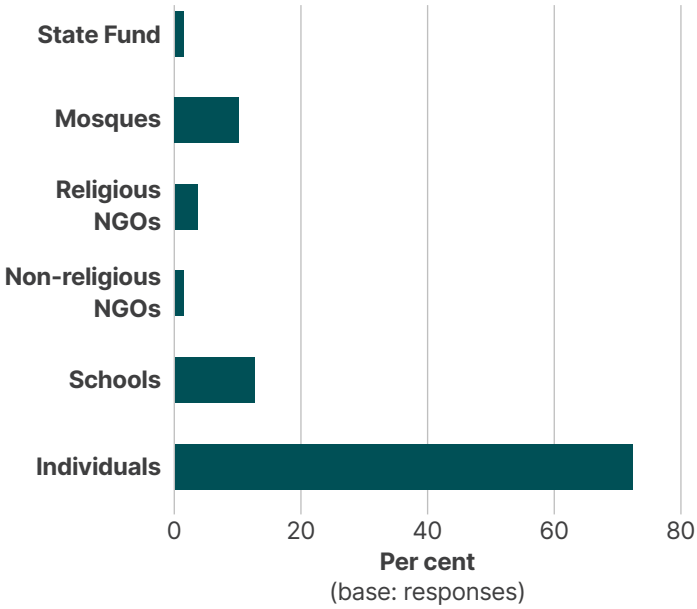
[8] The Pew Research Center estimated that Shia made up 10–15 per cent of the population in Pakistan in 2009. Pew Forum on Religion & Public Life (2009) *Mapping the Global Muslim Population*, Washington, D.C.: Pew Research Center: 39–41

Most zakat is given directly to individuals

Who is all this zakat going to? While the Quran specifies eight categories of people who are eligible to receive zakat,[9] this still leaves givers with substantial leeway. Since the 1980s, Pakistan has had a system of compulsory collection of zakat, relying on a state-administered zakat fund and zakat councils at federal, provincial and district levels.[10] Despite this, our data shows that most Pakistanis can avoid state collection and prefer not to give their zakat to the state fund. We find that less than two per cent of zakat givers in Pakistan are giving to the state fund. Low reported revenues from the state fund corroborate this.

Instead, Pakistanis overwhelmingly noted that they prefer to manage their own zakat giving. In fact, the vast majority of zakat payers in Pakistan – more than two-thirds – give zakat directly to individuals (Figure 2). Others prefer to give through intermediaries but still avoid the state: approximately one-tenth of zakat givers give to mosques and school, with a smaller proportion giving to NGOs.

Figure 2 Zakat payment channels



Source: ICTD 2024 survey of zakat in Pakistan. Note: Percentages describe the proportion of zakat givers, not of zakat donations.

Individual giving raises distributional questions

This preference for individual giving, and the scale of zakat giving, raises questions about the distributional impacts of zakat in Pakistan. Who is more likely to give zakat? Does giving directly to individuals lead to inequities in terms of who is more likely to receive zakat? Are there regional differences in zakat dynamics, or differences based on people's religiosity or jurisprudential approach? Further, what are the impacts of widespread zakat payment on people's attitudes toward state-led redistribution, such as wealth taxes? Our research team is currently exploring these questions based on the data cited in this factsheet.[11]

[9] Sura 9:60 identifies the poor and needy, those employed to administer zakat, those whose hearts are attracted to the faith, those in bondage or debt, God's cause, and travellers.

[10] Gallien, M.; Javed, U. and van den Boogaard, V. (2023) ***Between God, the People and the State: Citizen Conceptions of Zakat***, ICTD Working Paper 167, Brighton: Institute of Development Studies, DOI: 10.19088/ICTD.2023.027

[11] The preanalysis plan for our project can be found here: **https://osf.io/5cygz**

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