

The Role of Zakat on Poverty Alleviation: An Empirical Study At Nintavur, Sri Lanka

Mrs.MY. Minnathul Suheera ⁽¹⁾, Mrs. MM. Jaseela Nashri ⁽²⁾ and Mr. A. Jamaldeen ⁽³⁾

⁽¹⁾Department of Arabic Language, South Eastern University of Sri Lanka.

⁽²⁾Department of Arabic Language, South Eastern University of Sri Lanka.

⁽³⁾Department of Accounting and Finance, South Eastern University of Sri Lanka.

(suheesafeek@gmail.com, mmjaseelanashri@gmail.com, jamal2958@gmail.com)

Abstract

The issue of poverty, and particularly that of poverty alleviation, is given much emphasis in various national and international arenas, since the declaration of the Millennium Development Goals by the United Nations in 2000. The declaration focuses strongly on alleviating world poverty within the next decade. However, Islam provides Islamic tool that has completely proved in combating poverty. According to this, the objective of the study is to evaluate the role of Zakat in alleviating poverty in Nintavur divisional secretariat area. Survey conducted between the year 2010 and 2014. The study takes the form of qualitative, quantitative and descriptive analysis and depends on structural questionnaires, focus group discussion and key informant interviews which are both primary and secondary. The result indicates that the Zakat has played important role in taking out Muslims from poverty trap in the research area, Nintavur. Moreover, this research draw up few recommendations such as aware the people on Zakat, implement collective Zakat and the importance of training and skill development to promote and encourage Zakat for further effectiveness on eradicating poverty.

Key Words: Zakat, Poverty, Poverty Alleviation

Introduction

Poverty is one of the main threats to development in less developed countries (LDCs). In spite of the efforts exerted to reduce poverty and inequality, poverty is still widespread in Sri Lanka. According to the department of census and statistics, in 2009/10 approximately 8.9% of the population in Sri Lanka, or 1.8 million individuals, are poor of the 1.8 million identified as poor, the large majority or 84.7% live in rural areas (Raimi L, etel, 2014).

Poverty is a cause of distress, confusion and sorrow for human being. Hence, human societies as well as national and international institutions have committed themselves to reduce it. According to this, poverty reduction is one of the main objectives of the development policies in LDCs. In particular, poverty alleviation is the first goal of the millennium development goals (MDGs). Poverty incident that have been facing in recent world, happen to be one of core of attention whereby need

to be eliminated immediately. Therefore, poverty alleviation remains the most important challenge before policy makers in recent world. In the purpose of alleviating poverty, most of the programs such as Sammurthi, food subsidy, MahindaChinthana, DiviNeguma have been conducted in Sri Lanka.

Moreover, poverty occurs in several countries that indirectly has been encouraging low productivity and promoting less competitiveness. Poverty incident occurred has been incurring due to the inequality to access economic resources and utilize it to productive economic activity. We can say in other word poverty is not making because of human incapability, but the system accorded already opened up the possibility to inequitable asset distribution evenly. So, that we have to find that inequality asset ownership clearly incurs enormously.

According to these issues, Muslim countries have to combat poverty by using religious institution and culture. In this case, the role of zakat, as traditional Islamic institution in tackling of poverty is very relevant and important. Thus, the ultimate objective of this study is to examine from an empirical point of view, the roles that could be played by zakat in reducing poverty in Nintavur.

There are identified 4581 (2014) people are living under poverty line in Nintavur. About 3441 people have been provided Sammurthi and other assistants such as Divineguma, Palathneguma, Gamaneguma, and other programme. Further, about Rs 27,138,878.35 were provided as Zakat for the period of 2010 to 2014.

The Problem of the Research

Poverty is a curse at individual as well as community level. It is threats to humanity at whatever levels it exist. All the societies of the world have made efforts to address this challenge. Islam being the religion of all times has also presented a comprehensive system to alleviate this curse.

The Zakat fund has been functioning from 2004 in the purpose of alleviating poverty in Nintavur as most of the people are Muslims. According to this about Rs 27,138,878.35 has provided for people as a Zakat for the period of 2010 to 2014 for the purpose of increasing income of the poor and uplift their standard of living in the research area, Nintavur. However, the problem arise that having got Zakat did the people increased their income through extending their self-employment. This issue motivated us to conduct this research.

Limitation of the Research

Although the Zakat has been functioning from 2004, the data were collected from the year 2010 to 2014 in this research. Only 220 beneficiaries were selected for this research. Further, Zakat has been provided through 28 Mahallas. But, the beneficiaries were selected in some Mahallas, where most of the people have been provided Zakat who living with poverty environment.

Objectives of the Research

‘Poverty Eradication’ is the very important aspect of Millennium Development Goals. Indeed,

evaluating the potential of Islamic economic tool (Zakat) to alleviating the challenges of poverty is a global alternative directive. According to this, the study is aimed;

1. To evaluates the role of Zakat in alleviating poverty at Nintavur.
2. To identify the challenges in eradicating poverty by Zakat in.

Research Questions

This study aims to find out the answer the following questions.

1. How is the role of Zakat on alleviating poverty in Nintavur?
2. What are the challenges in eradicating poverty through Zakat?

Research Area of the Study

This study is based on Nintavur Divisional Secretariat Area. It is located on the East cost of Ampara District of the Eastern Province. Nintavur Divisional Secretariat Area consists of 55.6 square KM and it is divided into 25 GramaNiladari Administrative Divisions. Nintavur is a densely populated village with a population of 30746 people, comprising of 9377 families, as of 2014. Nearly 97% are Muslims and 3% are Tamils in this division.

Methodology of the Research

The study takes the form of qualitative, quantitative and descriptive analysis. In this research primary and secondary data were collected which depends on questioners, key informant interviews and focus group discussion. The total sample is 220 and it was selected on the basis of purpose sampling technique. Information was collected from 50 beneficiaries (Faqir) who engaged in Small Entrepreneurship. Questionnaires were given to 100 beneficiaries (Faqir and Miskin). 50 were under gone for group discussion and 15 members of Zakat committee were open interviewed regarding their social services. Case study was collected from 05 beneficiaries.

Secondary data were collected through related books, magazines, and research articles, reports of Divisional Secretariat, Nintavur, and Zakat institution. Only the variables such as income level,

consumption level, saving, social prestige, and the burden of loan are considered on evaluating poverty in this research area.

Literature Review

In the previous studies MF. Fazeela (2014) have explained that Zakat has influenced to increase the income of 35% of people and 31% of people have got employment as well as the poverty of 10% of people has reduced by Zakat at Sammanthurai, Sri Lanka.

Further, another survey conducted by Ismail Hossain (2013) shows, that Mosque Based Zakat Management is the easy and appropriate for Zakat collection and distribution and it also reveals that by applying this Mosque Based Zakat Management, Bangladesh will be poverty free country within a short period of time.

In another previous study related to the Zakat, the authors, SyauqiBeik I, et al (2012) explained that the positive effects of zakat distribution programs in reducing poverty incidence, the depth of poverty and the severity of poverty in Indonesia.

Another research conducted in Bahrain shows that, zakat can eliminate poverty in Muslim countries and achieve the desired justice in the distribution of income (H.H. Abdelbaki, 2013)

Theoretical Aspect:

Poverty:

At first, it is important to eliminate poverty to achieve the development which is one of the Millennium Development Goals. So, we have to understand poverty. There are many and varied definitions of poverty that have been put forward by international agencies, government institutions and also by poor people themselves. According to the World Bank (2001), poverty is a multidimensional phenomenon, encompassing inability to satisfy basic needs, lack of control over resources, lack of education and skills, poor health, malnutrition, lack of shelter, poor access to water and sanitation, vulnerability to shocks, violence and crime, lack of political freedom and voice.

Traditional approaches to measuring poverty have focused on income and consumption expenditure (World Bank 2001). Further, the definition of poverty is based upon monthly income,

employment and consumption / expenditure patterns' (Representative of an international NGO, Anuradhapura)

Moreover, poverty is identified in two types. According to this absolute poverty is usually related to minimum needs, expressed in quantitative terms. According to a more comprehensive definition, it is a condition characterized by severe deprivation of basic human needs including food, safe drinking water sanitation facilities, health, shelter, education and information. It depends not only on income but also access to social services. Relative poverty defines poverty in terms of its relation to standards which exist elsewhere in society. It is linked to inequality and relative deprivation (CEPA, Poverty Issues in Sri Lanka, 2003).

Zakat:

Zakat is one of the five pillars of Islam on which stands the structure of Islam. It is not considered a favor that is given to the poor by rich. It is the right of the poor on the wealth of the rich. Thus, one who pays zakat actually "purifies" his wealth by separating from it the portion that belongs to the poor.

Zakat benefits not only the one who receives it but also the zakat payer himself. Some scholars describes the beneficial effects that zakat brings to the individual and his wealth. In brief, these effects are that Zakat is as a reminder that wealth belongs to Allah, purifies the soul from miserliness, trains one to give, trains one to acquire divine characteristics, an expression of thankfulness to Allah, stimulates personality growth, improves ties of mutual love, purifies wealth, and brings growth to wealth.

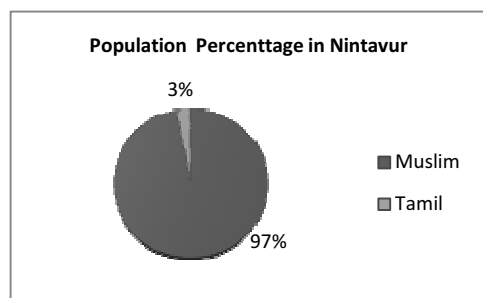
Therefore, zakat plays a key role in bringing about such as an ideal society, for it not only helps the needy and allows an ongoing circulation and distribution of capital from the rich to the poor sectors of the community, but at the same time it builds a relationship of compassion and appreciation between one another among its members.

Analysis and Findings of the Research

Although there is Tamil Muslim people are living in Nintavur, most of the people are Muslims.

The Details of Population by Religion – 2013

Graph-01



Source: Divisional Secretariat, Nintavur

According to the above graph about 29825 people are Muslims and only 921 people are Tamils in this research area.

Further, in the research area, Nintavur, we can identify that the income level of people is in different levels.

Table No – 1

The Income Level of the People in Nintavur – 2013

Income	No of Families	Percentages
Less than 5000	6081	64.85
5000 – 10000	1146	12.22
10000 -15000	1004	10.71
15000 – 25000	547	5.83
Above 25000	1231	13.128

Source: Divisional Secretariat, Nintavur.

According to the above table, 64.85 percentage of the people get less than Rs. 5000 as a monthly income, Further, 12.22 percentage of people get Rs 5000 – 10000, 10.71 percentages of people get Rs 10000 – 15000, 5.83 percentage of people get Rs 15000 – 25000, 13.13 percentage of people get above Rs 25000 as a monthly income. Thus, most of the people get low income in Nintavur.

Table No – 2

The Details of Zakat Received in Nintavur for the Periods 2010 – 2014

Year	No of zakat providers	Received zakat	
		Paddy Bags	Money (Rs)
2010	259	1674.33	2,102,818.00
2011	236	1177.85	2,830,279.00
2012	247	1887.50	2,735,015.00
2013	240	1491.75	4,057,967.00
2014	250	1239.45	6,072,486.00
Total	1232	7470.88	17,798,565.00

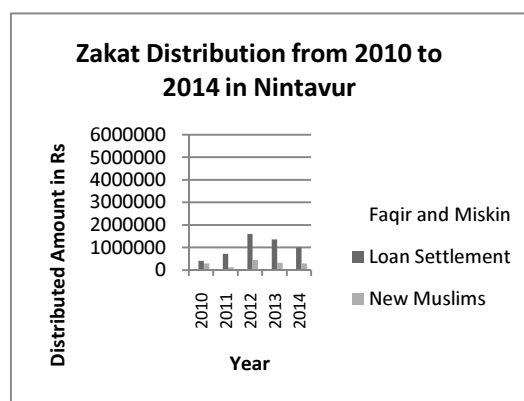
Source: Annual reports of zakat, 2010 – 2014

Table No 2 shows, that about 6231.43 Paddy Bags and Rs11726079 were received as Zakat through 29 Muallas in Nintavur for the period of 2010 to 2014. Further, the number of Zakat providers and the amount of received paddy bags are decreased. It came to know that the decrease in yields of agriculture sector due to bad weather condition, careless of the people in collecting zakat and paying zakat are the reasons for this condition.

Table No – 3

The Distribution of Zakat in Nintavur for the Periods, 2010 to 2014.

Zakat Recipients	2010	2011	2012	2013	2014
Fakkeer and Miskeen	5,503,637.00	2,424,130.35	4,306,298.00	3,533,652.00	4,761,551.00
Loan Settlement	4,16,000.00	7,19,250.00	1,597,358.00	1,357,128.00	1,006,200.00
New Muslims	2,98,649.00	1,29,200.00	4,59,900.00	3,21,190.00	304735.00



Source: The Annual Report of Zakat 2010 – 2014.

According to the Table 3 the distribution for Faqir&Miskin has increased in the year 2014 when comparing the year 2010.

That is, we can identify the amount of zakat for the purpose of employment is increased. Further, the amount of loan settlement has decreased. At the same time, the amount for new Muslims has increased.

Table No – 4

The Details of Zakat Recipients in Nintavur for the Periods 2010 – 2014

Year	No of Zakat Recipients
2010	190
2011	215
2012	220
2013	234
2014	250
Total	1109

Source: the annual report of zakat 2010 – 2014.

The table 4 reveals that the number of zakat recipients has been increased from 2010 to so far.

Table No – 5

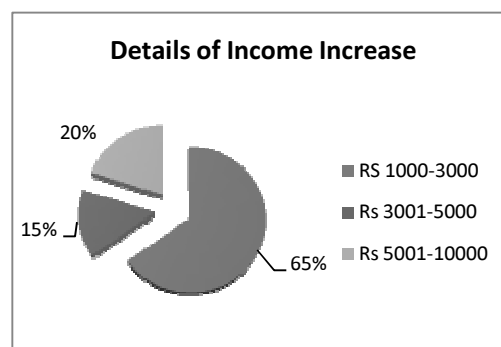
Changes in Socio – Economic Status after Getting Zakat in Nintavur

Changes in Socio Economic Status	Degree of Impact		
	Increased	Decreased	Same
Income	95	5	
Food & Consumption level	85	15	
Saving	30	70	
Loan		20	
Social prestige	45		

Source: surveyed Data (2014)

Income:

Income was increased for 95 respondents by getting zakat. However, it can be identify that most of the people have increased their income in a small scale while some increased in indictable scale.



Source: surveyed Data 2014

According to the surveyed Data 65 percentages of respondents' income increased by small scale between Rs 1000 – 3000 while 15% of respondents' income increased between Rs 3001 – 5000. Further, 20 percentages of respondents' income increased between Rs. 5001 – 10000.

However, it should be indicate that about 10 percentages of people, who received Zakat in 2010 and 2011, are paying Zakat.

Consumption:

In this study consumption is considered based on the level of satisfied food consumption, level of expenditure, food and consumption for children's education. 85 respondents accepted that they spent more money for food consumption and education for their family after start self-employment with the help of Zakat.

Saving:

30 respondents agreed that there is an increase in saving. That is, 20 respondents agreed with moderate family income and 10 respondents indicated that they have built new houses by the saving through their industries with the help of Zakat.

Loan:

Loan was decreased for 20 respondents. These respondents feel that the loan settlements by Zakat funds lead them to re capital and extend their business to get enough income for family life.

Social prestige:

Social prestige includes better condition or status among family and society. 45 respondents feel that they have been in good status in family and society

after start small business and income generation with the help of Zakat fund.

Conclusion

The study concludes that the Zakat is a tool in supporting the poor to become entrepreneurial and generate a proper income. Moreover, there is increment in income, consumption, saving and social prestige. At the same time, although there is an increase in income of the respondents most of them are not achieved expected income. It has been found that most of the respondents do traditional familiar business and they have less knowledge and training on their business and marketing.

Further, from the study we came to know that the number of Zakat payers has decreased. Decrease in yields of agriculture, willingness and careless of people in paying Zakat and barriers in collecting Zakat in proper period due to the heavy work of the Zakat collection committee members as most of them are government servants, are the reasons for decreasing Zakat payers. Furthermore, from the respondents obtained in the interview process, it came to know that taking place Zakat payment through non – official channels among some people.

However, 95% of people have increased their income with the help of Zakat and about 10% of people who had got Zakat are paying Zakat.

Therefore, Zakat has played important role in taking out Muslims from poverty trap in this area.

However, incentive policies, macroeconomic policies and regulatory policies that are needed to promote and encourage Zakat collection. Furthermore, the others issues and problems that needed to be considered into consideration are regarding Zakat administration such as fiqh related problems, coverage of Zakat, Zakat payment through non – official channels and administration cost.

Recommendations

The following suggestions are put forwarded by the researchers to promote and encourage Zakat collection and make Zakat more effective on combating poverty.

1. Should aware the people on the importance of paying Zakat, which is the obligation and Ibadha for Muslims through the mosques.

2. Prevent the Zakat payment through non – official channels and aware the people regarding the collective Zakat system.
3. When make selection and appointments for Zakat committee, should include full time Officers.
4. The details and budget of zakat fund should be clear and transference to the people in the way of providing belief.
5. Although the assistance for self-employment provide for the purpose of eliminating poverty of the people, the job related trainings, technical skills and marketing are important to achieve the particular purpose.
6. Should create a good monitoring system/ model.

References

- 1) Abdel Baki H.H (2013), “The Impact of Zakat on Poverty and Income Inequality in Bahrain”, Eco. Res – 2
- 2) Asirwatham R ,and P. Thalaysingam (2004), “Poverty and Social Conflict in Sri Lanka”, ISBN : 955–1040-06-6
- 3) Centre for Poverty Analysis (2003), Poverty Issues in Sri Lanka” ISBN : 955–8930-00-8
- 4) Fazeela MF (2014), “The Role of Zakat in Generating Income Equality in Ampara District”, Thesis, Department of Social Sciences, SEUSL.
- 5) Hossain I (2013), Analysis on Poverty Alleviation by Mosque Based Zakat Administration in bangladesh: An Empirical Study, Journal of Poverty, Vol 1,(PP1 -10)
- 6) Idris A and S.O Mohamed (2013), “Zakat as an Instrument for Poverty Allevation”, Paper Proceeding of IECONS.
- 7) Kusuma, D.B.W, R. Sukmana (2010), “The Power of Zakat in Poverty Alleviation”, university of malaysia.

- 8) Raimil,A. Patel and I. Adelo (2014), "Corporate Social Responsibility, Waqf System and Zakat System as Faith – Based Model for Poverty Reduction, World Journal of Entrepreneurship, Vol 10, ISS:3 PP. 228-242
- 9) Rahman .M (2003), Zakat Calculation, The Islamic Foundation, ISBN 0-86037-388-6
- 10) Seredip Institute of Research and Development (2005), "Empowering the Community through Zakat, ISBN 955-8765-05-08.
- 11) SyauqiBeikI, L.D. Arsyianti (2012), "Optimization of Zakat Instrument in Indonesia's Poverty Alleviation Programme".