

## Role of Institutional Zakat Management of Bangladesh in Recipients' Income Generation

**Md Muhibur Rahman**

PhD Fellow, Institute of Bangladesh Studies, University of Rajshahi, Bangladesh;  
Lecturer in Islamic Studies; Officer on Special Duty at the Directorate of Secondary & Higher Education, Bangladesh  
[muhiburkst@gmail.com](mailto:muhiburkst@gmail.com)

---

Received: 14 June 2024

Revised: 22 December 2024

Published: 4 January 2025

### Abstract

The majority of Muslims in Bangladesh distribute zakat individually. Zakat management is conducted in both the public and private sectors. However, there is a significant lack of inclination towards making zakat payments via organizations. This research aims to investigate the role of zakat in generating money via institutional management. This study used a mixed-method approach, including qualitative and quantitative data. A systematic questionnaire survey was conducted on 200 people who received zakat, representing both the institutional and non-institutional sectors. The findings of this research suggest that those who received zakat via institutions had a greater capacity to generate money than those who got zakat through informal means. Several zakat management institutions are helping zakat recipients increase their income by supplying them with income-generating items and a significant quantity of zakat funds. It may be inferred that the proper implementation of institutional zakat management has the potential to enhance the income growth rate of zakat recipients in Bangladesh.

**Keywords:** Income Generation; Income Growth; Zakat; Zakat Institutions; Zakat Management

### INTRODUCTION

Zakat acts as an effective tool for the equitable redistribution of wealth, transferring resources from the affluent to the destitute to uphold social justice principles. By utilizing the zakat fund in this manner, the recipients can acquire sufficient money to meet their basic needs and expenses for their families. Institutional Zakat Management (IZM) is crucial in facilitating the recipients' income generation and growth by providing them with money-generating assets and appropriate finances. In contrast, Non-institutional Zakat Management (NIZM) has limited potential in this sector due to its tendency to offer low-cost items like food and clothing rather than empower recipients to become self-sufficient. A program that the government or charitable organizations implement to assist impoverished individuals in improving their job-related skills and increasing their earnings is referred to as income generation (Sarif et al., 2024). Income generation refers to the efforts to create income to attain financial security. Income generation is the process

of generating money through various methods; it is the process of establishing opportunities for financial gain. The general definition of income generation is the accumulation or growth of income. At one time, economists employed this term to characterize the intricate dynamics of a nation's economy. Nevertheless, it is currently employed extensively by individuals in the economy to encompass a diverse array of productive activities (Sarif & Kamri, 2009). Zakat not only acts as an income distribution mechanism but also serves as a multiplier and accelerator of national revenue, improving the economic position of its receivers and promoting a more equitable economy (Khamis et al., 2024).

Although the institutionalized process can contribute to specific developments in socioeconomic conditions, current research has demonstrated that its influence is still not reaching the desired level (Jiffry et al., 2023). Zakat has been instrumental in society's social and economic development throughout various periods of Islamic history, demonstrating significant potential for addressing socio-economic challenges, including peacebuilding, mutual coexistence, economic growth, and overall societal welfare (Muhammad, 2024). The results of zakat management are relatively evident when an individual can generate income after receiving zakat funding, indicating that poverty reduction has commenced. Zakat distributes wealth for income generation, enabling recipients to achieve financial independence by earning a desirable income over time. To alleviate destitution among able-bodied individuals, zakat institutions should provide personal, physical, and financial resources. Zakat initiatives may significantly influence social welfare metrics, including poverty rates, healthcare accessibility, literacy rates, and job prospects (Judijanto et al., 2024). The payment of zakat can serve as a foundational element of the economy and serve as a means for Muslims to worship, provided that the funds are effectively managed and transmitted to zakat institutions. The economic advancement of those eligible to receive assistance from the zakat fund is a promising opportunity, as the potential for raising funds through zakat and its productive management exists (Wutsqah, 2021). An increased distribution of ZIS (Zakat, Infaq, Sadaqah) money correlates with elevated community social welfare. In addition to being allocated for consumption, ZIS funding may be used towards more impactful long-term initiatives, which would subsequently enhance the income of mustahiq, transforming their status into muzakki (Safitri et al., 2024).

There is a debate regarding the amount of zakat money that should be given to a zakat beneficiary. Some jurists, particularly Hanafites, do not entirely dismiss using zakat monies for income generation. Nonetheless, by establishing the distribution limit at the nisab level, the allocated amount of zakat may become inadequate for receivers for an extended duration. Conversely, Shafiites are very supportive of this kind of dispersal. The absence of a specified maximum amount for individual allocations permits the zakat authority to disburse monies at its discretion to benefit the impoverished (Sarif et al., 2024). However, no scholar objects to using the zakat budget to provide grants. The positive perspective of classical academics, particularly

Shafiites, has made contemporary scholars more receptive to utilizing zakat to generate income (Sarif et al., 2024). Zakat should be allocated substantially to guarantee that the beneficiaries generate income. This amount must be adequate to fulfil the fundamental needs of the underprivileged and enable them to surmount their hardships.

The concept of income generation significantly improves the efficacy of zakat institutions. It empowers a zakat beneficiary to attain financial autonomy via revenue generation, hence avoiding the need to request zakat from others continuously. Zakat serves a significant function in generating income; recently, there has been a notable rise in interest regarding the significance of zakat in this context. Understanding the contributions of Bangladeshi zakat management institutions to income generation might spark interest in the formalized approach to zakat management. This study investigates the comparative income generation associated with institutional zakat payments within a chain framework versus non-institutional zakat payments.

## **LITERATURE REVIEW**

### **Income Generation through Zakat fund**

Zakat can serve as a financial resource for achieving the well-being of individuals (Afif et al., 2023). The zakat law provides an opportunity to utilize zakat for productive endeavors. Utilizing zakat for productive purposes offers higher benefits than consumptive motives, particularly regarding empowerment (Khaliq et al., 2023). The previous study demonstrates that the zakat fund possesses more potential to enhance the living conditions of impoverished individuals concerning their household income. Nevertheless, the study also discovered that the influence of zakat on income is not substantial in terms of monetary value (Rafiq, 2016). The socio-economic advancement of the recipients is contingent upon the generation of income. Socioeconomics is the study of an individual's status or position, influenced by their income, education, employment, and other characteristics that affect their economic and social lives (Durohman et al., 2023). Muslim economists believe that zakat, when appropriately prioritized, will aid the impoverished and influence the economy via its multiplier effect on employment and revenue growth (Al-Haddad et al., 2024).

Islamic scholars generally concur that although zakat is not regarded as a loan from receivers, recipients may use it for beneficial purposes. As a result, using zakat to benefit others in conjunction with a loan agreement that requires beneficiaries to repay funds by a specific date is prohibited (Alim, 2015). There are two categories into which the impoverished and destitute are divided: (1) those who are chronically disabled and unproductive and (2) those who are still productive. Although the latter should be encouraged to work independently with minimal assistance from zakat, the poor of the first group—the crippled, old, and orphaned—should receive

assistance to meet their fundamental needs. Islamic scholars believe addressing basic needs is imperative before distributing productive assets, such as capital or income-generating assets (Sarif & Kamri, 2009). Zakat can be employed as a source of funding to generate revenue. This money could be allocated to acquiring fertilizer, apparatus, and other essential items for impoverished individuals. Al-Nawawi (r.a.) stated, "A craftsman would be provided with an amount that is sufficient to purchase tools and equipment, regardless of their value; its value will be such that he receives nearly enough from his earnings to meet his needs" (Al-Nawawi, 1929, p. 6:194). Being self-sufficient is also crucial for physically competent and economically disadvantaged individuals. Consequently, allocating funds to generate income is combined with other activities, such as training and monitoring (Sarif et al., 2024). If the recipients succeed in the future, they may also become zakat contributors due to this disbursement. This will facilitate the institutions' collection of additional zakat in the long term (Wutsqah, 2021).

Contemporary scholars have adopted a more receptive stance toward utilizing zakat to generate money due to the positive perspective of classical scholars. For instance, in 1982, the Indonesian Council of Muslim Scholars resolved to allocate zakat to economic initiatives. Citing the standpoints of classical jurists such as al-Nawawi and al-Bayjuri, who have previously proposed a comparable approach, they concur with providing zakat to the impoverished as investment money for the company or as necessities for agricultural activities (Sarif et al., 2024). In Malaysia, zakat institutions are responsible for overseeing the mandatory Islamic contributions that have improved the socio-economic conditions of indigent and needy individuals through innovative initiatives. Zakat recipients' livelihoods have been improved due to their involvement in these income-generating initiatives. These initiatives facilitate the transition of zakat consumers into business owners, with the ultimate goal of becoming zakat contributors (Mahmood et al., 2021). Zakat promotes the country's progress. Indeed, zakat money is channeled to promote consumption, investment, or government spending, which spurs economic development (Jedidia & Guerbouj, 2020).

Institutionalized zakat has successfully met people's fundamental needs by providing housing, livelihood, water and sanitation, and healthcare services. The responsibility also involved creating economic possibilities for people needing a stable income. People were provided self-employment opportunities, including fishing, farming, retail, rice-grinding, and hopper-making (Salithamby et al., 2022). The mobilization of zakat, which accounts for nearly 70% of the required funds for the five-year plan and represents 3.77% of the GDP, has the potential to enhance this endeavor significantly (Hassan et al., 2024). Consequently, it is zakat's responsibility to provide employment opportunities and programs that will allow them to increase their income from zakat funds. In order to address this issue, the zakat institutions that are responsible for its administration should provide incentives to eligible zakat recipients, particularly those who are indigent and in desperate need (Afandi et al.,

2021). Productive zakat is the practice of allocating funds or assets to beneficiaries to support their businesses rather than being explicitly spent on specific consumer requirements. It offers zakat in a manner that allows beneficiaries to generate income from the funds they receive on a consistent basis (Riyadi et al., 2021). Zakat is an essential tool that can effectively reduce hunger and contribute to the achievement of SDG 2, which aims to eliminate hunger in Bangladesh. Nevertheless, a proficient and well-structured zakat management system is essential to achieve optimal outcomes (Aziz & Moniruzzaman, 2023).

According to researchers, the zakat regulation permits the utilization of zakat for productive purposes. The zakat instrument will promote consumption and investment and decrease asset accumulation (Suriani et al., 2020). Zakat funds have the potential to substantially reduce poverty among both productive and unproductive segments of the population. For example, a household with limited income can establish a modest business, produce crops, or engage in other activities by effectively investing zakat funds. In the same vein, the zakat fund may be employed for consumption purposes by households that are unproductive, such as those that are ill or disabled (Sohag et al., 2015). The consumption behavior of the impoverished is positively impacted by zakat. In the 1981-2000 period, a study was conducted to investigate the influence of zakat on private consumption in four Muslim countries: Malaysia, Pakistan, Kuwait, and Sudan. The author discovered a slight positive influence on the development of aggregate consumption in the four Islamic countries. In general, the study's estimation results indicated that a 1% increase in the distribution of zakat funds could result in a 0.089% increase in consumption per capita (Nabi et al., 2021). By effectively mobilizing considerable funds, IZM has the potential to increase the consumption growth rate among zakat recipients.

### **Institutional Zakat Management in Bangladesh**

Zakat management is the most critical factor in determining the optimal operation of zakat institutions to optimize zakat funds (Sari et al., 2013). Proper zakat administration is essential for utilizing zakat funds to enhance the lives of the impoverished and destitute. The Muslim populace of Bangladesh is pious and enthusiastic about fulfilling Allah's commandments. However, the quantity of zakat collected in the country is relatively low due to a dearth of Islamic education and an ineffective zakat management system. Zakat institutions in Bangladesh are classified into two categories: public and private. The Zakat Board of Islamic Foundation is responsible for various responsibilities as a government zakat institution. The zakat Board is responsible for formulating policies regarding zakat collection, distribution, administration, and management, as stipulated in The Zakat Fund Management Bill-2023. The zakat board is also responsible for supervising zakat collection and distribution activities and adopting and formulating any Shariah-compliant service or program initiative using zakat funds (*The Zakat Fund Management Bill-2023*, 2023).

Private zakat institutions are increasingly significant in managing zakat (M. M. Rahman, 2024). Several private organizations specialize in zakat management, including the Center for Zakat Management (CZM), Latifi Hands, As-Sunnah Foundation, Anjuman Mofidul Islam, Quantum Foundation, Madrasahs (Islamic Schools), and Orphanages.

### **Income Generation by IZM in Bangladesh**

Zakat institutions in Bangladesh collect zakat money and generate revenue for zakat beneficiaries. Despite the small quantity, expectations persist. The precise quantity of total zakat collected and distributed through formal institutions in Bangladesh is unknown since no available data exists. For the past decade, the zakat Board of the Islamic Foundation has collected and distributed BDT 425,304,219 (Zakat Board, 2023). In the past decade, CZM has amassed BDT 3,201,521,879. CZM has distributed zakat worth over BDT 300 crore in cash or goods/services to approximately 15 lakh Mustahiqs (zakat recipients) over the past 15 years (M. A. Miah, 2024). For the two consecutive years of January 1, 2022, to December 31, 2022, and January 1, 2023, to September 30, 2023, the As-Sunnah Foundation has collected BDT 74,855,000 and BDT 116,400,000 as zakat (As-Sunnah Foundation, 2023). Five Islamic institutions contributed BDT 2,238.52 million in zakat in 2020. The quantity paid by Islamic Bank Bangladesh was the highest at 66.40%, followed by EXIM Bank (13.35%), Social Investment Bank (7.40%), Shahjalal Islami Bank (7.19%), and First Security Islami Bank (5.65%) (Nabi et al., 2021). The Muslim community in Bangladesh is profoundly religious and dedicated to the fulfillment of Allah's commandments. Nevertheless, the ineffective zakat management system and the restricted availability of Islamic education have led to a significantly low amount of zakat collected in Bangladesh.

Bangladesh's zakat organizations are striving to employ the impoverished. CZM oversees a program called "the NAIPUNNA BIKASH-Vocational Training & Employment Program for Poor Youth." The program aims to provide jobless and underprivileged teenagers with vocational training so they may become qualified candidates for appropriate positions. Young people without jobs and out-of-school children receive skill development training, and CZM assists them in locating suitable employment. The program is being implemented through vocational training centers, which offer trainees a monthly stipend that corresponds with the cost of living, orientation for moral development and religious practice, and tuition fees and other related academic costs, such as fees for exams and laboratories (CZM Brochure, 2020).

Research suggests that IZM effectively stimulates the income development of zakat recipients. To enhance the investment capacity and skills of impoverished households in the pursuit of income-generating activities (IGAs), the Masjid Council for Community Advancement (MACCA) offered training facilities and financial assistance (in the form of zakat). The program intervention is anticipated to increase

the household income of the zakat recipients. This research demonstrates that zakat recipients experienced economic benefits and saw an increase in their household income compared to microcredit participants (Debnath, 2015). Most CZM *Jeebika* Program recipients allocated their zakat receipts to various income-generating activities (IGA). At the commencement of the initiative, survey data indicates that the average income of each household was a mere BDT 7469. The lowest-earning member of the group achieved the maximum monthly visible cash income of BDT 17,412 after completing a five-year term (A. Miah, 2021).

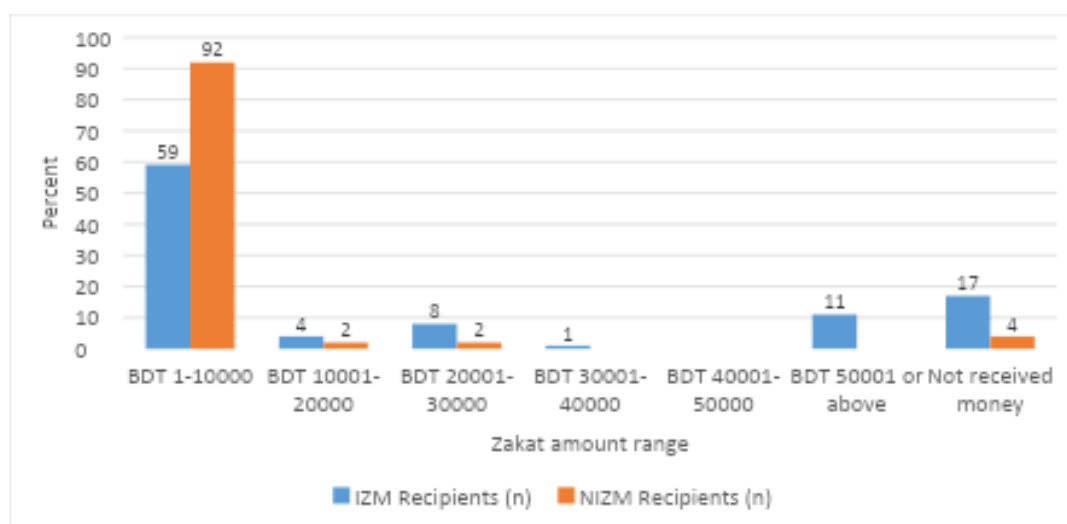
## RESEARCH METHOD

The research is exploratory and descriptive. Both primary and secondary data have been employed. Primary data were obtained from the study population through a questionnaire survey, which included (a) the recipients of zakat from IZM and (b) the recipients of zakat from NIZM. Thirteen Upazilas (sub-districts)/Thanas have been purposefully selected from six districts in Bangladesh: Dhaka, Manikganj, Sylhet, Moulvibazar, Rajshahi, and Chapainawabganj. These Upazilas/Thanas reflect both urban and rural areas. The questionnaire was distributed to the zakat recipients of the study area, and data was gathered via face-to-face interviews. A little data was collected online. The Quran and hadith have been cited as the primary sources of Islamic literature. Relevant books, journals, articles, periodicals, thesis papers, dissertations, newspapers, institutional publications, websites, blogs, and other electronic materials have been consulted to gather secondary data.

## RESULTS AND DISCUSSION

### Fund Utilization for Income Generation

Zakat is distributed to numerous individuals who cannot generate income in the study area, with meager amounts being divided into small increments. The rate of receiving amounts exceeding 10,000 BDT is comparatively low, while most recipients of IZM (59%) and NIZM (92%) reported receiving less than BDT 10,000 as zakat. In this instance, IZM recipients exhibited positive signals; 11% received zakat quantities that exceeded BDT 50,000. Nevertheless, this sum was not distributed to any of the NIZM recipients. 8% of IZM recipients received more than 20,000 BDT, whereas only 2% of NIZM consumers received this amount (Figure 1).



**Figure 1. Amount of Cash Received as Zakat**

Source: Field survey, 2024

The recipients' low revenue-generating rate is primarily because they receive a small amount of zakat and allocate it to unproductive segments. According to the research, 46% of respondents reported that zakat funds are used to purchase food and apparel. Typically, IZM zakat grantees designate the zakat fund to initiatives that generate income. Specifically, 10% of the fund is allocated to commercial entrepreneurship, while 18% is spent on animal husbandry (Field survey, 2024).

The Zakat Board of Islamic Foundation is a government entity that was established to collect and distribute zakat funds from the Muslims of Bangladesh through voluntary zakat payments. CZM is a private organization that is dedicated to the collection and distribution of zakat funds in Bangladesh. It is also involved in various multifaceted and diverse projects and initiatives that aim to enhance the dire circumstances of the nation's underprivileged population.

The zakat collected by two prominent institutions, the Zakat Board of Islamic Foundation and CZM, in the past five years, is detailed in the table below.

**Table 1. Amount of Zakat Collection by Zakat Board and CZM (BDT)**

SL	Fiscal Year	Zakat Board	Growth	CZM	Growth
1	2018-2019	46,026,619		289,539,487	
2	2019-2020	51,816,304	12.58%	409,295,517	41.36%
3	2020-2021	35,300,000	-31.87%	502,830,768	22.85%
4	2021-2022	70,179,000	98.81%	544,992,984	8.38%
5	2022-2023	102,154,758	45.56%	803,778,739	47.48%
	Total	305,476,681		2,550,437,495	

Source: The annual audit report of Zakat Board and CZM

Over the past decade, the zakat collections by the government institution, Islamic Foundation's Zakat Board, and the private zakat management organization, CZM, have been analyzed. The results indicate that the Zakat Board collects a substantially lower amount of zakat than CZM, which collects a relatively higher



amount. The quantity of zakat collected in CZM is steadily increasing, although the overall zakat collection in Bangladesh remains relatively small. This implies that zakat management institutions may be able to access a larger amount of funding in the future if transparency and public trust can be established. The utilization of zakat for poverty alleviation and other national objectives would be guaranteed if zakat collecting could be disseminated collectively rather than individually.

### **Employment Creation for Income Generation**

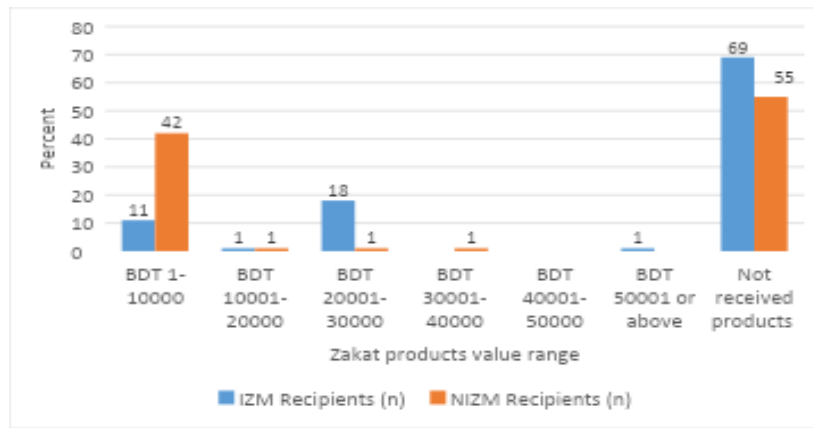
Islam has placed a high value on working for a living. In Islam, reliance is considered impolite. "The food one earns by laboring with their own hands is the best anyone has ever eaten," the Prophet (pbuh) once declared. David, the Prophet of Allah, once consumed his earnings from laborious labor (Al-Bukhari, 1993, 2:730, hadith No. 1966). Hiring unemployed people is a valuable social service. Using zakat funding, institutional zakat management has the chance to generate jobs.

In Bangladesh, zakat has a very low rate of employment creation, but it has a high rate of organization management. It has been shown in this field of study that those who make zakat contributions usually provide financial support to the beneficiaries. On the other hand, there is very little tendency to use zakat money for work. Only 38 of the 200 respondents agreed that using zakat funds helps to facilitate employment. Of the small sample size, 25 IZM zakat recipients said they were able to find employment. Just 13 of the NIZM zakat recipients claimed to have found employment (Field survey, 2024). Employment generation could increase significantly if the IZM is extensively adopted in Bangladesh.

### **Creating Self-Employment by Providing Products to The Recipients**

Giving the clients self-employment opportunities can help them escape the poverty cycle. While food and clothing distribution is a typical NIZM situation, products that can lead to self-employment are typically provided via IZM in Bangladesh. Just 2% of NIZM participants reported receiving rickshaws, a three-wheeled vehicle, compared to 20% of IZM winners who reported receiving one.

Numerous zakat management groups provide resources to enable recipients to pursue self-employment opportunities. The value of the items offered as zakat is generally not commendable. Most participants, 11% of IZM recipients and 42% of NIZM recipients, said that the products they received were worth between BDT 1 and 10,000. Nonetheless, 18% of IZM beneficiaries received items worth between BDT 20001-30000, while only 1% of NIZM recipients received goods in this value range (Figure 2).



**Figure 2. Value of Products Received as Zakat**

Source: Field survey, 2024

### Job-Oriented Training for Employment

A deficiency in Bangladeshi zakat management is the neglect of giving zakat recipients training focused on their jobs and enabling them to become self-sufficient. Just 14% of respondents claimed that zakat monies are used to pay for recipients' training; in this industry, 12% of IZM grantees underwent training (Field survey, 2024). Enhancing the poor's ability to break out from the cycle of poverty requires investments in health, education, and vocational training, among other things (Khasandy & Badrudin, 2019). Entrepreneurship training and education and the development of SMEs (Small and Medium Enterprise) have a substantial positive correlation with job creation, income generation, and poverty alleviation (Nor, 2024).

Job-oriented training offered exclusively by the zakat institution, or another independent professional body may be partially funded by the zakat. By applying their skills, trained individuals will become independent. Institutions can offer more employment creation programs to enable recipients to earn more if they gather a significant amount of zakat money.

### Income Growth

In Bangladesh, the income growth rate among zakat recipients is relatively low. A comparatively low percentage of zakat recipients in Bangladesh are experiencing an increase in their overall income. Nevertheless, the income of zakat recipients from IZM increased modestly, while those from NIZM experienced a significantly lower income growth. Ninety percent of the participants' income was within the BDT 1 to 10,000 range prior to receiving zakat, while only nine percent was within the BDT 10001 to 20,000 range (Table 2). When zakat is received, 60% of the IZM recipients have personal income between BDT 1 and 10,000, while 36% have incomes exceeding BDT 10001-20000 (Table 3). Only nine beneficiaries of IZM had an income ranging from BDT 10001-20000 before receiving zakat. However, the number of individuals earning BDT 10001-20000 increased to 36 after receiving zakat.

Just 10% of NIZM participants had an income between BDT 10,000 and 20,000, while 87% had an income between BDT 1 and 10,000 before receiving zakat (Table 2). After receiving zakat, 79% of NIZM recipients have personal incomes between BDT 1 and 10,000, while 17% have incomes between BDT 10,000 and 20,000 (Table 3). Before receiving zakat, only 10 NIZM zakat beneficiaries had incomes within the BDT 10001-20000 range (Table 2). The number of individuals earning BDT 10001-20000 was increased to 17 by zakat (Table 3). Compared to NIZM recipients, IZM grantees experience a greater rate of growth.

**Table 2. Monthly Income (before getting zakat)**

Income Range	IZM Recipients (n)	NIZM Recipients (n)	Total (n)	Percent
BDT 1-10000	90	87.00	177	88.50
BDT 10001-20000	9	10.00	19	9.50
BDT 20001-30000	1	3.00	4	2.00
Total	100	100.00	200	100.00

Source: Field survey, 2024

**Table 3. Monthly Income (after getting zakat)**

Income Range	IZM Recipients (n)	NIZM Recipients (n)	Total (n)	Percent
BDT 1-10000	60	79.00	139	69.50
BDT 10001-20000	36	17.00	53	26.50
BDT 20001-30000	2	3.00	5	2.50
BDT 30001-40000	1	1.00	2	1.00
BDT 40001-50000	0	0.00	0	0.00
BDT 50001-60000	0	0.00	0	0.00
BDT 60001-80000	1	0.00	1	0.50
Total	100	100.00	200	100.00

Source: Field survey, 2024

Income growth for zakat recipients is contingent upon providing an appropriate amount. By increasing the zakat fund provided, zakat management organizations in Bangladesh can stimulate the development of the impoverished's income. Even though there is a dearth of substantial zakat funds in Bangladesh, the IZM is endeavoring to increase this figure. The total amount of the zakat fund received by IZM zakat beneficiaries is BDT 1460500, while the total amount of the zakat fund received by NIZM zakat recipients is BDT 307150.

The zakat funds that are distributed to the respective recipients should be sufficient to alleviate their destitution. Al-Nawawi discussed the appropriate amount of zakat to be paid in this context. "He stated (the extent to which permanent sufficiency will be achieved)" (Al-Nawawi, 1929, 6:193). The distribution of zakat funds is contingent upon the recipient's employment status and current living

expenditures. The zakat fund allocated should be sufficient to provide sustenance for the lifetimes of individuals who are physically incapable of working to support themselves. Furthermore, the current average expenditure of the local community is the determining factor for the proportion of zakat. In this regard, al-Dusuqi, a scholar of the Maliki school of thought, and the majority of Hanbali Islamic scholars maintain the belief that zakat should be distributed in the form of a one-lunar support income for the recipient and his dependents, exclusively for the impoverished and destitute (Lubis, 2019).

Zakat funds are utilized by CZM to execute numerous initiatives. The recipients are receiving assistance from the JEEBIKA livelihood program, which is based on zakat, to achieve self-sufficiency. The objective of the initiative is to guarantee the long-term socio-economic development of the impoverished and destitute. Zakat-deserving households are identified through a baseline survey, and they are subsequently organized into Grass-Roots Organizations (GROs) of 25-30 families. The GROs establish a joint bank account and deposits a predetermined quantity of zakat into it for each family. It is also advised that they establish a savings fund (M. A. Miah, 2024). In the post-project assessment of the 'JEEBIKA Karnaphuli Mohora project', structured research revealed that the average monthly income of the recipients has increased by over twofold (H. Z. Rahman, 2018).

## CONCLUSION

Zakat management and innovative techniques regarding enhancing economic ability can enable the recipients to generate income. Zakat disbursement activities through zakat management institutions significantly impact converting zakat receivers into zakat payers. The zakat management institutions in Bangladesh currently face challenges in collecting substantial zakat funds. However, by implementing effective measures and enhancing oversight by relevant authorities, they have the potential to significantly increase their zakat collections shortly. This, in turn, would significantly contribute to improving the financial situation of the impoverished zakat recipients. Implementing a structured zakat management system is more efficient in enhancing job-focused training initiatives for zakat recipients. Zakat Institutions should include income generation programs for the socio-economic development of the recipients. The results of this study indicate that individuals who distribute zakat individually cannot contribute significantly to the employment sector of zakat recipients; consequently, their income generation is very low. Conversely, those who receive zakat from institutional administration experience a substantial increase in employment, resulting in more income generation. Zakat recipients of IZM exhibit a higher income growth rate than NIZM. The workforce of zakat beneficiaries should get training to acquire new skills like driving, hardware and software mechanics, company management, and other relevant fields. Following the distribution of zakat payments to the impoverished, ongoing counselling and technical assistance are strongly advised to alleviate poverty and enhance income.

Institutional zakat management is effective for income generation since it gathers the zakat contributions of several individuals into a substantial fund. This fund is then used to provide zakat recipients with financial support, enabling them to invest in areas that may enhance their income. A limitation of this study is that data was collected only once from zakat recipients. Further research is crucial in this field. A cross-sectional study may gather data before and after receiving zakat within a two-year interval to assess the results using inferential statistics.

## REFERENCES

- Afandi, M. F. M., Zubairi, M. I. N., Hashim, M. J., & Khamis, M. R. (2021). The Role of Zakat in Reducing Income Inequality Among Muslim Society in Selangor. *Global Business and Management Research: An International Journal*, 13(4), 1–12. <http://www.gbmrjournal.com/pdf/v13n4/V13N4-1.pdf>
- Afif, M., Hidayat, A. A., Suminto, A., Abidin, T. A., & Farabi, F. A. A. (2023). Analysis of Zakat Management with Institutional Isomorphic Theorizing Approach. *Journal of Islamic Economics and Finance Studies*, 4(2), 214–235. <https://doi.org/10.47700/jiefes.v4i2.6333>
- Al-Bukhari, A. A. M. bin I. (1993). *Sahih Al-Bukhari* (5th ed., Vol. 1). Daru Ibn Kathir, Dar Al-Yamamah.
- Al-Haddad, U., Maulana, A., Majid, R., & Rahman, M. F. (2024). Zakat and Socio-Economic Impact: The Role of Local Government and Zakat Institutions. *Institutions and Economies*, 16(3), 27–50. <https://doi.org/10.22452/IJIE.vol16no3.2>
- Alim, M. N. (2015). *Utilization and Accounting of Zakat for Productive Purposes in Indonesia: A Review*. 211, 232–236. <https://doi.org/10.1016/j.sbspro.2015.11.028>
- Al-Nawawi, A. jakaria M. (1929). *Al-Majmu' Sharh Al-Muhazzab*. Idarah Al-Taba'ah Al-Muniriyyah.
- As-Sunnah Foundation. (2023). *Special report*.
- Aziz, A. H., & Moniruzzaman, M. (2023). Challenges in Achieving SDG 2 - Zero Hunger in Bangladesh: An Analytical Study on Food Certainty in Bangladesh from Zakat Perspective. *International Journal of Zakat*, 8(1), 43–63. <https://doi.org/10.37706/ijaz.v8i1.398>
- CZM Brochure. (2020). Center for Zakat Management-CZM. [https://czm-bd.org/wp-content/uploads/CZM-Brochure-2020\\_compressed.pdf](https://czm-bd.org/wp-content/uploads/CZM-Brochure-2020_compressed.pdf)
- Debnath, S. C. (2015). The potential of zakat scheme as an alternative of microcredit to alleviate poverty in Bangladesh. *Ritsumeikan Annual Review of International Studies*, 14, 1–12.
- Durohman, H., Sutisna, F. A., & Anugrah, M. Y. (2023). Socio-Economic Determinants of Individual Muslim Zakat Payment Behavior in Indonesia. *Journal of Islamic Economics and Finance Studies*, 4(2), 257–277. <https://doi.org/10.47700/jiefes.v4i2.6715>

- Hassan, M. K., Khan, M. Z. H., Miah, M. A., & Islam, Md. K. (2024). The national-level potential of Zakat and its integration into the fiscal framework: Sector-specific insights from the economy of Bangladesh. *International Journal of Islamic and Middle Eastern Finance and Management*, 17(1), 146–169. <https://doi.org/10.1108/IMEFM-09-2023-0313>
- Jedidia, K. B., & Guerbouj, K. (2020). Effects of zakat on the economic growth in selected Islamic countries: Empirical evidence. *International Journal of Development Issues*, 20(1), 126–142.
- Jiffry, M. A. C. M., Zaroum, A. M. A., Amanullah, M., & Rahmani, A. (2023). Why do Zakah Institutions in Sri Lanka Underperform? *Journal of Islamic Economics and Finance Studies*, 4(2), 145–164. <https://doi.org/10.47700/jiefes.v4i2.6157>
- Judijanto, L., Budi, H., Irwan, M., Kurniawan, R., & Awwalunnisa, N. (2024). Analysis of the Effectiveness of Zakat Collection, Management, and Distribution in Improving Social Welfare in Indonesia. *West Science Islamic Studies*, 2(01), 15–23. <https://doi.org/10.58812/wsiss.v2i01.586>
- Khaliq, A., Lutfi, M., Muin, R., & Jaya, A. (2023). Use Of Zakat Funds For Productive Purposes In Indonesia. *Jurnal Ekonomi Islam*, 6(1), 39–44.
- Khamis, M. R., Hashim, M. Jameelah, & Rahman, A. A. (2024). Effectiveness Role of Zakat in Reducing Income Inequality Among Muslim Society. *Ulum Islamiyyah*, 36(03), 26–37. <https://doi.org/10.33102/uij.vol36no03.604>
- Khasandy, E. A., & Badrudin, R. (2019). The Influence of Zakat on Economic Growth and Welfare Society in Indonesia. *Integrated Journal of Business and Economics*, 3(1), 65–79. <https://doi.org/10.33019/ijbe.v3i1.89>
- Lubis, M. (2019). Zakat Management System: Designing Effective Approach Through Knowledge Management System. *International Journal of Web Applications*, 11(1), 1–16. [https://www.dline.info/ijwa/fulltext/v11n1/ijwav11n1\\_1.pdf](https://www.dline.info/ijwa/fulltext/v11n1/ijwav11n1_1.pdf)
- Mahmood, T. M. A. T., Din, N. M., Mamun, A. A., & Ibrahim, M. D. (2021). Issues And Challenges Of Zakat Institutions Achieving Maqasid Syariah In Malaysia. *AZKA International Journal of Zakat & Social Finance*, 2(1), 119–137. <https://doi.org/10.51377/azjaf.vol2no1.46>
- Miah, A. (2021). Effectiveness of Zakat-based Poverty Alleviation Program. *International Journal of Zakat*, 6(2), Article 2. <https://doi.org/10.37706/ijaz.v6i2.325>
- Miah, M. A. (2024). CEO's Report on 15 Years Journey of CZM. In *15 Years Journey 2008—2023*. Center for Zakat Management-CZM. [https://czm-bd.org/wp-content/uploads/15-Years-Journey-of-CZM\\_Final.pdf](https://czm-bd.org/wp-content/uploads/15-Years-Journey-of-CZM_Final.pdf)
- Muhammad, A. D. (2024). Trends and Developments in Contemporary Zakat Administration. *Journal of Islamic Economics and Finance Studies*, 5(1), 67–81. <https://doi.org/10.47700/jiefes.v5i1.7952>
- Nabi, G., Islam, D. A., Sarder, W., & Rahman, M. (2021). Estimation of Zakat and Its Use as An Effective Tool for Socio-economic Development in Bangladesh. *Thoughts on Economics*, 31(1 and 2), 31–56.

- Nor, A. I. (2024). Entrepreneurship Development as a Tool for Employment Creation, Income Generation, and Poverty Reduction for the Youth and Women. *Journal of the Knowledge Economy*. <https://doi.org/10.1007/s13132-024-01747-w>
- Rafiq, R. I. (2016). General Mosque Based Zakat Model To The Alleviation Of Poverty- Evidence From Bangladesh. *IOSR Journal of Business and Management*, 18(4), 1–9. <https://doi.org/10.9790/487X-1804040109>
- Rahman, H. Z. (2018). *Poverty Graduation Through Zakat-Based Programs: Post-Project Assessment of the JEEBIKA Karnaphuli Mohora project*. Center for Zakat Management CZM. <https://czm-bd.org/wp-content/uploads/2019/12/Poverty-Graduation-through-Zakat-based-Programs-Dr.-Hossain-Zillur-Rahman.pdf>
- Rahman, M. M. (2024). Institutional Zakat Management in Bangladesh: Collection and Distribution Practices. *AZKA International Journal of Zakat & Social Finance*, 5(2), 129–154. <https://doi.org/10.51377/azjaf.vol5no2.192>
- Riyadi, A. H., Abdukad, A. A. S., Saif, B. M., Takow, H. A., & Sharofiddin, A. (2021). The Effect of Utilizing Zakat Fund on Financing Production to Achieving Social Welfare: In Indonesia as a Case Study. *Journal of Islamic Finance*, 10(1), 019–029. <https://doi.org/10.31436/jif.v10i.524>
- Safitri, H. F., Zahroh, F., & Suprayitno, E. (2024). The Influence of Distribution of Zakat, Infaq and Sadaqah (ZIS) Funds and Economic Generation on the Social Welfare of the City/Regency Level in East Java in 2021-2023. *International Journal of Management Research and Economics*, 2(3), 286–304. <https://doi.org/10.54066/ijmre-itb.v2i3.2060>
- Salithamby, A. R., Hatta, Z. A., & Fahrudin, A. (2022). Institutionalized zakāh in addressing well-being problems in non- Muslim Majority Sri Lanka. *Journal of King Abdulaziz University: Islamic Economics*, 35(2), 42–53. <https://doi.org/10.4197/Islec.35-2.3>
- Sari, M. D., Bahari, Z., & Hamat, Z. (2013). Review on Indonesian zakah management and obstacles. *Social Sciences*, 2(2), 76–89. <https://doi.org/10.11648/j.ss.20130202.18>
- Sarif, S., Ali, N. A., & Kamri, N. 'Azzah. (2024). Zakat for generating sustainable income: An emerging mechanism of productive distribution. *Cogent Business & Management*, 11(1), 1–13. <https://doi.org/10.1080/23311975.2024.2312598>
- Sarif, S., & Kamri, N. 'Azzah. (2009). A Theoretical Discussion of Zakat For Income Generation and Its Fiqh Issues. *Jurnal Syariah*, 17(3), 457–500. <https://ejournal.um.edu.my/index.php/JS/article/view/22691>
- Sohag, K., Tanvir Mahmud, K., Ferdous, Md., & Samargandi, N. (2015). Can Zakat System Alleviate Rural Poverty in Bangladesh? A Propensity Score Matching Approach. *Journal of Poverty*, 19, 261–277. <https://doi.org/10.1080/10875549.2014.999974>
- Suriani, Nurdin, R., & Muhammad. (2020). Causality Relationship of Zakat, Income Inequality, and Poverty: A Panel Co-Integration Approach. *International*

*Journal of Economics and Business Administration*, VIII(Issue 4), 875–887.  
<https://doi.org/10.35808/ijeba/637>

*The Zakat Fund Management Bill-2023*. (2023, January 31). Bangladesh Gazette.  
<http://bdlaws.minlaw.gov.bd/upload/act/2023-02-14-14-36-05-Act--No-5-of-2023.pdf>.

Wutsqah, U. (2021). Productive Zakat for Community Empowerment: An Indonesian Context. *JOURNAL OF SHARIA ECONOMICS*, 3(1), 1–17.  
<https://doi.org/10.35896/jse.v3i1.179>

Zakat Board. (2023). *Special report*. Islamic Foundation.