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The role of ZAKAT in Promoting Economic Growth with A Balance of "Justice"

Rohimah[1]
[1]Asy-Syafi'iyah Islamic University

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ABSTRACT

In Indonesia, where the majority of the population is Muslim, the potential for zakat is huge. The more zakat is spent, the more the national income of the country increases. The higher the national income of a country, the stronger its economic growth. Economic growth leads a country to prosperity and welfare. The benchmark of Zakat as a welfare regulator can indeed be used as a standard guideline in both microeconomic and macroeconomic contexts. Historical facts show that Zakat can increase a country's national income thereby creating wealth. We should emulate the government system of Umar bin Abdul Azis, especially regarding Zakat and taxation. Moreover, modern theories of Islamic economists, such as the so-called multiplier effect of Zakat, have discovered how the Zakat mechanism can actually increase national income which means increased economic growth. The provision of assistance in the form of consumer assistance alone can provide a significant multiplier effect (zakat multiplier). Moreover, since zakat is given in the form of production support such as working capital and revolving capital, its effectiveness is twice that of zakat in the form of consumer support, and the multiplier effect achieved in the economy is certainly greater. In addition, when we calculate Zakat using the macroeconomic approach to national income, we find that Zakat has a positive impact on rice income.

Keywords: *Zakat, economic growth, equity*

INTRODUCTION

The problem of poverty in Indonesia is a serious problem today. Poverty and unemployment are problems that are difficult to solve. Of course, this is partly due to the unequal and unequal distribution of wealth/income between individuals in society itself (Zakiyah, 2017).

In everyday life, the dimensions of community poverty appear in various forms including: the political dimension, which often appears in the form of not having institutions that are able to fight for the aspirations and needs of the poor, so there is no decision-making that can fight for their fate. The economic dimension often appears in the form of low income so that they are unable to fulfil their needs to a decent extent. The Asset Dimension, characterised by the low ownership of the poor such as the low quality of human resources, facilities and infrastructure as well as capital/business capital.

The phenomenon of poverty can also be seen from the causality relationship that explains the cause and effect of an event. Based on the study of empirical data, the causes of poverty can be divided into two groups: ***First,*** poverty caused by natural factors, namely poor environmental conditions, inadequate science, natural disasters and others. ***Second***, poverty is caused by non-natural factors, namely the existence of economic policy errors, corruption, unstable political conditions, mismanagement of natural resources and others.

One of the potentials of Islamic teachings that has not been handled properly and seriously by the government in alleviating poverty is zakat. Zakat, which linguistically means cleaning, increasing and growing, is an act of worship that has a socio-economic character, as an obligation of a Muslim or legal entity to spend some of his property rights to those entitled to receive it (mustahik) in order to create equitable economic distribution.

Zakat can also stimulate the economy and make people's economic activities more vibrant. Therefore, the more zakat we pay, the greater the national income and the more prosperous our country will be. History has proven that zakat can increase the national income of a country to create prosperity. The period of Umar bin Abdul azis with his government system, especially about the zakat and tax system we need to emulate. In addition, theories both conceptually and empirically have found how zakat can actually increase national income which means increasing economic growth.

Zakat in creating an increase in national income, zakat must be allocated appropriately, and empowered. The role of zakat is very important in empowering the economic potential of the people. *The alternative and strategic solution offered by Islam is none other than a productive and creative management system (distribution and utilisation) of zakat.* With the management as intended, it is expected to empower the people from economic, social and moral misery, empower the poor to become *Aghniya* (the rich) and make *mustahiq* become *muzakki.*

Based on the identification of the above problems, the formulation of the problem is how much potential zakat in Indonesia should be collected, how the zakat mechanism can increase economic growth through equity, what strategies are needed to increase the collection of zakat in Indonesia, how to allocate the right zakat assets to be productive.

LITERATURE REVIEW

Definition of Zakat

Zakat based on language origin *(lughat*) has many meanings, namely *al-barakatu* which means blessing, *ath-thaharatu* which means purity, *al-namaa* means growth or development, and ash-shalahu which means success (Hafhiduddin, 2002). Thus, zakat is defined as an obligation attached to a certain amount of property that is required by Allah SWT to be handed over to those who are entitled to receive it.

In terminology, zakat is the ownership of property that is devoted to *mustahiq* (recipients) with certain conditions (Fakhriddin, 2008). According to Inayah (2003), zakat in the perspective of Islamic economics is a property that has been determined by the government or authorised officials to the general public or individuals who are binding, final, without getting a certain reward by the government in accordance with the ability of the owner of the property. Hafidhuddin (2008) says that zakat contains great wisdom and benefits both for *muzaki, mustahik*, property issued zakat and for society as a whole, namely:

a. First, as a manifestation of faith in Allah SWT, being grateful for His blessings, fostering noble character by having a high sense of concern, eliminating miserliness and greed, fostering peace of life, while developing and purifying the property owned (QS. 9: 103, QS. 30: 39, QS. 14: 7).
b. Secondly, zakat for mustahik functions to help, assist and foster them towards a better and more prosperous life, so that they can meet their needs properly, can worship Allah SWT, avoid the danger of disbelief, as well as eliminate the nature of envy, jealousy and hasad that may arise from among them when they see the rich who are well-off.
c. Thirdly, as a pillar of jama`i

between the aghniya group who are well-off, with the mujahid whose time is fully devoted to fighting in the way of Allah, so that they do not have enough time to work for the benefit of themselves and their families (QS. 2: 273).

d. Fourth, as a source of funds for the development of facilities and infrastructure that must be owned by Muslims, such as educational, health, and socio-economic facilities and especially for improving the quality of human resources.

e. Fifthly, to socialise proper business ethics, because zakat will not be accepted from assets obtained through wrongful means (Al-Hadith). Zakat also encourages Muslims to become muzakki who are prosperous in life. Zakat assets are not only for consumption, but also to be developed with the term productive zakat. Zakat is expected to be able to encourage people to produce goods that will lead to increased economic growth of a country.

f. Sixth, the benefits of zakat in terms of the development of people's welfare, zakat is one of the instruments of income distribution. With well-managed zakat, it is possible to build economic growth as well as income equality, or what is known as the concept of economic growth with equity. The accumulation of wealth in the hands of a person or a group of rich people only, is expressly prohibited by Allah SWT, as His word in (QS. 59: 7)

In Fakhriddin (2008), the various wisdoms of the enactment of zakat according to scholars, zakat can be divided into three aspects: diniyyah, khuluqiyyah, ijtimaiyyah.

a. Faidah Diniyyah (religious aspect)

In terms of diniyyah aspect, the wisdom of zakat are:

1. Paying zakat means that you have carried out one of the pillars of Islam.
2. Is a means for servants to Taqarrub (get closer) to his god.
3. Muzaki will get a great reward that multiplies
4. Zakat is a means of erasing sins

b. Faidah Khuluqiyyah (moral aspect)

In terms of Khuluqiyyah, the wisdom of zakat are:

1. Instil the nature of nobility, tolerance, and spaciousness of the chest for muzaki
2. Muzaki is usually identical to the nature of Rahmah (mercy) and gentle to his brother who does not have.
3. Zakat is a reality that donating something good and beneficial in the form of wealth or body, will be able to expand the chest and expand the soul, because it is certain that he will be loved and respected.
4. In the payment of zakat there is a purification of morals

c. Faidah Ijtimaiyyah (social aspect)

In terms of Ijtimaiyyah, the wisdom of zakat is:

1. Zakat is a means to help fulfil the needs of the poor who are the majority group.
2. Providing support for the strength of the Muslims and lifting their existence.
3. Zakat can reduce social jealousy, resentment, and envy.
4. Zakat can increase the economic growth of a society
5. Paying zakat means increasing the purchasing power of the community (mustahik). Zakat can expand the circulation of property or money. When wealth is spent, its circulation will expand and more parties

will benefit.

Conditions of Zakat Obligation

Assets that will be issued zakat must have fulfilled the requirements that have been determined by shara'. Wahbah al-Zuhaili divides it into two conditions of mandatory zakat and valid zakat requirements. The conditions for mandatory zakat are:

1. Free
2. Islamic
3. Aged and of sound mind
4. The asset is an asset that is subject to zakat
5. The wealth has reached the nishab (amount)
6. The asset is fully owned (al-milk al-tam)
7. Has passed one year or enough haul (measure of time period)
8. The absence of debt
9. Exceeding basic or essential needs
10. The asset must be obtained in a good and halal way
11. Develop

The conditions for the validity of zakat are as follows:

1. The intention of the muzaki (the person who issues zakat)
2. Transfer of ownership from muzaki to mustahiq.

The Law of Zakat in the Qur'an and Hadith, as well as the Law

Zakat is a concept of Islamic teaching based on the Qur'an and the Sunnah of the Apostle, that the wealth owned is a mandate from Allah SWT and has a social function. The evidence can be found in the Qur'an and al Hadith (Sofyan, 1995).

1. The evidence contained in the Qur'an

   a. QS. Al Baqarah (2): Verse 43:
   "And establish the prayer, pay the zakat and bow with those who bow". Verse 43 :

   b. QS. Al Baqarah (2) Verse 83
   "And (Remember), when We took a covenant from the Children of Israel (namely): Worship none but Allah, and do good to parents, relatives, orphans and the poor, and speak good words to men, and establish prayer and pay alms. Then you did not fulfil that promise except for a few of you, and you always turned away".

   c. QS. Al Baqarah (2) Verse 110
   "And establish the prayer and pay the alms. And whatever good you endeavour to do for yourselves, surely you will have its reward with Allah. Verily, Allah is All-Seeing of what you do". :

   d. QS. Al Baqarah (2) Verse 277
   "Those who believe, and do righteous deeds, and establish prayer, and pay the alms, they shall have their reward with their Lord. There is no fear for them nor do they grieve".

Other verses:

a. Q.S al-Baqarah (2) : 168, 261, 267, 271
b. QS. An Nisaa' (4): Verse 77:
   "*Have you not seen those to whom it was said: "Hold back your hands (from fighting), establish prayer and pay the alms!" After it was made obligatory for them to fight, suddenly*

some of them (the hypocrites) feared men (the enemy) as much as they feared Allah, and even more than that. They said: "O Our Lord, why have You made war obligatory upon us? Why have You not delayed it for some time?" Say: "The pleasures of this world are but for a little while, and the Hereafter is better for those who fear, and you will not be wronged in the least."

2. The evidence contained in the Hadith

   "Amil shadaqah (zakat) who does his duty correctly and sincerely for the sake of Allah SWT, he is like a person who fights in the way of Allah, until he returns to his home." (HR Ahmad)

   "As long as zakat is mixed with wealth, it will only result in corruption in the wealth itself (HR Imam Ahmad, An Nasai and Abu Daud).

   "Every Muslim is obliged to give charity." (HR. Bukhari)

   "Fortify your wealth with zakat, treat the sick (from among you) with charity and prepare prayers for the coming of disasters." (HR. Ath- Thabrani)

   "Whoever is given wealth by Allah and does not pay zakah will be shadowed on the Day of Resurrection by a snake with one eye in the middle and two tongues wrapped around it. The snake will grab his jaws and say, "I am your wealth, I am your treasure." Then the prophet recited the words of Allah in Surah Ali Imran verse 180: "And let not those who are stingy with the wealth that Allah has given them from His bounty think that stinginess is good for them. In fact, it is bad for them. The wealth that they have misused will be hung around their necks on the Day of Judgement. And to Allah belongs all the inheritance in the heavens and the earth." (HR. Bukhari)

   "There are no people who refuse to pay zakat but Allah will afflict them with famine (long drought and crop failure)." (HR. Ath-Thabrani)

3. The law of zakat according to Law No. 38 on Zakat Management

   On 23 September 1999, President BJ Habibie passed the Law of the Republic of Indonesia No. 38 on Zakat Management (Muhammad, 2002). Broadly speaking, the law contains rules on the management of zakat funds that are well organised, transparent and professional, carried out by official amil appointed by the government. Periodically a journal will be issued, while the supervision will be carried out by scholars, community leaders and the government. If there is negligence or error in recording assets, sanctions can be imposed and even criminal offences can be committed. Thus, it is possible that zakat assets will be protected from irresponsible forms of misappropriation.

In the zakat law, there is also a type of property that is subject to zakat that did not exist at the time of the Prophet (peace and blessings of Allaah be upon him), namely income and services. This type of wealth is zakat for the income of modern workers, called professional zakat, who earn it in an easy and fast way.

This new form of zakat is a step forward, adjusting to the times. Thus, the fiqh of zakat must also be expanded. Furthermore, the law also regulates the ordinance on the payment of zakat as well as tax. This means that for people who have paid zakat, their tax payment will be reduced by the amount of zakat that has been paid. This is a very adequate and acceptable middle ground, amidst certain parties who want to equate zakat and tax. Because after all, zakat cannot be equated with tax.

Definition of Economic Growth

Economic growth can be defined as a long-term increase in per capita output. An economy is said to experience economic growth if the number of products of goods and services has increased. This output growth is reflected in the value of the Gross Domestic Product (GDP). To calculate the rate of economic growth, a formula is used:

$$\mathbf{g} = \frac{\mathbf{GDP_1} - \mathbf{GDP_0}}{\mathbf{GDP_0}} \mathbf{x\,100}$$

Note:
g: rate (percentage) of economic growth.
GDP1: (Gross Domestic Product) or Gross Domestic Product (GDP) is real national income, namely national income calculated at fixed prices achieved in a year (year 1).
GDP0 : national income in the previous year.

National income here is the value of goods and services produced by a country in a particular year. The value can be calculated according to current prices (i.e. at prices prevailing in the year in which GDP is calculated) and according to fixed prices, namely at prices prevailing in the base year (base year) (Sukirno, 2006: 9-10). The following factors affect a country's Economic Growth:

1. Capital accumulation
   Capital accumulation occurs when a portion of income is saved and reinvested with the aim of increasing output and income in the future. The procurement of new factories, machinery, equipment and raw materials increases a country's physical capital stock (i.e. the total "net" real value of all physically productive capital goods) and this obviously allows for increased output in the future. These direct productive investments must be complemented by supporting investments called economic and social "infrastructure" investments.
2. Population and Labour Force Growth
   A larger labour force means more productive labour, while a larger population growth means an increase in the size of the domestic market.
3. Technological Progress
   For most economists, technological progress is the most important source of economic growth. In its simplest sense, technological progress occurs because of the discovery of new or improved ways of handling traditional tasks such as growing corn, making clothes, or building houses.
4. Natural Resources
   The main factor affecting the development of an economy is natural resources or land. "Land" as used in economics includes natural resources such as soil fertility, its location and composition, forest wealth, minerals, climate, water resources, ocean resources and so

on. The availability of natural resources in abundance is important. A country that lacks natural resources will not be able to develop quickly.

DATA AND METHODOLOGY

The source of data in this writing is secondary data. By referring to the literature study which is the main source in this writing, then in this writing reviewing literature (review) from various sources such as books and other writings, magazines, newspapers, results of studies, papers that are still relevant, theories, opinions of figures etc. By writing and from various sources of internet sites, books, which can be used as benchmarks in this writing. With writing and from various sources of internet sites, books, which can be used as benchmarks in this writing.

This research, data analysis using a qualitative approach is a process of research and understanding based on a methodology that investigates a social phenomenon and human problems.

RESULT AND DISCUSSION

Zakat can Improve Economic Growth

Poverty alleviation programmes should not be sporadic. Because they will soon falter as soon as they are helped, if they are not supported. One of the planned actions in alleviating poverty is by *mapping*. Mapping is intended to get precise and accurate data on where the poor are, and at the same time look for where the rich are. Islam does not hinder a person's wealth but also does not allow poverty to continue to be entrenched. With this mapping, it will avoid overlapping handling of a poor area by various institutions at the same time.

In particular, collecting public funds in the form of zakat, infaq, waqf and alms requires the role of many parties in handling this matter, including the government-owned Amil Zakat Agency and the Amil Zakat Institution (LAZ) managed by the community. Islam teaches care and fosters sympathy for the problems of others. *Proper mapping of mustahik (the poor) and muzakki (the rich)* will make it easier for both parties to connect with each other, allowing for *a* transfer of wealth between them.

The Concept of Zakat Distribution (Equity) Impacts on the Disappearance of Absolute Poverty and is a Stimulant Factor for Economic Growth at the Macro Level

Zakat, as a social act of worship, is a certain right that Allah has imposed on the wealth of Muslims who are well-off. The right is intended for the poor and other mustahik in need, as a sign of gratitude for all favours and to get closer to Him and to clean themselves and their property. The worship of zakat has two aspects, namely the aspect of human relations with Allah SWT *(hablum minallah)* and the aspect of human relations with others *(hablum minannas).*

In eradicating poverty through zakat, zakat indirectly affects production. Income in the form of wealth can be realised to achieve the target of economic development, namely increasing economic growth, by developing economic income or regulating the elements of production (Inayah, 2003).

The most fundamental Islamic state finance in the development of wealth is zakat. In Indonesia, the majority of the population is Muslim, which means that the potential for wealth development from zakat is very large. *Zakat* is one of the political tools of Islamic finance in collecting income for the development of wealth, namely by developing production. If we assume the starting point of the relationship between zakat and income, then zakat is an effort to develop income by empowering zakat to continue to produce. Increased community income will realise higher economic growth. In terms of language, the word zakat has several meanings, namely al-barakatu (blessing), al-namaa (growth and development), ath-thaharatu (purity), and ash-shalahu (success). The meaning of blessing contained in zakat means that by paying zakat will provide blessings to the assets owned and Insha Allah, will help relieve in the hereafter, because one of the assets that will not disappear even until we are in the barzah is charity. Zakat means growth, because by giving the rights of the poor and others contained in our property, there will be a circulation of money in society which results in the development of the function of money in the economic life of society. Zakat means purity or cleanliness intended to clean the property of others, which intentionally or unintentionally, included in our property. This paper will discuss the meaning of "growth" in the definition of zakat from an economic point of view. Allah says in the Qur'an Surah Al-Baqarah verse 261, *"The example of those who spend their wealth in the way of Allah is like a grain of seed that grows seven ears, in each ear a hundred seeds. Allah multiplies the reward for whom He wills. And Allah is All-Wide (His favour) and All-Knowing,"* (Q.S al-Baqarah: 261).

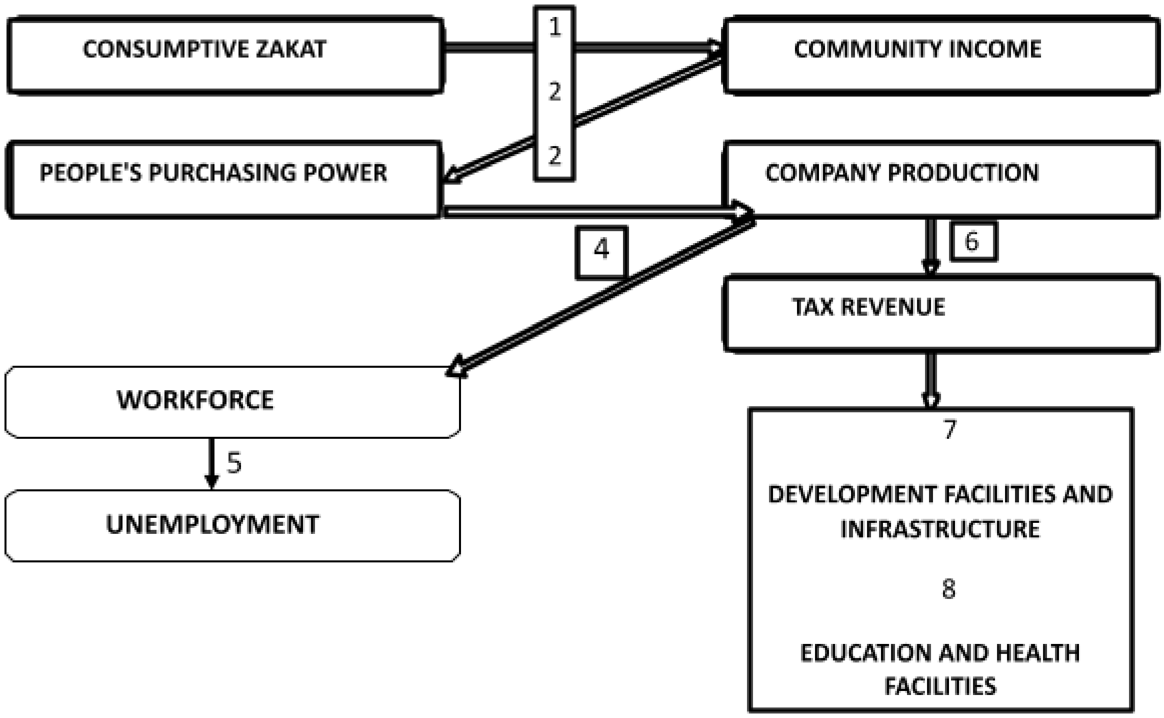
The verse implicitly describes the multiplier effect of *zakat*. The implementation of zakat, if done systematically and organised, will be able to provide a multiplier effect that is not small to increase the national income of a country due to the acceleration of money circulation that occurs in the economy.

The Mechanism Of The Multiplier Effect Of Zakat

Giving zakat in consumptive form to mustahik means that it will increase the income of mustahik. The mustahik's income increases, which means that the mustahik's purchasing power for a product that he needs will also increase. The increase in mustahik purchasing power has an impact on increasing company production.

An increase in company production means that the company will need more labour, thus absorbing unemployment. On the other hand, increased production will result in increased state revenue from taxes, both corporate tax, value added tax and income tax. Increased state revenue from taxes, the state will be able to provide facilities and infrastructure for development and be able to provide public facilities for the community, and if zakat is able to be collected significantly, it will be able to provide free education and health for its people.

Based on this explanation, it turns out that zakat payments are able to produce a *multiplier effect* in economic growth. Assistance provided in the form of consumptive assistance alone is able to provide a significant multiplier effect. Moreover, if zakat is given in the form of productive assistance such as working capital or revolving funds, then of course the multiplier effect obtained will be even greater in an economy, because zakat provides twice as much effect compared to zakat in the form of consumptive assistance.



Description:

1. The distribution of zakat to mustahik in the form of mustahik consumptive assistance will increase mustahik income.
2. The mustahik's income increases, this means that the mustahik's purchasing power is increased
3. This increase in mustahik purchasing power will have an impact on increasing the company's production output
4. Increased production means an increase in the quantity of goods produced. This means that the company will absorb more labour
5. This means that the unemployment rate will decrease
6. On the other hand, an increase in production will result in an increase in taxes paid to the state, both corporate tax, value added tax, and income tax.
7. If state revenue from taxes increases, the state will be able to provide facilities and infrastructure for development and be able to provide public facilities for the community.
8. If zakat is collected significantly, it will be able to provide free education and health care for the community.

Zakat is a Source of People's Prosperity

"Indeed, the zakat is only for the poor and needy, the administrators (amil) of zakat, the persuaded mu'allaf, to free the slaves, the debtors, for the cause of Allah, and for those who are travelling, as a decree from Allah, and Allah is All-Knowing and All-Wise". (At-Taubah: 60)

The above verse talks about the group designated by Allah as entitled to receive zakat funds (mustahiq). Many Qur'anic verses on the concept of ownership affirm that the true ownership of property is attributed to Allah swt, *"And give to them from the wealth of Allah which is given to you..."* (An-Nur: 33). This means that if humans obtain or control the property by ignoring the rules of Allah, then they are not entitled to own it. This is the concept of ownership in Islam that distinguishes it from the concept of ownership in other rules. So it must be fully realised that on the property owned by a person there are obligations stipulated by Allah and the rights of others, both of which are inherent in the property.

The concept of wealth development. Among the characteristics of a blessed treasure is that it will increase a lot, at least in terms of the impact of the benefits it causes. By giving zakat, the treasure becomes blessed in the sense that it provides comfort and security for its owner because there is nothing to worry about his property. In fact, it is the treasure that will keep the owner. The Prophet guaranteed in a hadith narrated by Imam Muslim: *"Wealth will not decrease because of charity, and Allah does not increase the forgiving servant except glory and not someone who acts tawadhu' for the sake of Allah but He will exalt him"*.

It is clear that the success of Caliph Umar bin Abdul Aziz at that time was not only by using zakat in the literal sense of material alone, but it was a policy that gave high attention to the management of zakat. Zakat in his leadership was used as a benchmark for the welfare of the community, both the number of people who give zakat, the amount of zakat paid, and the number of recipients of zakat. Unlike other benchmarks that tend to be ordinary. The benchmark of zakat as a welfare regulator can really be used as a standard guideline, both in the context of micro and macro economics.

Related to this, Monzer Kahl in his book 'Islamic Economics; an analytical study of the functions of the Islamic Economic system' states that zakat and the inheritance system in Islam tend to act as an egalitarian wealth distribution system so that wealth will always rotate and circulate to all levels of society, because indeed the accumulation of wealth in the hands of a person or a group is strongly opposed by the Qur'an. Allah emphasises in His word: *".... So that wealth does not circulate only among the rich among you.."*. (Al-Hasyr: 7).

Thus, zakat, which linguistically means growth, cleanliness, development and blessing, is an act of worship that has vertical and horizontal dimensions simultaneously. A person who pays zakat because of his faith will undoubtedly gain a lot of goodness and will provide prosperity to the entire community. May we be among His servants who are always prayed for by His angels every morning and evening*: "O Allah, give to those who give generously in return", and not among His servants for whom He prays for destruction: "O Allah make the one who withholds charity ruined"*. (H.R. Bukhari and Muslim)

When we hear sermons and lectures about zakat and alms brought by Kiai and Ustadz, we are always given sermons that contain that issuing zakat and alms will be replaced 10 to 700 times by Allah SWT. At first glance, people might think that there is no way that the money we spend on zakat will be reimbursed just like that. Just as confused as how it is possible for the money to come back to us, is there tenfold money coming down from the sky or we are given money by angels or there are people who freely give money to us in this day and age. By paying zakat we will be rewarded tenfold and even more is true. In the Quran, it has been explained in surah Al-Baqarah verse 261 *"The example of those who spend their wealth* *in the way of Allah is like a seed that grows seven spikelets, in each spikelet a hundred seeds. Allah multiplies it for whom He wills. And Allah is All-Wide and All-Knowing."* (QS Al-Baqarah: 261).

For example, a clothes seller will get richer if there are many buyers and will go bankrupt if there are no buyers. To increase the purchasing power of the community, the clothes seller will issue zakat. The clothes seller is the one who gives zakat or muzakki. While those who receive zakat are called Mustahiq (there are 8 groups of Mustahiq).

By issuing zakat, the effect is not only felt by mustahiq. We take the example of the clothes seller giving zakat and alms to mustahiq in the amount of Rp. 150,000, then mustahiq will spend it on 20 kg of rice worth Rp. 100,000 (the other 50k as mustahiq savings or other costs), then the rice seller gets a profit of Rp. 30,000 and the rice seller spends it to buy clothes at the clothes seller. The same applies to other professions as well. Can you imagine if all Muzakki in Indonesia paid zakat, how much profit would they get? We can imagine that there are several parties that are benefited in this illustration. Zakat will increase the MPC of the society and give a multiplier effect.

This illustration is still micro in the sense of small scope and still in the perspective of individual economic actors so it may still be difficult for you to accept. If you still do not believe about the ***"magical"*** effect of zakat, consider the calculation of zakat with macro approach to national income as follows:

Case Example:

Consumption Function of Muzakki

: $C1 = 25 + 0.75\ Y$

Zakat: $Z = 0.025\ Y$

Infaq/Shadaqah : $F = 0.025\ Y$

Mustahiq Consumption Function: $C2 = Z+F$

Investment: $I = 25$

Government Expenditure: $G = 15$

Export : $X = 7$

Import : $M = 4$

ANSWER:

Conventional economics.

$Y = C+I+G+(X-M)$

$Y = 25+0.75Y+25+15+(7-4)$

$Y = 0.75Y+68$

$0{,}25\ Y = 68$

$Y = 272$

Islamic Economics.

$C = C1 + C2$

$C1 = a + bY\ (1-z-f)$

$C1 = 25 + 0.75Y$

$C1 = 25 + 0.75Y(Y - 0.025Y - 0.025Y)$

$= 25 + 0.75Y(Y - 0.05Y)$

$= 25 + 0.75Y - 0.0375Y$

$= 25 + 0{,}7125Y$

$C2 = Z + F$

$= 0.025Y + 0.025Y$

$= 0{,}05Y$

$C = C1 + C2$

$= 25 + 0.7125Y + 0.05Y$

$= 25 + 0{,}7625Y$

$$Y = C + I + G + (X - M)$$

$$Y = 25 + 0.7625Y + 25 + 15 + (7 - 4)$$
$$Y = 0.7625Y + 68$$

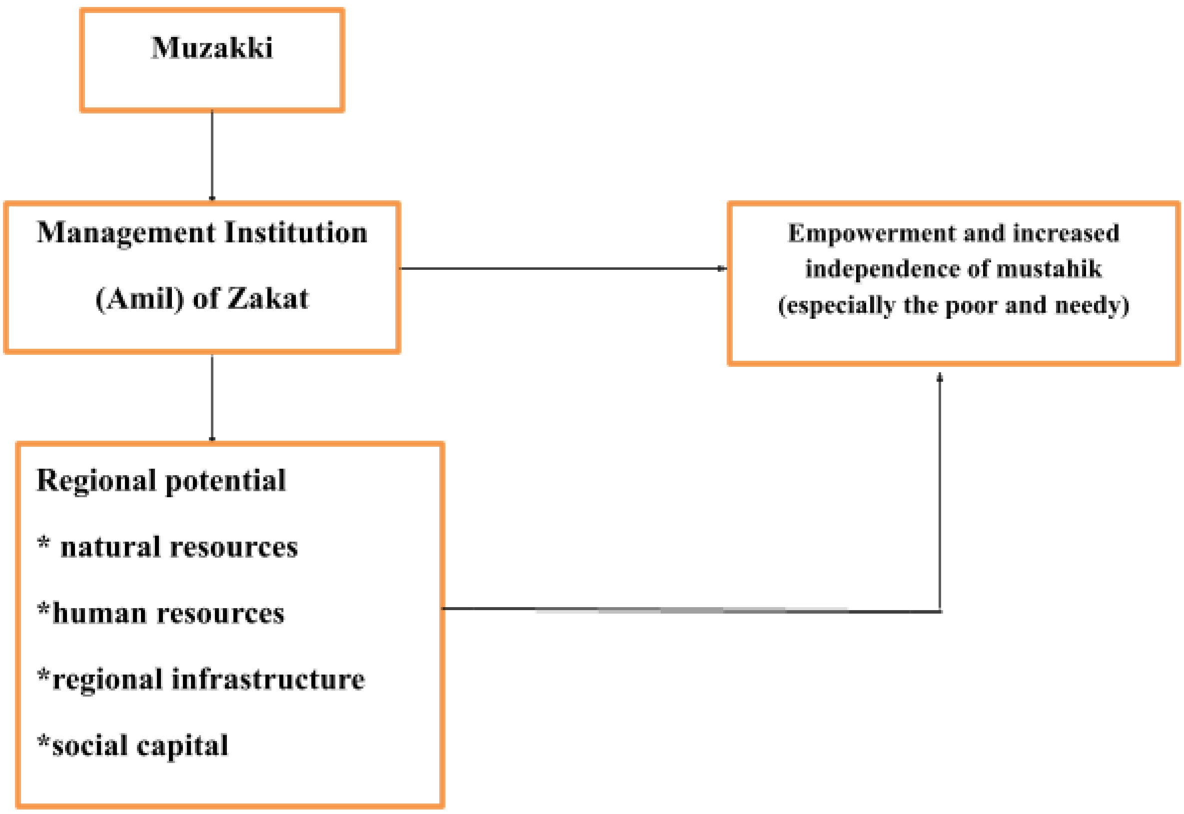
$$0,2375Y = 68$$

$$Y = 286,31$$

Here we can see that *zakat has a positive effect on national income*. Subhanallah. Without zakat and alms, the national income is only 272, while with zakat and alms, the national income becomes 286.31. *This also proves that the Quran is always true, always relevant and will never be outdated*. Then where does the income worth 14.31 come from? It comes from Allah SWT. Can you believe it?. The answer is definitely yes.

Another conclusion we can draw is that in addition to the great reward we get from giving zakat, as well as increasing aggregate national income, zakat will stimulate the economy and make people's economic activities more vibrant. Therefore, the more zakat we pay, the greater the national income and the more prosperous our country will be. Can you believe it?. The answer is definitely yes. And one more thing, in the calculation above I did not include the tax variable to make it easier for us to understand. Besides, tax will also reduce national income.

Zakat Alternative and Strategic Solution for Ummah Economic Empowerment:



Indonesia is the largest Muslim country in the world. In the practice of Islamic teachings, Zakat has an important role as a supporting element of Islamic da'wah and community development. The purpose and wisdom of zakat as a religious institution has a functional link with efforts to solve the problem of poverty and social inequality.

The potential of zakat funds collected from Muslims is an alternative solution that can be utilized for efforts to overcome the problem of poverty in Indonesia and the economic empowerment of the people, which cannot be solved and resolved only with APBN funds derived from tax revenues and foreign debt.

Muslim society is a society that should be founded on the principle of Takaful (mutual support). So that the weak are not humiliated by their weakness and the strong are not mad with respect for their strength. Basically, both can coexist and complement each other. Both are like one body, where the feet hurt, the eyes cry, the hands wipe them.

Aghniya (the rich) *Fuqoro` wal Masakin* (the poor and needy) are not a class or caste in Muslim society. Both should be given certain barriers or boundaries, but in Islamic principles both are the same before Allah SWT, only obedience and devotion that distinguishes the two. With his wealth

An *Aghniya* (rich person) has a wide opportunity to get closer to Allah SWT by providing many solutions for solving various social, economic and morality diseases.

If the Marxist socialists try to solve the problem of poverty by forcing the Aghniya` (rich people) to go down to poverty and live a life of hardship together, then the Islamic system provides a solution by empowering the poor to become Aghniya` (rich people). This alternative and strategic solution is offered by Islam through a productive and creative zakat system.

So far, the management (distribution and utilization) of zakat, especially in Indonesia, has been carried out in several models or patterns, among others:

1. *The traditionalist consumptive* pattern where zakat is given in the form of goods or cash (to be used up).
2. *Productive consumptive pattern*, where zakat is given in the form of incidental programmes such as scholarships, trainings and training for mustahik.
3. *The traditional productive pattern* where zakat is given in the form of business capital assistance to working groups (businesses) of the poor with Mudhorobah (profit sharing) contracts.
4. *Creative productive pattern,* where zakat is given to mustahik in the form of business assistance *(qordul hasan agreement).*

The distribution and utilisation of zakat by inviting the poor to come en masse to the homes of the rich or the BAZ/LAZ office is a phenomenon that is not good and healthy. So that they flock and jostle or even queue under the scorching sun is one example of the distribution of zakat that is not educational.

The alternative and strategic solution offered by Islam is none other than a productive and creative management system (distribution and utilisation) of zakat. With the management as intended, it is expected to empower people from economic, social and moral misery, empower the poor to become Aghniya and make mustahiq become muzakki. Wallahu A`lam.

Zakat Potential in Indonesia

For a long time, we have been discussing how zakat can increase the national income of the country so as to create increased economic growth. In addition, it is also discussed about how to empower zakat assets, and its allocation. Now, here will be attached about the potential of zakat in Indonesia according to some opinions. Indonesia is one of the countries with a majority Muslim population, so the acquisition of zakat in Indonesia should be very high compared to other countries

According to the data in Outlook Zakat Indonesia (2018), there are several studies that discuss the potential of zakat in Indonesia, among others:

1. First, the PIRAC study shows that the potential of zakat in Indonesia has a tendency to increase every year. Based on a survey conducted in 10 major cities in Indonesia, PIRAC shows that the average potential of zakat per muzakki reached IDR 684,550.00 in 2007, an increase from the previous IDR 416,000.00 in 2004.
2. Second, PEBS FEUI uses the approach of the number of muzakki from the Indonesian Muslim population with the assumption that 95 per cent of muzakki pay zakat, then it can be projected that the potential of zakat fund collection in 2009 reached Rp 12.7 trillion (Indonesia Economic Outlook, 2010).
3. Third, research conducted by UIN Syarif Hidayatullah Jakarta shows that the potential of national zakat can reach Rp 19.3 trillion.
4. Fourth, research by Firdaus et al (2012) in the Indonesian Zakat Outlook (2018) states that the potential of national zakat in 2011 reached 3.4 percent of total GDP, or in other words, the potential of zakat in Indonesia is estimated to reach IDR 217 trillion. This amount includes potential zakat revenue from various areas, such as zakat in households, private companies, state-owned enterprises, as well as deposits and savings.
5. Fifth, according to research conducted by BAZNAS, the national zakat potential in 2015 has reached IDR 286 trillion. This figure was generated using an extrapolation method that considers GDP growth in previous years.

Nevertheless, the potential of zakat in Indonesia described by various studies above, has not been supported by the achievement in collecting zakat in the field. This means that there is a very high gap between the potential and the reality of the collection. Judging from the actual data of national ZIS collection by official OPZ, in 2016 the ZIS collection only reached around Rp 5 trillion, which means that the realisation of the collection is still quite far from the potential. This gap is more or less influenced by several factors, such as:

a. Low awareness of mandatory zakat (muzakki). From this reality, the community must be reinvigorated in their understanding of zakat. The lack of public knowledge about zakat is a major factor in the low acquisition of zakat funds, especially since some people only understand zakat fitrah which is issued during the month of Ramadan.
b. Lack of regulatory support from the state to be proactive in implementing the mandate of Law 23/2011 on zakat. The task of the government should not only be to provide services and create conducive conditions, but there must be firmness aimed at unlicensed zakat institutions to comply with the law. In order to realise Indonesia's economic development through zakat, the approach of centralising zakat payment through official zakat institutions should be emphasised by the government.
c. The explored zakat base is still concentrated on two types of zakat objects only, namely zakat fitrah and profession. There are

still many unexplored zakat objects and subjects that cause the gap between realisation and potential. In the context of Indonesia, livestock and plantation assets are among those that have not been maximally explored plus the development of today's times, zakat e-commerce, fintech, and other new things also need to be a concern of zakat management.

d. The lack of incentives for zakat payers to pay zakat, especially related to zakat as tax deduction so that zakat payers are not exposed to double burden (Indonesia Economic Outlook 2010).

e. There is still public distrust of zakat institutions that are considered weak and unprofessional. Some zakat institutions in some areas only receive collections and do not conduct active and progressive movements. So it is important to set the positioning of zakat institutions; both government institutions and non-government institutions to maximise the role of strengthening institutional management.

f. Zakat distribution is only for consumptive needs of the community. Zakat that is distributed for community consumption is not wrong, because the purpose of zakat is to fulfil the basic needs of mustahik. But it would be nice if the distribution of zakat is distributed for productive purposes and can provide long-term benefits. This is what makes zakat able to alleviate poverty, because the principle is that people are not given fresh fish but fishing rods that they will use to catch more fish (empowerment principle).

Efforts to Realise the Role of Zakat in Improving Economic Growth through Equity

1. Data Collection and Classification of Muzaki and Mustahik then Mapping

   We already know the estimated potential of zakat in Indonesia. With the large potential of zakat that should be collected, here we will describe the mapping of muzaki and mustahik to maximise the collection and distribution of zakat in Indonesia. The mapping is intended to obtain precise and accurate data on where the muzaki and mustahik are located. Mapping the distribution of muzaki and mustahik is expected to be useful for collecting zakat from muzaki and distributing zakat to mustahik. Mapping makes it easier for both parties to connect with each other, which allows the transfer of wealth between them. In addition, this mapping will avoid overlapping handling of a poor area by various zakat management institutions in the distribution of zakat. Mapping of muzaki and mustahik data can be based on age group, gender, education, residence, occupation, home ownership status. From the existing data, it is then classified based on the selected indicators. Data on muzaki from people who come to pay zakat through BAZ and LAZ throughout Indonesia. Meanwhile, mustahik data will be obtained by collaborating with the head of the neighbourhood to record their citizens who are really entitled to receive zakat. After that, mapping of muzaki and mustahik data is made.

2. Optimisation of Zakat Collection from the Community

Fundraising as an activity to raise funds and other resources from the community, whether individuals, groups, organisations, companies or governments that will be used to finance the programs and operational activities of the institution which ultimately is to achieve the mission and objectives of the institution. Fundraising contains programmes to introduce and invite people either individuals or institutions to channel funds for social or religious purposes, this process includes activities: informing, reminding, encouraging, persuading, seducing or luring, including stressing reinforcement, if it is possible or allowed.

Fundraising Innovation:

a. Conduct a Zakat campaign programme whose function is to provide direct information and invite targets to donate. Campaigns can be done with various media, such as: romotions with outdoor media, demos, sampling, exhibitions, visits, quizzes, prizes, sales of fundrising products, etc.
b. Response Advertising Messages with various media can be created to make it easier for readers to provide direct responses. This message can take the form of newspaper adverts, sms adverts, posters, reply cards etc.

   Direct mail as in 1993 in America. More than 45% of citizens spent their money through direct mail. Charities raised more than US $50 billion through direct mail. Use of Direct Mail Book Clubs 3% Travel agents 4% Office supplies 5.6% Charity 7.2% Financial sector 35.3% Corporate orders 13.6% Payment cards 9.9% Direct Marketing Information Service (DMIS).

   Step Writing Directmail features the question What do you want the recipient to do? How will the recipient fulfill it? How will the recipient fulfil the giver's purpose?
c. Direct Dialogue. This activity is carried out by going door to door, that is, visiting houses from door to door. This method requires high costs but is effective. With more and more houses visited, it will increase the results of fundraising techniques.
d. Cooperation with companies, institutions, schools, factories, shopping places, such as: counters, supermarkets, shops, tutoring centres, boutiques. In addition to collecting zakat from their owners, they can also help distribute zakat payment brochures, etc.
e. Cooperation with the banking sector and other financial institutions. Such as: Sharia and conventional banks opening zakat payment accounts.
f. Sales deduction for every product purchase. For example, every time you buy this food product, IDR 1000 will be donated to the dhuafa scholarship. The communication can be done together.
g. Mixed Product Mix. Can be done in collaboration with certain payment products. An example is a mix of investment products with waqf products. Each fund deposited is 90% investment and 10% cash waqf. This mix product can be developed into various other payment products such as insurance, tuition fees, school payments etc. Creating new ZIS products, etc.

3. Collection of Zakat by BAZ and LAZ

Zakat Management Organisation consists of Badan Amil Zakat (BAZ) formed by the Government and Lembaga Amil Zakat (LAZ) formed by the Community. Both are confirmed and fostered by the Government. BAZ and LAZ motivate the public to carry out the obligation to pay zakat, optimize the management of zakat funds to improve the welfare of the people, and assist the government in efforts to alleviate poverty and empower the people's economy.

The BAZ and LAZ system in collecting zakat can be by muzaki coming to BAZ or LAZ giving their zakat to the committee. The committee processes the Muzaki data, and the muzaki gets a proof of deposit form from the committee. The collected zakat will be distributed to mustahik. To obtain mustahik data, the committee collaborates with the head of the neighborhood (RT) to record their citizens who are really entitled to receive zakat.

BAZ and LAZ as an organization that collects and distributes zakat must be able to be a forum for receiving, managing, distributing properly so that the benefits of zakat are truly felt by the community, especially Muslims. Therefore, in good zakat management, there must be adequate zakat management, starting from managing zakat risks, monitoring the supervision of zakat implementation, and so on.

4. Allocation of Zakat Assets According to Mustahik Mapping

Previously, it has been discussed about the mapping of muzaki and mustahik. Mapping mustahik here is very necessary in order to achieve the distribution of zakat that is right on target. Mustahik mapping is also useful to avoid people who receive double zakat from several zakat distributing institutions. Mapping mustahik is also a basic guideline in prioritising which mustahik really needs zakat more.

As we know, Indonesia has different economic conditions and prosperity from one region to another. For example, the island of Java is dominated by more infrastructure development and a high economic cycle. The Centre of Indonesia's capital, Jakarta, is also on the island of Java. Let's compare it with the island of Papua Province. The state of Papuan infrastructure development tends to be still not optimal. Money circulation and economic activity are not as high as on the island of Java.

5. Development of the Quality of Human Resources (HR) for Zakat Management

In the development of zakat management, one of the most important things is to have competent human resources (HR) or amil. Human resources, for zakat organisations, have a very important role, especially when the organisation plans to expand and expand the market network. Professional management of zakat requires resources that are professional and skilled and have competence in their fields. Because, the implementation of tasks in managing zakat organisations is not an easy and straightforward issue but an issue related to state administration.

Learning from history, it turns out that amil zakat cannot be formed by itself. An amil must be appointed by the government. In the zakat of the Prophet Muhammad Saw and afterwards, amil zakat was chosen by the caliph at that time. Ibn Qosim's opinion in Fathul Qorib (Syarah Bajuri 1/543) which explains the definition of Amil as follows: "Amil zakat is someone who is assigned by the imam (leader of the country) to collect and distribute zakat assets" (Fatwa MUI, 2011). An amil who is chosen by the government must have the ability and understanding of management and fulfil several requirements to be able to be fair, know and understand the fiqh of zakat, understand zakat and the types of assets that must be zakah and the calculation mechanism, be honest, independent, Muslim, mukalaf and able to carry out their duties. The amil zakat institution must be able to provide balanced rewards in accordance with work performance.

With effective management and trustworthy and competent amil zakat, the role of zakat in increasing economic growth is increasingly realised. In addition, the factor of public awareness is also very supportive of this. Although Indonesia is not a country that requires its people to pay zakat. Unlike the time of Caliph Abu Bakas Ash Shidiq who obliged and even fought Muslims who were reluctant to pay zakat. However, to realise public awareness is through maximum socialisation and carried out by various parties.

6. Supervising and monitoring, followed by Mustahik's independence, ending with the reporting of business results.

CONCLUSION AND RECOMMENDATION

The potential of zakat is so great in Indonesia, which is the majority of Muslims. So the greater the zakat that we spend the greater the national income of a country. the greater the national income of a country means an increase in economic growth. Economic growth will lead the country to prosperity and welfare. The benchmark of zakat as a welfare regulator can really be used as a standard guideline, both in the context of micro and macro economics.

History has proven that zakat can increase the national income of a country to create prosperity. The period of Umar bin Abdul azis with his government system, especially the zakat and tax system, needs to be emulated. In addition, modern theories put forward by Islamic economic figures, such as what we know as the multiplier effect of zakat, have found how the zakat mechanism can actually increase national income, which means increasing economic growth. Assistance provided in the form of consumptive assistance alone has been able to provide a significant multiplier effect of zakat. Moreover, zakat is given in the form of productive assistance such as working capital or revolving funds, then of course the multiplier effect obtained will be even greater in an economy, because zakat provides twice as much effect as in zakat in the form of consumptive assistance. And the calculation of zakat with a macro approach to national income has also proven that zakat has a positive effect on national income, which means it also has a positive effect on the economic growth of a country. Zakat in creating an increase in national income, zakat must be allocated appropriately, and empowered. The role of zakat is very important in empowering the economic potential of the people. The alternative and strategic solution offered by Islam is none other than a productive and creative management system (distribution and utilisation) of zakat. With the management as intended, it is expected to empower the poor to become Aghniya (the rich) and make mustahiq become muzakki.

The suggestions that the author gives in this study are:

a. Conduct promotions through communication media to advertise paying zakat.
b. Conducting zakat campaigns to the public intensively to open public awareness of the obligation to pay zakat fitrah and zakat maal.
c. Mapping the distribution of muzaki and mustahik. So that it is useful for collecting zakat from muzaki and distributing zakat to mustahik. Mapping makes it easier for both parties to connect with each other, which allows the transfer of wealth between them. In addition, this mapping will avoid overlapping handling of a poor area by various zakat management institutions in the distribution of zakat.
d. The government prepares the national management of zakat along with the regulation that oversees the management of zakat. In addition, there are institutions that are needed to support the zakat management system, such as the zakat directorate with better performance, audit institution, and social entrepreneurship institution.
e. LAZ and BAZ cooperate with companies, institutions, schools, community organisations to collect zakat.
f. Empowerment of zakat assets to the community through entrepreneurship, it is necessary to provide education in managing businesses (social entrepreneurship) and supervision in management and The government realises the human resources of zakat managers who are competent in their duties with training.

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