CHAPTER I
INTRODUCTION

1.1 Background

Stated in Al-Qur’an and shahih Hadith mention that Zakat is one of the pillars of Islam and people who fulfill the nisab are obligated to pay Zakat. It’s significantly contribute to social security especially productive zakat by helping reduce the gap between the have and have not and also strengthen the economic independence of the Muslim demographic. Furthermore, productive Zakat fund can support the in fiscal sector or Tax. And also the Productive zakat fund could help the national economic activities through increase individual’s purchasing power. With good management and distribution of Productive Zakat, Human Developing Index (HDI) can be overcome.

Human developing index (HDI) has being main issues in many country including Indonesia. According the data that released by BPS, the human developing index in Indonesia is still low with 70, 81 in 2018 and the poverty rate with 10, 12 % in 2017. Several way has been try to solve these problem by the government with release so many policy to increase the HDI and these problem always become main issues in each period.

If we see how these condition occurred, one of the cause is the government policy that is not care to the poor people. Government policy that tend to wealth people rather than the poor one. So many research and scientific science that talking about this but, still there is no significant result too overcome this problem.
Islam as religion of rahmatan lil ‘alamin and Indonesian majority religion has been give the solution to overcome this problem with Zakat

1. Zakat according to Bahasa

Zakat coming from the word zaka mean that al-namulu (grower), al-ziyadah (adding), al-baraqah (blessing), and at-thahir (cleaner) (Abdurrahman qadir, 2001: 62).

Zakat Definition by Republic of Indonesian Law No. 23, 2011 about the managerial of Zakat paragraph 1 verse 2 mention that, Zakat is the process of wealth distribute that should be paid by muslim or institution (muzakki) to the people who have right to receive it (mustahik).

Zakat as the one of Islamic principle has been applicate by our prophet Muhammad peace be upon him as the solution to reduce the poverty. Zakat has an important role in daily live. With the existing of Zakat, we can transfer the wealth from the have to the have not. The important thing is that the Zakat does not eliminate the circulation of wealth and eliminate the balance in distribute of wealth among human activities (Maududi, 2005).

In Islam it is required to issue zakat, which has the function of forcing people to oblige their property to be productive or always circulating. With this always productive treasure it will increase the output (development and economic growth), employment, income and welfare of society and so forth (Riyandono, 2008). Zakat mechanism has determine in the Qur’an, but how to manage it
depend on the government of each country. But in fact, Zakat which can reduce level of poverty rate and solve many others problem regarding with social economic problem still view in one eye. Even the trend growth of Zakat year by year always increase, this potential source still can’t distribute and solve the problems of social economic yet optimally. Indonesia need this instrument to overcome these problem.

Badan Amil Zakat Nasional (BAZNAS) is the one of institution that established by ministry of religion in Indonesia that have responsible to President of Indonesia. BAZNAZ is the one and only official institution that based on President Regulation RI No.8, 2001 that have function and duty to collect and distribute ZAKAT (www.baznas.go.id).

Table 1.1
Growth of ZAKAT Collected by BAZNAS 2002-2016 in Indonesia

<table>
<thead>
<tr>
<th>Tahun</th>
<th>ZIS (Milyar Rp)</th>
<th>Pertumbuhan (%)</th>
<th>Pertumbuhan PDB (%)</th>
<th>Catatan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>68.39</td>
<td>0</td>
<td>3.7</td>
<td>Tsunami Aceh</td>
</tr>
<tr>
<td>2003</td>
<td>85.28</td>
<td>24.70</td>
<td>4.1</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>150.09</td>
<td>76.00</td>
<td>5.1</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>295.52</td>
<td>96.90</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>2006</td>
<td>373.17</td>
<td>26.28</td>
<td>5.5</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td>740.00</td>
<td>98.30</td>
<td>6.3</td>
<td>Gempa Yogyakarta</td>
</tr>
<tr>
<td>2008</td>
<td>920.00</td>
<td>24.32</td>
<td>6.2</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>1,200.00</td>
<td>30.43</td>
<td>4.9</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>1,500.00</td>
<td>25.00</td>
<td>6.1</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>1,729.00</td>
<td>15.27</td>
<td>6.5</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>2,212.00</td>
<td>27.94</td>
<td>6.23</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>2,639.00</td>
<td>19.30</td>
<td>5.78</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>3,300.00</td>
<td>25.05</td>
<td>5.02</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>3,650.00</td>
<td>10.61</td>
<td>5.04</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>5,017.29</td>
<td>37.46</td>
<td>5.02^</td>
<td></td>
</tr>
</tbody>
</table>

Rerata 35.84 5.41
From the Table 1.1 above we can see that, the trend of zakat in Indonesia always increase year by year. From 2002-2003 an increase upon receive of zakat from Rp. 68,390,000,000 become Rp. 85,000,000,000. In percentages, from 2002-2003 an increase about 24, 50 %. The larges increasing of zakat in 2007 with 98, 30 %. Until now, crowd fund from zakat always increase with 35 % rise in average until 2016. Its mean that the awareness of Indonesian people to pay Zakat also increase too.

From several research before, Zakat can increase the human development index. Now a day, there is realizing in Islamic practicing in Indonesia in term of Zakat, infak, and shodaqoh. This marked with established of several organization that focused on manage the fund either from the government or the private sector. It mean that, with establishing these organization will provide service for Muzakki or the people who should to pay Zakat, Infak, and Shodaqoh (ZIS ). With abundant fund from Zakat, Indonesia have to allocate the money optimally to
overcome the low level of HDI and decrease the level of poverty rate soon in order to increase the social welfare and enrich the life of nation that mentioned in our constitution 1945.

West Sumatera is the home of Minangkabau ethnic who 100% of population as Muslim. 4,846,909 population and with 12 City and 7 city. The economic condition in west Sumatera after the big earthquake in 2009 where the economic growth only 0.90%. But after growth above the national average. In 2012, economic growth in west Sumatera around 6.35%. In term of occupation, almost half of population in west Sumatera as Farmer. This sector can absorb the labor 42.4% from available job field. In Trade sector 19.8%, and services sector 17.4% in 2012 (Wikipedia).

West Sumatera and six districts were awarded for the best Zakat community (ZDC) implementation category, as well as the category of use of BAZNAS management system application in City of Padang, Padang, Sijunjung, Padang Pariaman, Solok Selatan, 50 Koto and Pesisir Selatan (SIMBA).

One of succeed City is Padang City. Padang City located in west of West Sumatera. Economic condition of Padang City dominated by Agricultural, Forestry, Fishery, Mining, Tourism and Industrial sector. Padang City is one City which succeed in awarded for the best Zakat community (ZDC) in term of Zakat management. With so many achievement that already achieve, management Zakat in this City succeed becoming pilot for another City in Indonesia.

Padang City is the largest city on the west coast of Sumatra Island and the capital of the province of West Sumatra, Indonesia. The city is the western gate of
Indonesia from the Indian Ocean. The administrative area has an area of 694.96 km² with geographic conditions bordering the sea and surrounded by hills with a height of 1,853 meters above sea level. Based on data from the Central Statistics Agency (BPS) in 2016, the city has a population of 902,413 people. Padang is the core city of the development of metropolitan area.

So many program already release by BAZNAS Padang City for example, Padang City Cerdas, Padang City Makmur, Padang City Sehat, Padang City Taqwa and Padang City Peduli. With so many program has been released by Padang City hopefully can improve the Human Development Index (HDI) and decrease level of poverty rate. Despite More distributed ZAKAT in Padang City also can increase economic growth with increase demand and supply. Because of that how important the role of BAZNAS in term of overcome the main problem Low level of HDI and high level of poverty rate. Writer interesting to analyze The Contribution of Productive Zakat Finance (DBU), Family Size and Income toward Human Developing Index (HDI) Mustahik (Case Study: BAZNAS Padang City)
1.2 Problem Formulation

Based on back round above so what will focused in this research are:

1. Is Distribute of Productive zakat (DBU) and Family Size contribute to the human developing and in Padang City partially?

2. Is Distribute of Productive zakat (DBU) and Family Size contribute to the human developing and in Padang City simultaneously?

1.3 Research Purposes

1. To analyze contribution of Productive Zakat to the human development index and partially in Padang City

1.4 Research Benefit

1. Too Government
   Give information to the policy maker in order to determine the policy regarding with HDI, and ZAKAT in Padang City.

2. Knowledge Advance
   As reference so that can enrich the people nation especially in Padang City

3. To The Next Research and Analyzing
   As reference so that can create another idea especially regarding with distribute of Zakat, HDI, and Low level of poverty rate in Indonesia especially in Padang City.
1.5 The Structure of Writing

This research paper is divided into six chapters as follows:

Chapter 1: Introduction

This chapter contain back round of the problem which is as foundation of thought either theoretically or the fact why writer want to analyze the problem. In the other side this chapter also contain the problem formulation that contain the main problem which analyzing, research purposes, benefit of research and writing systematic.

Chapter II: Theoretical framework and Literature Review

This chapter contain about literature base about zakat, HDI, and level of Poverty rate which impact to the economic

Chapter III: Research Methodology

This chapter contain of research approach, component identification, operational definition of variable, kind and source of the data, collect data procedure and analysis technique.

Chapter IV: Empirical Result and Analysis

This chapter contain result and analysis from research as the framework of Thesis that include case study in research as well as analysis from the study cases which is taken by this research.

Chapter V: Conclusion and Recommendation