

**CREATING A SOCIAL JUSTICE TROUGH ZAKAT  
AND ITS RELEVANT TO POVERTY ALLEVIATION:  
A PERSPECTIVE OF ABUL A'LA AL-MAUDUDI**

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*Abstrak* Tulisan ini bertujuan untuk mengungkap pemikiran Al Maududi terkait dengan konsep keadilan sosial yang diproksi dalam pengelolaan zakat. Pemikirannya menekankan keseluruhan skema ekonomi yang dikembangkan di bawah prinsip syariah (hukum Islam), memproyeksikan sistem ekonomi yang seimbang secara internal dan sama sekali tidak menerima kapitalisme atau komunisme. Ia secara tegas menyatakan bahwa perwujudan keadilan (a'dl) dan kesejahteraan (falah) sebagai sarana mencari berkah Tuhan (fadhl al-Allah) melalui penentuan tujuan utamanya dengan menggunakan maqasid syariah. Hasil studi literatur ini mengungkapkan bahwa filantropi zakat dapat menjalankan beberapa fungsi utama keuangan publik modern terkait hak jaminan sosial berupa kesehatan, pendidikan, pangan, perumahan, dan transportasi umum. Zakat juga mampu mengurangi ketimpangan sosial yang timbul dari perilaku ekonomi eksploitatif manusia dan menjadi upaya mewujudkan keadilan sosial.

**Kata Kunci:** Al-Maududi, Keadilan Sosial, Sosial Kesejahteraan, Zakat, Pengentasan Kemiskinan

**Abstract** This paper aims to reveal Al Maududi's thoughts related to the concept of social justice, which is proxied in the management of zakat. His thoughts emphasize the entire economic scheme developed under the principles of sharia (Islamic law), projecting an internally balanced economic system and totally not accepting capitalism or communism. He explicitly stated that the embodiment of justice (*a'dl*) and welfare (*falah*) as a means of seeking God's blessings (*fadh*l al-Allah) through the determination of its main goals using the *maqasid* of sharia. The results of this literature study reveal that zakat philanthropy can carry out several main functions of modern public finance related to social security rights in the form of health, education, food, housing, and public transportation. Zakat is also able to reduce social inequality that arises from human exploitative economic behavior and becomes an effort to achieve social justice.

**Keywords:** Al-Maududi, Social Justice, Socio-Welfare, Zakat, Poverty Alleviation

## Introduction

Islam is a complete view and method of life.<sup>1</sup> Islam regulates all aspects of life, so that Islam must also talk about social justice to realize comfortable and prosperous community life.<sup>2</sup> The concept of Islamic social justice is a modern concept.<sup>3</sup> In the view of Islam, justice is the opposite of injustice and arbitrariness, not by means of passively eliminating injustice and arbitrariness. However, justice also has an active meaning reflected in the "universal Islamic moderation" which is

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<sup>1</sup> Nabhan Husein, *Konsepsi Sejarah dalam Islam*, (Jakarta: Yayasan Al-Amin, t.th), 16.

<sup>2</sup> Hendri, *Konsep Keadilan Sosial dalam Islam Menurut Sayyid Quthb*, (Riau: Universitas Islam Negeri Sultan Syarif Kasim, 2012), 1.

<sup>3</sup> Musthafa Assiba'i, *Isytirakiyah fi al-Islam*, terj. M. Abdai Ratomy, *Kehidupan Sosial menurut Islam: Tuntunan Hidup Bermasyarakat*, (Bandung: CV. Diponegoro, 1993), 313.

moderate and does not take sides or tends to one side only, and does not isolate itself from both of them, and is not completely different from the two.<sup>4</sup>

Islam as a system of values and an “all-encompassing” codification, has addressed the issue of economic instability and its impact by placing great emphasis on the rich to spend their wealth out of compassion (‘ala hubihee) and for the collective community welfare. To achieve these goals, Islam promotes the philosophy of cooperation, sharing, and distributive justice. The fundamental principle laid down in the Quran in this regard is that “wealth should not circulate only among the rich”.<sup>5</sup> Since its inception, Islam has emphatically eliminated all human inequality in the distribution scheme of material resources. However, Islam does not fully agree with Mark’s philosophy of communism which requires the distribution of wealth that puts forward the theory of equality rather than justice.<sup>6</sup> The main principles of Islam in minimizing inequality are thus fostering a culture of “social cohesion” and “creative cooperation” where all members of society enjoy rights, justice and the path to entrepreneurship. Therefore, Islam advocates “practical philanthropy” which we carry out in the form of zakat so as to strengthen the meaning and scope of justice, growth and sustainable development while maintaining respect, values and the centrality of human life.

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<sup>4</sup> Muhammad Imarah, *Al-Islam wal Amnu al-Ijtima’i*, terj. Abdul Hayyie al-Kattani, *Islam dan Keamanan Sosial*, (Jakarta: Gema Insani Press, 1998), 115.

<sup>5</sup> QS. al-Hasyr [7]: 59

<sup>6</sup> Abul A’la Maududi, 1975, *The Islamic Law and Constitution*, (Lohare: Islamic Publication Ltd, 1975), 74.

In line with the preliminary explanations, Al-Maududi stated that the big mistake committed by communism was to make economic problems the axis of human life and communism did not look at human problems carefully. If communism discusses matters of divinity, morals, the history of the physical sciences, or civilization, its discussion must be influenced by economic theory and its fanatical view of the economic aspect of human life. Because communism never extracted out of this narrow environment, the balance in life was disappearing.<sup>7</sup>

The effect of zakat on the economy can increase the capacity and purchasing power of mustahik, encourage investment by reducing the accumulation of unproductive capital so that in aggregate, it will increase productivity which impacts labor absorption and state income from corporate taxes. In the context of zakat management in Indonesia, which is carried out by the National Zakat Agency in Indonesia (BAZNAS), zakat is distributed in the form of consumptive assistance and productive assistance. Consumptive assistance is expected to increase the aggregate consumption of mustahik. Meanwhile, productive assistance is expected to increase the production capacity of mustahik and in the end will increase the national output which is reflected in the Gross Domestic Product (GDP).<sup>8</sup> Therefore, in general, zakat will have a positive impact on the economic growth of a nation.

This paper provides a strengthening of the moral foundation for recipients and managers of social security in the form of zakat. The

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<sup>7</sup> Abul A'la Al-Maududi, *Al-Islam wa Mu'dhilat al-Iqtishodi*, terj. Rifyal Ka'bah, *Islam dan Dilema Ekonomi*, (Jakarta: Minaret, 1988), 53.

<sup>8</sup> Alifah Nur Fajrina, Farhan Rafi Putra dan Annisa Suci Sisillia, Optimalisasi Pengelolaan Zakat: Implementasi dan Implikasinya dalam Perkonomian, *Journal of Islamics and Finace Studies*, 4 (1), June, 2020.

strengthening of the moral foundation makes zakat managers more trustworthy in carrying out their duties. Additionally, with the existence of a moral foundation, the recipient of zakat also has a desire to become a zakat payer and has a sense of adequacy to receive zakat.

## **Literature Review**

### ***Brief Biography of Al- Maududi***

Abul A'la Al-Maududi usually called Al-Maududi was born in Aurangbad, a famous city in Hyberad (Deccan), Delhi, India, on 3 Rajab 1321 H or 25 September 1903. Al-Maududi was born into an obedient family religious. His father named Abu Hasan was a famous lawyer who was pious and diligent in worship or religious. The Al-Maududi family is a descendant of the great Sufis of the Christiyah sect who played an important role in spreading Indian Islam.<sup>9</sup>

His education began in a secondary school that applies a modern and traditional Islamic education system, namely Madrasah Furqoniyah. However, later, Al-Maududi's parents preferred to educate him at home using Persian Arabic, Urdu, and English to prevent Al-Maududi from attending an English school. Thus, it can be understood why Al Maududi became a fundamentalist traditionalist (with an anti-western educational background).<sup>10</sup>

Al-Maududi's writings cover many social, political, economic, cultural and religious fields, some of which are: *First Principles of*

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<sup>9</sup> Euis Amalia, *Sejarah Pemikiran Ekonomi Islam: Dari Masa Klasik Hingga Kontemporer*, (Depok: Gramata Publishing, 2010), 274.

<sup>10</sup> Ibid, 274.

*Islamic Economics*,<sup>11</sup> *Islamic Civilization: Its Foundational Beliefs and Principles*,<sup>12</sup> *Human Rights in Islam*,<sup>13</sup> *Rights of Non-Muslims in Islamic State*,<sup>14</sup> *Purdah and the Status of Women in Islam*,<sup>15</sup> *The Road to Peace and Savation*.<sup>16</sup> From some of Al-Maududi's works above, there are at least three books that discuss issues of social and economic justice. First, the comparison between Islam, Socialism and Capitalism, in Urdu and has been translated into Arabic by Muhammad Ashim al-Haddad with the title "Usus Al-Iqtishad Baen Al-Islam wa Al-Nuzum Al-Muashirah" (Basics Economics Between Islam and Modern Economic Systems). Second, Maududi's writing entitled "First Principles of Islamic Economics". Third, in particular, Al-Maududi also wrote a book about Riba in an Islamic perspective with a robust theoretical economic approach.<sup>17</sup>

### ***Spectrum of Al-Maududi Thought***

Al-Maududi's thinking is based on his belief that Islam is not a set of ideas that are not related to one another, but Islam is a religion that

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<sup>11</sup> Abul A'la al Maududi, *First Principles of Islamic Economics*, UK: The Islamic Foundation, 2013.

<sup>12</sup> Abu A'la al Maududi, *Islamic Civilization: Its Foundational Beliefs and Principles*, UK: The Islamic Foundation, 2016.

<sup>13</sup> Abul A'la al Maududi, *Human Rights in Islam*, T.t: Revival, 2007.

<sup>14</sup> Abul A'la al Maududi, *Rights of Non-Muslims in Islamic State*. In *Islamic Law and Constitution*, translated by Khurshid Ahmad, 273-300. Lahore: Islamic Publications Ltd, 1960.

<sup>15</sup> Abul A'la al Maududi, *Purdah and the Status of Women in Islam*, Lahore: Markazi Maktaba Islami, 1996.

<sup>16</sup> Abul A'la al Maududi, *The Road to Peace and Savation*, Lahore: Islamic Publications, 1976.

<sup>17</sup> Kamal, Mustafa, *Wawasan Islam dan ekonomi*, (Jakarta: Lembaga Penerbitan Fakultas Ekonomi Universitas Indonesia, 1997), 89.

is complete, perfect, and one unified unity based on clear and definite principles. All of his teachings, both basic and detailed, are logically extracted from basic principles and cannot be separated from these principles. All laws and regulations in Islam in various sectors of life result from reflection, development, and reflection of its basic principles. From these basic principles, all designs of Islamic life emerge and develop so that all aspects to be studied cannot be separated from the study of its basic principles.<sup>18</sup>

Departing from these facts and reality, then Al-Maududi discusses socio-political problems, economic systems, and others. According to him, the starting point for all problems such as socio-politics and economics is Tauhid,<sup>19</sup> that is, believing in the oneness and power of Allah SWT. This is the main foundation of the social and moral system, as taught by the apostles. From this principle of tawhid, then Al-Maududi explained that no one is given the authority to give orders and rules at will on their own.

In his view, Allah SWT has created the earth and its contents for humankind. Therefore, it is the right for every human being to attempt and acquire a share of the bestowed livelihood on this world. All human beings share this right, and no one may take others' rights, and no one should be given priority over the rights of others. Therefore, it is not permissible to hinder or prevent a person, tribe, or class from obtaining certain materials or goods for living or occupying certain positions. All humans have the right to equal opportunities in the economic world and therefore, Islam will not

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<sup>18</sup> Maududi, *The Islamic Law and Constitution*, 119.

<sup>19</sup> Abul A'la Maududi, *Islamic Way of Life* (Lohare: Islamic Publicationh Ltd., t.th), 56.

legalize differences that result in the birth of a monopoly by individuals, tribes, classes, or certain groups of people over food items and human life.<sup>20</sup>

The right and authority in this matter belongs only to Allah SWT alone. This opinion is based on the following verses:

..... إِنَّ الْحُكْمَ لِلَّهِ أَمَرَ أَلَّا تَعْبُدُوا إِلَّا إِيَّاهُ ذَلِكَ الدِّينُ الْقَيِّمُ ..... (سورة يوسف / 12: 40)

“..... Authority belongs only to God. He commands that you only worship Him which is the true religion .....<sup>21</sup>

..... يَقُولُونَ هَلْ لَنَا مِنَ الْأَمْرِ مِنْ شَيْءٍ قُلْ إِنَّ الْأَمْرَ كُلَّهُ لِلَّهِ..... (سورة ال عمران / 3: 154)

“ They ask: do we also have the authority? Say: actually that authority belongs only to Allah alone “.....<sup>22</sup>

وَلَا تَقُولُوا لِمَا تَصِفُ أَلْسِنَتُكُمُ الْكَذِبَ هَذَا حَلَالٌ وَهَذَا حَرَامٌ ..... (سورة النحل / 16: 116)

“ Do not be rude by saying falsely, this one is halal and this one is haram .....<sup>23</sup>

وَمَنْ لَمْ يُحْكَمْ بِمَا أَنْزَلَ اللَّهُ فَأُولَئِكَ هُمُ الْكَافِرُونَ (سورة المائدة / 5: 44)

“ Whoever upholds and decides a matter not based on what Allah has revealed, then they are among the disbelievers “.<sup>24</sup>

Based on those explanations, it can be understood that sovereignty is only in the hands of Allah. He alone has the authority to give the law. No one, not even an apostle, has the right to order others at

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<sup>20</sup> Abul A'la Maududi, *Economic System of Islam* (Lohare: Islamic Publicationh Ltd, 1999), 18.

<sup>21</sup> QS. Yusuf [12]: 40.

<sup>22</sup> QS. Ali Imran [3]: 154.

<sup>23</sup> QS. an-Nahl [16]: 116.

<sup>24</sup> QS. al- Maidah [5]: 44.



will to do or prohibit everything. It is the right of all people to try and obtain their share of the living materials that God has given to humans on this earth. Islam guarantees that all human beings are given the same opportunities and the same fair chances for all people in the efforts of all human beings.<sup>25</sup>

### ***Islamic Economics from the Perspectives of Al-Maududi***

According to Al-Maududi, the format of the Islamic Economic System is an economic plan that is global in nature, as has been explained in the Quran and Al-Hadith. Islam determines several basic plans. Then it is human beings who make the appropriate economic plans at all times while still referring to the basic concepts of the Qur'an and Al-Hadith. This is also explained by Yusuf Qardhawi, who said, "There are rules in Islam that are global and detailed. The global ones, usually for things that are possible to change due to time and place factors. At the same time, the details are for standard things. Economic and political problems often change, temporal, according to space and time. Therefore, for this problem, Islam has enough to lay the groundwork".<sup>26</sup>

In the Islamic economic system, it cannot be separated from the goals of an organization, there are three objectives of the economic organization in Islam, namely: individual freedom, harmony in moral development, and cooperation in law enforcement. A detailed explanation of each organizational goal is as follows:

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<sup>25</sup> Kafrawi Ridwan dkk, *Ensiklopedia Islam*, (Jakarta: Ichtisar Baru Van Hoeve, 1993), 209.

<sup>26</sup> Amalia, *Sejarah Pemikiran Ekonomi Islam*, 275.

### ***Individual Freedom***

The first objective is to preserve individual freedom and limit it to levels compatible only with human values. The reason is that a person must be accountable individually to Allah and not collectively. Therefore, Islam prescribes economic rules which result in maximum freedom of economic activity for each individual, and binds those who are only to the limits that are necessary to keep them on the prescribed path. The aim of all this is to provide freedom to each individual and prevent the emergence of a tyrannical system that can kill human development.<sup>27</sup>

The meaning of freedom in the Islamic economy is understood from two perspectives, first the theological perspective and the second perspective ushul fiqh/tasyri' philosophy. The notion of freedom in the first perspective means that human beings are free to choose between good and bad in managing natural resources. The freedom to make that choice is inherent in human beings, because human beings have been endowed with the intellect to think of which is good and bad, which is *maslahah* and *mafsadah*, and which is beneficial and harmful.

Since the freedom to choose, it is logical that humans must be responsible for all their economic behavior on this earth. For example, humans with potential intellect know that illegal logging will result in floods and landslides. Humans also know that throwing waste into rivers whose water is needed by society for washing and bathing is a wrong act that contains *mafsadah* and harm. Likewise, humans realize, doing usury is a great tyranny that is prohibited. But he did it too, therefore he must be held accountable for his actions before Allah. If humans believe that

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<sup>27</sup> Ibid, 275.

they are doing the action because God wants it according to the Jabari understanding, then it is not logical that they will be held accountable for their behavior deviations.<sup>28</sup> Thus, the meaning of freedom in the eyes of Islamic theology is that humans have freedom of choice. The existence of reward and punishment is an indication that humans are free to make choices. All his decisions in making these choices will be shown to him on the Day of Resurrection to be accounted for in the Divine Court.

### ***Harmony in Moral and Material Development***

Human moral development is of fundamental importance to Islam. Therefore, individuals in society need to have the opportunity to practice kindness on purpose. Then generosity, generosity, and other kindness become something that lives in society. That is why Islam does not rely entirely on the law to uphold social justice but gives primary authority to the formation of human morals such as faith, piety, education, and others.<sup>29</sup>

### ***Cooperation, Harmony and Justice***

Islam upholds human unity and brotherhood and opposes strife and conflict. Therefore, Islam does not divide society into social classes. If you look at the analysis of human civilization, social class is divided into two. First, an unjustly created and fabricated class imposed by evil economic, political, and social systems such as Brahmin, Feudal,

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<sup>28</sup> Iskandar Budiman, Epistimologi Ilmu Ekonomi Islam Analisis Perspektif Filsafat Ilmu, *LENTERA: Indonesia Journal of Multidisciplinary Islamic Studies*, 1 (2), 2019, 151.

<sup>29</sup> Syed Nawab Haedar Naqvi, *Islam, Economics and Society*, (London: Kegan Paul International, 1994), 85.

Capitalist. As for Islam, it has not created such a class and has even destroyed it. Second, classes are created naturally because there is respect and respect and differences in abilities and conditions of society.<sup>30</sup>

According to Al-Maududi the goal in Islamic economics is to maintain individual freedom and limit it to levels that are only compatible with human values based on the Qur'an and the Sunnah. That is why Islam does not rely entirely on the law to uphold social justice but gives the main authority to the formation of human morals such as faith, piety, education, etc. so that human unity and brotherhood are created.<sup>31</sup>

### ***The Basic Principal of Islamic Economic***

Apart from explaining the Islamic economic system, Al Maududi also developed the following basic principles of Islamic economics:

#### ***Private Property and Its Limits***

The teachings of Islam recognize the human right to earn a living on God's earth in accordance with the ability, competence, and talents he possesses. However, Islam does not give human beings the right to earn a living in ways that will cause chaos in the acquisition of wealth.<sup>32</sup> Islamic teachings uphold the difference between "halal" (legal) and "haram" (illegal) in assessing various ways that are detrimental and morally damaging. For this purpose, Islam clearly prescribes ways that are considered morally detrimental. The teachings of Islam carefully stipulate and state that all forms of trade are illegal which in nature can

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<sup>30</sup> Amalia, *Sejarah Pemikiran Ekonomi Islam*, 276.

<sup>31</sup> Ibid

<sup>32</sup> Abul A'la Al-Maududi, *Masalah Ekonomi dan Pemecahannya Menurut Islam*, (Jakarta: Media Da'wah, 1985), 45.

cause cross-border disputes in terms of profits and losses based solely on the fate or coincidence, or the rights of each party concerned are not explicitly stated.<sup>33</sup> Islam recognizes a person's right to own what he receives by means of a lawful way, but Islam does not give absolute freedom to use the wealth he obtains. On the other hand, Islam puts clear boundaries in its use, namely to use all our income to cover our needs which are lawful and proper. If there is an excess, it should be submitted to someone else so that he can also fulfill his needs. Islam considers this trait as the noblest character according to moral standards and expresses it firmly as an idealization in life.<sup>34</sup>

### ***Riba Law to Oppose Capitalist Growth***

A large number of people have always wanted to invest their excess wealth to achieve wealth that exceeds and exceeds their necessities of life. For this purpose, Islam imposes a number of legal restrictions on the use of this excess property. Islam strictly forbids lending money at interest. If our money is loaned to someone, it does not matter whether the loan is for personal gain or for business purposes. We are only entitled to repayment of the principal borrowed, not more than a cent. In this way, Islam breaks the backbone of capitalism and blunts the knife, which is the most important tool of capitalism in its efforts to accumulate and concentrate in its grasp the economic resources of society by playing with its capital.<sup>35</sup>

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<sup>33</sup> Ibid, 45.

<sup>34</sup> Ibid, 45.

<sup>35</sup> Abul A'la Al-Maududi, *Economic System of Islam*, 32.

In the capitalist system of savings and loan transactions, there is always an agreement that the creditor takes an additional interest in the form of no balance or performance received by the debtor, except for the opportunity and time factor that runs during the loan. The injustice arises because the debtor is required or obliged to always benefit from the use of opportunities or during the course of the loan or credit. In reality, funds cannot grow or generate due to time and without any effort. Even in running a business, there is a possibility of loss, and there is a possibility of profit.<sup>36</sup>

Unlike the capitalist system, Islam prohibits usury. Riba is prohibited, among others, based on the Qur'an Al Baqoroh 2: 275, 2: 278 and Ar-Rum 30:39. The Qur'an says trading (buying and selling) is like usury, but Allah makes buying and selling legal and prohibits usury. Riba here is defined as not limited to an additional and predetermined return of money which is known today as loan interest, but is more about the difference between legitimate and illegitimate profits or taking other people's property in a generally vanity way. This is prohibited because it creates injustice.<sup>37</sup> As a result, modern scholars encourage asset-based financing where profit sharing to investors is linked to provision and asset performance. The higher returns should be commensurate with the level of risk. It is a fact that Islam is not against higher returns in investing.

### ***Zakat and Baitulmaal for Social Security***

In the world of capitalism, there are also bodies such as life insurance but the purpose and purpose of this business is contrary to the teachings of

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<sup>36</sup> Ibid

<sup>37</sup> QS. al- Baqoroh [2]: 275

Islam because in the capitalist system, a person's life depends entirely on his own business. When a person does not set aside anything for his old age, he may face hunger in his old age. Islamic teachings eliminate all these evils through the institution of "zakat" and "baitulmaal". Baitulmaal, which is the Treasury Body is responsible for collecting and distributing zakat. This body is available at all times for the people to assist. Muslims do not need to care about tomorrow. When Muslims are in trouble, then Muslims can face this "Baitulmal" and will accept what their right is. We do not need to keep money in the bank or life insurance. Muslims can leave this world without the slightest fear for our children's future because the next "Baitulmal" will be responsible for their fate. This institution is a permanent and permanent helper whose protection can be relied upon in times of illness, old age, disasters due to natural disasters, or any circumstances. For this reason, the capitalists will not be able to compel the ummah to accept their offer to work on the terms and conditions which they have put forward.

### ***Social Justice from the Perspectives of Al-Maududi***

In general, Al-Maududi has several teachings that intersect with Muslims' lives and the state, which can be described as follows: democratic values in Islam are not absolutely human property, and Islamic political theory strongly criticizes the royal system, and the Islamic economy is against usury because it can torment people. Al-Maududi emphasized that an Islamic state must be universal or comprehensive. Islam in a state system cannot be separated from aspects of life, be it political, economic, social, artistic, educational, and so forth. Here, Al-Maududi wants to explain that a state based on Islam with its

universality must “guard” the ummah so that it is in accordance with moral values and the Islamic reformist program.<sup>38</sup>

The concept of social justice expressed by Al-Maududi in real-life practice explains more about how the concept of “zakat” is able to alleviate poverty and be able to provide social justice for humans. The practice of zakat is basically worship in the form of money. Zakat is based on the concept that all objects belong to Allah, and wealth is entrusted to humans as a mandate. The obligation of zakat is attached to every Muslim who has assets that must be zakat and has reached the *nisaab* (the minimum amount of zakat) from the wealth that is experiencing growth or the result of the growth process.<sup>39</sup>

In Arabic linguistics, zakat is the root word of the verb “zakat” which means “to grow, purify and increase”. In Islamic law, the word zakat refers to a determined share of wealth determined by Allah to be distributed among the categories of those who are entitled to receive it. This is an obligatory payment by the rich to the poor.<sup>40</sup>

Several other Islamic thinkers have also stated that paying zakat not only builds a direct relationship between the rich and the poor economically but also provides a practical mechanism that contributes to reducing the boundaries of inequality.<sup>41</sup> The Islamic concept of social

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<sup>38</sup> Hafidz Cahya Adiputra, *Analisis Pemikiran Abdul A'la Al MAududi tentang Politik Pemerintahan*, (Semarang: Universitas Islam Negeri Walisongo, 2016), 111.

<sup>39</sup> Yusuf Al-Qardhawi, *Pedoman Bernegara Dalam Perspektif Islam*, (Jakarta: Pustaka Al-Kautsar, 1999), 125.

<sup>40</sup> Matthews R. and Tlemsani, I, “Ethical Banking: The Islamic Mortgage in the United Kingdom”, *Business Research Yearbook 9*, (2003), 148.

<sup>41</sup> Jennifer Bremer, “Zakat and Economic Justice: Emerging International Models and their Relevance for Egypt”, *Takaful 2013 Third Annual*



justice and economic development will be meaningless if it is not accompanied by economic justice so that everyone gets the right to their contribution to society and there is no exploitation of one individual by another. Therefore, Islam demands that all human resources must be used efficiently and evenly to meet the needs of all and to achieve equal distribution of income and wealth.<sup>42</sup>

Based on different case studies conducted by Abdullahi (1991) in Indonesia, Khan (1993) in Pakistan, Faridi (1995) in India, Ajeel (1995) in Kuwait, Abdul Wahab (1995) in Malaysia, Azharuddin (1988) in Bangladesh, Balogun (1999) in Nigeria, Dogarawa (2009) in Ghana, and many others, have proposed that zakat institutions function as a unique philanthropic mechanism that promotes participatory economic development.<sup>43</sup> Ibrahim (2015), when examining the role of zakat in contemporary Muslim societies, concludes that zakat should be institutionalized under state protection (in Muslim-majority countries) and by civil society organizations and religious communities (in Muslim minority countries).<sup>44</sup>

At the time of the Prophet, the *amil* zakat was asked to come to the prospective zakat payers and, after calculating their assets correctly, collect the amount due. The application of this method applies to the accumulation of zakat on visible wealth, namely livestock and

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*Conference on Arab Philanthropy and Civic Engagement* (June 4-6, 2013) Tunisia, 203.

<sup>42</sup> Abdul Haseeb Ansari, "Distributive Justice in Islam: An Expository Study of Zakah for Achieving a Sustainable Society", *Australian Journal of Basic and Applied Sciences*, 5(8), (2011), 390.

<sup>43</sup> Bilal Ahmad Malik, "Philanthropy in Practice: Role of Zakat in the Realization of Justice, and Economic Growth", *International Journal of Zakat*, 1(1), (2016), 66.

<sup>44</sup> *Ibid*, 66.

agriculture. For other types of zakat, different rates are set for the calculation of zakat that reaches the nisab. For example, money, gold and silver are subject to compulsory zakat of two and a half percent per year and agricultural products are subject to compulsory zakat of ten percent. It is worth mentioning that in agricultural production, the amount of zakat is not uniform because it varies according to the nature of the irrigation used.<sup>45</sup> The categories of property that are obliged to zakat are: money, gold and silver, merchandise (but not used alone in daily activities, for example cars, clothes, houses and jewelry), mining products, treasure, livestock and agricultural products.

After the Prophet's passed away, Abu Bakr as the first caliph of Islam, continued the Prophet's legacy. He retained most of the zakat collectors raised in the time of the Prophet. The importance of zakat to the early Muslim community can be seen in Abu Bakr's famous statement to those who refused to give zakat. It equates the rejection of zakat with disbelief (kufr). The historical words of Abu Bakr are as follows: If they withhold the giving (as zakat) even (a little) of the camel or a little lamb (which reaches nisab), I will fight them for that reason. Zakat is an obligation on property. By Allah, I will fight anyone who differentiates between prayer and zakat.<sup>46</sup>

### ***The Social and Economic Relevance of Zakat***

Islam explicitly explains the principles of justice, the concept of halal (legal) and haram (illegal), as well as the roles of individuals and

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<sup>45</sup> Qaradawi, Y, *Fiqh az-Zakah (Arabic)*, (London: Dar al-Taqwa LTD, 1999), 65.

<sup>46</sup> Abd. Rozak A. Sastra, *Tafsir Al-Qur'an*, (Tangerang: Cinta Buku Media, 2016), 3.

the state regarding the use and allocation of resources. This is intended to protect individuals and society from all forms of exploitative human behavior. In this context, zakat is a religiously-motivated economic instrument in which the excess wealth of society is spent to meet basic needs and encourage the behavior of people who are unable to become entrepreneurs. In contrast to other philanthropic associations, zakat is stated in the Quran as “the right of the poor” by saying, “wa fi amwalikum haqqus saa’ileena wal mahroom,” which means that in your wealth there are the rights of those who beg and the poor. The Qur’an makes a fundamental distinction between “sadaqah as charity” and “sadaqah as an obligation.” The Quran recognizes zakat as an activity that has the innate capacity to directly or indirectly influence economic activity and different social variables and also determine the direction of the overall economic movement Zakat performs some of the main functions of modern public finance relating to social security rights, social assistance grants for child care, subsidized food, education, health care, housing and public transportation in welfare countries. Zakat is also able to reduce social inequalities that arise. as a result of human and human exploitative economic behavior covers the areas of social justice and social security.<sup>47</sup>

### ***Zakat as the Enforcement of Economic Justice***

The focus of economic justice (adl al-ma'ash) according to Islam is to ensure socio-economic stability and create a prosperous society in which the principle of “without injury” (la dhar) can grow to its full

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<sup>47</sup> Ibid, 3

potential.<sup>48</sup> The principle of non-injury, bound by its nature, cannot be realized unless the entire structure of production, consumption, distribution and exchange of wealth follows the justice scheme described in Islamic law (Sharia). In this sense, zakat has been identified as a core component of Islamic economic philosophy which enables it to uphold social justice, which broadly involves economic justice and the maintenance of social cohesion.<sup>49</sup> This assertion is emphasized in the following verses of the Qur'an: "and those who believe, men and women, some of them become helpers for others. They enjoin (do) what is good, and prevent from the evil, perform prayers, pay zakat, and obey Allah and His Messenger. They will be blessed by God. Indeed, Allah is All-Powerful, All-Wise." (Al-Quran 9:71)

From the above verses of the Quran, it can be seen that zakat is a "building" process. Its function is as an economic glue that has the ability to unite the various classes of society with compassion, care, and respect. Thus, the long-term implications do not have to be seen in the context of faith alone but also in a social, political, and economic context. The obligation of zakat implies that if the Muslim community always attends 100 percent of congregational prayers at the mosque, but the financial needs and skills of the surrounding poor are neglected, then it can be considered that they are deliberately carrying out injustice. Islam guarantees economic opportunities for every citizen, regardless of his personal financial capacity, so any violation in this regard is tantamount to the persecution of these rights. According to Al-Mawardi, upholding

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<sup>48</sup> Siddiqi, M. N, *Role of the State in the Economy - An Islamic Perspective*, (UK: The Islamic Foundation, 1996), 70.

<sup>49</sup> Bilal Ahmad Malik, *Philanthropy in Practice*, 71.

justice by helping the weak is one of the fundamental responsibilities of the ruler (the state in modern terminology). He wrote: "In order to provide justice and resolve all court proceedings according to sharia, the authorities must restrain the strong from exploiting the weak and help the weak to gain rights from the strong."<sup>50</sup>

Through the Zakat and Baitulmaal Institutions, it will provide the possibility for all levels of society who cannot earn a living or who earn less than their needs to buy the materials they need for their daily needs. Thus, can be maintained a healthy balance between production and consumption, and it will not happen that one nation imposes bankruptcy on another nation.

The following shows the effect of zakat on the economy as reflected in macro indicators such as economic growth, poverty, and inequality which are part of the Islamic macroeconomic work system. Islamic macroeconomic systems differ from mainstream macroeconomic theories such as Keynesian or neo-classical values free. Zakat has an influence on three macro indicators, namely aggregate consumption, aggregate investment, and aggregate supply. In the Keynesian framework, from a decrease in the marginal propensity to consume, the injection of zakat funds will increase consumption and reduce savings.<sup>51</sup>

In the economic model, the distribution of capital in the Islamic transfer system, namely zakat, will have an influence on consumption and production. Zakat is considered to be a specific type of wealth tax with

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<sup>50</sup> Ibid, 71.

<sup>51</sup> Puskas BAZNAS, *Pengaruh Zakat Terhadap Perekonomian Makro Indonesia*, Jakarta: Puskas BAZNAS, 2019, 4

the aim of growth through redistribution of productivity.<sup>52</sup> This means that zakat on an ongoing basis will increase the productive capacity of zakat recipients, which in turn increases the average productivity and factor payment in the mechanism of work principle and productivity. Zakat works on the principle of work and productivity through the effect of zakat in reducing voluntary and structural unemployment, which leads to increased productivity, higher labor absorption rates, and production utility and economic growth. Zakat also works under the principle of equity by generating transfer payments and redistribution for long-term productive transformation for specific groups in need.<sup>53</sup>

Zakat can also be modeled within the framework of the Keynesian model by analogizing zakat as a tax. In general, zakat as a policy tool is able to reduce unemployment, smooth the effects of inflation and economic fluctuations. In addition, zakat can also provide several benefits, for example: first, it can provide positive changes in the rate of economic growth on the condition that the distributed zakat funds can support low-income groups, including wage subsidies. Second, zakat is able to encourage a higher rate of economic growth and a higher rate of return on capital, as well as a more equitable distribution of wealth. Third, zakat has a contribution to economic growth and makes the circulation of wealth healthy, which can create sustainable growth and prosperity in an economy.<sup>54</sup>

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<sup>52</sup> Masudul Alam Choudhury and Uzir Abdul Malik, *The foundations of Islamic political economy*, England: Macmillan, 1992, 102.

<sup>53</sup> Ibid

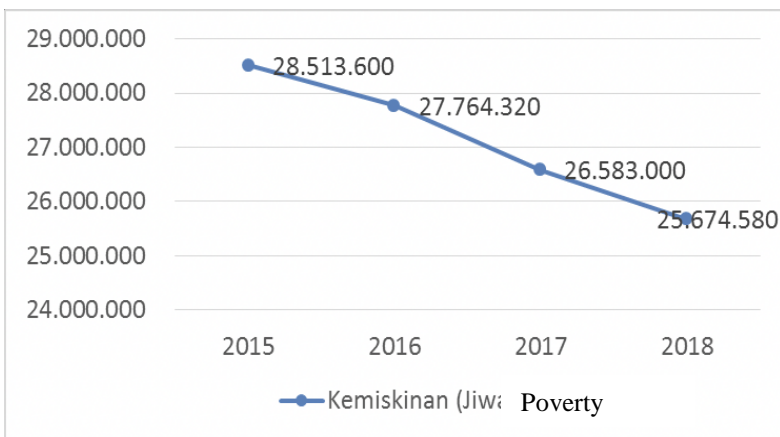
<sup>54</sup> Puskas BAZNAS, *Pengaruh Zakat Terhadap Perekonomian Makro Indonesia*, 5.

## Result and Discussion

### *The Potential of Zakat in Poverty Alleviation in Indonesia*

#### A. Poverty and Potential of Zakat

Based on data released by the Statistics Indonesia (BPS), the number of poor people continued to decline from 2015 to 2018. The following is an illustration of the number of poor people in Indonesia during these three periods.



**Figure 1**  
**The Number of Poor Society in Indonesia**  
Source: Badan Pusat Statistik (2019)

The number of poor people in Indonesia decreased by an average of 946,340 people each year during the observation period (2015 to 2018). This condition is one of the achievements of the government in solving the problem of poverty in Indonesia. Even though the number of poor people continues to decrease, the fact is that the number of poor Indonesians in 2018 was recorded at 25,674,580 people. This means that many Indonesians live below the poverty line. The number of poor people is likely to increase again if there is a change in the economic structure

and changes in government policies in the next few years, such as lifting electricity subsidies, lifting fuel oil subsidies, and changing policies related to other administered prices.<sup>55</sup>

In addition, the slowdown in economic growth that occurred in 2019 will have an impact on decreasing the level of public consumption. If these conditions continued in 2020, it is likely that the number of poverty in Indonesia will increase, and the income inequality between high-income and low-income people will continue to widen. Therefore, zakat can play a role as a control instrument in balancing the economy, reducing poverty, and reducing inequality.

The potential for zakat in Indonesia at a macro level by performing simple mathematical calculations can be enormous. Counting starting from the total population of Indonesia, which amounts to around 210 people, and approximately 85% embraces Islam, which is around 178.5 million people. If it is assumed that only a quarter (25%) of the Muslim population are categorized as having assets reaching the nisab which pays zakat income or around 44.6 million people. And if it is assumed to have an income of 1.5 million rupiah per month. Thus, the potential for zakat contained is:  $\text{IDR. } 1,500,000 \times 44,600.00 \times 2.5\% = \text{IDR. } 1.6 \text{ Trillion}$  This is the result per month, which in a year becomes:  $\text{IDR. } 1.6 \text{ trillion} \times 12 \text{ months} = \text{IDR. } 20.1 \text{ Trillion}$ .<sup>56</sup>

This figure is a significant number to support economic growth. Then based on the results of recent research conducted by the Islamic Development Bank (IDB) and the Bogor Agricultural Institute (IPB)

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<sup>55</sup>Badan Pusat Statistik, Profil Kemiskinan di Indonesia, [https://www.bps.go.id/website/materi\\_ind/materiBrsInd-20190715114150.pdf](https://www.bps.go.id/website/materi_ind/materiBrsInd-20190715114150.pdf)

<sup>56</sup> Ismail, *Zakat Produktif: Sistem Alternatif dalam Pengentasan Kemiskinan*, (Jakarta: Tesis – Pascasarjana UIN Syarif Hidaatullah), 2005,132.



shows that the potential for zakat in Indonesia reaches Rp. 217.3 Trillion. However, according to Prof. Dr. Didin Hafidhuddin (Chairperson of BAZNAS) said that we need to work hard again, because of the potential which is Rp. 217.3 Trillion, the actualization is still very far away. Because only Rp. 2.3 Trillion recorded in BAZNAS. The funds recorded have only reached 1% of the total potential. Additionally, according to Didin Hafidhuddin, in principle, BAZNAS does not demand that all zakat funds be withdrawn to the center. However, in principle, zakat that is collected and distributed to residents in each area is reported to BAZNAS. Therefore, zakat is managed professionally, right on target and can be a solution to the problems of the people.<sup>57</sup> Matters that need to be considered related to zakat management as an effort to improve community welfare include the following:

#### B. Zakat Constitution

Zakat institutionalization is a form of government attention to zakat. For example, the establishment of the National Zakat Agency. In addition, there are several other private zakat institutions. The author prefers the centralization of institutions that take care of zakat because with the centralization of zakat institutions, the potential for zakat in Indonesia can be collected in one place, namely the National Zakat Agency. In addition, it is supported by public awareness to pay zakat to BAZNAS and the government as the holder of the government authority. Therefore, that the collection, management and distribution of zakat will be maximized.

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<sup>57</sup> Ali Ridlo, *Analisis Efisiensi Keuangan Badan Amil Zakat Nasional*, (Yogyakarta: Tesis – Program Pascasarjana UIN Sunan Kalijaga), 2014, 3.

In distributing assistance to micro-entrepreneurs, zakat institutions can develop Islamic microfinance institutions (LKMS). As a mediator, LKMS has a strategic position. Through LKMS, zakat institutions do not need to take care of entrepreneurs directly. With LKMS, zakat institutions can actually control empowerment more closely. There are targets that can be predicted, there are reports that can be standardized, and there are data that can be used as patterns for empowerment programs. With the synergy between zakat institutions and LKMS, then it will become an empowerment movement that has special characteristics and characteristics. Through a number of LKMS, zakat institutions can really act as agents of development.

### C. Legislative Regulations

The implementation of zakat that runs in society is based on awareness without compelling rules. The results will be different if the government, which has the authority, issues laws and regulations that are a little more compelling for the public to fulfill their obligation to fulfill their zakat obligations. As a consequence, the potential which should be an alternative solution to support the welfare of the people in Indonesia has not been fully utilized. If you look at the history of Umar ibn Khattab's rule, zakat is obliged to people who have met the mandatory requirements of zakat, and punish those who do not want to pay zakat. The government of Umar ibn Khattab's era was very strict and clearly regulated about zakat.<sup>58</sup>

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<sup>58</sup> Ali Ridho, Kebijakan Ekonomi Umar Ibn Khattab, Kendari, *Jurnal Al-'Adl*, 6 (2), Juli 2013, 7.

Considering that zakat's function and role are very important and its potential is so great in improving the justice and welfare of the people in Indonesia, the government needs to organize to increase the effectiveness and efficiency. The government then issued Law Number 23 of 2011 concerning Zakat Management as a substitute for Law Number 38 of 1999, which was deemed not in accordance with the development of legal needs in society. The essence of Law 23 of 2011 is that the state guarantees every citizen's independence to embrace their respective religions and worship according to their religion and belief. The payment of zakat is an obligation for Muslims who are able to comply with Islamic law. Zakat is a religious institution that aims to improve justice, community welfare and reduce poverty. Zakat must be managed institutionally according to Islamic law, mandate, benefit, justice, legal certainty, integration, and accountability to increase the effectiveness and efficiency of services in managing zakat. The management of zakat, which is regulated in this law, includes planning, collection, distribution, and utilization activities. In an effort to achieve the objectives of zakat management, a National Amil Zakat Agency (BAZNAS) is established, which is domiciled in the national capital, provincial BAZNAS, and district/city BAZNAS. BAZNAS is a non-structural government institution that is independent and responsible to the President through the Minister. BAZNAS is an institution that has the authority to carry out the task of managing zakat nationally.

On the other hand, the potential of zakat in Indonesia can function as: First, it can be a source of State Income. Macro, that zakat can be used as a source of income for the State. In the history of Islam, the source of income of the State in the reign of Umar ibn Khattab besides taxes is

zakat. Zakat gets more attention in the government. Meanwhile, zakat in Indonesia, according to the author, the government's attention should still be pity, because the government's attention is not yet optimal. As no rule forces Muslims to pay zakat for those who can afford it. Therefore, zakat can not be a source of income for the State, and can not be used as a budget for the State's expenditure.

Second, as a capital distribution. Capital distribution from the collected zakat funds can be given to individuals or groups, capital distribution can be in the form of working capital or investment. In this case, the zakat institution can propose conditions, can the business be able to recruit other workers. When it is developed in the future, this business must still be able to contribute to other poor neighbors. In this way, zakat institutions are encouraging economic activity to have a multiplier effect.

## **Conclusion**

Islam is a complete view of life and a complete method of life. Islam regulates all aspects of life so that Islam regulates matters of social justice for the realization of comfortable and prosperous community life. The concept of social justice expressed by Al Maududi in real-life practice explains more about how the concept of zakat is able to alleviate poverty and be able to provide social justice for humans. In this sense, zakat has been identified as a core component of Islamic economic philosophy that enables it to uphold social justice, which broadly involves economic justice and the maintenance of social cohesion. Zakat institutions function as a unique philanthropic mechanism that promotes participatory economic development.

Zakat, in the perspective of Islamic economics, has significant potential, so actually, zakat needs more attention as the urgency of zakat in the welfare of society. Finally, zakat can be an alternative solution for people's welfare and a source of state revenue. Therefore, zakat does not only have religious value, but zakat also has considerable economic value. This study examines Al-Maududi's concepts of thought which are then juxtaposed with zakat management practices in Indonesia.

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