



**UNIVERSITI PUTRA MALAYSIA**

**ROLE OF ZAKAT IN POVERTY REDUCTION IN KELANTAN, MALAYSIA**

**AHMAD FAHME BIN MOHD ALI**

**FEP 2011 6**

**ROLE OF ZAKAT IN POVERTY REDUCTION IN KELANTAN,  
MALAYSIA**

By

**AHMAD FAHME BIN MOHD ALI**

**Thesis Submitted to the School of Graduate Studies, University  
Putra Malaysia, in Fulfillment of the Requirement for the Master  
Degree**

**February 2011**

**TO MY PARENTS  
HJ MOHD ALI BIN ISA  
AND  
HAJJAH NORIAH BINTI AWANG SOH  
Who did more than I could to them**

**ESPECIALLY**

**TO MY BELOVED WIFE  
RODZIAH BINTI MD. DAUD  
who is always there for me  
in my happiness and pain  
You are all my heart and soul**

**TO MY BELOVED SIBLINGS  
MASLIZA HANUNI, SITI NURADNI, SITI MUNIRAH AND AHMAD  
FIRDAUS  
lending me a helping hand  
and a shoulder to lean on**

Abstract of thesis presented to the Senate of University Putra Malaysia  
in fulfillment of the requirement for the Master Degree

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**Chairman: Zaleha binti Mohd Noor, PhD**

**Faculty : Economics and Management**

This study attempts to examine the effectiveness of monthly zakat distribution as a mechanism to poverty reduction in the state of Kelantan. The target population of this study is the fuqara and *masakin* categories of the Majlis Agama Islam Kelantan (MAIK) zakat recipients. Simple Random sampling procedure is applied to collect primary data related to zakat recipients from the poor and needy category of the ten districts of Kelantan. Poverty maps are derived based on the collected data. These facilitate an examination of the most affected area of poverty within the context of selected socio economic variables.

The effects of zakat distribution on poverty are analyzed within the context of burden of poverty; specifically in terms of incidence, intensity and severity of poverty. These are examined using four major indices of poverty, which include the Headcount Index, Average Poverty Gap, Income Gap and Sen Index. The poverty incidence will be measured by

using the headcount index that measures the ratio of people living below the poverty line compared to the total population. The Income Gap ratio and Poverty Gap Index will be used to measure the extent of poverty. These poverty measures give a more informative picture about how deep poverty is than the headcount index. It is obtained by multiplying the poverty headcount index by the ratio of the difference between the poverty line and the average income of the population living under the poverty line expressed as fraction of the poverty line. Finally, the Sen Index is used to measure the severity of poverty because it provides adequate information on the exact income distribution among the poor. Sen Index incorporates all the information on the number of poor, the extent of poverty short-fall per person and the income distribution among the poor as well.

The analysis reveals that zakat distribution reduces poverty incidence, reduces the extent of poverty and lessens the severity of poverty. However, the current practice of zakat distribution in Kelantan only gives a small effect on increasing the income of the poor. Hence, by locating the perfect amount of zakat distribution to eliminate poverty and to offer alternative zakat distribution model is the best way in reducing the income inequality and maximization of social welfare. The best model of zakat distribution identified is based on *had-kifayah*. The above findings together with the identification of the group most affected by income inequality and poverty will pave the way towards policies for a more effective and efficient utilization of scarce zakat resources.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia  
sebagai memenuhi keperluan Ijazah Master Sains

**PERANAN ZAKAT DALAM MENGURANGKAN KEMISKINAN DI  
KELANTAN, MALAYSIA**

Oleh

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Kajian ini bertujuan untuk menganalisis peranan institusi zakat dalam mengurangkan masalah kemiskinan, dikalangan masyarakat miskin Muslim di negeri Kelantan. Kaedah persampelan telah digunakan untuk mendapatkan maklumat primer dari para penerima agihan zakat asnaf fakir dan miskin dari sepuluh buah daerah di Kelantan. Peta kemiskinan diperolehi melalui data yang terkumpul. Ini akan membantu mengenalpasti kawasan-kawasan dan kumpulan penduduk yang sangat terancam dengan kemiskinan berasaskan angkubah –angkubah sosioekonomi yang terpilih.

Kesan pembahagian zakat di dalam mengurangkan kemiskinan dianalisis dalam konteks beban kemiskinan meliputi kadar kemiskinan, jurang kemiskinan, dan tekanan kemiskinan. Ini akan dianalisis menggunakan empat indeks kemiskinan yang utama, iaitu Headcount Index, Average Poverty Gap, Income Gap dan Sen Index. Bagi

mengukur kadar kemiskinan, kajian ini telah menggunakan Headcount Index yang akan mengukur jumlah kemiskinan yang berlaku di dalam populasi. Seterusnya, Income Gap Ratio dan Poverty Gap Index telah digunakan bagi mengukur jurang kemiskinan. Kedua-dua index ini akan memberikan maklumat yang lebih terperinci mengenai tahap kemiskinan berbanding dengan Headcount Index. Kedua-dua index ini akan memberikan jumlah jurang perbezaan di antara pendapatan dan Garis Kemiskinan. Sen Index kemudiannya digunakan bagi mengukur tekanan kemiskinan kerana index ini akan mengukur jumlah pengagihan pendapatan di antara golongan miskin. Sen Index menggabungkan kesemua maklumat mengenai jumlah kemiskinan, jurang kemiskinan dan tekanan kemiskinan yang di hadapi oleh golongan miskin.

Analisis dari kajian ini menunjukkan bahawa pengagihan zakat mampu mengurangkan masalah kemiskinan dengan mengurangkan kadar kemiskinan, mengecilkan jurang kemiskinan dan seterusnya berjaya mengurangkan tekanan kemiskinan dalam masyarakat. Namun kesan kaedah pembahagian zakat di Kelantan pada waktu sekarang hanya memberi kesan yang kecil meningkatkan pendapatan golongan miskin. Oleh yang demikian dengan mengenalpasti jumlah pembahagian zakat yang sepatutnya dan cara pembahagian zakat yang lebih efisien, adalah cara yang terbaik bagi mengurangkan ketidakseimbangan agihan pendapatan dan meningkatkan kebajikan sosial masyarakat. Hasil kajian mendapati bahawa bentuk agihan yang memberi kesan terbaik dalam mengurangkan ketidakseimbangan agihan pendapatan dan

meningkatkan kebajikan sosial masyarakat adalah berdasarkan *had-kifayah*. Dapatan di atas, berserta maklumat dari peta kemiskinan yang dapat mengenal pasti kumpulan yang sangat terancam dengan ketidakseimbangan agihan pendapatan dan kemiskinan ini akan membantu ke arah penggubalan dan pelaksanaan polisi yang lebih berkesan dalam menggunakan dana zakat yang terhad.





## ACKNOWLEDGEMENTS

All praise is to Almighty Allah, the Merciful and the Benevolent. Had it not been due to His will and favor, the completion of this study would not have been possible. *Salawat* and *salam* to the Prophet Muhammad S.A.W , the messenger of Allah, our guidance in the right path of Islam.

I am indebted to many individuals and institutions in the course of my research and writing of this thesis. First, I would like to express my heartfelt gratitude and appreciation to Prof. Dr. Zakariah Abd Rashid, who always guide me and never disappoint me when the time that I need guide. I also would like to express my heartfelt gratitude to Dr. Zaleha binti Mohd Noor the Chairman of my Supervisory Committee for her guidance and continuous encouragement.

I would like also to record my sincere appreciation to the members of my Supervisory Committee, Dr Suhaila binti Abdul Jalil, who has been very helpful and patience with me; and who has given insightful comments on my findings from non-economist point of view.

I realized that the study could not been carried out without the cooperation and commitment from Majlis Agama Islam Kelantan (MAIK). I wish to record my highest appreciation and grateful to Encik Fadzul Fazlee bin Nik Othman, officer for Resources Management Unit of MAIK, and all the staff, 'amil and the zakat recipients of MAIK.

My thanks also go to the Executives of The State Economic Planning Unit of Kelantan, (UPEN), for providing me some of the materials on Kelantan which are current and not yet published. My sincere gratitude also goes to En. Mohd Khairul Adzhar bin Mohd Adnan, Assistant Director of Development unit for Kelantan Economic Planning Unit for informative interview and providing information that are needed in this study.

This research would not have been materialized had it not been due to the generous study time offered by UPM's University Islamic Center. For this I would like to thank the former Director of the University Islamic Center, Dr. Amini Amir bin Abdullah, the Assistant Officer for University Islamic Center, En. Syed Hamid bin Abu Bakar and Puan Norkhairiah binti Mohd Tap and to my field enumerators, thank you very much.

Last but not least, to all my family, my brothers and sisters who have given me continuous support and encouragement, thank you for all the support and prayers. May Allah bless all of us.



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This thesis was submitted to the Senate of University Putra Malaysia and has been accepted as fulfillment of the requirement for the degree of Master Science. The members of the Supervisory Committee are as follows:

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## DECLARATION

I declare that the thesis is my original work except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously, and it is not concurrently, submitted for any other degree at UPM or at any other institution.

AHMAD FAHME BIN MOHD ALI

Date: 16 February 2011



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