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An Evaluation of Pakistan's Kissan Card in Relation to Maqasid Al Shariah

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Abstract

Pakistan's agricultural sector provides about 23.5% contribution to the country's GDP and employs around 37% of the country's total labor force. The problem of financing in this sector is very deep and only about 15-18% of the farmers are able to secure formal credit financing; the remaining farmers were totally dependent on informal money-lenders who are lending money at an annual interest rate from 25 % to 100%. The financing practice of Pakistan farmers is generally opposite to Islamic economic practices and is highly destructive in nature. As the country attempts to adopt a Shariah-compliant economic system, this study seeks to critically evaluate the CM Punjab Kissan Card in light of Maqasid Al Shariah and analyze whether this agricultural financial product complies with the prohibition of Riba, as well as how it fits within the theoretical framework of Islamic finance contracts. The research illustrated that Kissan card is quite compatible with the objectives of Maqasid (Hifz al Din and Hifz al Mal). In the light of Islamic economic development of Pakistan it can be regarded as a welfare based Shariah compliant product.

Keywords: Maqasid al-Shariah, Kissan Card, Islamic Agricultural Finance, Shariah-Compliant Economy

1. Introduction

1.1 Pakistan's Economic Backbone

The agriculture sector is the backbone of Pakistan's economy, and the main source of livelihood for millions of people. The sector accounts for about 23.5% of the national Gross Domestic Product (GDP) and about 37% of the national labour force. Furthermore, almost 60-65% of rural population is relying on agriculture to earn a livelihood. In addition to its contribution to the economy, agriculture is also a source of jobs for other industries like textiles, food processing, sugar making, and livestock. The livestock subsector contributes almost 63% value added in agriculture sector while contributing about 14-15% of GDP. These statics indicate the important role of agriculture in Pakistan's overall economy.

Despite this, Pakistan's agriculture industry is still grappling with structural issues that hinder its productivity and growth potential. One of the main problems is that farmers do not have access to formal financial services, especially small and modern size farmers. It is estimated that only 15-18% of farmers have access to formal credit facilities whereas the majority use informal credit facilities such as commission agent (arthi) and local money lenders. The interest rates on these loans are usually very high, and can be as high as 100% per year! Consequently, farmers are forced to spend a lot of their income on debt repayment, thereby perpetuating poverty and reducing farmers' economic mobility.

1.2 Pakistan's Shariah-Compliant Economic Transition

The quest for an interest-free economy is certainly not a new policy choice of the Pakistan government, but rather a historical and constitutional commitment that gains its roots from the past.On 28 April 2022, Federal Shariat Court (FSC) ruled that all forms of interest on loans and debts are considered riba, and ordered the government to do away with any interest in the economy before the end of 2027. This was a historic decision as for the first time Pakistan officially declared modern bank interest as Riba. In October 2024, Pakistan's Parliament passed the 26th Constitutional Amendment to Article 38(f) that stipulated the entire abolition of Riba before January 1, 2028. The State Bank of Pakistan's fourth strategic plan (SBP Vision 2028,' was launched in November 2023) carries this constitutional vision, and 'Transforming to a Shariah-Compliant Banking System' has been incorporated as one of the key strategic objectives of the plan.

This combination of the rule of law, constitution and commitment by the regulators sets a clear national agenda that the nation is making a formal shift towards a Shariah compliant economy. The assessment of the state-led financial instruments, such as the CM Punjab Kissan Card, under the prism of Maqasid al-Shariah is not just an academic exercise. Never underestimate how important it is to have policy in place. To be able to meaningfully engage the agricultural sector within the country's nascent Shariah-compliant financial framework, there is a need to thoroughly review financing instruments of agriculture with respect to Islamic principles.

1.3 Research Objectives

In this background of deficit in agriculture funding, informal Riba-based lending and constitutionally declared transition of Pakistan to a sharia-compliant economy, the study has specific and well-defined research objectives:

•To make an analytical assessment of CM Punjab Kissan Card as an agricultural financial instrument from a Maqasid al-Shariah perspective.

Highlight and examine the design features that are common between the design of the Kissan Card and the two main goals of the Maqasid al-Shariah; the preservation of the Din and the preservation of the Mal.

•To test the card against the Islamic principle of Riba and to discuss the card's position in Islamic financial contract theory.

This article contributes to the existing literature by filling a gap that has not been explored previously, i.e. a study of Maqasid al-Shariah with regard to the CM Punjab Kissan Card or any similar farmer card programme in Pakistan. In a country where financial system has to be made Islamic by January 2028 as per the Constitution, this is not only timely but also, essential.

2. Research Methodology

In this study, the research design is qualitative, descriptive-analytical research, and the framework used is Maqasid al-Shariah.This is a qualitative descriptive-analytical research with the framework of Maqasid al-Shariah, which is used to examine the structural and operational characteristics of the CM Punjab Kissan Card systemically. The purposeful choice of CM Punjab Kissan card is the major unit of study while the Sindh Benazir Hari card is mentioned for only contextual purposes.

3. Maqasid al-Shariah

3.1 Foundations and Historical Development

The concept of the Maqasid al-Shariah was based on the idea that the Divine Legislator does not issue commandments and prohibitions at random, rather everything he commands is for the true good of mankind. This principle has been embedded in Islamic legal thought right from the beginning, as it has been mentioned in the sources of Islamic law, including maqasid (objectives of Islam), masalih (public interests), asrar (wisdoms) and hikam (underlying reasons).

The term Maqasid al-Shariah had not been used as a technical term before the Qazi of the two holy cities Imam al-Haramayn al-Juwayni QS. He is one of the earliest scholars to study the intentions behind the rulings of Islam systematically, namely in 1085 CE / 478 AH. Imam Abu Hamid al-Ghazali (d. 505/1111) was an outstanding pupil of al-Juwayni whose work on the systematic development of the Maqasid was carried out. 1111 CE / 505 AH). Al-Ghazali explained that the object of Shariah in regard to the human race is made up of five things, namely: to safeguard their religion, life, intellect, offspring and property. He also said that anything that protects these five fundamentals is maslahah and anything that threatens all these fundamentals is mafsadah (harm).

The second pillar is the concept of

3.2 Maqasid al-Shariah as a Framework for Evaluating Financial Instruments

Over the last three decades, the use of Maqasid al-Shariah as an analytic perspective on assessing financial products and policies in modern times has become one of the most fruitful fields of Islamic finance research. Scholars such as Chapra (2008), Dusuki and Bouheraoua (2011), and Ahmed (2011) have suggested set of models to evaluate Islamic financial instruments based on the Maqasid. Ahmed (2011) stated that a product that is technically permissible in its contractual form, but is not made for the Maqasid is no real Shariah compliant.

This is an important understanding for the present study. CM Punjab Kissan Card is not a formally designed Islamic financing product that comes under Islamic contracts like Murabaha or Salam. The issue examined in this study is not only of formal contractual validity, but also whether its design and operational implications are consistent with the ultimate ends of Islamic law, and if it is, whether it should be recognised as a welfare promoting, Shariah-compliant tool in the developing Islamic economic architecture for Pakistan?

4. The Structure and Operation of the CM Punjab Kissan Card

4.1 Program Overview

The CM Punjab Kissan Card is a significant agricultural financing program in Pakistan's recent history. It is an initiative of the Punjab Agriculture Department and the Punjab Information Technology Board (PITB). The scheme is a holistic digital platform that links several departments under a single umbrella. The program was officially inaugurated on June 1, 2024, in response to two underlying issues that have long plagued agriculture productivity in the province: exclusion of smallholder farmers from formal financial markets and the entrenched system of corruption and leakage in traditional input subsidy programs. The program will focus on delivering government support directly to verified, eligible farmers through a financially verified and card-based instrument, instead of intermediaries that previously diverted resources from their intended beneficiaries.

4.2 Eligibility criteria and financial structure

The program is targeted towards smallholder and medium landholders. It is available for farmers who own 1-12.5 acres of agricultural property with ownership records registered and available in the PLRA system. Farmers are not allowed to participate in any activity until the dues are paid up if they have any default with the formal financial institutions. The entire registration process is online. After passing through all the verification steps, the Bank of Punjab releases the CM Punjab Kissan Card to the verified farmer which the farmer can use at any Government Approved Agricultural Input Dealer in the Province.

The maximum loan per farmer per season is PKR 150,000 which is equivalent to PKR 30,000 per acre of the cultivated land. One of the most distinguishing characteristics of the program is that there is no interest charged. No hidden fee or charges whatsoever. No interest or any extra charges are to be paid back by the farmers only the principle amount borrowed. Repayment period is six months with one-month grace if needed.

The other structural measure is the limitation of funds usage. Agricultural input (Certified seeds and fertilizers) can be bought through the authorized and registered dealers outlet and loan amount can only be used for purchase of these inputs. This essentially means that farmers can't use the loan money for cash and put it into other non-farm expenses. It also covers subsidies on specific fertilizers like DAP, SSP, NP, NPKs, SOP and MOP, providing digital accountability and transparency in the card system.

The program was initially aimed at 500,000 farmers and subsequently expanded to 750,000 farmers in view of their high demand and favourable early response to the program, for which the Punjab government has allocated a record of PKR 75 billion in the current (Kharif 2025) season. The overall estimate of the scheme cost is around PKR 9.5 billion per cropping season on initial scale, which is a significant public investment on financial inclusion for agriculture.

4.3 Sindh Benazir Hari Card

The digital farmer card model introduced in Punjab has also been introduced in Sindh, where the provincial government has launched Benazir Hari Card, an agricultural support program, for the province. The Benazir Hari Card program was formally approved by the Sindh Cabinet, which will be available for farmers with up to 25 acres of land. Although both schemes have the same goal of connecting smallholder farmers into formal financial systems, in several contextual aspects, the Benazir Hari Card is different from the Punjab Kissan Card.

Both the Punjab Kissan Card and the Sindh Benazir Hari Card highlight a developing trend in national policy that is moving towards a financial aid strategy in the agriculture sector that is increasingly digitized and based on interest-free lending.

4.4 Preliminary Islamic Classification

The CM Punjab Kissan Card's structure aligns with the essential characteristics of Qard al-Hasan. The government provides a loan to the eligible farmer that he/she uses for the purchase of agriculture inputs and repays to the government only the principal after the harvest. No interest or cost levied against the borrower for the profit of the lender. Thus, the program can be viewed as a welfare-oriented Islamic financial instrument, however, it does not function according to a formal Qard al-Hasan format. It also does not have a Shariah supervisory board and it is not a classified and marketed financial product. It is therefore functional and substantive in its relationship with Qard al-Hasan, not formal contractual, which is discussed in the evaluative analysis in Section 5 below.

5. Assessment of the Kissan Card in terms of Maqasid al-Shariah

5.1 Analytical Approach

This study is limited to the two objectives which have the most direct convergence with the design of the program; hifz al-din (protection of religion) and hifz al-mal (protection of wealth).

This assessment is not formalistic, as it is not enough that the program be contractually compliant with the objectives of shariah; its substance must also be in line with those objectives. The question that this study seeks to answer is not just a question of formal contractual validity, it is rather the question of whether the mechanism, design and socioeconomic effects of the Kissan Card advance the higher purpose it was established for – the protection of Islamic things.

5.2 Hifz al-Din — Protection of Religion

The protection of religion is the first and most foundational of the five objectives, in the financial domain, the preservation of the conditions necessary for Muslims to conduct their economic lives in accordance with divine injunctions.

The lack of formal credit for the Muslim farmer population, who make up the bulk of Pakistan's farming community has historically left them being forced into the riba-based credit. An explicit ban on participation is not really an option for farmers, as 82-85% of them rely on informal money-lenders who charge interest rates of 25-100% per annum. This institutional fact is systemic breach of hifz al-din: the state has made it structurally impossible for its Muslim citizens to access interest-free financing alternatives and thus forced them into transgression of a fundamental divine prohibition.

This structural coercion is totally eliminated in the CM Punjab Kissan Card. The program provides formal credit facility which is credit free, backed by the government and 100% interest free, no hidden charges, no profit element and no surplus obligation other than repayment of the loan amount to the lender, thereby establishing an institutional framework in which Muslim farmers can obtain credit without committing to Riba. Not partial or approximate alignment to hifz al-din. It is a full financial reaction to the demands of the prohibition; it's a Muslim farmer who borrows using the Kissan card, doesn't have to pay any riba, doesn't have to break any Quranic rule, and is neither outside the parameters of acceptable financial transactions. In addition, the introduction of the Kissan Card at Pakistan's emerging national Sharia-compliant economic framework shines a light on the feasibility of implementing interest-free agricultural financing in a large scale. Each farmer enrolled in the program of the Kissan Card is an actual move towards the materialisation of the constitutional and religious mandate of having an economy free of Riba in Pakistan.

5.3 Hifz al-Mal — Protection of Wealth

The classical jurists such as Imam al-Ghazali laid down it is not only protection of individual rights to property but also emphasising on the facilitation of legitimate economic activity, just and productive circulation of wealth in society, and prohibition of its unlawful depletion through exploiting financial arrangements. The principles of the Kissan Card are aligned with the principles of hifz al-mal on three different and reinforcing levels:

First: Direct Protection of Farmer's Wealth by Elimination of Riba. The informal credit system prevalent in agriculture in Pakistan is in fact a process of systematic destruction of the wealth and, from the viewpoint of hifz al-mal, it is a process of loss of wealth. If the farmer can feed the arthi PKR 50,000 for one season at 50% interest per annum, but is unable to repay the interest and principal, then the deficiency for that season is compounded in the next season. The farmer's debt may run above the value of his productive assets and land after the first two or three seasons. This is not just bad economics, but the exact result of which the concept of hifz al-mal was formulated as a jurisprudential goal. The Kissan Card is an alternative to this interest-based financing system, and provides as much as PKR 150,000 per season, only for the principal repayment upon harvest. This means the farmer's post-harvest income is safeguarded against surplus extraction demanded by Riba, and he is able to retain his wealth and improve his finances in an authentic manner.

Second: Wealth Productively Channeled for Agricultural Growth. According to classical Islamic jurisprudence, not only is it important that money is not used in an illegal manner, but that it is circulated in a productive way is also part of its hifz. The benefit of productive, circulating wealth is real and beneficial to the individual and the community; Riba is extracting benefit from the productive circulation of wealth, but through it the benefit is going to the top, towards the creditor class. The structural constraint of the Kissan Card that the loan proceeds are spent solely on fertilizers and certified seeds at the authorized dealers ensures that all the rupees used under the scheme are directly used for agricultural production. It is also revealed in agricultural economics research that timely availability of good inputs can enhance the yield by 10-25%, directly reflecting the economic output from the financial input of the Kissan Card.

Third: Institutional Transparency as a Dimension of Wealth Protection The prevention of unjust acquisition of mal, through deception, manipulation or institutional corruption, was always recognised as an integral dimension of hifz al-mal by classical Maqasid scholars. The digital infrastructure, multi-agency verification, restricted sale to registered authorized dealers and the real-time transactional alert via SMS, establishes a governance mechanism that prevents the diversion of public agricultural funds and ensures that public resources are accessed by those who are verified and eligible farmers. Dusuki and Abdullah (2007) have highlighted that governance and transparency are institutional needs, stems from Shariah principles and serves the purpose of preserving wealth, at individual and public level. The digital accountability system of the Kissan Card is therefore safeguarding hifz al-mal, not just for the individual farmer but in relation to public financial integrity.

6. Conclusion and Recommendations

6.1 Conclusion

This study aimed to critically and analytically examine the CM Punjab Kissan Card on the basis of Maqasid al-Shariah. The result of the study showed that the programme structure is in tune with two of the five essential objectives of the Islamic law namely; "Hifz al Din" and "Hifz al Mal".

The analysis set the foundation that Pakistan's smallholder farming community has been structurally forced into informal borrowing, which is based on Riba. The Kissan Card completely eliminates this forceful feature by offering a 100% interest-free, principal-only repayment system.

The study concluded that the implementation of the policy of the Islamic mandate of facilitating just and productive circulation of wealth in the form of the Kissan Card also reinforces in three dimensions: firstly, the elimination of surplus extraction via riba; secondly, the productive channeling of funds towards the inputs of agriculture; thirdly, institutional transparency represented by multi-agency digital verification.

The study shows that the Kissan Card is a replicable and already-existing model that can be implemented in agriculture to meet the national requirement as mandated by Pakistan's 26th Constitutional Amendment (2024) and the landmark ruling of FSC in April 2022.

6.2 Recommendations

Form a Formal Shariah Supervisory Mechanism: The Punjab government can form a dedicated Shariah Supervisory Board in collaboration with the State Bank of Pakistan to formally certify the Shariah compatibility of the Kissan Card program, restructure the disbursement of Kissan Card in the light of Islamic agreement for example, Qard al-Hasan, or Murabaha and link its substantive Shariah compatibility with its Islamic classification.

Restructure Under Named Islamic Financial Contracts: The lending process for the Kissan Card should be formally restructured under a Qard al-Hasan contract, using clear sharia-compliant documentation.

- To enable the development of digital farmer card framework in the country, the federal government should expedite a nationally unified digital farmer card framework, whereby the Punjab Kissan Card will be integrated with explicit Maqasid al-Shariah compliance benchmarks whose design, evaluation and annual performance reporting will showcase such alignment.

Empirical Research on Maqasid Outcomes: Future studies should include the empirical measurement of the outcomes of the Kissan Card for Maqasid al-Shariah indicators to validate the impact of the program in terms of Islamic social finance, such as farmer household wealth retention, reduction in the debt cycle, improvement in food security, and intergenerational welfare indices, and for the program to be replicated throughout Pakistan's agricultural economy.

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