

Zakat, Islamic Economics And Poverty Alleviation In Indonesia

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Abstract : *Indonesia is a country with a majority Muslim population. The total Muslim population is 209.12 million people or 87% of the total 269 million people with a total poor population of 9.41% or 25.14 million people. In 2018 the amount of zakat collected was as much as Rp. 8.100 billion with a potential of Rp 217 Trillion. Poverty is a problem that seizes the attention of the government every year. With the majority of the Islamic population, zakat is one solution to reduce poverty. The purpose of this study is to determine the potential for poverty alleviation with zakat and the opportunity for Indonesia to become the center of Islamic economics. The method used is the study of literature, namely data collection techniques by conducting a study of a review of books, literature, notes, and journals that are in accordance with the research objectives. Basically, zakat aside from being a form of obedience to God is also a social concern. The concept of zakat in Islam is mandatory and is the identity and characteristics of Islamic economics that distinguish it from conventional economic systems. Zakat is an Islamic economic joint, which if implemented properly, will have a significant economic impact. Through proper, transparent, and professional distribution zakat should be an alternative in alleviating poverty in Indonesia.*

Keyword : *Zakat, Islamic Economic, Poverty, Welfare*

Introduction

Poverty is a problem faced by all nations, including Indonesia. Various kinds of policies have been made by the government to overcome them, both sectorally, monetary, fiscal, and other policies, but have not been able to fully overcome the problems that occur in the field (Pratama, 2015). Indonesia is a country with a majority Muslim population. The total Muslim population is 209.12 million people or 87% of the total 269 million people with a total poor population of 9.41% or 25.14 million people. In 2018, the amount of zakat collected was as much as Rp. 8.100 billion with a potential of Rp 217 Trillion.

In Islam, the way to overcome poverty is through zakat. Therefore, zakat must be managed productively and professionally so that it can realize the idea of Islam for the welfare of society. Zakat is an important instrument in poverty alleviation efforts. The more zakat collected and the more targeted in distribution, the more able to reduce poverty. Therefore, zakat has an important role in economic growth and development. Seeing the fact that the potential of zakat has not been maximally utilized in Indonesia, the government needs to make a special policy to improve it.

Recently, there are interesting developments in the religious awareness of Muslims in Indonesia, especially in the awareness of zakat, shadaqah and infaq. This is indicated by the many institutions managing zakat, both managed by the community and the government. There are 20 institutions recognized by the government and the directorate general of taxes. The establishment of this institution aims to serve the obligatory almsgiving so that they can distribute their zakat easily. By giving zakat, the return of "human glory" will be achieved,

namely freeing humans from servitude to property and freeing human slavery from bondage to servitude and purifying themselves from the evidence of servitude (Inayah, 2003). In real terms, zakat must be able to eradicate poverty, ignorance and backwardness.

The role of zakat in macro if we look at the history of the government of the caliph Umar Ibn Khattab, that zakat is a source of income for the Islamic State in addition to taxes and so on. So that zakat has a very central role in Islamic economics. not only individuals, the state can also feel the impact of zakat on the State's economy, namely as another source of state income.

From many studies, it can be seen that zakat can reduce the number of poor families, poverty inequality and reduce the severity of poverty. Zakat is an instrument that can be used to flatten gaps so as to improve people's welfare. Potential national zakat is 217 trillion rupiah, a very large amount in accordance with the Muslim population in Indonesia, however, only 1% of zakat funds can be collected. This great potential is not proportional to the insignificant reduction in poverty, this shows that the optimization of zakat management has not been maximized.

Literature Review

Zakat and Islamic Economic

The expenditure / payment of zakat in Islam began to be effectively carried out after the hijrah and the formation of a government in Medina. Believers are encouraged to pay a certain amount of their wealth, in the form of zakat. Payment of zakat is a religious obligation and is one of the five pillars of Islam. This obligation applies to every Muslim who has grown up, is free, is of sound mind, and has owned the treasure for a full year and fulfills the Nisab. Zakat is imposed on assets such as gold, silver, merchandise, certain livestock, minerals, treasures, and harvests.

For the current economic context which is more reliant on the industrial and service sectors rather than agriculture and animal husbandry, there are many types of wealth in the text that have not been mentioned much such as vehicles and luxury homes. Also in the text does not mention the assets obtained from the services of expertise and profession. The problem has not been mentioned because the community at the time of the Prophet had not developed such a type of wealth. The development of the times demanded to dig up treasure objects that did not exist in the time of the Prophet. So that new terms emerge that do not exist in the treasury of fiqh and classical economics such as professional zakat, productive zakat, and others.

The obligation of zakat is expressly stated in the Qur'an. At the beginning of Islamic rule, zakat was the first and most important source of state revenue. Zakat is not a usual source of income for Muslim countries in the world although it is not considered as the main funding. The state is responsible for collecting and using it properly, and the income from zakat must not be mixed with other public revenues. Zakat is an Islamic fiscal policy that is different from conventional fiscal policies. In conventional fiscal government can influence economic activities through incentives in the tax rate and the amount of tax base of an economic activity, while in the zakat system, all provisions regarding the amount of zakat rates have been determined based on instructions from the Prophet. Therefore, the zakat policy is very different from the taxation policy.

The concept of zakat fiqh states that the zakat system seeks to bring together Muslim surplus parties and Muslim deficit parties. The purpose of this system is to make a projected income distribution between surpluses and Muslim deficits or even make the deficit group (mustahiq) a surplus (muzakki). Philosophically socially, zakat is associated with the principle of 'social justice' and is seen in terms of development policies and strategies related to the distribution of community income, equitable distribution of development activities, or

eradication of poverty. With zakat, on the one hand there is a transfer of consumption and ownership of economic resources, while on the other hand is the expansion of productive activities at the bottom level. This scenario provides an opportunity for the grassroots to increase income and can subsequently save and collect capital as one of the activities of economic resources and productive activities. Collection and distribution as well as the potential of zakat as an instrument for poverty alleviation are important issues in the Islamic economic system.

In addition to the main component in the public financial system as well as the main fiscal policy in the Islamic economic system, zakat is also an obligatory activity for all Muslims. There are other components that can be used as other elements in the source of state revenue. These components are not mandatory elements but voluntary activities that are associated with a person's level of devotion. The higher the level of devotion, the greater the tendency to exclude these voluntary expenditure components. Zakat is not an activity solely for worldly purposes, such as income distribution, economic stability and others, but also has implications for life in the hereafter. This is what distinguishes fiscal policy in Islam from fiscal policy in the conventional economic system.

Islamic Economics is the study of human economic behavior based on Islamic religious rules and is based on Tauhid (monotheism) as summarized in the pillars of the faith and the pillars of Islam. Work is an obligation because Allah SWT commanded it, as At Taubah's verse 105: "And say, "Do [as you will], for Allah will see your deeds, and [so, will] His Messenger and the believers ". Because work will lead to forgiveness, as the Prophet Muhammad said: "Anyone who is tired in the afternoon because of the work of his hands, then in the afternoon he gets forgiveness." (HR.Thabrani and Baihaqi)

Definition of Islamic economics according to some experts:

1. Louis Cantori, "Islamic economics is nothing but an attempt to formulate a human-oriented and society-oriented economics that rejects individualism in classical economics."
2. M.N. Siddiqi, "Islamic economics is the response of Muslim thinkers to the economic challenges of their time. In this effort they were assisted by the Qur'an and Sunnah as well as reason and experience."
3. S.M. Hasanuzzaman, "Islamic economics is the knowledge and application of sharia teachings and rules that prevent injustice in the search for and expenditure of resources, in order to satisfy people and enable them to carry out their obligations towards Allah and society."

Concept of Poverty

The number of poor people in Indonesia has decreased from year to year, but the purchasing power of the community has also not increased. Based on data from the Central Statistics Agency, the number of poor people in Indonesia from the era of President Soeharto married 34.71 Million People, in the era of President BJ. Habibie amounted to 47.97 Million, in the era of President Abdurahman Wahid amounted to 37.87 Million, in the era of President Megawati amounted to 36.15 Million, while at the end of SBY's administration it amounted to 27.73 Million and in the first year of President Jokowi's administration was 25,95 Million.

According to UNICEF, poverty is the lack of material things about minimum human needs including health, education and other services that can prevent people from poverty. Ravalion in the 1970s formulated a poverty line to determine the minimum income level enough to meet everyone's basic physical needs in the form of food, clothing and housing needs so as to ensure their survival. Blank outlined the concepts of local characteristics that have the potential to influence poverty level and the policies that affect them. These

characteristics are: natural environment, economic structure, institutional and characteristics of the population of a local area ¹.

The World Bank explained several characteristics of the poor population including: poor nutrition, low education, life expectancy and housing standards. Ten years later, the World Bank issued a report on combating poverty which emphasized other characteristics, namely in general they have a weak position in voicing their interests and are vulnerable to economic uncertainty.²

The National Development Planning Agency (Bappenas) explained that poverty is a situation of shortages that occurs not because the poor want it to, but because it cannot be avoided with the power that is in it. Another opinion expressed by Ali in Setyawan stated that poverty is a gap or gap between the main values that are accumulated with the fulfillment of the need for these values appropriately. According to Chambers in Ali there are five disadvantages that surround the lives of the poor, namely:

1. Poverty, has the following signs: decrepit houses and made of low-quality building materials, very minimal equipment, the family economy is characterized by an economy that is trapped in debt and uncertain income.
2. The problem of vulnerability, can be seen from the inability of poor families to deal with emergency situations. Economic improvement that is achieved with difficulty and can sometimes disappear when the disease approaches family members who need medical expenses in large amounts.
3. The problem of helplessness, reflected in the inability to face the bureaucratic elite in decisions concerning his fate, without the opportunity to actualize themselves.
4. Weak physical endurance, due to low food consumption both in quality and quantity so that nutrient consumption is very low and results in low productivity.
5. The problem of isolation, which is reflected in the slum area that is difficult to reach, while social isolation is reflected in a sense of introvert in the process of integration of the poor with the wider community.

Zakat in Islamic Countries

1. Saudi Arabia

The implementation of zakat in Saudi Arabia is based on legislation that began in 1951 AD. Before this enactment, zakat was not regulated by law. After the King issued the King's Decree (Royal Court) No. 17/2/28/8634 dated June 29, 1370 H coincides with April 7, 1951, the contents of the "Shar'ah Zakat" in accordance with Islamic shari'ah provisions are required for corporate individuals who have Saudi citizenship. The authority to collect zakat in Saudi Arabia is under the control of the Ministry of Finance, from policy to technical aspects, so that the existing zakat regulations focus a lot on collection, while the distribution of authority lies with the Ministry of Social Affairs and Work under the Director General of Social Security (dhaman ijtima'i).

2. Sudan

Zakat management regulations in Sudan began with the enactment of a law relating to Diwan Zakat, April 1984 and effective from September 1984. This regulation requires Sudanese citizens to issue zakat which was previously regulated as a voluntary act only in the period 1980-1984. This rule applies to residents living in Sudan and outside Sudan. Sudan's zakat law expands the category of compulsory zakat property,

¹ Blank, "Poverty, Policy and Palce : How Poverty and Policies to Alleviate Poverty are Shaped by Local Characteristics," RPRC Working Paper, 2004, pp. 4-12

² World Bank, World Bank Report, 2000/2001: Attacking Poverty, (Oxford: Oxford University Press, 2001), pp. 29-38.

specifically income assets from mustaghillat. All income from mustaghillat must be impacted with zakat alongside other assets such as gold, silver, commerce / trade, agriculture, fruits and livestock. The Nisab and its zakat level are equated to the gold zakat. Income from mustaghillat includes: net income from rental / rent, income from agriculture, income from livestock, and net income from transportation services. In addition, Sudan also sets a 2.5% zakat for the profession or income alms. In addition to citizenship, the aspect of domicile is also a determining factor. Every person who works in Sudan and meets the requirements of being obligatory zakat will be obliged to pay zakat.

3. Pakistan

The State of Pakistan was established in 1950 and then in 1979 passed the rules of zakat called the Zakat and Usyr Act. First issued, the law was not perfect and then in 1989, the law was perfected. Management of zakat in Pakistan is centralistic, called the Central Zakat Fund (CSF), which is led collectively by sixteen members, one of whom is the Supreme Court of Pakistan. Zakat collection is required for every Muslim Pakistani whose wealth has reached nisab and is immediately deducted from muzakki assets on certain items such as direct deductions from savings and deposit accounts, certificates of deposit, investment certificates, government bonds, company shares and insurance policies. While other assets that are in the hands of the owner are given to muzakki to fulfill them, such as zakat cash, silver gold, trade, industry and others.

4. Jordan

The Kingdom of Jordan has taken the initiative to establish a special law on the collection of zakat in 1944 AD and was the first Islamic state to give birth to a similar law. The law is intended to require the collection of zakat in the Kingdom of Jordan. Distribution of zakat in Jordan is concentrated in several fields including: monthly assistance and incidental assistance, assistance for orphans, and assistance in developing productive human resources programs.

5. Singapore

The management of zakat, infaq, and donations in Singapore is not managed individually. All are managed corporate. The number of Muslims in Singapore is around 500 thousand people, or about 15% of the total population. Regular zakat payers number 170 thousand people. Outside of zakat, donations are also collected for madrasa education and mosque construction. Besides through bank accounts, payments can be made in 28 mosques throughout Singapore. The Singaporean government does not interfere in managing zakat which has been proven to be managed by its society.

6. Malaysia

In Malaysia, the collection of zakat that is done purely by the private sector is strongly supported by the local government. The government only acts as a facilitator and person in charge. There are 4 (four) policies on the management of zakat by the Malaysian government, among others: (i) the government approves the legal status and position of PPZ as a pure company specifically collecting zakat; (2) allow PPZ to take 12.5% of the total acquisition of zakat every year to pay employees and operational costs; (3) the government determines zakat as a tax deduction; and (4) the government has budgeted funds to help BM activities in eradicating poverty.

7. Indonesia

In principle, the management of zakat is carried out by individuals and governments. But the majority of scholars agree that the management of public funds should be carried out and regulated by the government. In practice, the development of zakat

management is strongly influenced by the ruling government and the socio-economic conditions of the people in each period of government.

Poverty Alleviation Strategies with Productive Zakat

The distribution of productive zakat in the form of venture capital has had a positive impact on mustahik in improving their standard of living. The productive zakat distribution program has been able to create new jobs for the surrounding community, as well as being able to create human resources that have high creative results and competitiveness. Following are some examples of the distribution of productive zakat that has been carried out in Indonesia :

1. The Impact of zakat distribution through Livestock Shelter Program in Tanah Datar regency.
The results of a study of the impact of zakat distribution on mustahik through the Livestock Shelter program in Tanah Datar regency showed that the average change that occurred between before and after the intervention program in general increased by 1.09. This shows that the Livestock Shelter Program is quite high impacting on increasing community assets, especially mustahik beneficiaries. The most significant change was in social assets which rose by 1.25, followed by changes in financial assets where there was an increase of 1.19; HR assets increased by 1.13; and physical assets rose by 0.95. Whereas the natural assets experienced the lowest change of 0.93.
2. The impact of zakat distribution on farmer empowerment institutions mustahik
The results of the impact assessment show that the average household income mustahik increased after receiving productive assistance, which initially had not received productive zakat assistance of Rp.1,733,699 to Rp.2,078,776 after receiving productive zakat assistance. The depth of poverty decreased by Rp.955, from before receiving zakat Rp.626,561 to Rp.627,515 after receiving zakat if measured using the poverty line. Similarly, if measured by the standards of hadifs, rice and gold, the level of poverty depth decreased by Rp.197,233, Rp.290,342 and Rp.259,704, respectively. The time required mustahik to get out of poverty if using poverty line standards and had kifayah showed negative results. This is because the average income has exceeded the value of the poverty line also kifayah. Meanwhile, if using the standard threshold of rice and gold, empowerment of zakat can shorten the time needed mustahik out of poverty that is 22 years from 26 years before receiving zakat by measuring the standard threshold of rice. Whereas the standard measurement for gold nishab only takes 19 years to change to muzaki compared to 23 years if there is no empowerment of zakat funds.
3. The impact of zakat distribution through the ZCD program in Jenilu Village, Belu Regency, East Nusa Tenggara
Recently, ZCD has managed 77 locations of empowerment villages scattered throughout the provinces in Indonesia. In general, the ZCD program in Jenilu Village, Belu Regency has been able to form and organize mustahik groups quite well. With the operation of the cooperative, the fishermen's economic empowerment program is growing, which is indicated by the distribution of profit sharing for all members of Mustahik every month. And starting to collect savings mustahik groups used as revolving loan funds for group members who want to open a business. In addition, this program has a positive impact, especially in terms of increasing knowledge and skills in making shredded fish and increasing the welfare of beneficiaries through the sale of fishermen's catches as well as the results of the sale of ice cubes and ship fuel gasoline.

Research Method

This research used a type/research approach in the form of a Literature Study. Literature study is a study that is used to gather information and data with the help of various materials in the library such as documents, books, magazines, historical stories, etc. (Mardalis: 1999). Literature study also studies various reference books and the results of previous similar studies in order to get a theoretical basis on the problem to be studied (Sarwono: 2006).

Literature study also means data collection techniques through the study of books, literature, notes, and various reports relating to the problem to be solved (Nazir: 1988). Meanwhile, according to other experts, the literature study is a theoretical study, references and other scientific literature relating to culture, values and norms that develop in the social situation being studied (Sugiyono: 2012). Data collection techniques and instruments in this study are documentation, which is looking for data about things or variables in the form of notes, books, papers, articles, journals and so on (Arikunto, 2010). The steps in library research according to Kuhlthau (2002) are as follows:

1. Selection of topic;
2. Exploration of information;
3. Determine the focus of research;
4. Collection of data sources;
5. Preparation of data presentation;
6. Compilation of reports.

Conclusion

The concept of zakat in Islam is the elements contained in fiscal policy. Where there are elements that are mandatory such as zakat. The distribution of mandatory activities is typical in the Islamic economic system which distinguishes it from the market economy system. As part of fiscal, zakat is one of the fundamentals of Islamic Economy, which if able to be implemented properly, will have a significant economic impact.

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