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**MANAGEMENT OF ZAKAT COLLECTION AND DISTRIBUTION IN  
NEGARA BRUNEI DARUSSALAM**

**BY**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

SUPERVISION

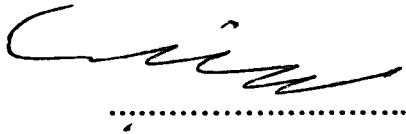
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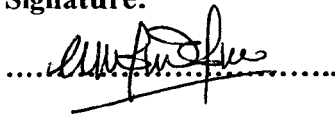
  
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## DECLARATION

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# بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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## **ABSTRACT**

Zakat is one among the five pillar of Islam that plays a vey important role in the life of Muslims, especially due to its 'take and give' nature in the relationship among people. Zakat is as important as prayers as it is indicated in the Quran that often mentioned the instruction of prayer followed directly by the instruction of Zakat. Zakat involves a significant amount of money, accumulated from the zakat payers and to be distributed to the zakat recipients. In Brunei Darussalam there are only six asnaf available that is; Fakir, Miskin, Amil, Muallaf, Ibnu Sabil and al- Gharimin. It involves the transfer of wealth from the rich to the poor. The main objective of zakat is to achieve equitable distribution of income in the society so that the income gap can be narrowed. The management of zakat in terms of collecting and distributing needs improvement. They need to be given more power in managing the funds and also reaching people who needed their help. If it is to be done, the staff will be motivated and work faster, efficient and effective. Moreover, the zakat institution (Brunei Islamic Religious Council) has to make sure the receivers are really entitled to receive zakat funds. Hence, it is the duty of Brunei Islamic Religious Council to ensure that every zakat dollar is well spent. Therefore, it is important to do a thorough study on the management on zakat collection and distribution in Negara Brunei Darussalam.

## ABSTRAK

Zakat adalah satu kewajipan ke atas seorang muslim yang cukup syarat – syarat nya kerana ia tergolong dalam rukun islam yang ketiga. Hukum Mengeluarkan zakat juga sama pentingnya dengan mengerjakan solat lima waktu di mana terdapat 27 tempat (ayat) perkataan zakat bersama dengan perintah solat. Zakat merupakan suatu ibadah yang di tuntutan oleh agama Islam. Zakat merupakan tali dan pengikat yang akan memelihara hubungan erat sesama manusia. Kita hendaklah ingat bahawa segala pemberian Allah itu hendaklah dinikmati bersama.. Zakat melibatkan wang zakat yang diterima oleh amil untuk diagih-agihkan kepada asnaf-asnaf yang berhak menerima wang zakat. Di Brunei Darussalam hanya terdapat enam golongan asnaf; Fakir; Miskin; Amil; Muallaf; Ibnu Sabil dan al-Gharimin. Sistem pengurusan zakat dalam hal mengumpul dan pengagihan zakat perlu lebih teratur dan sistematik. Masalah ini dapat di atasi sekiranya insitusi zakat ini diberi kuasa lebih dalam menguruskan dana dan juga memberi bantuan zakat kepada merka yang berhak. Sekiranya masalah ini dapat diselesaikan maka mereka akan bekerja dengan lebih cekap ,cepat dan efektif. Selain itu, institusi zakat (Majlis Ugama Islam Brunei) perlu memastikan setiap penerima zakat itu benar-benar berhak menerima dana zakat ini sudah menjadi tugas Majlis Ugama Islam Brunei untuk memastikan setiap wang zakat dapat digunakan dengan baik. Oleh kerana itu, kajian ini adalah penting untuk mengetahui lebih lanjut tentang sistem pengurusan institusi zakat dari aspek penerimaan dan pengagihan wang zakat di Negara Brunei Darussalam.

## ملخص البحث

الزكاة هي أحد أركان الإسلام الخمسة، وتلعب دوراً مهماً للغاية في حياة المسلمين خاصة وأنها ذات طبيعة تكافلية بين الناس. والزكاة مثلها مثل الفروض الأساسية في الدين كالصلاة التي أمر الله بها في القرآن الكريم. وتعتمد الزكاة على أخذ فضول أموال الأغنياء وتوزيعها على الفقراء والمحتاجين. وهناك ثمانية أصناف يمكن أن تستفيد من أموال الزكاة. يهدف هذا البحث إلى دراسة نظام جمع وتوزيع الزكاة في بروني دار السلام. ويقوم البحث على التعرف على دور المركز الخاص بجمع وتوزيع الزكاة والذي يتبع وزارة الأوقاف والشؤون الإسلامية. وكان البحث الميداني حول توزيع الزكاة من خلال استبيان وزع على المستفيدين. وخرج البحث بتوصيات مهمة من أجل تحسين طريقة جمع وتوزيع الزكاة.

## CHAPTER ONE

### INTRODUCTION

This chapter identifies the primary goal of zakat and discusses the role of Brunei Islamic Religious Council in collecting and distributing zakat funds. This chapter also describes about zakat; zakat fitrah and zakat on wealth. This chapter also includes the problem statement of the study, research questions, objective, importance and limitation of the study.

Zakat is the third pillar of Islam and is a form of religious observance through wealth. It is a principal that is closely associated with prayer because it is often mentioned in the Al-Quran together with the principle of prayer. Out of 27 times are mentioned in close connection with the injunctions for prayer. This shows the importance of Zakat in Islam. Proof of its obligation is stated in the Al-Quran of Surah An-Nuur: 56

وَأَقِيمُوا الصَّلَاةَ وَآتُوا الزَّكَاةَ وَأَطِيعُوا الرَّسُولَ لَعَلَّكُمْ تُرْحَمُونَ ﴿٥٦﴾

*So establish regular Prayer and give regular Charity; and obey the Messenger. That ye may receive mercy. (Surah An- Nuur: 56)*

Zakat means both 'purification' and growth'. It is a unique, spiritually charged filtering device primarily designed to cleanse one's possession or wealth necessary to protect the owners of wealth against spiritual poverty. An individual zakat wealth and possessions are purified by

set aside a proportion for those in need. So the act of giving zakat means purifying one's wealth and also the payer's heart from selfishness and greed. As for the recipient, receiving zakat purifies their heart from envy, jealousy, hatred and uneasiness. As for the society, zakat play a major role in economic activities by establishing a better balanced, social justice and leading the Muslim to prosperity and security (Nizam, Amirul, Nurul (2011). Zakat is divided into two types: Zakat on wealth and Zakat Fitrah.

### **1.1 Zakat Fitrah**

Zakat Fitrah is also known as Zakat on the Person, Zakat of Ramadan or Zakat Fitri. Zakat Fitrah was obliged in the second year of Hijrah, the same year that fasting in Ramadan was made obligatory. Zakat Fitrah is prescribed as a means of purification for the person who fasts, redressing wrong deeds and undesirable words uttered during fasting. Zakat is also a relief-aid to the needy. Brunei Islamic Religious Council (2010)

### **1.2 Zakat on Wealth**

There are six types zakat for wealth; Zakat for Income and Salary, Zakat for Business, Zakat for Savings, Zakat for Stocks, Zakat for Gold and Silver which includes currencies and bank-notes and Zakat for Agriculture and Poultry. Brunei Islamic Religious Council (2010)

### **1.3 Act of Zakat**

Kebawah Duli Yang Maha Mulia Paduka Seri Baginda Sultan Haji Hassanah Bolkiah Mu'izzaddin Waddaulah Sultan Dan Yang Dipertuan Negara, Brunei Darussalam is always concerned about the management of zakat in this country. Hence, several steps and ways have been implemented to improve the management of zakat in Negara Brunei Darussalam. Brunei Islamic Religious Council (2010)

Before, section of zakat collection and distribution is known as Baitul Mal, Zakat & Fitrah. However, after 1<sup>st</sup> November 1999 the name changed with the approval from *Muzakarah Bulanan Kementerian* (MBK – 9/1999 held on the 19<sup>th</sup> October 1999).

The department is divided into many sections one of them called Section of Collection and Distribution. The section is divided into 5 units; (1) Unit of administration and distribution of zakat (2) Unit of Collection (3) Unit of application/ investigation/ observation (4) Unit of Urusetia Masyuarat and (5) Unit of Housing (Brunei Islamic Religious Council, 2010).

Section of zakat collection and distribution is available in all four districts. This unit is responsible for overall activities of collection and distribution of zakat funds and is also accountable not only in zakat matter but also some others; registration for Muafaf, activities of Baitul Mal and Waqaf and other matters (Brunei Islamic Religious Council, 2010).

### **1.4 Asnaf Eligible Receiving Zakat Funds**

On whom Zakat is distributed to

The Words of Allah in Surah At-Taubah, verse 60, have specified the deserving recipients of Zakat:

﴿ إِنَّمَا الصَّدَقَتُ لِلْفُقَرَاءِ وَالْمَسْكِينِ وَالْعَمِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَرَامِينَ وَفِي سَبِيلِ اللَّهِ وَأَبْنِ السَّبِيلِ ط فَرِيضَةً مِّنَ اللَّهِ وَاللَّهُ عَلِيمٌ حَكِيمٌ ﴾

*Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the cause of Allah. And for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom. (Surah al- Taubah: 60)*

According to the Fatwa in the Distribution of Zakat, there are only six groups of asnaf in Negara Brunei Darussalam (Fatwa Mufti Kerajaan Brunei No. 14 in MKB 3/1969 dated 1<sup>st</sup> September 1970). Brunei Islamic Religious Council (2010)

### **1.5 Distinction between Fakir and Miskin (Needy and Poor)**

In Brunei, an average monthly expense per person is \$253.00. For example, if the total monthly expenses for a family is \$1518.00. So, in this case if the father (head of family) monthly income is \$1000. However, if the head of family's monthly income is just \$400.00. This family will fall under the needy group because his wealth can only cover 50% or less than. Hence, if the family falls under needy (Fakir), the head of the family will receive \$10,000.00 and the dependents will

receive \$5000.00 each. If the family is considered Poor (Miskin), this asnaf will be put in category B – Miskin (Hari Raya Distribution) that is the head of family will receive \$2000 and dependent will receive \$1200 each (refer to table 33)

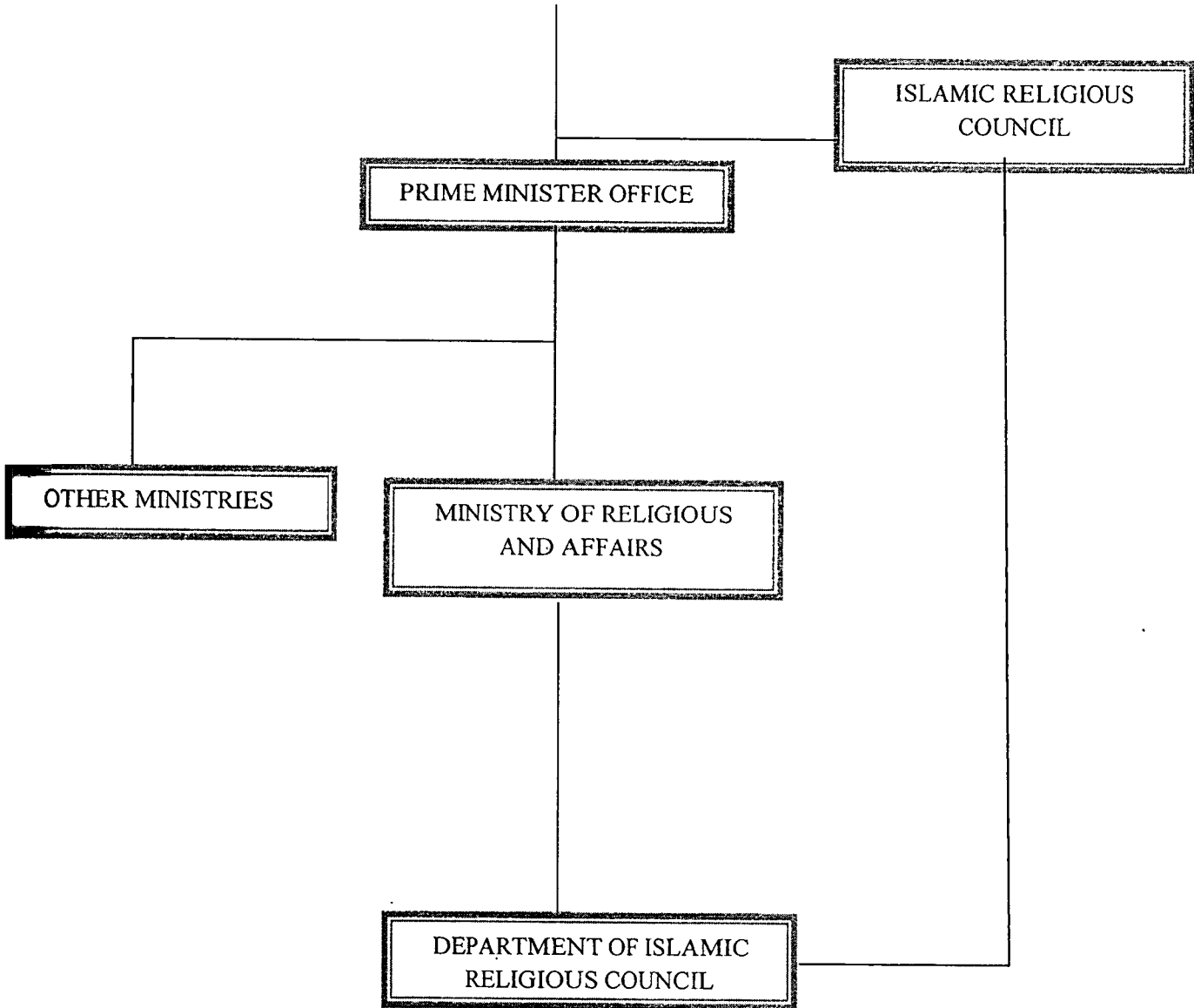
### **1.6 Parties Who Are Ineligible Receiving Zakat Funds**

The characteristic which distinguish zakat from other transfer of wealth is that zakat only can be used in the limited objectives. These objectives relate to individual Muslims life, society life and humanity. Yusuf al- Qardawi (1973) summarized that zakat cannot be distributed to: To build or finance the public facilities such as bridge, highway, Mosque (except mosque for Muallaf who live in the kafir country), rich Muslims, Muslims who are able to work and fulfill their basic need, kafir and the child or parents or wife of Muzzaki and the family of Prophet Muhammad pbuh which are Bani Hashim and Bani Mutalib.



**Chart 1: Organization Structure of MUIB**

KEBAWAH DULI YANG MAHA MULIA PADUKA SERI  
BAGINDA SULTAN DAN YANG DIPERTUAN NEGARA BRUNEI  
DARUSSALAM



Source: (Brunei Islamic Religious Council, 2010).

### **The Committee Members:**

Chairman: Head of Brunei Islamic Religious Council.

Vice Chairman: Deputy Head of Brunei Islamic Religious Council.

### **Members:**

- Government Mufti
- Deputy Government Mufti
- High Court Judge
- Head of Planning and Economic Development Department or his representative
- Brunei and Muara District Officer or his representative.
- Director of Mosque Affairs or his representative
- Director of Community Development or his representative department.
- Secretary of the Islamic Religious Council.
- Secretary: Manager of Baitul Mal, Zakat and Fitrah.

Source: Brunei Islamic Religious Council (2010)

### **1.7 Main objectives of zakat**

Each injunction revealed by Allah SWT must have its own rationale and objectives. Hence, pertaining to zakat, Allah SWT has sanctioned it with the aim of providing social security for the poor and the needy in society, and to develop balanced economic growth, as well as to become the act of spiritual purity and development. The main objectives of zakat can be explained as follows: Mohd Ma'sum Billah (2007, p. 231-235)

- 1) It is an act of purifying of one's soul, by enabling one to become closer to Allah (SWT).
- 2) As an act to protect the poor and needy from any financial and material problems.
- 3) It is not only benefited to the poor but also the rich because their assistance will be rewarded by Allah SWT in the hereafter for their act of obedience to Allah SWT.
- 4) It plays an important role in the progress of the spiritual aspect, economy and also technology in the society.
- 5) Zakat functions as a means of eradicating poverty in society and it also simultaneously motivates individuals in becoming responsible and caring person.
- 6) It encourages the spirit of brotherhood.
- 7) Ensures an ideal and sustainable social security for the poor, needy, old, disabled and other unfortunate individuals in society.
- 8) Islamic institution of zakat also creates creative individuals who are non-materialistic, self sufficient and always grateful for the bounties of Allah SWT.

## **1.8 The problem statement**

Brunei's zakat distribution system is not that efficient. The zakat funds were kept unused (not efficiently distributed) there are still people who are eligible to receive zakat funds. This was said in the Brunei Times, Thursday, 15<sup>th</sup> January 2009, of which His Majesty the Sultan revealed that there are an outstanding of \$230 million. Here the sultan questioned their efficiency in managing the zakat distribution. The solution is to find the best way to be more efficient in the distribution of zakat funds. "A more definitive identification process must be devised, with widened parameters, to classify who is qualified and who is not." (Brunei Times, January 2009). That is by making use of other means of technology available in order to upgrade efficiency by utilizing modern technology or computer related devices.

## **1.9 Research Questions**

Based on the research objectives above, the following research questions were framed:-

- a) How efficient is the Brunei Zakat administration, particularly Zakat distribution and collection?
- b) Challenges faced by the zakat management in distributing and managing the zakat funds?
- c) Is there any development of the zakat unit for the past 5 years to 10 years?
- d) Are there any schemes provided besides the fund aids scheme?
- e) Is zakat in Brunei Darussalam managed to meet the main objectives of zakat?
- f) Does zakat in Brunei being helpful to the zakat recipients especially fakir and Miskin?

### **1.10 Objective of the Study**

The main objective of this study is to investigate the management of zakah funds in terms of collection and distribution in Negara Brunei Darussalam.

#### **Specific Objectives are as follows:**

- To examine about Zakat management of Brunei Islamic Religious Council (MUIB)
- To analyze the six groups of Asnaf who are eligible in receiving zakat funds.
- To discuss about some approaches or instruments used in managing zakat funds.
- To distinguish how zakat should be distributed and collected.
- To evaluate the impact of zakat to zakat recipients.

### **1.11 The Importance of the Study**

This research will provide some data or information that would be useful in future discussions on the potential of improving the zakat administration in Negara Brunei Darusslam. This paper relates the relationship between the group of zakat payers on zakat administrator and the attitude of paying zakat directly to the recipients. This research provides some findings of the position of this organization in the zakat payers' mind and possibly assists them in improving their public image.

### **1.12 Limitations of the Study**

It is the case study of zakat management in Negara Brunei Darusslam. The study is designed in order to gather as much detail about the zakat management as possible. However, there are some limitations such as; there is lack of information about zakat distribution and collection in Brunei, the interviewee might give general information about the zakat management and the process of collecting data and information about this subject is time consuming.

## CHAPTER TWO

### LITERATURE REVIEW

This chapter reviews literature related to the topic of zakat management; collection and distribution. This chapter is divided into three main parts; Collection, Distribution and Zakat Administration. The collection part discusses about the responsibility of Amil, calculations on zakat on Business goods and Business income. The distribution part examines on zakat distribution, disbursement categories of zakat and people who should not be given zakat. The third part is about the institutions and the impact of zakat to the society and economy.

#### 2.1 ZAKAT COLLECTION

##### 2.1.1 The Responsibility of Amil in Collection

Brunei Islamic Religious Council (2010), Appointing an Amil. Amil comes from mosque offices; Imam and Bilal and government officers; Head village and religious teachers. The functions of Amil are to (1) Collect and distribute the zakat funds according to their respective areas. (2) Listing the names – who are eligible to receive zakat money; fakir, Miskin, Muallaf and others. (3) Give briefing and lecture about zakat practice.

Brunei Islamic Religious Council (2010), Method for collecting zakat. There are 2 types of zakat: (1) Zakat Fitrah- The zakat payer needs to pay to the Amil of respective areas. (2) Zakat on Wealth: There are two ways. That are, zakat payers need to pay directly to the Amil (respective area) or Majlis Ugama Islam Brunei or Islamic Financial Institution; TAIB and BIBD

(for depositors only).

### **2.1.2 Zakat on Business Goods and Business Income**

Mushfiqur Rahman (2003, p.27-29), regarding zakat on Business goods and Business income. He said that there are two kinds of zakat; 1) Trading Goods 2) Exploited goods. He explained that trading goods is from assets that are ordained to resale (e.g. stock). He added that if the stock has reached the Nisab (i.e. 85 grams of gold) he/she is subjected to pay zakat of 2.5%.

The calculations are:

Add: value of all the stock and goods that are kept for a year.

Add: the cash in hand, in bank

Add: amount of money owe by the customers and is expected to be paid.

Less: Debt

Less: expenses.

Total: \$ \_\_\_\_\_

If the balance reaches its Nisab (the value of 85grams of gold): then 2.5% of the balance must be subjected to zakat.

Exploited goods is an asset that is not for resale like stock Mushfiqur Rahman (2003, p.28).

Assets that are used to generate income, such as, fixed assets. Calculation: 10% of the net income after subtracting the expenses and taxes. And 5% if it is calculating from gross income.

Sanep Ahmad, Hairunnizam (2005), there are 3 opinions about zakat on income: 1) No

obligation for the zakat income to be subjected to zakat 2) Obligation based on Maslahah 3) Obligation based on Qiyas from Al-Quran through Ijtihad.

## **2.2 ZAKAT DISTRIBUTION**

### **2.2.1 Asnaf Eligible in Receiving Zakat Funds**

Yusuf al Qardawi (1973) the eight categories mentioned in this verse clearly defines the disbursement of zakat as an economic safety net to assure fulfillment of those who, for no fault of their own, cannot afford the basic necessities of life.

The first two categories, namely Fakir (the indigent/the poor) and Miskin (the needy) includes those people who, being underemployed or unemployed, have no means of support or insufficient income to meet their basic necessities of life and therefore are indigent or live below the poverty level. This may be because they are incapacitated, disabled, orphans, sick, homeless, or of similar status. The third category Amil refers to those expenses that are necessary to administer the zakat fund, including personnel salaries. Mualaf, the fourth category, includes those people whose hearts are to be won over. According to some scholars this apparently means such non-Muslims who are to close to understanding and perhaps accepting Islam, and for whose conversion every effort should be made, either directly or indirectly (i.e., by means of the widest possible teaching of Islam). The fifth category ar-Riqab relates to both ransoming prisoners of war and freeing slaves. The sixth category, al-gharimin includes those people who are overburdened with debts contracted in good faith, which – through no fault of their own – they subsequently are unable to redeem. The seventh category Fisabilillah embraces every kind of



struggle for a righteous cause, both in war and in peace. This may include education, medical care, and social welfare work. Finally the eighth category Ibn 'Şabil denotes any person who is far from his/her home who, because of circumstances beyond 'his/her control, does not have sufficient means of a livelihood at his/her disposal. In its wider sense it describes a person who, for any reason whatsoever, is unable to return home either temporarily or permanently: for example, a political exile or refugee

### **2.2.2 Opinions on How Zakat Should Be Distributed**

There are several different opinions on how zakat should be distributed, especially how much the share, which should be received by each asnaf. Here, Yusuf al Qardawi (1973) summarized all the arguments as follow:

1. The amounts of zakat are sufficient enough (big) and all the asnaf are available they deserve to receive the same amount of zakat. It means that zakat must be distributed in the same amount among the eight asnaf.
2. If the amount of zakat are not sufficient enough (not big), zakat should not be distributed equally to all the asnaf, but only based on their need. Imam Maliki suggested giving the priority to the biggest asnaf whose needs are also big.
3. The most priority asnaf are fakir and Miskin since they really need zakat. It was revealed in the Al Qur'an and As Sunnah that the main objective of zakat is to fulfill the need of fakir and Miskin
4. For the amil asnaf, as proposed by Mazhab Syafi'i and supported by Ulama, amil deserve to get the share of zakat at the first time (before the other asnaf get their share), but they only deserve to get zakat not more than 1/8 (12.5%) from total zakat collected. If they

deserve to get more because of their work, the lack can be taken from infaq, sadaqah and zakat or the other fund.

Imam Shafie procedure, as summarized by Al- Mawardi, is"as follows: "When the proceeds have been divided among the eight classes, and each has received its sufficiency, they cease to be beneficiaries of zakat and no longer claim the share. If, on the other hand, they have not received their sufficiency, the balance made up for future proceeds. If the share of all the classes is more than sufficient for their needs, the surplus (extra funds) is disbursed to the beneficiaries of the nearest city. If the share of some classes is insufficient and of others is more than sufficient, the surplus of the latter is disbursed to make up the shortage of the former classes. S.A. Siddiqi (2005, p.160-162),

### **2.2.3 Zakat Not to Be Distributed To a Person Who Is Able To Work.**

If a person is able to work, but he prefers not to do, so he can devote his time to worshipping Allah by prying, fasting, reading Al-Quran and other kinds of worship, then he should not be given any zakah, because Islam is the religion of work and striving. If a person's intention is sound and he does his work for the sake of Allah, following Allah's command to earn a living, then it is a form of worship (Ibadah), and indeed is one of the best kinds of worship. Moreover, if he is to work he can look after himself and his dependents, and not need to rely on zakat except when he is unable to work (the disabled, the old, the small children and the insane). If he does not have any skill or craft, and does not have any means of earning an income, he should be

given something that will last for life, such as providing him with some means of income which he may take care of and live on the income. Muhammad Ali al-Hashimi (2007, p193-195)

In the year 2001 the percentage of unemployment in Negara Brunei Darussalam is 4.7% and in 2004 is 4.8%. Although it still shows a normal percentage of unemployment (below 5%) but it is not impossible for the rate to increase. And he adds that one of the solutions is to start agricultural industry. As a result, it is able to increase the economy of Brunei in producing rice, fruits and wheat and simultaneously increase employment opportunity to people who are out of job and reduced number of fakir and Miskin in this country. Abdul Nasir Haji Abdul Rani (2008, p.2)

## **2.3 ZAKAT ADMINISTRATION**

### **2.3.1 The Institution of Zakat and Its Impact to the Society and Economy**

Pusat Da'wah Islamiah (1999) The Zakat management tools to distribute the Kumpulan Wang Zakat is based on the different means of help available, such as: Facilitate their Basic Needs, Help them to start business, Help them in education needs, giving them help for the importance of Dakwah and Syiar Islam, assisting the Mualaf, Help them in paying their house rent, Help them in the medical cost, Help them if there is natural disaster or Ibn Sabil (according to the need) and many more.

The institution of Zakat is the cornerstone of the Islamic Economic system. The Quran emphasizes 'Zakat' as a critical component of socio economic justice. The institution works to ensure an equitable distribution of wealth and establishes a safety net for needy members of

society. Both the sources and disbursement categories of Zakat are specified in Islamic principle. The Quran identifies eight categories of disbursement, each of which carries clear social benefit. One positive economic effect of Zakat is an increase in the money supply and a consequent increase in the demand for goods and services. Zakat also provides debt relief and enhances price stability. If accumulated in times of prosperity, Zakat funds can aid society through times of depression. Though Zakat has widely fallen out of use in modern times (except a ritual) it can have great economic impact if properly re established.

Zafar Sareshwala (2010), In Islam Zakat objectives is to help the interest of the society in the country and towards those who are poor and need. Keep in mind that there are many sources of wealth which could be used to help and support the society for better living.

Zafar Sareshwala (2010), There are significant impact on society when one's certain amount of wealth are used for the eight asnaf mentioned in the Quran. What happen to the eight eligible zakat receivers after receiving zakat funds?

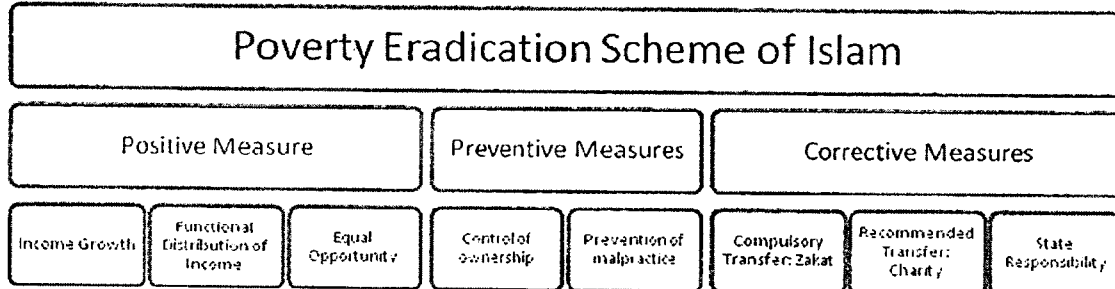
Poor and Needy - Income support to the poor and needy would positively affect the economy of the country because an increased in the money supply will cause an upward shift in demand for goods and services, especially in the demand for basic necessities such as; food, clothing, shelter etc., Therefore, to meet the demand, the economy would create more jobs and new employment opportunities. In addition, employment would generate more demand for goods and services. So, more room for additional investments, and finally, the growth cycle based on balance spending would contribute to a balance economic growth. Ar-riqab literally means

freeing or slaves. These days, clearly, human beings are no longer bought and sold as a property. But this category can be safely stated that one of the main purposes of zakat is also to free human being from economic slavery. There are many people living in poor countries experience from terrible economic slavery such as loan sharks and many more. So, one of the best solutions for freeing them from economic slavery is to give them essential financial resources. As a result, the income multiplier effect would enable them to become self-sufficient and contribute to the financial stability of the society. Al- Garimin- those who are being overburdened with debts and are not able to meet their obligations. Debts can be seen as one of the factor which may destabilize the economy of the country. Some problems may occur due to debts, such as; inflations, interest rates, prices are not stable and etc. In another words, zakat can help them in some possibilities where debtors who contracted debts in good faith but due to unexpected events, such as, natural disasters or economic down turn they cannot pay their obligations. Fisabilillah means in the cause of Allah. Meaning zakat funds can be used for education, medical care of those who cannot afford them. Therefore zakat can help to maintain the economic harmony of the country. Moreover, by giving financial help to Ibn Sabil who are the travelers or wayfarers this can contribute to their economic self sufficiency.

The primary outcome from the help of zakat is that over a period of time they (the existence zakat receiver) will not be a burden on the society. This may take a while but this is the outcome that zakat is achieving for. Through accumulation of surplus in zakat funds during prosperous years, the institution of zakat provides necessary emergency funds during the down turn economic conditions when zakat revenues may not be enough to generate for the required needs of the society.

### 2.3.3 Poverty eradication of Islam

**Table 1: Poverty eradication scheme of Islam**



Source: M. Kabir Hassan: An integrated poverty alleviation model combining zakat, awqaf and micro-finance.

Islamic principles or poverty is based on the Islamic views of Social justice and the belief in Allah SWT. Islam defines poverty as a state whereby an individual fails to fulfill any of the five basic human requirements of life (Maqasid al- Shariah): (1) Religion (2) life (3) Intellect (4) Wealth (property) (5) Lineage.

Poverty cannot be alleviated simply through income redistribution or ensuring equitable opportunities for all. Islamic approach involves three different measures; positive measures preventive measures and corrective measure. Corrective measure of poverty eradication is a measure of wealth transfers so that the wealth is not concentrated to the rich people only. There are three types of measures taken; compulsory transfer: Zakat, Recommended Transfer: Charity and State Responsibility. In Compulsory transfer: Zakat, it is a unique tool of transferring wealth from well-off people to worse-off people. M. Kabir Hassan (2010)

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