

**ECONOMICS OF ZAKAT IN INDIA: AN EMPIRICAL
ANALYSIS WITH SPECIAL REFERENCE
TO KERALA**

Thesis

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For the Award of Degree of

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By

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DECLARATION

I, ROSINA PADAYAN VALAPPIL, hereby declare that this dissertation titled 'ECONOMICS OF ZAKAT IN INDIA: AN EMPIRICAL ANALYSIS WITH SPECIAL REFERENCE TO KERALA' is the outcome of my own study undertaken under the guidance of Dr. C.P Shaheed Ramzan, Professor, and Head, PG and Research Department of Economics, Government Arts and Science College Calicut. It has not previously formed the basis for the award of any degree, diploma, or certificate of this institute or any other institute or university. I have duly acknowledged all sources used by me in the preparation of this thesis. The contents of the thesis are undergone plagiarism check using iThenticate software at C.H.M.K. Library, University of Calicut, and the similarity index found within the permissible limit. I also declare that the thesis is free from AI generated contents.

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ROSINA PADAYAN VALAPPIL

ABSTRACT

Zakat, a compulsory form of charity in Islam, is an important mechanism for the redistribution of wealth and the promotion of economic balance in society. Beyond being a religious obligation, Zakat functions as a social support system that helps reduce poverty, decrease income inequality, and assist economically disadvantaged people. Islam instructs wealthy individuals to give a portion of their wealth to those who are eligible to receive it. This practice encourages mutual support among members of society and strengthens social unity. When Zakat is distributed properly through organized institutions, it can complement government welfare programmes, improve the living conditions of people, and enhance social stability. In modern economic discussions, Zakat is increasingly recognized as a system that can contribute to financial inclusion, the advancement of marginalized groups, and the development of local economies.

This study examines the economic structure of Zakat, its management, and its economic and social impacts within the Indian context, with special focus on Kerala. Although the practice of Zakat is widespread in Kerala, a large part of it is still carried out in an informal manner. The study analyses how Zakat is collected and distributed, the types of assistance provided, and the socio-economic conditions of the beneficiaries. It also examines how Zakat funds are used in important areas such as education, healthcare, housing, livelihood support, and basic living needs. To measure the changes brought about by Zakat assistance in the lives of beneficiaries, the study develops specific indices to assess both economic and social impacts. In addition, the study evaluates beneficiary satisfaction by examining their views on the adequacy of assistance, timeliness of support, fairness in distribution, and responsiveness of the services provided.

The research adopts a mixed-methods approach that combines quantitative data and qualitative insights. Four major Zakat-distributing institutions were selected based on the scale of their operations. To ensure regional representation, Kerala was divided into three zones—North, Central, and South. Data were collected from Zakat beneficiaries using structured questionnaires through a multistage random sampling method. Statistical techniques such as factor analysis, multiple regression, and path analysis were used to analyse the data.

The study assumes that Zakat distribution in Kerala mainly targets economically vulnerable groups and that assistance is largely provided based on need. It also suggests that Zakat assistance brings positive economic and social changes in the lives of beneficiaries, which in turn influence their level of satisfaction. Therefore, the study highlights the need for more organized, transparent, and effective systems for managing Zakat in order to enhance its effectiveness in India.

Keywords: *Zakat, Economics of Zakat, Socio-economic development, Beneficiary analysis, Poverty alleviation, Financial inclusion, Institutional Zakat, Wealth redistribution, Sustainable development.*

സംഗ്രഹം

ഇസ്ലാമിക വ്യവസ്ഥയിൽ നിർബന്ധദാനമായി സകാത്ത് (zakat) സമ്പത്തിന്റെ പുനർവിതരണത്തിനും, സമൂഹത്തിൽ സാമ്പത്തികസമത്വം വളർത്തുന്നതിനും സഹായിക്കുന്ന ഒരു പ്രധാന സംവിധാനമാണ്. മതപരമായ ബാധ്യതയ്ക്ക് ഉപരിയായി സകാത്ത്, ദാരിദ്ര്യം, സാമ്പത്തിക അസമത്വം എന്നിവ കുറയ്ക്കാനും, സാമ്പത്തികമായി പിന്നോക്കം നിൽക്കുന്ന ആളുകൾക്ക് സഹായം നൽകുന്ന ഒരു സാമൂഹ്യ സുരക്ഷാസംവിധാനമായും പ്രവർത്തിക്കുന്നു. സമ്പന്നരായ ആളുകൾ അവരുടെ സമ്പത്തിന്റെ ഒരു നിശ്ചിതഭാഗം അർഹരായവർക്ക് നൽകണമെന്ന് ഇസ്ലാം നിർദ്ദേശിക്കുന്നു. ഇതിലൂടെ സമൂഹത്തിൽ പരസ്പരസഹായമനോഭാവം വളരുകയും സാമൂഹിക ഐക്യം ശക്തമാവുകയും ചെയ്യുന്നു. ശരിയായ സംഘടിത സംവിധാനത്തിലൂടെ സകാത്ത് വിതരണം ചെയ്യുമ്പോൾ അത് സർക്കാർ ക്ഷേമപദ്ധതികൾക്ക് ഒരു സഹായമായി പ്രവർത്തിക്കുകയും ആളുകളുടെ ജീവിതനില മെച്ചപ്പെടുത്തുകയും, ഒപ്പം സമൂഹത്തിന്റെ സ്ഥിരത വർദ്ധിപ്പിക്കുകയും ചെയ്യുന്നു.

പാർശ്വവൽക്കരിക്കപ്പെട്ടവരുടെ ഉന്നമനം, തദ്ദേശീയവും പ്രാദേശികവുമായ സാമ്പത്തിക വികസനം, സാമ്പത്തിക ചേർത്തുപിടിക്കൽ എന്നിവ സകാത്തിന്റെ ഗുണഫലങ്ങളായി അംഗീകരിക്കപ്പെട്ടിരിക്കുന്നു.

സകാത്തിന്റെ സാമ്പത്തിക ഘടന, അതിന്റെ നടത്തിപ്പ് സമൂഹത്തിൽ അത് ഉണ്ടാക്കുന്ന സാമ്പത്തികവും സാമൂഹികവുമായ ഫലങ്ങൾ എന്നിവ ഇന്ത്യൻ സാഹചര്യത്തിൽ പ്രത്യേകിച്ച് കേരള കേന്ദ്രീകൃതമായി പരിശോധിക്കുകയാണ് ഈ പഠനം. കേരളത്തിൽ സകാത്ത് വ്യാപകമായി പ്രയോഗിക്കപ്പെടുന്നുണ്ടെങ്കിലും അതിന്റെ വലിയൊരുഭാഗം അനുപചാരിക രീതിയിലാണ് നടക്കുന്നത്. സകാത്ത് എങ്ങനെ ശേഖരിക്കപ്പെടുന്നു, എങ്ങനെ വിതരണം ചെയ്യപ്പെടുന്നു, ഏതുതരം സഹായങ്ങൾ ഗുണഭോക്താക്കൾക്ക് ലഭിക്കുന്നു, അവരുടെ സാമൂഹിക-സാമ്പത്തിക അവസ്ഥ എന്താണ്, എന്നിവയൊക്കെ ഈ പഠനം പരിശോധിക്കുന്നു. കൂടാതെ വിദ്യാഭ്യാസം, ആരോഗ്യപരിചരണം, താമസം, തൊഴിൽ സഹായം, അടിസ്ഥാന ജീവിത ആവശ്യങ്ങൾ എന്നിവയിലേക്ക് സകാത്ത് ഫണ്ടുകൾ എങ്ങനെ പ്രയോജനപ്പെടുന്നു എന്നതും ഈ പഠനം വിശകലനം ചെയ്യുന്നു.

സകാത്ത് സഹായം ഗുണഭോക്താക്കളുടെ ജീവിതത്തിൽ ഉണ്ടാക്കുന്ന സാമ്പത്തികവും സാമൂഹികവുമായ മാറ്റങ്ങൾ അളക്കുന്നതിനായി പ്രത്യേക സൂചികകൾ ഈ ഗവേഷണപഠനത്തിൽ തയ്യാറാക്കിയിട്ടുണ്ട്. ഗുണഭോക്താവിന് മതിയായ സഹായം, ശരിയായ സമയത്ത് തന്നെ ലഭിക്കുന്നുണ്ടോ, എന്നും അത് നീതിപൂർവ്വകമായി വിതരണം ചെയ്യപ്പെട്ടോ എന്നും, അതിൽ ഗുണഭോക്താവ് തൃപ്തനാണോ എന്നും വിശകലനം ചെയ്യാൻ ഈ പഠനത്തിൽ ശ്രമിക്കുന്നുണ്ട്.

വസ്തുതകൾ, കണക്കുകൾ (Data) എന്നിവയോടൊപ്പം ആശയവും വീക്ഷണവും ചേർത്തുള്ള മിശ്ര ഗവേഷണരീതിയാണ് ഈ പഠനം പുരോഗമിക്കുന്നത്. സകാത്ത് ശേഖരണ

വിതരണരംഗത്തെ നാല് സ്ഥാപനങ്ങളെ അവരുടെ പ്രവർത്തനശേഷിയുടെ അടിസ്ഥാനത്തിൽ തിരഞ്ഞെടുത്തു. പ്രാദേശിക പ്രാതിനിധ്യം ഉറപ്പാക്കുന്നതിന് കേരളത്തെ മൂന്ന് മേഖലകളായി (ഉത്തര, മധ്യ, ദക്ഷിണ) വിഭജിച്ചു. സകാത്ത് ഗുണഭോക്താക്കളിൽ നിന്ന് നേരത്തേ തയ്യാറാക്കിയ ചോദ്യാവലി ഉപയോഗിച്ച് മൾട്ടി സ്റ്റേജ് റാൻഡം സാംപ്ലിംഗ് രീതിയിലൂടെ വിവരങ്ങൾ (Data) ശേഖരിച്ചു. Factor Analysis, Multiple Regression path analysis എന്നീ സ്ഥിതിവിവര കണക്ക് സങ്കേതങ്ങൾ വിശകലനത്തിന് ഉപയോഗിച്ചിട്ടുണ്ട്.

കേരളത്തിലെ സകാത്ത് വിതരണം പ്രധാനമായും സാമ്പത്തികമായി പിന്നോക്കം നിൽക്കുന്ന ആളുകളെ ലക്ഷ്യമിടുന്നതാണെന്നും സഹായങ്ങൾ ആവശ്യകതയെ അടിസ്ഥാനമാക്കിയുള്ളതാണെന്നും പഠനം കരുതുന്നു. കൂടാതെ സകാത്ത് സഹായം ഗുണഭോക്താക്കളുടെ സാമ്പത്തികവും സാമൂഹികവുമായ നിലയിൽ മാറ്റങ്ങൾ ഉണ്ടാക്കുന്നതായും അവരുടെ ജീവിതം കൂടുതൽ സംതൃപ്തമാവുന്നതായും മനസ്സിലാക്കുന്നു. അതിനാൽ കൂടുതൽ സംഘടിതവും സുതാര്യവും കാര്യക്ഷമവുമായ സംവിധാനത്തിലൂടെ ഇന്ത്യയിൽ സകാത്ത് വിതരണം ഫലപ്രദമായി നടപ്പാക്കാനാവുമെന്ന് ഈ പഠനം മനസ്സിലാക്കുന്നു.

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LIST OF ABBREVIATION

2-SLS	Two-Stage Least Squares
ADP	Annual Development Plan
AMOS	Analysis of Moment Structures
AMP	Association of Muslim Professional
ANOVA	Analysis of Variance
ARDL	Autoregressive Distributed Lag
AVE	Average Variance Extracted
BAZNAS	Badan Amil Zakat Nationals
BIBD	Bank Islam Brunei Darussalam
BMTs	Baitul Maal wat Tamwil
BNDI	Basic Needs Deficiency Index
C	Consumption
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
CI	Confidence Interval
CMIN/DF	Chi-square/degrees of freedom ratio
CR	Composite Reliability
CSR	Corporate Social Responsibility
CZM	Central Zakat Management
D	Demand
DBT	Direct Benefit Transfer
ECM	Error Correction Model
EFA	Exploratory Factor Analysis
EIZ	Economic Impact of Zakat
GDP	Gross Domestic Production
GMM	Generalized Method of Moments

HDI	Human Development Index
HFRC	Hyderabad Flood Relief Coalition
I	Investment
IBBL	Islamic Bank Bangladesh Limited
ICIF	Indian Centre of Islamic Finance
IDR	Indian Depository Receipts
IRDP	Integrated Rural Development Programme
K	Multiplier
KMO	Kaiser-Meyer-Olkin
KS	Kolmogorov-Smirnov
LFPR	Labour Force Participation Rate
LZS	Lembaga Zakat Selangor
MAIWP	Majlis Agama Islam Wilayah Persekutuan
MDGs	Millennium Development Goals
MESCO	Modern Educational Social and Cultural Organisation
MFI	Micro Finance Institution
ML	Maximum Likelihood
MNREG	Mahatma Gandhi Rural Employment Guarantee Act
MPC	Marginal Propensity to Consume
MSMEs	Micro, Small and Medium Enterprises
N	National Income
NGO	Non-Governmental Organizations
NRI	Non-Resident Indian
NRLM	National Rural Livelihood Mission
NSSO	National Sample Survey Organization
NZF UK	National Zakat Foundation (United Kingdom)
NZI	National Zakat Index
OLS	Ordinary Least Squares
P	Percentile

P	Price
PCA	Principal Component Analysis
PLS-SEM	Partial Least Squares-Structural Equation Modelling
PPE	Personal Protective Equipment
PRSPs	Poverty Reduction Strategy Papers
Q	Quantity of goods and services
RMSEA	Root Mean Square Error of Approximation
RREB	Regional Revenue and Expenditure Budget
S	Supply
SANZAF	South African National Zakah Fund
SC	Scheduled Cast
SD	Standard Deviation
SDGs	Sustainable Development Goals
SE	Standard Error
SEED	SANZAF Education, Empowerment and Development Programme
SEM	Structural Equation Model
SGRY	Sampoorna Gramin Rozgar Yojana
SIZ	Social Impact of Zakat
SLS	Semiparametric Least Squares
SPSS	Statistical Package for the Social Sciences
SRMR	Standardized Root Mean Residual
ST	Scheduled Tribes
TAIB	Tabung Amanah Islam Brunei
TSEWCT	he Safa Educational Welfare and Charitable Trust
UK	United Kingdom
UNDP	United Nations Development Programme
USA	United States of America
VIF	Variance Inflation Factor
WZF	World Zakat Forum

Y	Income
Z	Zakat
ZBS	Zakat Beneficiary Satisfaction
ZBSI	Zakat Beneficiary Satisfaction Index
ZCD	Zakat Community Development
ZCI	Zakat Centre India
ZFI	Zakat Foundation of India
ZI	Zakat Institutions
ZII	Zakat Impact Index
ZIS	Zakat Impact Score
χ^2	Chi-Square

CHAPTER I

INTRODUCTION

- 1.1 Introduction
- 1.2 Significance of the Study
- 1.3 Statement of the Problem
- 1.4 Scope of the Study
- 1.5 Research Questions
- 1.6 Objectives of the Study
- 1.7 Hypothesis of the Study
- 1.8 Methodology of the Study
- 1.9 Limitations of the Study
- 1.10 Chapter Layout

1.1 Introduction

Economic inequality, deprivation, unemployment, poverty, have been the center of socio-economic problems, for time immemorial, and research and studies have been done to tackle these issues. Plans, policies, and programs have been formed and implemented and efforts are made to reduce the gravity of these socio-economic issues. Various economic systems, ideas, and philosophies put forward different concerns and measures towards the elimination of economic deprivation and inequality. While, the socialistic system suggests the central planning structure and methods to create an equitable resource distribution, the capitalist system focuses on the market drives to create and maintain an uneven socio-economic structure. The impact of different economic philosophies, ideas, policy, and programs are evident in the concern economic societies. Along with these, there are religious instructions and regulations to ease the economic situation to bring communal harmony and ensure social well-being, which are implemented and practiced throughout the societies.

In addition to the socialist and capitalist economies, there are religious philosophies, ideas, and programs that present an alternative economic system to address the current socio-economic problems. One of the key objectives of the religious system is to establish an economy that is based on economic equity and social justice.

Islam, a profound religion with enduring influence on India across centuries, exemplifies principles of humility and social engagement to a degree unparalleled by other faiths. The etymology of Islam, denoting 'submission,' underscores its foundational concept of selfless service. Among the five fundamental duties mandated for every Muslim—comprising prayers, Friday prayer (juma), fasting, and pilgrimage—the final obligation is zakat, signifying charity, emphasizing the imperative to provide alms to the indigent and destitute.

Within the framework of Islamic economics, the nexus between economic growth and factors such as the augmentation of goods and services, moral dimensions, and the equilibrium between temporal and hereafter aspirations is emphasized. The optimal realization of welfare and economic advancement, leading to equitable outcomes, hinges on the adherence to Islamic economic principles that ensure the fulfilment of the basic needs of every citizen. The Islamic financial system upholds an egalitarian.

India being a mixed economy where very particular about adopting a socialistic pattern and reducing poverty, inequality, unemployment, deprivation. Throughout the five-year plan, it has been planned and executed different programs to tackle these social evils. Even after 75 years of independence, on planning and programs, these issues continue major concerns of rulers and planners. All these prove that economic inequality, deprivation, poverty, are multi-dimensional socio-economic offspring, which cannot be wiped out in a single measure.

In these circumstances we could see an amazing economic redistribution system presented by Islam, which guarantees social justice and equity in the redistribution of income in which, which takes a certain portion of the income of haves and gives to have not's depending on their requirements, productivity, and socio-economic conditions. This system is known as 'Zakat' is one of the five pillars of Islam and it is mandatory for every Muslim the due a share of zakat on their income every year.

Inequality constitutes a pressing concern that pervades societies globally, and its salience has burgeoned in recent times. In the Asian region, South Asia being one of its subsets, there has been a remarkably increasing trend in income and consumption inequality in the light of its booming economic development. This is best exemplified in India that has been the most successful economy in the region whose population is in excess of one billion. India struggles with complex inequalities, including income inequalities, healthcare, education and other aspects of human development, and compounded by differences between rural and urban areas, among different states and different levels of the population.

These economic inequalities are interwoven into sociological forces and further increase the complexity of inequalities in the Indian socio-economic system. Integral to the discourse are pivotal initiatives such as land reforms and the redistribution of agricultural holdings, efforts to curtail monopolies and restrictive trade practices, implementation of social security measures, the Minimum Need Program, taxation policies, fiscal strategies, and targeted programs for the amelioration of conditions afflicting the rural poor. Furthermore, endeavours encompassing the augmentation of minimum wages and analogous measures collectively address the manifold dimensions of inequality within the Indian milieu (plan, 2006).

Zakat emerges as a pivotal instrument with the potential to enhance individual well-being and foster broader economic development within society. Its paramount role in poverty

alleviation initiatives and social security schemes underscores its significance. This assertion finds empirical support upon scrutinizing the operations of diverse Zakat management agencies operating globally (M, 1999).

An Overview of Zakat Management System

According to the Global Islamic Finance Report, societies worldwide receive an annual influx of over \$1.5 trillion in zakat. Approximately 22% of the global population adheres to the Muslim faith, prompting the implementation of diverse strategies for organized zakat management across both Muslim-majority and Muslim minority countries. While zakat is mandatory in merely six out of the 58 Muslim nations, autonomous agencies and non-governmental organizations (NGOs) are entrusted with zakat management in other countries with Muslim minorities. Organized zakat management systems exhibit operational effectiveness across all continents, excluding Antarctica.

In regions, regions beyond the Arab Muslim countries, zakat institutions actively operate in diverse locales, including Europe, North and South American countries, Africa, and Asian countries. Notable entities such as BAZNAZ in Indonesia, SANZAF in South Africa, the International Zakath Organization in Malaysia, NZF UK, ZFA, Islamic Relief Worldwide, Islamic Aid, Muslim Aid, UK Islamic Mission, Islamic Relief Australia, Muslim Charity Singapore, Zakath France, Baithuzzakath Kuwait, Qatar Charity, among others, assume pivotal roles as significant zakat agencies in their respective countries.

Zakat, which is one of the Five Pillars of Islam, is collected and administered differently in different countries depending on the legal, institutional, and religious environment of each country. In most nations with a majority Muslim population, the collection and distribution of zakat was carried out by the state, often through economic, welfare, or other government ministries. E.g., zakat is a legal duty of Muslim citizens in Saudi Arabia and is collected and distributed by the government for various social welfare and development projects. Malaysia has a decentralized yet structured zakat system where it is collected, managed and implemented by its Islamic religious councils in the State where funds are channelled to uplift the social and economic levels of the society. Pakistan compels zakat after deducting it directly from bank accounts when they exceed a minimum amount the amount can then be distributed through government welfare programs.

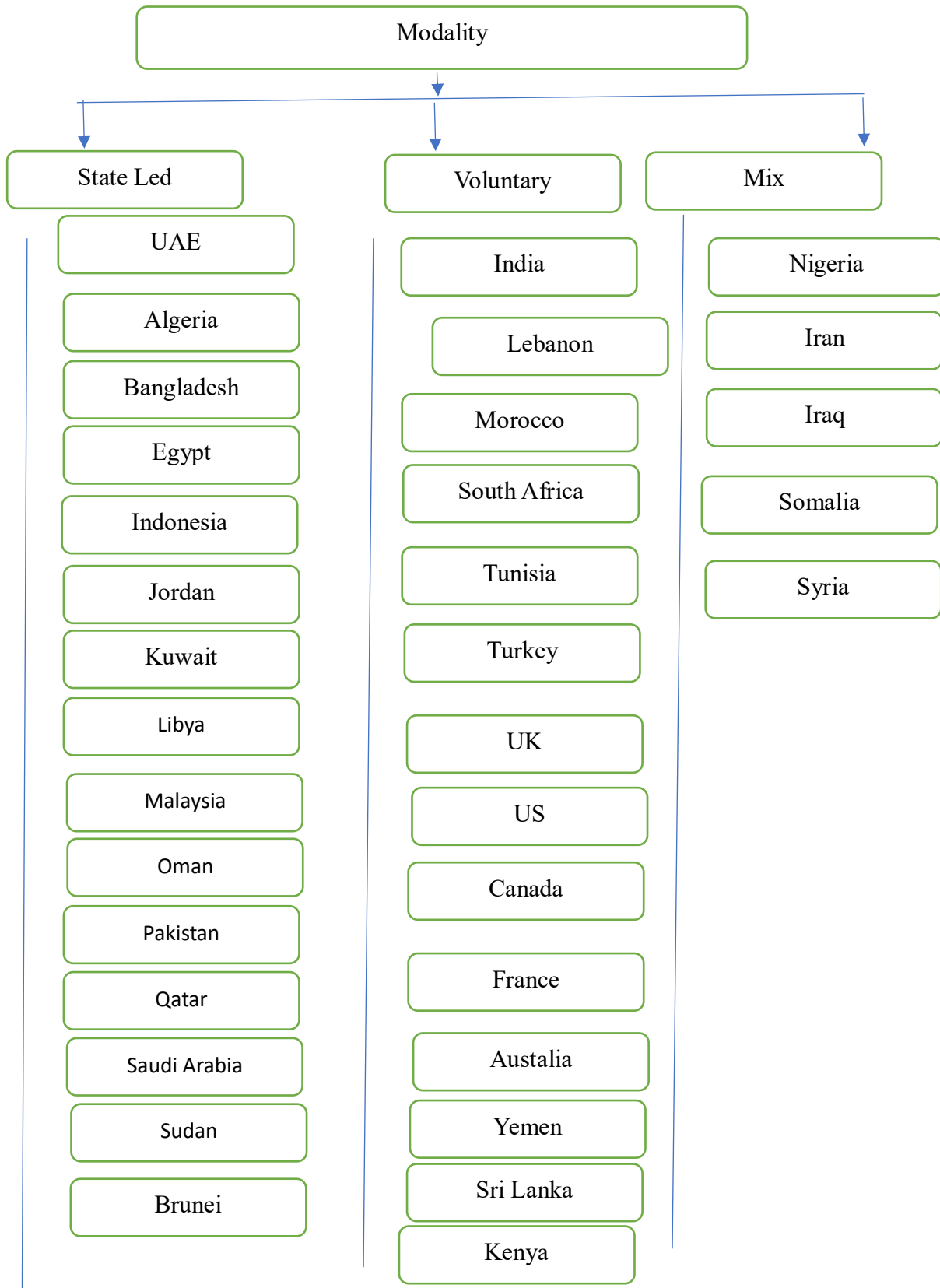
In Indonesia, the National Zakat Management Institute (BAZNAS) and certain certified institutions facilitate the collection and distribution of zakat with special attention to poverty alleviation and education. In Kuwait, zakat is administered by the Zakat House, a government organization that allocates devoutly Muslims contributions to social and charitable projects. Sudan also possesses a state-based zakat system which funds much of the country's social infrastructure (health, education and poverty programs). In the United Arab Emirates, the government manages zakat through the Zakat Fund covering such social expenditure categories as education, health and social assistance. Due to their zakat system, Libyan citizens are required to spread their wealth across the nation as their government prevents extreme poverty.

On the other hand, a number of Muslim-majority countries have implemented a voluntary or private sectorized zakat system. In Egypt, zakat is not state-imposed but collected and distributed by private entities, such as Al-Azhar. Turkey, Bangladesh, and Morocco similarly adopt a voluntary model in which a mix of NGOs, and Islamic Charities manage the collection and disbursement of zakat. Lebanon and Jordan's zakat, for example, are managed by religious bodies and non-governmental organizations, although there is an official Zakat Fund in Jordan that the state helps collect, but doesn't require by law.

Remarkably, structured zakat administration exists in a few countries outside the Muslim world, mostly sponsored by Islamic charities and local organizations. In South Africa, the South African National Zakah Fund SANZAF is significant in zakat collection and distribution among Muslims. In the United Kingdom, there are also institutions like the National Zakat Foundation NZF, which manages zakat on a welfare basis. Active Islamic Organizations, the Canadian Zakat Foundation and Islamic Relief USA, manage zakat within Canada and the United States respectively. Unlike many countries, India has no official zakat system, however, there is significant zakat mobilization through private initiatives like the Zakat Foundation of India.

Figure 1.1

Modality of Zakat collection, by country



Source: Researcher own elaboration based on the literature review

Table 1.1*Zakat Law and Administration in Selected Countries*

Country	Date of Zakat Law Promulgation	Controlling Forum	Assessment and Collection	Disbursement
Saudi Arabia	07 April 1951	Social Security Foundation	Individuals and companies obliged to pay half of their zakat liability on certain assets.	Disbursed by the Social Security Foundation to specified categories of beneficiaries.
Libya	28 October 1971	Social Security General Secretariat	Compulsory on silver, gold, pasturing animals, and agricultural produce.	Destitute and needy receive 50% and 10% respectively.
Jordan	11 January 1978	Board of Directors of Zakat Fund	Voluntary payments to the zakat fund.	Distributed to poor, needy, and administrators; expenses must not exceed 10%.
Bahrain	18 March 1979	Zakat Fund Board headed by Government Minister	Voluntary payments to the zakat fund.	Disbursed to the poor.
Pakistan	20 June 1980	Central Zakat Council headed by a Supreme Court judge	Partly compulsory; zakat to central fund, Ushr to local fund.	Disbursed by local zakat committees or beneficiary-serving institutions.
Sudan	26 September 1984	Dewan headed by the President of Sudan	Compulsory.	Managed by a Supreme National Body.
Malaysia	1980	Zakat Fund headed by Mufti of Kuala Lumpur	Voluntary.	Distributed among all eight eligible beneficiary categories (asnaf).
Kuwait	16 January 1982	Zakat Fund Board headed by Government Minister	Voluntary.	Distributed among all eight asnaf categories.
Bangladesh	1982	Zakat Board headed by an Aalim	Voluntary.	50% used locally, 50% into a central fund; distribution supervised by district committee.
Lebanon	23 February 1984	Zakat Fund headed by Mufti of Beirut	Voluntary.	Disbursed based on Shariah principles.
South Africa	—	Private Islamic Organizations (e.g., SANZAF)	Voluntary; managed by NGOs, not by the government.	Targeted disbursement to poor, students, orphans, and welfare programs.
Indonesia	—	BAZNAS (National Zakat Board) and registered private bodies	Regulated by law; zakat collected by BAZNAS and authorized private institutions.	Distributed to asnaf categories, focused on poverty alleviation, health, and education.

Source: Kahf, M. (1999). *The performance of the institution of zakat in theory and practice*. In IRTI (Ed.), *Management of Zakah in Modern Muslim Society* (pp. 143–162).

Islamic Research and Training Institute.

The analytic use of Zakat by Centre for Zakat Management (CZM) in Bangladesh has been credited with its powerful impact on accelerating poverty reduction and socio-economic development. The Zakat money was used to implement structured programme such as Jeebika which encouraged income generating activities whereby some recipients became Zakat payer in just three years as it was seen in Manikganj district. CZM does not just focus on projects, they also think of giving back to the community through its Genius Scholarship Program too which is aimed at assisting those intelligent and ambitious students with financial requirements who wish to succeed besides becoming leaders. The Ferdousi Program also takes charge of women's health and empowerment by providing thousands of women and children with medical needs and health education every year. Unlike the conventional microcredit models, CZM's model is an interest-free, Islamic-based tool for financial inclusion and empowering the inclusive poor by utilizing the phenomenon as addressed in the Islamic principles, and designed to empower rather than in debt, thereby providing a sustainable and ethical framework for socio-economic upliftment (Osmani et al., 2014).

Paulina et al., (2023) examined the role of zakat in influencing economic growth in both Indonesia and Malaysia. In Indonesia, zakat has emerged as a pivotal instrument for promoting socio-economic development, particularly during times of economic stress such as the COVID-19 pandemic. The Indonesian Ulema Council (MUI) issued a fatwa enabling the distribution of zakat funds to address the health and economic impacts of the crisis. Zakat was allocated across three main sectors: economic (supporting MSMEs and empowering newly affected mustahik), education and social (COVID-19 awareness and social assistance), and health (procurement of PPE, handwashing facilities, and disinfectant spraying in high-risk areas). With Indonesia being home to the world's largest Muslim population—over 86% of its 270 million people—the potential zakat pool is immense. In 2020, the potential zakat collection was estimated at IDR 327.6 trillion, equivalent to approximately 1.72% of the nation's GDP. Empirical evidence using a dynamic panel data model and the Generalized Method of Moments (GMM) shows that zakat distribution has a statistically significant positive effect on economic growth in Indonesia. This impact is realized through increased consumption by the poor, investments in grassroots businesses, and a reduction in income inequality. Zakat not only functions as a poverty alleviation tool but also stimulates economic activity by enhancing

aggregate demand, thereby confirming the growth-led zakat hypothesis where zakat follows and reinforces economic development.

The zakat system in Malaysia is institutionalised and managed through the state-level Islamic Religious Councils, which provides a structured and legally-based framework. The best Zakat base makes up 66% of the population in Malaysia which is Muslims. State-specific modus operandi enables each province to administer how zakat is gathered and distributed. For instance, in the COVID-19 pandemic, poorer states, such as Sabah, donated a larger percentage of their zakat collection (20.21%) to pandemic relief efforts compared tables to wealthier states such as Selangor, but this percentage represents 2.90% of the total zakat collection. The use of Zakat in Malaysia aims at mitigating poverty, improving social welfare, and funding small enterprises of businesses. Researchers indicate that zakat encourages economic inclusion through consumption finance and micro-finance investments particularly among the people who lack access to formal financial networks. Empirical evidence shows that there is positive impact of zakat on economic growth of Malaysia even though the impact is modest (with effect size not more than 0.0933). It boosts the buying capabilities of the poor; it promotes entrepreneurship and also provides revenues to the government. It is worthwhile to note that zakat is regarded as a religious taxation measure that exerts redistribution of wealth, causes inequality and boosts aggregate demand. The systematic and open nature of the system in Malaysia has made the system of zakat very effective to reduce poverty in the countries short-term as well as building capacity in the long-run in the country.

The South Africa zakat system is well handled in South Africa through the South African National Zakah Fund (SANZAF), a professionally run and Shari complied organization, and includes relief and developmental purposes in its services. SANZAF does not only alleviate the immediate need of the needy through food, education, shelter, etc., but they also empower the needy by educating the beneficiaries through their SEED (SANZAF Education, Empowerment and Development) programme, which aims at educating, training them in different occupations, and uplifting the community so that they can come out of the pit of poverty. Among the advanced technology used by the organization is the My Zakat across platforms which includes the organization app and e-wallet tools to facilitate the calculation, collecting, and distribution of zakat particularly in the cases of the crises such as COVID 19 pandemic. This transparency and capacity building has made it gain international recognition including being awarded awards in governance. It is this

holistic approach adopted by SANZAF that makes the use of zakat not to be perceived merely as a charitable act; rather it is a strategic instrument in the sustainable economic development and financial self-reliance in South Africa (SFIRE, 2021).

Zakat: A Socio-Economic Perspective

The third pillar of Islam is Zakat, which is a mandatory system of wealth sharing that is meant to decrease the economic inequalities and promote social justice. It is not just a religious practice, it is an overall socio-economic institution that has potential of transforming poverty, inequality and economic exclusion.

Zakat has various dimensions in terms of socio-economic perspective. In the macro level, it is important in the re-distribution of wealth and improvement of the aggregate demand. The wealth redistribution of high-income earners to the low-income earners enhances the consumption propensity, hence, causing consumption to rise, leading to an increase in the economic activities (Ahmed and Habib, 2004). On the micro level, Zakat supports the poor and the vulnerable by addressing their short-term needs of food, shelter, and healthcare and empowering them long-term, through education and support of entrepreneurship (Shirazi and Nasim, 2014). In such a way, Zakat not just decreases the level of poverty, but promotes sustainable development and self-sufficiency.

Contemporary definitions of Zakat make it one of the tools of social policy. Empirical studies of different countries with a majority of Muslims show that organized Zakat management can play a great role in the reduction of poverty. To give an example, effective initiatives of combining financial assistance with development programs have been applied in institutions such as Federal Territories Islamic Religious Council (MAIWP) and Selangor Zakat Board (LZS) in Malaysia. These are the business capital support, vocational training and educational scholarships (Wahab, Rahim Abdul Rahman, and Abdul, 2011). Likewise, in Indonesia, Baznas (the National Zakat Board) incorporates Zakat collection and economic empowerment programs, which prove that Zakat can be used to transform beneficiaries into productive individuals instead of mere dependents (Ascarya & Yumanita, 2020).

Furthermore, Zakat helps in alleviating the income inequality that is one of the biggest socio-economic issues in both developed and developing nations. Redistributive policies including the Zakat can also be used to reduce the Gini coefficient (a measure of income inequality) in cases where it is sent to the intended second (Ismail, Abdul, and Possumah,

2013). Unlike secular redistribution based on taxes, Zakat is based on faith-based voluntary compliance, which would lead to a greater sense of moral responsibility and community spirit.

In Indian culture especially in Kerala, Zakat is usually given orally by individuals or by a local mosque or a charitable trust. Although these practices are good in terms of responsiveness at the community level, they might not be systematic in terms of targeting and monitoring. This highlights the importance of a more structured and transparent Zakat management system which can be in- tandem with socio-economic planning and policy interventions. Since Kerala has a special socio-religious demographic, economic diversity, and a large number of NRI people, an organized system of Zakat can contribute to the effectiveness of philanthropy through the combination of relief with development-based assistance.

Purpose of zakat

The Zakat main idea is to reduce the poverty and vulnerability of the poor and marginalized hence social equilibrium. It goes binding on those with a certain minimum amount of wealth such as gold, silver and other valuables. In essence, Zakat can be used as a means of economic redistribution, whereby in order to avoid accumulation of wealth in one group, there is a need to transfer wealth of the rich to the poor. This is an instrument that operates with basic challenges in the society such as poverty, inequality and exclusion. The purpose of Zakat is two-fold; it is cost effective and ethical. It is also economically critical because it assists in purification of wealth and economic equilibrium by redistributing excessive wealth to the poor in need to avert socioeconomic inequalities and advance the concepts of distributive justice. Zakat is ethically cultivating the quality of moral responsibility in the wealthy, and fostering those virtues of generosity, compassion and social solidarity. It renders the individual less greedy, more united and caring of the other. As such, Zakat is not a financial obligation; rather it represents a comprehensive kind of social organisation, and this binds the community, and the origins of social justice even more.

1.2 Significance of the Study

The arguments on other forms of social finance become of critical importance in contemporary India where the issue of economic inequality and social exclusion is a challenge as far as inclusive growth is concerned. A unique, faith based, system of wealth

redistribution, Zakat, a mandatory system of almsgiving in Islamic economics, is grossly comitant with the aims of poverty reduction, social justice and economic equity. Although Zakat is an ancient tradition, its possible potential as an organized tool to the sustainable economic development and social wellbeing is not studied within the frames of the Indian context, both in terms of the mainstream policy and in terms of scholarly literature.

This state is a good state to study the economic impacts of Zakat given that there is a large Muslim population in the state of Kerala and a well-developed culture of giving that is Zakat. Another characteristic peculiar to the state is the progressive social indicators, high level of literacy, and active civil society. In this regard Zakat has adopted institutional and informal aspects in its operation as a provider of critical support to the disadvantaged sections. However, the disintegrations of the systems of gathering and sharing Zakat trigger severe concerns about its usefulness, openness, and socio-economic implications in the long-term.

Relevancy is assumed in the given work since it attempts to bridge the gap that exists between the theology of Zakat and its economic implications in the present Indian context. The region-specific dynamics (the community involvement, institutional models, and beneficiary outcomes) can be highlighted with the help of the case study of Kerala. It also illuminates the importance of Zakat in the financial inclusion, livelihood and social protection, particularly to the marginalized. In the latter manner, the study provides empirical information that can be used to change policy by introducing reforms aimed at integrating Zakat into the broader development planning.

Moreover, there is no official system of zakat regulation in India and the research indicates that there is the necessity to institutionalize innovations and governance in the zakat sector. It looks at mobilizing and deploying community-based organizations and religious institutions and NGOs to utilize zakat funds thereby contributing to the argument of faith-based development models.

The other notable aspect of this research is that it may imply impact on the policy-religion-economics-social welfare nexus. Knowledge in the economics of zakat can help provide some useful information on how localised charity and social finance systems can be used to complement state-based welfare programmes, in a pluralistic society like India where poverty reduction is a major issue of concern. The research does not only contribute value to the Islamic economic literature in valuing socio-economic impacts of zakat in

Kerala, but also offer realistic recommendations to improve the governance of zakat, to maximise their developmental impacts, and inclusive development.

1.3 Statement of the Problem

Zakat is one of the significant pillars in the Islamic religion and is also an important economic tool that is supposed to contribute to reducing poverty, social injustice and also aim to create equal distribution of wealth. Zakat can be developed to a great extent in a country such as India where a significant percentage of the population still lives with economic deprivation and alienation by society. Despite the religious and moral role of Zakat, its management and how it is impacted in India is a disorganized and under studied topic.

Zakat has been practiced actively in Kerala, by means of several mosque-based committees and Islamic charitable groups. The system is however, more informal and there are no standardized processes in collection, categorization, prioritization and distribution. Consequently, this leads to drastic differences in the forms of Zakat support which include food, medical aid, education support, housing and livelihood support without much of a structure on how need and effects are measured.

Lack of an organized system of prioritization of beneficiaries usually results in unequal or unproductive allocation of resources. In addition, although Zakat is designed to improve the socio-economic status of the poor, little empirical evidence exists about its true effect on the livelihoods, well-being and economic stability of beneficiaries in Kerala. The satisfaction of beneficiaries with the sufficiency, topicality and topicality of help also remains mostly unrecorded.

Here, the systematic research on the economics of Zakat includes the practices of management, beneficiary selection, disbursement and use of Zakat etc. This paper fills these gaps of critical concern by examining how Zakat is organised and distributed in Kerala and the impact of it on the socio-economic status and satisfaction levels of the beneficiaries. The outcomes are expected to make the Zakat system more efficient and responsible and thereby play a supplementary role in the state welfare programs.

1.4 Scope of the Study

The sample of six districts of Kerala, Thiruvananthapuram, Alappuzha, Thrissur, Palakkad, Malappuram, and Kasaragod were chosen to represent the southern, central, and northern parts of the state to have a wide-ranging sample.

The main aim of the research is to get an idea about Zakat administration system in India and particularly in Kerala and to analyze the influence of Zakat allocation on the socio-economic status of the beneficiaries. The study focuses on different types of Zakat committees, including those run by mosques and charitable organizations, to explore variations in management practices. It also looks at the profiles of Zakat beneficiaries, the types of assistance they receive, and their level of satisfaction. By using a structured sampling method and collecting data from diverse locations, the study aims to provide a clear picture of the current state of Zakat management and its role in promoting social welfare and economic support in Kerala.

1.5 Research Questions

Based on the comprehensive literature review presented in Chapter Two, a significant research gap has been identified in the domain of Zakat studies. Notably, the management and operational mechanisms of Zakat in secular contexts, particularly in India, remain largely underexplored. Furthermore, there is a noticeable lack of in-depth empirical investigations into the socio-economic characteristics of Zakat beneficiaries and the tangible impact of Zakat on their livelihoods. In light of these gaps, the present study seeks to address the following research questions:

1. What are the organizational structures and mechanisms through which Zakat is collected and distributed in different parts of India?
2. What are the key demographic and economic features (age, education, occupation, income) of Zakat beneficiaries in Kerala?
3. What is the pattern of Zakat disbursement in terms of sectors (e.g., education, health, livelihood) and amount allocated?
4. What impact does Zakat assistance have on the welfare and social upliftment of its beneficiaries in Kerala?
5. How satisfied are the beneficiaries with the adequacy, timeliness, and relevance of Zakat support they receive?

1.6 Objectives of the Study

1. To study the nature, pattern, and trend of zakat management practices in India.
2. To assess the socio-economic characteristics of Zakat beneficiaries in Kerala.
3. To examine the types, patterns, and prioritisation of Zakat assistance received by beneficiaries in Kerala.
4. To analyse the welfare effects, social upliftment and satisfaction of Zakat on Beneficiaries in Kerala.

1.7 Hypothesis of the Study

H₁: Zakat beneficiaries in Kerala predominantly consist of women, working-age adults, Muslims, individuals with low educational attainment, and persons who are unemployed or engaged in unstable, low-income occupations.

H₂: Most Zakat beneficiaries in Kerala belong to economically vulnerable households characterised by low monthly incomes, high dependency ratios, a limited number of earners, and moderate levels of income inequality.

H₃: Zakat assistance in Kerala is more frequently allocated to address specific and immediate needs, such as ration and skill support, rather than through comprehensive or multidimensional support packages.

H₄: The patterns of Zakat assistance received by beneficiaries vary across different socio-demographic and economic characteristics, particularly by age, marital status, educational level, employment status, and income.

H₅: Beneficiaries prioritise immediate economic and housing-related support (income generation and housing assistance) over other assistance types such as education, healthcare, and food security.

H₆: Zakat beneficiaries in Kerala perceive the lack of awareness about Zakat programmes and insufficient information on available services as greater barriers to access compared to limited accessibility to Zakat centres and procedural difficulties in the application process.

H₇: Beneficiaries perceive a high degree of both economic and social impact from Zakat assistance, with the economic impact perceived as more substantial than the social impact.

H₈: The perceived impact of Zakat assistance is influenced by factors such as age, employment status, marital status, household size, and the type of Zakat assistance

received, but not by gender, income level, education, religious affiliation, or the number of Zakat items received

H₉: Zakat beneficiaries in Kerala perceive a high level of satisfaction across various dimensions of service delivery.

H₁₀: Beneficiary satisfaction varies across demographic characteristics such as age, education, and marital status.

H₁₁: Satisfaction with Zakat services is influenced by variables including employment status, age, educational attainment, the receipt of income-generating Zakat, and the proportion of earning members in the household, with the perceived impact of Zakat acting as a mediator.

1.8 Methodology of the Study

The study is carried out by using both primary and secondary data. It employed a combination of qualitative and quantitative methods. Primary data is collected by employing focus group discussions and utilizing a semi-structured interview schedule. The data are collected and analysed both on institutions and beneficiaries.

Research Design

The study uses a descriptive and analytical study aimed at understanding the organizational structure of Zakat institutions, the types of assistance provided, prioritization criteria, and the socio-economic outcomes for beneficiaries. The study also seeks to evaluate the satisfaction levels of Zakat recipients and assess the efficiency and effectiveness of existing Zakat mechanisms.

Sampling Design

In order to ensure that we represent and cover the various parts of Kerala we adopted a multi-stage random sampling technique. Sampling design was established to help to capture geographic, cultural and institutional variations in Zakat allocation and its impacts.

Population and sampling framework

The study target population consists of households who have benefitted through Zakat assistance of structured Zakat committees in Kerala. The sampling frame is made up of registered village or ward level Zakat committees. These committees provided lists of

beneficiaries. Only those households, who obtained Zakat attention during the past two years, could have qualified as the respondents.

Sample Size determination

In quantitative research, it is important to determine a suitable sample size in order to achieve statistical rigour, reliability, and representation of results. The target population, in this research, is that of Zakat beneficiaries in the state of Kerala, India. Cochran (1977) formula on the determination of sample size. This approach is commonly known to be applicable in large or undefined populations and this is good in the current research. The formula is expressed as:

$$n = \left(\frac{Z \times s}{E} \right)^2$$

Where:

- n represents the required sample size,
- Z is the critical value from the normal distribution (1.96 for a 95% confidence level),
- s is the estimated standard deviation of the key variable—Zakat Impact Index (ZII) in this study, and
- E is the margin of error, representing the maximum acceptable deviation from the true population mean.

To determine the standard deviation (s) of the most important dependent variable (ZII), a pilot study was carried out on 120 Zakat beneficiaries. According to the pilot information, the standard deviation of the ZII was determined to be 11.22. The precision desired (E) was established at 1.10 the figure indicating that the researcher wanted to attain high level of measurement accuracy.

Replacing these values into the formula of Cochran, the size of the sample has been derived as follows:

$$n = \left(\frac{1.96 \times 11.22}{1.10} \right)^2 = \left(\frac{21.99}{1.10} \right)^2 = (19.99)^2 \approx 400$$

Therefore, a sample size of about 400 respondents was decided that would be required to get the required precision of 95 percent confidence. Thus, a total number of 400 Zakat

beneficiaries were chosen to take part in the main survey, which guarantees statistical and practical sufficiency in data gathering.

To understand the Zakat management system in India, three prominent Zakat agencies operating at the national level and one from state level were selected.

Stages of sampling

For the purpose of this study, a systematic six-stage process was undertaken to ensure the respondents were both regionally and socio-economically representative. The state of Kerala was first categorized into three geographical areas to cover the whole state in a balanced manner-south, central, and north. Two districts were randomly selected from each zone at the second stage, from the South, these were Thiruvananthapuram and Alappuzha; from the Central zone, these were Thrissur and Palakkad; and from the North, these were Malappuram and Kasaragod. The third stage involved the selection of one Taluk from each district; this selection was made based on the ease of access and the Zakat distribution activities that were most organized. During the fourth stage, Taliks were selected through one village/urban ward each. Only those regions, in which there were more than two Zakat committees, received special attention to make a comparative analysis. At the fifth stage, then two Zakat committees of each village or ward were chosen. Variation in management structures may be in the form of a mosque-affiliated Zakat committee (1) and a local Islamic charity organization, Islamic trust, or a similar entity-affiliated Zakat committee (2). After that the final step in this process was to identify beneficiaries by selecting a Proportionate sampling method out of the lists submitted by each Zakat committee. This stratified sampling design enabled a complete and representative study on Zakat behaviour and impacts in a diversity of contexts in Kerala.

Table 1.2*Sampling and Proportional Allocation of Respondents to stages across Zakat Committees.*

District	Taluk	Village/Urban	Zakat Committee	Number of Respondents
Thiruvananthapuram	Varkkala	Madavoor	Njarayilkonam Zakat Committee (2)	27
			Madavoor Zakat Cell (1)	44
Alappuzha	Cherthala	Aroor	Alappuzha Baithuzzakath (2)	40
			Masjidul Badariyya (1)	36
Trissur	Trissur	Trissur	Trissur Zakat Foundation (2)	31
			Town Juma Masjid (1)	29
Palakkad	Alathoor	Alathoor	Ishathul Islam Zakat Cell (2)	27
			Makka Masjid (1)	24
Malappuram	Perinthalmanna	Koottilangadi	Shanthapuram Zakat Committee (2)	33
			Koottilangadi (1)	38
Kasargod	Kasargod	Chemnad	Chemnad Zakat Cell (2)	36
			Melparamba Zakat Committee (1)	35
Total				400

Source: Developed by the Researcher

Tools Used for Analysis

In this research, various statistical and analytic methods were used in the processing and interpretation of data obtained and making meaningful conclusions based on the information. The tools were selected based on the nature of the data and the objectives of the research. They are grouped into six major categories:

A. Descriptive Statistical Tools

- Frequencies, Percentages, Mean, Median, Standard Deviation
- Skewness (to assess asymmetry of data distribution)
- Kurtosis (to measure the peakedness or flatness of distribution)
- Lorenz Curve and Gini Coefficient (to measure income inequality)
- Diagrammatic Representations:
 - Bar Diagram
 - Pie Diagram
 - Box Plot
 - Scree Plot

B. Inferential Statistical Tests

- i. Normality Test: Kolmogorov-Smirnov Test
- ii. Parametric Tests:
 - ❖ One-Sample t-Test
 - ❖ Independent Samples t-Test
 - ❖ One-Way ANOVA
 - ❖ Welch's ANOVA
- iii. Non-Parametric Tests:
 - ❖ Chi-Square Test
 - ❖ Binomial Test
 - ❖ Cochran's Q Test

- ❖ Friedman Test
- ❖ Kruskal-Wallis H Test

C. Multivariate Analysis

- Correlation Analysis
- Multiple Linear Regression

D. Factor Analysis

- Exploratory Factor Analysis (EFA)
- Confirmatory Factor Analysis (CFA)
- Maximum Likelihood Extraction Method

E. Index Construction

- Zakat Impact Index (ZII)
- Zakat Beneficiary Scale Index (ZBSI)

F. Model Development

- Regression Model
- Path Analysis Model (Structural Equation Model)

Software Used

- SPSS
- AMOS

Secondary Data Source

The secondary data are collected from Different zakat agencies- Association of Muslim Professionals, ZFI, ZCI, Safa Baithulmal Hyderabad, Baithuzzakat Kerala.

1.9 Limitations of the Study

This study provides important insights into the zakat practices in India and beneficiary perceptions, but it has several significant limitations. The lack of reliable empirical literature made it difficult to build a strong theoretical foundation in the Indian context

recently. The largely informal methods of collecting and distributing Zakat hindered access to trustworthy secondary data, which required a heavy dependence on possibly biased self-reported primary data. The study focused on selected areas. Some respondents were reluctant to share their Zakat experiences fully due to the sensitive nature of the topic, leading to some challenges with the completeness of the data. Time constraints and a lack of resources prevented the study from using a longitudinal approach with a larger sample size. Despite these limitations, the study maintains academic rigor and makes a valuable contribution to the growing discussion on Islamic social finance in India today.

1.10 Chapter Layout

This study is divided into seven chapters. The first chapter includes the introductory part of the study, presenting the background, objectives, scope, and methodology. Chapter two reviews the existing literature and establishes the theoretical framework related to zakat, poverty alleviation, and socio-economic development. The third chapter provides a conceptual and empirical review of zakat, including its historical evolution. Chapter four discusses the institutional framework and operational dynamics of zakat in India, with particular attention to various zakat organizations and management practices. Chapter five presents the zakat distribution mechanism in Kerala, contains the analysis of second and third objectives of the study. Chapter six analyse the socio-economic impact and beneficiary satisfaction of zakat assistance in Kerala. Chapter seven summarises the study with major findings, policy suggestions, and concluding remarks. Appendices include references, questionnaire, and other relevant supporting materials.

CHAPTER-II

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Introduction

2.2 Review of Literature

2.3 Theoretical Background and Conceptual Framework

2.4 Research Gap

2.1 Introduction

The chapter presents a comprehensive background to the research by reviewing available literature and discussing the principal concepts and theoretical frameworks pertinent to zakat and its socio-economic effects. The chapter is organized as follows. The first section is the underlying literature of zakat. It comprises analysis on zakat studies in international and Indian setting and the way it has been applied for poverty alleviation, income distribution, social well-being, and economic transformation.

The second section presents the underpinning theory for the research. It presents various economic and social theories that are relevant to understanding the mechanics of zakat and its possible consequences. These theories are the Consumption theory of Keynes, his Principle of Maximum Social Advantage and the Multiple Acceleration Theory respectively. These theories form the basis for addressing the question how zakat can contribute to well-being of individuals and social development of society. In this section, we also present a conceptual model to illustrate the relationship among zakat collection and distribution and its socio-economic impacts. It is this model that serves as a roadmap through the study and helps in organizing the analysis presented in the succeeding chapters.

2.2 Review of Literature

Zakat is one of the five main pillars of Islam, emphasized strongly in both the Qur'an and the teachings of the Prophet Muhammad (PBUH). Allah mentions the importance of zakat in Surah Al-Baqarah (2:43) and Surah At-Tawbah (9:5). The Prophet (PBUH) said, "Islam is built on five principles: believing in Allah and His Messenger, performing daily prayers, and giving zakat." Abu Bakr As-Siddiq, the first Caliph, also stressed its importance by saying, "By Allah, I will fight those who separate prayer and zakat." Muslim scholars agree that zakat is the third pillar of Islam. It is a required act of worship, and anyone who denies it is considered outside the faith. Those who refuse to pay it face consequences. Zakat is a unique system of social welfare, and modern economists recognize its importance in promoting economic stability and well-being (Diaghballou, Mousa, & Mohammed, 2018).

Ismail and Possumah (2013) highlights Zakat as a structured, obligatory system in Islam for redistributing wealth from the affluent to the poor, addressing both immediate needs and long-term poverty through consumption support and productivity enhancement. They

propose integrating Zakat into Islamic MFIs to create a sustainable, community-driven model that combines charity, decentralization, and group accountability, inspired by the Grameen Bank. This model lessens inequality of wealth, dependency will be minimal and the poor will be economically independent. Though the authors highlight its sustainability, they recognize such problems as inefficient Zakat management, non-regulatory frameworks, and lack of awareness among the public and propose decentralized, transparent systems, and technology-based solutions to increase the impact.

F.A (2009) critically focuses on the drawbacks of conventional Zakat management by insisting that its continued treatment as a charity fund only promotes dependency and has not been able to deal with the structural factors that lead to poverty. The research proposes the redesign, of Zakat as a wealth-generating process by embracing direct, responsible funds management and investing in productive projects before reallocating the funds to those in need. Oran proposes the ruminant livestock raising program to be effective intervention targeting the rural poor with emphasis on the gradual implementation strategy that addresses both the short run needs but results in long run socio-economic sustainability. What is new to this is that it under brands Zakat as a proactive economic tool and not a response welfare tool, as per the modern need to integrate social finance in eradication of poverty. Despite the challenges identified by the research about having institutional capacity and expertise to execute Zakat, it nonetheless provides a clear pathway on how Zakat can be deployed to see to it that poverty is eliminated in a sustainable way.

Muliadi (2020) evaluates the essential role of Zakat to establish a sustainable economic development regarding the programs of Rumah Zakat, a charity organization, which manages Zakat and other social funds. The paper identifies how the community empowerment activities of Rumah Zakat including the economic and health services are guided by the concept of Sustainable Development Goal (SDGs) and improves the economic and social well-being of the poor beneficiaries. Muliadi stresses on the idea that sustainable economic development is not only associated with financial growth but moral, material, spiritual, and social development in accordance with the Islamic principles. The research involves four major programs such as Senyum Juara, Senyum Lestari, Senyum Mandiri and Senyum Sehat which focus on economic self-sufficiency, health and long-

term community development whereby Zakat can be used to empower communities at a holistic level. Based on the descriptive approach and qualitative analysis of secondary data, the researcher understands that the approach of Rumah Zakat can successfully confirm the compatibility with Islamic economics and SDGs to promote the overall development of a community. Finally, the paper brings out the significance of applying the Islamic concept of economic principles in sustainable development processes and demonstrates that Zakat can be used to not only enhance the growth of the economy, but also social and moral development.

Md. Hoque et al., 2015 discuss the possibilities of Zakah as the means of poverty eradication, specifically in the Muslim world, where just about 35 per cent of the population is impoverished. They contend that Zakah, which has an estimated yearly fund of 139.32 billion has huge potential to deal with global poverty, insofar as it is used as seed capital in the entrepreneurship of small businesses and not as a charitable service. Essentially, the study, utilizing an explanatory sequential mixed method with the combination of interviews (with 17 managers) and surveys (with 85 Zakah recipients) shows the impact of Zakah on entrepreneurship and economic self-sufficiency. The authors have suggested a five-stage process model that combines both the Human Capital Theory of Becker and the Training Evaluation Taxonomy of Kirkpatrick to inform the application of Zakah as capital to the development of enterprises. The strategy has the potential to decrease dependency, achieve sustainable development, as well as to turn Zakah into a permanent solution to the poverty eradication. The paper provides an effective model of applying Zakah to empower beneficiaries by means of entrepreneurship by imposing the idea of a transition to investing help rather than consumption-based aid to transitional economies.

The article by Suprayitno (2019) examines the macroeconomic effect of zakat disbursement in Peninsula Malaysia based on OLS, 2-SLS, and ECM analyses. The paper disputes the common thought that the effect of zakat at 2.5 percent is low on the economy. The result highlights the fact that there is a positive and significant correlation between the distribution of zakat and the main macro-economic variables of economic growth, consumption, and investment. Increase in the distribution of zakat is depicted to improve such indicators and ECM analysis supports the claim that zakat is a major factor in long term economic growth. The research offers empirical data to back the perception that zakat can be an effective fiscal instrument in Malaysia that boosts the economic

performance. The Malaysian experience in administering zakat which includes fiscal stimulus in form of income tax rebate can attest to the fact that zakat can play the role of an economic stimulus at the macro level and that the same could be applied in other countries.

The contribution made by Pashtoon provides a detailed examination of Zakat against what most people erroneously believe about the practice that Zakat is merely a charity act to alleviate poverty. The paper investigates the broader meaning of zakat as laid down in the Quran and the Sunnah, its significance in ensuring the social wellbeing and harmonious co-existence of the Muslim community. The analysis of the traditional and modern Islamic sources demonstrates the importance of Zakat as one of the central institutions to create a united social protection, a community of mutual help and care. The study will aim at decoding the powerful role of Zakata in social and economic sustainability and transform it into a powerful force in civil peace and prosperity. As a way of enhancing its understanding and application to the policy, Pashtoon suggests additional research on the effect of zakat on the social life and how it can be used as the means of establishing better social security frameworks within Muslim societies and more specifically among scholars and thinkers.

The issue of Zakat studied by Ibrahim (2006) was the alleviation of the problem of inequality and poverty in the state of Selangor. The data of the study was collected within the framework of nine districts in the region. The data in the study examined the impact of Zakat distribution on income inequality and the welfare loss and applied the analytical measures of the Lorenz curve, Gini coefficient and the Atkinson index. The findings indicated that Zakat system was efficient in reducing the poverty in Selangor. The analysis of the Lorenz curve and a Gini coefficient revealed positive effects of Zakat distribution on the decrease of the income disparity. However, the results obtained based on the Atkinson index suggested that even though Zakat distribution indeed led to the increase in the level of income inequality and income losses, it also reduced social welfare.

Raquib (2010) examined the effect of Islamic banking and Zakat on the reduction of poverty in Bangladesh. He asserted that this tripartite approach of merging Islamic banking, Zakat, and micro-investment is a better and sensible approach to poverty alleviation. The aim of the study was to determine how the Islamic banking system could be an institutional structure to solve problems of poverty, inequality and exploitation in

the Bangladeshi society. To some level, he discovered that the activity of the Islamic bank Bangladesh Limited (IBBL) helped in reducing poverty. He encouraged sharing of Zakat money between the nations that had excess resources so that it could be used to eradicate poverty in the countries that have insufficient resources.

Abdin (2013) stressed that the main intention of Zakat is to eliminate poverty. He believed that Zakat is aimed at the poor, the needy and those who are overwhelmed with huge debt. The paper has pointed out that several Muslim nations had a great chance to overcome poverty in their communities provided that the process of Zakat collection and distribution was controlled by law. The paper suggested inception of an international body to monitor the collecting and dispensing of Zakat including all Zakat institutions in the Muslim world. Moreover, Abdin proposed to channel the excess Zakat of the rich countries to the poor countries where there were not enough Zakat resources thus increasing its influence in poverty alleviation.

Ahmad F. Oran (2009) emphasizes the radical possibility of zakat as a socio-economic institution with a potential to eliminate poverty and even create wealth, but he also observes that it is poorly managed and thus has been turned into a charity fund. He underlines the importance of zakat management to highly invest funds before redistribution so that they can empower the economy in the long term. Through the application of the jurisprudence (fiqh) in Islam, Oran highlights that it is flexible in prioritizing beneficiaries according to their needs and matching fund allocation with macroeconomic objectives. His stage-implementation plan which aims at the rural poor communities by implementing high impact programs such as livestock programs can serve as an example of how zakat can move beyond mitigating the effect of poverty and help to mitigate the causes of poverty. The work of Oran is based on the previous scholars such as Yusuf Al-Qaradawi, empirical research conducted by Guermat et al. (2003), and proposes an effective management system and strategic investments to maximize the socio-economic effects of zakat.

2.2.1 Developmental Impacts of Zakat Funds

Suhaib (2009) analyses the appearance of the zakat system and its influence on social development noting that the system guarantees access to basic needs among the people and affect wealth concentration by distributing resources in the Pakistani context. In the same manner, Hafidhuddin and Beik (2019) studied zakat in Indonesia, which found a

substantial difference between zakat potential and reality in terms of collection. They suggest formal, professional, and transparent zakat management mechanisms in order to increase its efficiency in raising the dignity and wellbeing of Muslims in Indonesia and other Muslim nations.

In Pakistan, Azam et al. (2014) employed the regression analysis to examine the importance of zakat in facilitating social welfare. The findings reveal that zakat is a very important factor in economic development both at home and national levels. The study underlines the way institutions are supposed to institutionalize the systems of zakat collection so that they can fully utilize its power. Similarly, Shirazi (1994) also studied the impact of zakat and ushr on poverty reduction in Pakistan and discovered that in 1987-88 there was a reduction of approximately 2 percent in poverty due to the activities of zakat.

The study by Nurzaman (2010) was aimed at assessing how productive based zakat has the potential to improve the welfare of beneficiaries of zakat in Jakarta, Indonesia. This paper has done not only an analysis on the income, but also on education and health indicators in order to arrive at a Human Development Index (HDI) of zakat beneficiaries. The results revealed that HDI of the beneficiary of zakat was lower than the average HDI of Jakarta and Indonesia. In addition to this, the researchers discovered that the greater the productive use of zakat resources, as compared to consumption use, the more benefits are enjoyed by the people receiving it. All these findings underscore the fact that effective management of zakat is highly crucial in ensuring that socio-economic developments are encouraged.

2.2.2 Impact of Zakat on poverty alleviation:

The role of zakat in alleviating poverty has a lot of literature to it. Several studies have shown that zakat can become a helpful tool to combat poverty and improve the quality of life of the needy. An example is a study conducted in Indonesia which has determined that zakat had a positive impact on poverty reduction particularly in the rural areas. In another study conducted in Pakistan, zakat was useful in reducing the poverty and improving the living standards of the poor.

The zakat institution has been viewed as an excellent tool of alleviating poverty. The zakat has not been exploited as a formal mechanism in Bangladesh despite the government emphasis on poverty reduction strategies including the Poverty Reduction Strategy Papers

(PRSPs). It has been shown that zakat money can replace 21 to 43 percent of Annual Development Plan spending and allocate the money to other developmental requirements. The scholars believe that the systematic gathering and sharing of zakat can decrease economic inequalities by helping poor members of the society directly. This speaks of the ability of zakat to address structural poverty and economic imbalance in case it is institutionalized in a good way.

The tools of poverty alleviation namely Zakat and education are highly familiar as the instruments of socio-economic alleviation of poverty challenges, particularly within the Islamic socio- economic framework. Zakat is an effective mechanism in wealth redistribution to fight income inequality and it has direct financing towards the poor which has been proved to significantly reduce poverty in Sudan with an increase in the allocation of zakat. Besides the instant salvage in financial terms, zakat is one that encourages financial stability and social equity, therefore, a significant policy instrument of inclusive expansion. Similarly, education is transformational element that interrupts the cycle of poverty by enriching economic productivity, dependence and improving the quality of life. Growth in educational attainment as witnessed in Sudan has been linked to considerable rates of reduction of poverty that render the need to invest in human capital to be of importance. Zakat and education together are a comprehensive and joined plan in poverty reduction whereby short-term relief is enhanced with a long-term capacity building. The overall effectiveness of such a twofold effect is that it gives them sustainable development and the reduction of structural disparities. This is more so in areas like Kerala where the socio-economic effects of zakat would accrue significant benefit in case of investigations in conjunction with education in an endeavour to fully combat such a vice as poverty.

Imam Mawardi et al., (2023) introduces the consequences of fruitful zakat and the support of business on the wellbeing of mustahiqs (zakat recipients), and the consequence of zakat empowerment schemes to improve their financial status. The study, applying a quantitative method through Partial Least Squares-Structural Equation Modelling (PLS-SEM) to the data gathered by surveying 137 mustahiqs at seven zakat institutions, determines that the empirical effectiveness of zakat empowerment programs and business support has a positive impact on the onward development of the businesses of mustahiqs, which results in a greater income and better well-being. Nonetheless, the macroeconomic variables, including GDP and inflation, have less of an impact on their welfare, which is

why the localized distribution of zakat and business support are given more significant roles in improving the livelihoods of the recipients. The paper also highlights the need of business assistantships in taking mustahiqs on the path to financial independence, but it concludes that business support does not produce improvement in welfare per se since well-being is material and spiritual. It also presents a novel system of welfare assessment grounded in the Maqasid al-Shariah and, therefore, factoring in the financial stability, spiritual, and ethical well-being. The results emphasize the importance of properly designed and properly controlled zakat schemes to make the most out of them in terms of poverty reduction and economic empowerment.

Wijayanti et al., (2021) investigates the effects of productive zakat on welfare of zakat recipients by reviewing the way zakat institutions help to promote financial inclusion and economic empowerment. The researchers employed qualitative case study method, and conducted in-depth interviews with zakat officers and mustahiqs of BAZNAS in Indonesia and BAKAZ in Brunei Darussalam. Their results show that the distribution of zakat does not only meet the consumption requirements of the moment but also facilitates the growth of business through the provision of financial aid, training and capital loans. The paper points out that mustahiqs are able to become bankable and in the process enhance their businesses through the financial inclusion which is being accomplished by connecting the mustahiqs to Islamic financial institutions. Although BAZNAS pursues decentralized zakat management and diversity in the implementation, BAKAZ relies on a centralized system and structured programs of business and skill-training like PROPAZ. This paper highlights the importance of having integrated zakat management in order to maximize financial inclusion and guarantee sustainable poverty reduction.

2.2.3 Zakat and social justice

There are scholars who have suggested that Zakat is a significant tool of advancing social justice. Indicatively, research was done in Saudi Arabia that revealed that zakat was actually a powerful instrument of wealth redistribution, and alleviate income inequality. In another study, carried out in Egypt, zakat enhanced social solidarity and social inequalities were lowered. A number of experts point out zakat as a valid method of economic redistribution and poverty reduction.

AlMatar (2015) stresses that zakat provides equitable wealth distribution through the establishment of financial obligations of the rich and direct aid to the disadvantaged

groups. As opposed to taxation that is provided to income and consumption, zakat is imposed on wealth accumulation that is above the nisab threshold, hence a burden is not imposed on the poor. This system does not just decrease wealth concentration but also causes an economic circulation since it directs idle funds into products.

In a study by Patmawati (2007) on zakat among Selangor in Malaysia, it was discovered that it lowers the poverty levels and minimized income inequality as well as increased the economic participation of the recipients. The Gini coefficient analysis supported her findings and indicated a significant change in the income distribution after zakat disbursement resulted in a significant improvement.

Ibrahim and Ruziah Ghazali reviews zakat as an Islamic microfinance instrument, based on a qualitative approach, with theoretical discourses, Islamic jurisprudence, and case study of the Selangor Zakat Board (LZS). It points out that the zakat is able to offer interest-free financial aid to small business people which is also in line with the Islamic tenets, and which is also conducive to poverty eradication. Nevertheless, the paper concludes that the rate of success of zakat-financed businesses is less than 30 percent, which is much lower than the traditional microfinance schemes such as Amanah Ikhtiar Malaysia.

Hassan (2010) came up with a model of an integrated approach using zakat, waqf (Islamic endowment) and microfinance to combat systemic poverty. The study recommends that whereas zakat meets the low consumption needs, the waqf funds may be employed in long-term economic empowerment, i.e. investing in small businesses. Such a strategy is in line with the Islamic financial principles, which focus on self-sufficiency and circulating wealth as opposed to dependency. The model also incorporates the systems of profit-loss sharing to increase the economical involvement of lower income people.

As pointed out by Ibrahim (2015), zakat is one of the main Islamic institutions that serve two purposes: to satisfy the religious need and to create a sustainable social welfare system. Entrenched in the ethics of social justice, economic equality, and spiritual cleansing, zakat is set forth as the instrument that changes poverty, redistributes incomes and empowers communities. The paper highlights various socio-economic functions of zakat such as: it helps to alleviate inequality, begging, promotes inter-class peace and social justice by systematic transfer of wealth, which is held by the rich to those in need (asnaf). It stresses on the fact that zakat is not only the means of overcoming material

deprivation, but also cleansing the soul, reinforcing faith, and inspiring generosity, thankfulness, and social unity. The author urges a centralization of zakat, supported by the shariah-compliant government system, and local boards, especially in non-Islamic states, in order to realize its developmental capacity to the maximum. Such insights are especially applicable to Muslim minority settings such as India, where the institutional application of zakat may play a major role in the inclusive development and socio-economic justice.

Zakat is also of great concern in the development of humans especially education and healthcare. Mohammad Suprayitno et al., (2017) have carried out an investigation into the effects of zakat on the human development of the five Malaysian states with the help of the Autoregressive Distributed Lag (ARDL) model. They found that there is a positive and significant correlation between zakat spending and human development indicators including school enrolment, access to health care and skill development schemes. It can be argued that in the study, Zakat can complement other fiscal policy instruments used to spur long term human capital formation especially in the developing economies.

Social justice includes education, which is an essential element, and zakat has been employed to give scholarships, educational grants, and training to the underprivileged students. In the case of Malaysia, Yusoff (2011) examined how zakat expenditure affected school enrolment and economic development and found out that the higher the zakat payments, the better the access to education, which positively influenced employment opportunities and dependency on social assistance. His observations are consistent with the Islamic doctrine that focuses on learning new things as a source of empowerment and social mobility.

Rizky Gunawan et al., (2023) focuses on the effects of zakat, education, and unemployment on poverty levels in Bengkulu Province in the period 2016-2020 by applying the Partial Least Squares (PLS) analysis using secondary data in BPS and BAZNAS. The result shows that both zakat and education have a negative impact on poverty, i.e., the more a person gives zakat and the more an individual has an education, the less the poverty. On the other hand, unemployment impacts positively on poverty meaning that the higher the level of unemployment, the worse the poverty levels become. The model is well explained by the model and the R-squared value stands at 0.99, which implies that these three variables explain 99 percent of the change in the level of poverty.

The paper highlights the relevance of increasing the amount of zakat collection, providing access to education, and mitigating unemployment as the measures to decrease poverty in Bengkulu Province.

2.2.4 Zakat and the COVID-19 pandemic

The Covid-19 epidemic has affected Zakat practices to a considerable degree. Certain reports have looked at the reaction of Zakat institutions to the pandemic. Indicatively, one of the studies that was carried out in Indonesia revealed that institutions of Zakat were giving out more Zakat money during the pandemic to assist the crisis victims.

Akmar and Nasri (2017) carried out an investigation in Malaysia, and one of the articles is an effective method of productive zakat as a source of funding to small businesses. Their study indicated that the direct and significant effect of zakat funds was observed when the funds were used in buying business equipment, increasing working capital or business training to grow small businesses. The paper has highlighted how zakat may be an influential instrument in the development of small businesses, especially to those people who cannot access conventional finance sources, including loans at conventional financial institutions.

Based on this knowledge, Hamidi et al. (2020) investigated the effect of productive zakat in South Sumatra, Indonesia, on particular aspects such as the increase in income of small and medium enterprises (SMEs). The study employed a quantitative approach and found out that zakat and the synergy between the two factors (business longevity and training) made a tremendous positive influence in the financial performance of SMEs operated by the beneficiaries of zakat. Based on the results, a large number of receivers stated that they had realized more profitability and business growth, which is an indication of the success of zakat as an instrument of promoting entrepreneurship. The authors have concluded that productive utilisation of zakat does not merely reduce poverty but also transform those who claim it to become business owners with the capacity to contribute in the growth of the economy at large.

Zakat, which is one of the five pillars of Islam, is compulsory charity that is targeting the redistribution of wealth and poverty among Muslim communities. Rahmatullah (2023) notes that the Quran lists eight deserving groups of Zakat such as the poor and the indebted which indicates its importance in the social security provision. Every year, it is estimated in India that the Zakat distribution is 10,000 crores but most of the money is

not invested constructively and is spent on religious organizations and charitable works. Rahmatullah goes on to suggest that Zakat can be effectively combined with micro-enterprise projects to have a greater effect due to their economic empowerment of the disadvantaged Muslim communities. This would help in uplifting the socio-economic status of the Muslims in India by providing them with the means to become self-reliant through business (Banki and Hasan 2010). Effective international examples of Islamic microfinance, including the Grameen Bank, give a way to use the Zakat funds with the aim to promote entrepreneurship and poverty alleviation. Rahmatullah also notes that properly structured, priority-driven disbursement of Zakat can change the socio-economic context, giving Muslim communities the ability to escape the traps of poverty (Rahmatullah, 2023).

The study by Najmudin et al., (2021) focuses on the value of productive zakat in empowering SMEs in Serang Regency, Indonesia. The paper observes how the zakat was well deployed through a small business capital assistance program that provided seven categories of SMEs including stalls, traders, craftsmen, and sellers of herbal medicine interest-free rolling capital loans (*qardul hasan*). The study found that this capital support had a positive and significant relationship with the empowerment of the SMEs which made 22.7 percent and 77.3 percent contribution respectively to the economic empowerment of the SMEs and the external factors respectively. These results emphasize the importance of capital towards higher productivity and self-sufficiency among SMEs during the challenging economic times like the COVID-19 pandemic. This highlights the potential of productive zakat as a socio-economic development instrument that offers an economically sustainable means of enhancing economic growth in the risky communities (Najmudin et al., 2021).

Siti Mutmainah (2023) focuses on productive zakat as a tool in poverty reduction and economic empowerment of the Muslim society. The research points out that the issue of poverty caused by social inequality, and unsupportive community can be solved by effective distribution of zakat in the form of business capital. They can offer *mustahiks* (beneficiaries of zakat) capital, and thus change the dependency on charity to self-reliance, becoming zakat payers (*muzakki*) later. Mutmainah emphasizes the fact that productive zakat distribution needs constant optimization to benefit additional deserving people and eradicate poverty. Well-coordinated government support and strategic

planning is also highlighted in the study as an essential measure towards ensuring that all the potential of zakat in empowering communities can be achieved.

The article (Hassan,2007) has explored how the COVID-19 pandemic has demonstrated the possibility of Islamic social finance as an essential resource in reducing socio-economic risks (unemployment, poverty, and hunger) through its impact. The obligatory almsgiving (zakat), voluntary charity (sadaqah), and endowments (waqf) give certain escape routes to both the temporary relief and to the permanent stability. It has been noted that zakat can be employed to provide direct monetary assistance to the poor communities; and waqf agencies can fund essential facilities like health care and education. One of the ways to implement a multi-range approach is to tailor these tools to the short, medium and long-term needs so that governments and policymakers can effectively address the crises throughout and after the pandemic. This approach brings out the radical and adaptable character of the Islamic social finance as a signal of humanitarian resolutions and financial recovery.

The coronavirus pandemic resulted in a massive incidence of economic shocks and economic setbacks in a higher level of poverty, unemployment, as well as a stagnation in the economic activities globally. Islamic financial instruments such as zakat have become useful in combating such socio-economic problems. Being traditionally perceived as the religious duty and as the almsgiving, zakat has turned into the complex financial tool with a high potential of sustainable economic revival and poverty reduction (Sunarya and Rusydiana, 2022).

The article by Sunarya and Rusydiana (2022) that examined 500 articles about zakat published since 1970 with NVivo 12 Plus software indicates the increasing awareness of zakat as a source of financing used in Islamic economics. Their results highlight the importance of zakat in advancing economic development, solving poverty, and improving community well-being. The productive zakat concept, where funds are directed to entrepreneurial activities and business growth has been specifically successful in helping small and medium enterprises (SMEs) and micro-businesses that have been hit by the pandemic. In addition, digitization of zakat management (online payment, mobile application and crowdfunding) has improved the accessibility, accountability and transparency of those who benefit, thereby extending its reach and efficiency. In addition, the strategic focus of zakat funds to long-term projects including education, health and

business development aligns with the broader objectives of the Islamic economics which puts a greater emphasis on equity and social justice and community health and builds long-term prosperity.

According to Dr. Aishath Muneeza (2020), the pandemic COVID-19 has created a pressing demand of institutionalizing zakat in India to mitigate economic and social impacts of the lack of basic services, poverty and unemployment in the nation. She underscores that zakat as a holy duty, should be channeled through a systematic channel of benefiting a host of relief activities including designing isolation facilities, shelter homes, the development of remote-schooling IT infrastructure, providing financial support to the unemployed, and rural medical services and vaccine research. Dr. Muneeza favors new innovational and technology-advanced solutions, including online zakat payments, partnerships with retail stores, as well as digital crowdfunding sites, to increase effective and socially distanced collection and distribution. Using examples of successful models in such countries as Malaysia, she states that zakat organizations should go beyond conventional practices and use modern tools to become more efficient in the time of crisis. Her view deals with the possibilities of zakat as a spiritual and practical way of sustainable development and social-economic justice.

There was an argument that external debt dependency and aid in Bangladesh helped the problem of fiscal sustainability (Hassan and Khan). Zakat is a debt free and internal system of poverty relief in case they were loaned a long-term financial burden externally. When Zakat funds are well managed, they would be useful and can be used to address urgent social needs in regards to education, health and rural development. It is also established that the expectation of distribution of zakat enhances the extent to which people trust it and it is only that people have better commitment on the whole since they are much better than the externally forced conditions of assistance. Hence, this comparative advantage makes zakat a viable solution as a poverty relief that can help in eradicating the aspect of international aid dependency.

The formation of institutions is critical to the maximization of the impact of zakat in the community well-being. Zakat in Bangladesh has been more of an unstructured activity and this limits its coverage and operations. Studies indicate that, where zakat is part of the national poverty alleviation policies, there is a probability of a high economic payoff like higher productivity and employment and a redistribution of incomes. This is

comparable with the Islamic values that are concerned with social justice and good. According to academics, the administering of zakat must be economical and little money must be used on the administration expenses to ensure that it has the best impacts on poverty alleviation. Yet, the institutionalization of zakat would contribute to the transformation of it into a sustainable development tool of such countries as Bangladesh.

2.2.5 Zakat and Tax

Zakat is an Islamic religious duty, where qualified Muslims are expected to give a certain amount of their wealth to the recipients of the designated beneficiaries with an aim of redistributing wealth and ensuring social-economic justice. Quran underlines zakat and prayer (salat) and puts much emphasis on the cleansing effect of the wealth, and the poverty-dressing effect of the wealth. Conversely, tax is an obligatory financial level of the rates charged by governments to finance communal services and it may take different forms based on their set ups, rates and purposes. Hannan (n.d.) distinguishes between zakat as an obligatory worship (ibadah) with set rates and beneficiaries and tax, which is an obligation of the state that is subject to governmental policies. Zakat primarily targets wealth, while taxes apply to income, property, and consumption. Mannan (2000) argues that zakat stimulates the economy by reallocating idle savings into productive use, increasing aggregate demand, and reducing unemployment, whereas taxation can lead to economic leakages. Despite its potential, zakat administration faces challenges, particularly in Malaysia, where Saad and Al Foori (2020) identify inconsistencies in collection and distribution due to a lack of standardization, low compliance rates, and transparency concerns. They suggest automating zakat deductions and integrating it into federal fiscal policy to improve effectiveness. Historically, zakat functioned as the primary fiscal tool in early Islamic governance, supplemented by kharaj (land tax) and jizya (tax on non-Muslims), but its role has diminished in favor of modern taxation systems. Some scholars advocate for zakat to complement taxation, as seen in Malaysia, where zakat payments are deductible from taxable income, although Al-Qaradawi (1973) argues that taxes should not replace zakat. Empirical findings by Saad and Al Foori (2020) reveal that 75% of Malaysian university students believe zakat should be regulated, 80% support federal oversight, 85% assert that taxes cannot substitute for zakat, and 55% cite inefficiencies in zakat collection and distribution. These findings highlight the need for effective zakat management to enhance its role as a fiscal tool.

The study by Ömer Bayraktar and Harun Şencal critically examines the integration of zakat as a public finance instrument in Malaysia and Indonesia, highlighting both political and financial motivations and the resulting consequences of this integration. Traditionally, zakat has always played the distinctive role in the Islamic socio-economic systems as an instrument of wealth distribution and poverty eradication. In contemporary times, its usage has increased in parts of the Muslim majorities countries where the practice is used as a centralized tool of public finance in interplay with the taxation systems. The political importance of a zakat centralization is highlighted by the authors. Governments of states with majority Muslims have tried to integrate the collection and the distribution of zakat to enhance their power and demonstrate a religious image. In this way, states will be able to attract their Muslim citizens and to correspond zakat with the national policies. This centralization gives the state the chance to channel funds of zakat as per its priority which could be in the economic development or other groups.

Financially, zakat presents an added source of revenue that governments can tap to meet their welfare needs that used to be financed by tax income. The style will allow the state to minimize inequality and become more welfare-focused, fulfilling the needs of the society using taxation as the only method. Although the incorporation of zakat into the system of the public finance can result in positive consequences, e.g., increased efficiency and increased state legitimacy, it also poses a concern. Centralization puts the government in a position of having immense power in the distribution of zakat, which may be inclined to give priority to those recipients who adds to economic productivity rather than giving priority to those in need. Such a change may modify the spirit of zakat that focuses on fair distribution of wealth to certain categories used in Islamic law (Bayraktar and Şencal, 2022).

The article by Saad and Al Foori (2020) presents a detailed comparative study of zakat and taxation in terms of conceptual differences, historical development, economic and social consequences, and implementation issues especially in Malaysia. The paper identifies the differences between zakat and taxation at the level of their core functions within the economy and society in general. Although they are both used as redistributive mechanisms of wealth, they have many enormous differences in their establishment, the purpose, and regulatory provisions. It also enters the history of zakat and taxation and the role they fulfilled in the early administration of the Islamic regime. The obligation of zakat was introduced in the second year of the Hijrah and was strictly followed by the

Caliphate of Abu Bakr (RA) who declared war on those who did not want to pay zakat. The early Islamic state relied principally on Zakat as the source of state revenues and it funded the welfare programmes, economic development programmes and poverty alleviation programmes. It was gathered in certain types of wealth such as agricultural products, animals and trading items which guaranteed that there was a constant process of wealth transfer in the society.

This is not to mention that on top of zakat, other forms of taxation existed during the early Islamic times to ensure that the requirements of the state were fulfilled. The khumus (one-fifth tax) was levied on the booty of war and levied upon the state and the needy. Kharaj, a land tax, was paid by non-Muslim landowners, whereas non-Muslim citizens paid jizya, which is a poll tax in order to receive state protection. The other form of taxation was ushur which was a customs duty of goods entering or leaving the Muslim territories. These tax arrangements were remarkable so as to finance the military and the administration expense of the Islamic state and the economic sustainability.

2.2.6 Zakat and SDGs

The interaction between zakat and Sustainable Development Goals (SDGs) has attracted much attention in the recent academic literature. The agency that proposed the SDGs is the United Nations Development Programme (UNDP), which is allegedly intended to encompass such global issues as poverty, hunger, education and clean water. Many scholars have argued that since zakat is an Islamic financial tool, it can contribute significantly to achieving these goals, in that it can assist in alleviating poverty, generate economic growth and improving human development. This literature is a discussion of the academic perspectives on the role of zakat in SDGs, particularly in poverty reduction, education and sustainable development.

Abdullah and Suhaib (2011) argue that zakat is an excellent redistribution system, and this is an initiative that ensures that the wealthy surrender their wealth to the needy. Zakat lowers the economic variance and enhances the monetary security of the needy; by providing them with direct monetary aid. Similarly, Ismail and Shaikh (2017) underline that zakat can contribute to a number of SDGs, i. e., good health and well-being (SDG 3), quality education (SDG 4), and reduced inequalities (SDG 10). In their study, they focus on the fact that when properly managed, zakat institutions have the ability to close the existing economic gaps and instigate sustainable development.

These claims are also supported by empirical studies. Mohammad Suprayitno et al., (2017) examined a study on the effects of zakat on human development in Malaysia, whereby there was positive correlation between the distribution of zakat and the economic growth. They performed an empirical test of the effect of zakat in Malaysia by applying econometric models, OLS (Ordinary Least Squares), 2-SLS (Two-stage Least Squares) and ECM (Error Correction Model). His results show that the positive and significant impact of zakat on the economic growth, investment and consumption is positive. The research proposes that the increase in the distribution of zakat will bring about an increment in aggregate demand which will benefit the overall economy by raising the rate of production and employment. Their study shows that zakat does not only offer short-term financial alleviation, but also offers economic empowerment in the long term through support of education, healthcare, and entrepreneurship initiatives. Likewise, Anindita and Sidiq (2018) looked at the possible role of zakat in facilitating SDGs in 34 provinces in Indonesia and found out that zakat funds are critical in alleviating income inequality and enhancing economic stability in a region.

The article (A & M.F Akbar, 2023) points out that zakat is a strategic tool that facilitates the realization of Sustainable Development Goals (SDGs) through its ability to tackle the most important aspects, including poverty, hunger, quality education, access to clean water, and economic empowerment. It highlights the high level of compatibility between the aims of zakat and the SDG agenda especially in Indonesia whereby institutions such as BAZNAS have embraced distribution of zakat with national development agenda. Zakat has also shown through different programs its ability to lessen the socio-economic imbalances, improve the community welfare, and empower the vulnerable populations, particularly in the education, health, and entrepreneurship enterprises. Nevertheless, another focus of the study is the necessity to enhance the management of zakat, effective cooperation with the governmental agency, and data-based methods to maximize its effects and guarantee the ability to obtain sustainable results.

The recent research has discussed the role of zakat in clean water and sanitation (SDG 6). The authors, Hudaefi et al. (2020) explored the example of BAZNAS (Badan Amil Zakat Nasional) in Indonesia that has been engaged in funding water and sanitation operations. The paper focused on the case study of rural village toilet building program, which demonstrated the possibility of increasing the level of sanitation, reducing water-related diseases and increasing the degree of hygiene awareness by using zakat funds. Through

their findings, they opine that the apportionment of zakat in this sector has a significant impact of improving the health and sustainability of the environment, which underscores the fact that zakat can be considered by SDGs-related projects as another source of funding.

In addition, in 2015 Indonesian Council of Ulama (MUI) issued a fatwa permitting the zakat funds to be used in building water infrastructure. This legal decision highlights the adaptability of zakat to the contemporary growth issues, especially in nations that do not invest much in their public infrastructure. Harahap (2018) investigated the opportunities of zakat to fund entrepreneurship programs, which are connected to the long-term economic sustainability objectives. According to his research, zakat may convert the beneficiaries (*mustahik*) into zakat payers (*muzakki*) by subsidizing the small businesses and self-employment.

Mohammad Suprayitno et al., n.d.) examine the relationship between zakat distribution and aggregate consumption in Malaysia, focusing particularly on the manner in which zakat institutions disburse financial aid—primarily in the form of monthly cash assistance and monetary support for basic necessities. Utilizing panel data from various states across Peninsular Malaysia, the researchers employed a fixed effects model to analyze the impact. Their findings reveal that zakat distribution has a positive, albeit limited and short-term, effect on aggregate consumption. The study highlights the importance of revisiting the current patterns of zakat utilization, arguing that while immediate consumption support is crucial, there is also a pressing need to expand zakat distribution toward income-generating initiatives. Such a shift, they suggest, could contribute to sustainable improvements in the socio-economic well-being of zakat beneficiaries.

Abdullah, Derus, and Al-Malkawi (2015) examine the value of zakat in reducing poverty and income inequality by constructing and using a new measure that they named a Basic Needs Deficiency Index (BNDI). This is a novelty in the methodology because it quantified the effectiveness of the distribution of zakat in Pakistan where the volume of data provided facilitated successful assessment. Contrary to the traditional poverty indices, the BNDI is designed to assess the extent of poverty in the consumption of basic goods and services by household poor, the government expenditure on zakat as well as the number of zakat beneficiaries. The instrumental value of zakat to reducing poverty and inequality is proved by the results of using the BNDI. The paper marks the practical

effectiveness of zakat as a financial tool and suggests the broader and more efficient use thereof within the policy of the state. The social implications of this solution are immense, in particular, regarding the enhancement of the conditions of the less-privileged populations, and it is associated with a paradigm that can be transferred into other environments where Muslims occupy a dominant position and the concept of zakat is institutionalized.

In her research on the Malaysian scheme of deduction of salaries to zakat, Magda Ismail A. Mohsin (2015) points out the potential of institutionalized zakat to transform society in eradicating *riba* and poverty in Muslim nations. She points out that the zakat, even though being one of the fundamental pillars of the Islamic religion, has been marginalized by colonialacies and secularism and turned into an optional activity rather than a compulsory state-funded practice. The Malaysian model of enabling zakat deductions with monthly salaries in the form of tax rebates, and which has clearly been a successful modernization strategy, show a massive increase in zakat collection of more than 220 percent over the period 2002 to 2009. The research recommends setting up of eight specialized financial institutions in line with the eight categories of *asnaf* (zakat recipient) to create proper redistribution, less reliance on interest-based debt, and financial empowerment of the poor. The caliphates of Umar ibn al-Khattab and Umar ibn Abdul Aziz also provide other historical examples of the demonstrated ability of zakat to end poverty, in cases where it is organized appropriately.

Intezar and Zia (2022) discuss zakat as an effective, religiously inspired economic instrument in poverty eradication among Indian Muslims, particularly in the context of the socio-economic marginalization of the community and the lack of any significant state intervention in the form of welfare support programs. This paper emphasizes the fact that zakat is one of the five pillars in Islam, and it is by its very nature in keeping with several Sustainable Development Goals (SDGs), especially those connected to the elimination of poverty, inequality alleviation, and enhancement of social justice. Based on the Islamic principles and the *Maqasid al-Shari'a* tradition, the authors insist on the idea that, in addition to the material deprivation, zakat protects the human dignity, knowledge, and well-being. Whereas in countries such as Malaysia or Indonesia, a system of zakat has been successfully institutionalized, in India, there is no formal system of a systematized system of zakat collection and distribution. The authors recommend organised zakat management to achieve the maximum benefit by suggesting that zakat may address

critical voids created by government welfare programmes and a community-based, indigenous model of sustainable development amongst Indian Muslims.

Critically looking at whether zakat is a poverty alleviation tool and a misconstrued charity tool, Hamzah (2018) claims that it is effective in its strategic distribution to alleviate poverty through economic empowerment and not immediate relief. According to the study, as much as zakat is usually dissolved to handouts such as food or clothing, it leads to dependency and not sustainable development. Based on the experience of Uganda and Bangladesh, the author highlights that zakat must focus on capital investment, skills training and funds to small businesses-interventions that can help the recipients become contributors. The study recommends that zakat institutions be oriented to human development objectives, such as education, health and entrepreneurship, reflecting the global Sustainable Development Goals (SDGs) framework, and urges capacity building, integration of fintech, and reforms in policies to ensure that zakat is as transformative as possible.

Quraishi (1999) introduces zakat as an institution of Islamic economic system because he states that this is an institution that fulfills a moral and fiscal role to provide equity in wealth distribution, social justice and economic stability. Citing the Quranic teachings, and past traditions, he declares that zakat is a redistributive fiscal policy that helps the impoverished as well as stabilizes economies by maximizing the money supply, creating demand and fostering employment. The paper describes the macroeconomic effects of zakat, including the decrease in income inequality, the curtailment of inflation by the relief of debt, and the promotion of balanced economic growth, and comparing it to the current taxation regimes. Quraishi points out that zakat when gathered and given out in a systematic manner can serve as remittance economic safety net as we have seen in the history of the Caliphates of Umar ibn al-Khattab and Umar ibn Abdul Aziz, whereby the excess zakat remained because of poverty elimination. The paper ends by recommending the institutional re-institution of zakat in the contemporary realities, including systems of evaluating new forms of wealth and proper governance, thus reasserting its transformative promise in the contemporary socio-economic development.

Al-Haddad et al. (2024) focus on how the local government support and institutional zakat management in East Java, Indonesia, influence the socio-economic outcomes of the region including economic growth and income inequality. Resting on the panel data of 11

districts in the period 2019-2021 and fixed-effects regression analysis, the researchers obtained the conclusion that the government financial support according to the regional revenue and expenditure budget (RREB), and the regulatory support have a significant positive impact on the performance of zakat institutions (ZIS), and this influence, in turn, affects the growth of GRDP and reduces the Gini coefficient. Such a positive impact on the economic development and fairness of income is also exerted by the distribution of zakat, including the amount of ZIS. The findings demonstrate that economic potential of zakat can be realized better when they are incorporated into efficient institutional frameworks and assisted by the local governance. The paper recommends policy congruence, augmenting ZI visibility, and local consciousness, which might aid in the full realization of the potential of zakat- the provision of helpful information in the circumstances like in Kerala where zakat is largely voluntary and informal.

2.3 Theoretical Background and Conceptual Framework

In this part, the theoretical framework of the present study is given, i.e., it is the discussion of the socio-economic contribution of Zakat in Kerala, specifically, its impacts on beneficiaries. Zakat as an institution has a long and deep-rooted Islamic economic concept and is used not only as a means of obligatory charity but also as a method of redistributing wealth, social justice, alleviating poverty and empowering humans. This framework is purely classical Islamic principles merged with modern day economic and social theory with welfare economics, capability approach, development economics and modern redistribution theories being discussed by Dalton, Keynes and Pareto. It further examines how Zakat can be aligned with the international development priorities, including the Sustainable Development Goals (SDGs), and how this can promote financial inclusivity and financial resilience.

Islamic Economic Philosophy and Zakat

Islamic economics provides a normative theory based on divine prohibitions and virtues. One of the Five Pillars of Islam, zakat is a mandatory financial practice that Muslims are required to pay in order to cleanse wealth and subsidise designated groups of beneficiaries, such as the poor, the needy and others as stipulated in Quran 9:60. Zakat in the Islamic economics is mainly aimed at redistribution of wealth, elimination of poverty and encouragement of social unity.

There are claims by Chowdhury (1983) that Zakat can result in an increase in saving due to precautionary savings decrease in the uncertain economy. On the contrary, Metwally (1986) examines the impact of Zakat on national savings under the traditional consumption theories like absolute income, relative income, permanent income and life-cycle theories. According to his findings, the effect of Zakat is context determined and depends on the current consumption behaviours. Nonetheless, these Western-centric theories of consumption might not be entirely suited to explain the normative factors behind financial decision making in the Islamic society, in which spirituality and morality play a key role in shaping economic behaviour.

Islamic economics thus comes up with different rules of consumption, savings and investment. Wealth is considered to be Gods trust (amanah) and should be spent well. By obliging the payment of Zakat, people are not only cleansed of their wealth but they are also made to feel responsible as a community in that they will avoid hoarding wealth but will make it to circulate. This will make sure that wealth is not concentrated among people (Quran 59:7), hence equitable and socio-economic stability.

Zakat and Welfare Economics

Welfare economics concerns the manner in which resources are allocated in the most optimal manner with the final objective of maximising social welfare. In this regard, Zakat can be regarded as a non-market intervention that aims at income and structural inequalities redistribution. Applied theories by Dalton are based on the necessity to employ progressive tax and government expenditure to achieve the social good based on equity and efficiency.

Zakat also has a similar rationale in the sense that being a redistribution mechanism, it is mandatory, and it instructs the wealthy to be able to give to the poor. This transfer raises allocative efficiency since the resources are left in the hands of people whose marginal propensity to consume is higher and induces demand and economic inclusiveness. Besides that, horizontal and vertical inequalities can be resolved through Zakat and can provide cushions to the economically sensitive populations.

In practice, Zakat finances the basic civil services such as food, education, medical practice and shelter that are the salient elements of social welfare. It also leads to solidarity in the community by instilling values that include compassion, generosity and reciprocity, that improves the morality of a society. The meeting of the Islamic welfare

traditions and the Dalton economic prescriptions designates the utility of Zakat within the religious and secular policy provisions.

Capability Approach and Human Development

The capability approach, developed by Amartya Sen and subsequently developed by Martha Nussbaum, offers a human-centred approach to evaluations that emphasizes what people can in fact do and be. Capabilities refer to the real freedoms people have to lead the lives they value, encompassing both basic functioning's (e.g., being well-nourished, literate, healthy) and agency (the ability to pursue personal goals).

Zakat aligns with the capability approach by directly supporting access to basic needs and enabling long-term empowerment. Through funding education, vocational training, and healthcare, Zakat enhances the capabilities of its recipients. It enables individuals to break the cycle of poverty and attain sustainable livelihoods. By reducing financial stress, Zakat also promotes mental well-being and increases beneficiaries' ability to make autonomous decisions, thereby expanding their agency. The correspondence between Zakat and the capability approach implies that Zakat cannot be considered as a relief mechanism, but one can consider it as a human development tool. It turns beneficiaries into not only passive receivers of assistance, but into active participants in their own development.

Keynesian Economics and Economic Stimulus

Keynesian theory of the economy emphasizes the role of aggregate demand in fostering investment, output and employment. The Keynes principle of multiple accelerator states that as the consumption rises, the investment increases, which in turn spurs the economic growth due to the multiplier effect.

The same stimulatory effect is Zakat. Zakat raises consumption of goods and services by shifting wealth to low-income households that have high marginal propensity to consume. This increased demand provides incentive to business to invest in productive capacity thus growing work and wages. The overall macroeconomic stability and sustainable development is the result of the multiplier effect.

On top of this, Zakat has an additional effect of investing in sector specific areas (in particular in education, health and micro-enterprise) and therefore generating a more human capital and inclusive growth. In so doing, Zakat is at once a counter-cyclical economic and a long-term development instrument.

Zakat and Financial Inclusion

Financial inclusion is defined as access and availability of financial services to every section of the society, especially the unbanked and underbanked. Zakat helps to make the poor a part of the formal financial system with the help of microfinance programs, business grants, and interest-free loans (qard al-hasan).

In contemporary settings, Zakat-linked fintech solutions have emerged as innovative tools to streamline Zakat collection and distribution. Digital platforms enhance transparency, traceability, and efficiency in fund disbursement, enabling greater outreach and impact. By providing start-up capital and credit support, Zakat allows recipients to engage in productive economic activities, thus fostering entrepreneurship and reducing dependency on aid.

Zakat and the Sustainable Development Goals (SDGs)

Zakat as a philosophy and purpose are mostly in line with the United Nations Sustainable Development Goals (SDGs). Specifically:

- SDG 1: No Poverty -Zakat is direct financial assistance to the poor and the needy.
- SDG 2: Zero Hunger - Zakat program comprises of food security and nutrition assistance.
- SDG 4: Quality Education - Zakat institutions fund scholarships, school supplies and infrastructure in many.
- SDG 8: Decent Work and Economic Growth - Zakat assists in self-employment, vocational education and in the development of small businesses.
- SDG 10: Reduced Inequalities - Zakat minimizes income and opportunity gaps by means of specific redistribution.

By addressing both immediate consumption needs (food, shelter, health) and long-term development goals (education, employment, empowerment), Zakat complements national poverty reduction policies and global development agendas. Unlike many state welfare mechanisms, Zakat operates as a faith-driven, community-based instrument, making it a grassroots-level intervention that aligns naturally with the SDG vision of “leaving no one behind.”

Zakat and Optimal Resource Allocation

The efficiency implication of Zakat has some very useful insights through the application of optimal resources allocation theories, such as the Pareto Optimality and Kaldor-Hicks Compensation Principle.

It is Pareto-optimal that an allocation is efficient in the sense that you could never leave someone better off, without leaving another person worse off. Zakat leads to the social welfare by lifting up the state of the poor with minimal harm to the well-being of the rich who are only required to give a small proportion of their wealth to Zakat.

The KaldorHicks principle presupposes that an outcome is efficient when the net gainers are able to recompense the net losers and still net a gain. This principle is applied by Zakat directly: those who have excess are used to redistribute to those who have a deficit; this leads to better welfare and economic activity benefiting society overall.

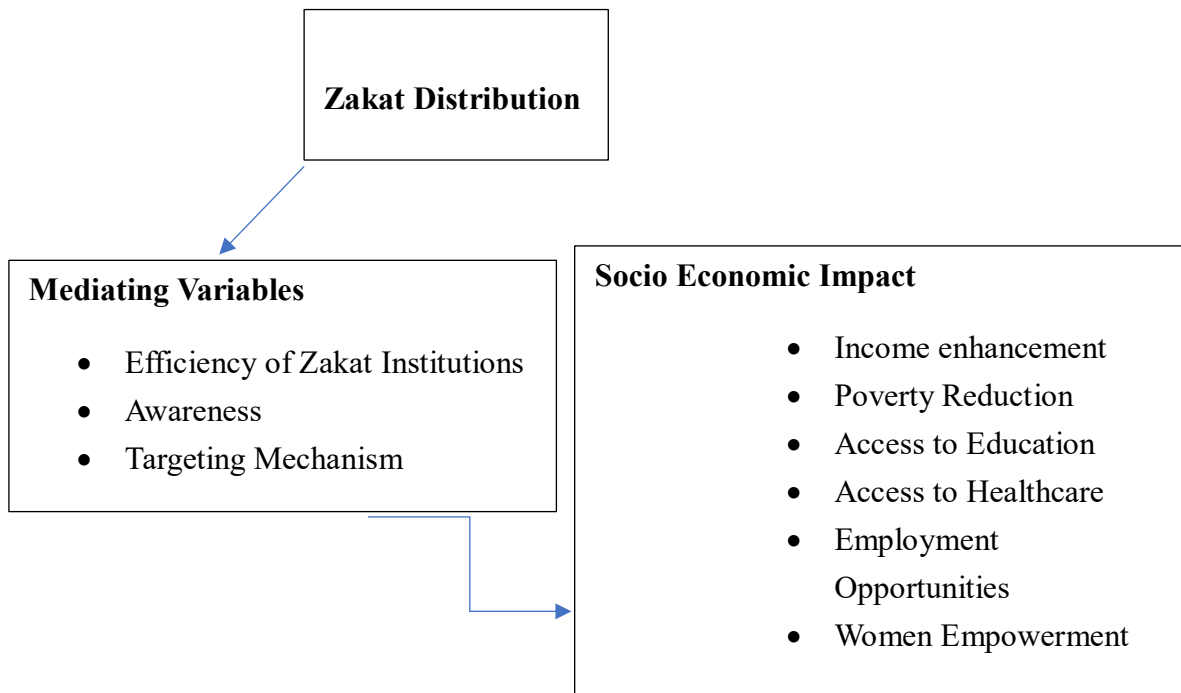
In effect, Zakat facilitates a more efficient and just distribution of resources, reduces the wastage of underutilized capital, and enhances the productive capacity of the economy.

The theoretical foundation of this study draws from Islamic Economic Philosophy, Welfare Economics, Capability Approach (Sen, 1999), Keynesian Economics, Financial Inclusion, and the principle of Optimal Resource Allocation. However, our study is primarily concentrated on the Sustainable Development Goals (SDGs), as the objectives of Zakat closely align with poverty reduction, inequality mitigation, and inclusive growth.

Conceptual Model

Figure 2.1

Conceptual Model: Impact of Zakat Distribution on Socio-Economic Outcomes



Source: Developed by the researcher

The conceptual framework presented above illustrates the hypothesized relationship between Zakat Distribution (independent variable) and Socio-Economic Impact (dependent variable), with a set of mediating variables that influence the strength and direction of this relationship.

Independent Variable: Zakat Distribution

Zakat distribution refers to the allocation and disbursement of collected Zakat funds to rightful recipients (asnāf) such as the poor, needy, and other eligible categories defined in Islamic law. It is conceptualized as the independent variable, as it constitutes the primary input or intervention expected to influence beneficiary outcomes. In Kerala, Zakat is largely decentralized and informally managed through local religious and community-based organizations. The character, uniformity, and openness of such a distribution process become the basis of socio-economic advancement among beneficiaries.

Mediating Variables

Zakat impacts on the socio-economic well-being are seldom linear or automatic. It is shaped by several mediating variables that either enhance or inhibit its potential impact. These include:

- **Efficiency of Zakat Institutions:** This includes the organizational capacity, governance practices, transparency, and accountability mechanisms of institutions managing Zakat. An effective institution guarantees fair, equitable and sensible allocation of funds in time, thus enhancing the effects on beneficiaries.
- **Consciousness:** consciousness of Zakat payers (muzakki) and recipients (mustahik) is vital to the effective running of Zakat. Lack of awareness can lead to underutilization of funds, exclusion of rightful beneficiaries, and mismanagement. Beneficiaries are required to know about their rights and the support available to them and payers should know the social importance of meeting this requirement. **Targeting Mechanism:** Precise identification of deserving beneficiaries ensures that Zakat reaches the intended populations. Ineffective targeting can result in leakages, duplication, and exclusion of the most vulnerable, thereby diluting the socio-economic benefits of the system.

These mediators bridge the gap between the intent of Zakat distribution and its actual outcomes

Dependent Variable

Socio-Economic Impact The dependent variable captures the set of desired developmental outcomes resulting from effective Zakat distribution. These include:

- **Income Enhancement:** Beneficiaries experience improved financial status and reduced dependency.
- **Poverty Reduction:** Measurable declines in multidimensional poverty indicators such as food insecurity, debt burden, and asset deprivation.
- **Access to Education:** Zakat funds can support school fees, materials, and associated costs, promoting educational continuity.
- **Access to Healthcare:** Use of Zakat to fund medical treatment, insurance premiums, and health infrastructure for vulnerable groups.

- **Employment Opportunities:** Productive Zakat (e.g., for vocational training or microenterprise support) can generate employment.
- **Women's Empowerment:** Zakat programs tailored to women's needs may support their education, entrepreneurship, and social mobility.

Kerala is widely recognized for its high human development indicators, yet significant economic disparities persist, especially within marginalized Muslim communities. Zakat in Kerala is largely organized through decentralized, community-based systems, often without formal institutional oversight. While this model allows for cultural contextualization, it poses challenges in terms of documentation, targeting, and impact assessment.

The theoretical framework presented herein is particularly relevant to Kerala, where the socio-economic diversity and historical marginalization necessitate an inclusive and structured approach to Zakat administration. A beneficiary-centric analysis allows for an in-depth understanding of whether the theoretical benefits of Zakat are realized in practice, and what institutional reforms may be required to enhance its effectiveness.

2.4 Research Gap

Zakat, as an important part of Islamic economics, has gained more attention in recent years, especially in areas like Islamic finance, poverty reduction, and social welfare. However, most studies mainly focus on its religious rules, legal aspects, and historical background. There is very little research that looks at how Zakat actually works in today's economic and social settings particularly in India.

In India, Zakat is widely practiced by the Muslim community, but it mostly takes place in informal and decentralized ways. There are very few detailed studies that examine how these systems function, how funds are used, or what kind of social and economic results they bring. In Kerala, where Muslims form a significant part of the population and community giving is strong, Zakat plays a major role in helping poor and needy people. However, most of the existing studies in Kerala focus on general topics like philanthropy, migration, or religion. Very few have taken a keen interest in the economic aspect of Zakat-like the type of support provided, how beneficiaries are identified, the level of transparency in the system and the long-term repercussions of the system on the lives of people.

There is a substantial void in the existing literature on Zakat as it relates to its economic operation and institutional operation in secular countries that are non-Islamic. Specifically:

- Zakat operational and management practices in India are understudied in the academic literature.
- Although welfare-oriented, the processes by which beneficiary choice, fund release, use, and socio-economic effect of Zakat in India are governed, has been only infrequently and occurrences subject to systematic or in-depth examination.
- Even though Kerala forms a very topical area, it is not well researched in terms of the economic role of Zakat.

This paper will address these gaps by looking at Zakat as a way of economic growth and access, the manner in which it is administered, distributed and received by the beneficiaries and the likelihood that it can be a sustainable and inclusive economic development instrument in India.

Conclusion

The theoretical framework developed within the chapter is highly comprehensive since the concepts of the Islamic economics have been integrated with the modern economic and social ideologies. It brings out the multifacetedness of Zakat as far as enhancing social justice, nurturing human potentials, enhancing financial inclusion, and spurring economic growth is concerned. Zakat is a convenient and a complete tool to sustainable development considering that it is consistent with the welfare, approachability, Keynesian theory of demand, and the optimal resource allocation models. The further empirical research will be guided by this theoretical framework developed here, taking into account socio-economic realities of Kerala in particular.

Lastly, Zakat is a spiritual obligation as well as a powerful device of socio-economic transformation. Its proper interpretation and effective implementation have extensive policy, practice and discourse implications on alleviation of poverty and equitable development.

CHAPTER-III

ZAKAT SYSTEM; A CONCEPTUAL AND EMPIRICAL REVIEW

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3.1 Zakat

Zakat is one of the pillars of the Islamic system of economic and social practice that has been adopted over 1400 years ago. Zakat refers to a compulsory charity undertaken by the rich Muslims who have surpassed a stipulated threshold in their wealth to donate part of their riches or assets (usually 2.5 percent/year) to the unfortunate so that social justice and economic freedom can be attained. Another of the Five Pillars of Islam, obligatory and not voluntary, and which is also Zakat, is a way to redirect wealth in a more equal kind of economic energy. Zakat was formalized as a practice in 623 A.D after the Prophet Muhammad migrated to Medina, and has been continued for hundreds of years as a form of aid to the poor and less lucky citizens, to help reduce economic inequality. Unlike zakat, sadaqa, or charity, is voluntary, offered voluntarily and not primarily an obligation, where a person gives to charitable campaigns mostly due to goodwill and moral duty which contributes psychological as well as financial property and social safety to Islamic community (kahf, 1999).

Zakat is the obligatory annual payment made by Muslims who meet specific wealth criteria (called *nisab*), calculated as 2.5% of certain types of wealth such as savings, gold, silver, and business assets Qur'an (Surah At-Tawbah 9:60).

Zakat is administered differently in various Muslim countries. In some countries, the government or an organization is charged with the responsibility of collecting and distributing zakat. For example, Malaysia oversees zakat with the help of state governments, and in Bangladesh, the Ministry of Religious Affairs has a board that manages zakat. This process is in alignment with the Islamic teaching recognizing that all wealth ultimately belongs to Allah and humans are just stewards of it. When Muslims fulfil their zakat obligations, they purify their wealth and contribute to important economic development, and social welfare.

3.1.1 Nisab Limit in Islamic Economics

Nisab, which is a key idea in Islamic economics, is the minimum amount of money that a Muslim must have before they become responsible for paying zakat. The amount of gold weighing 87.48 grams or silver of 612.36 grams used in the past to set the nisab is the basis for the decision. The nisab allows that only individuals with surplus wealth are obligated to contribute, thereby safeguarding the financial rights of the poor and exempting the economically vulnerable from further burdens (Obaidullah, 2008) (kahf,

1999). The nisab not only emphasizes a certain wealth level but also serves as a method for achieving socio-economic justice in the Islamic context. This way, it clearly indicates who should be the donors rather than the recipients, which is in line with the larger Islamic goals of wealth redistribution and the fighting of poverty.

This concept coincides with the concept of the subsistence wage of Karl Marx, i.e. the amount of money required to sustain workers in a capitalist setting. As the nisab is supposed to trigger the redistribution of wealth process through a religious decree, the subsistence wage concept by Marx reveals the capitalist system as an entity that continues to push the working classes to the brink of poverty in anticipation of maximizing the gains of the capitalist classes (Marx, 1990).

These two concepts introduce the important economic limits, nisab as a religious-moral obligation to support the equity, and subsistence wage as reflecting on the system exploitation. Collectively, they emphasize the role of economic systems in establishing social equity and justice, but on radically divergent ideological bases.

3.1.2 Zakat, Capitalism, and Ethical Wealth Redistribution: A Comparative Economic Perspective

It is the zakat that is founded on the basis of the Nisab which acts to redistribute wealth to allow the more fortunate to sustain the living of the poor in the economy. It also offers economic safety net and reduces the dispersion between the rich and the poor. On the other hand, Marx describes capitalism in a fashion which strives to amass wealth with a ruling elite at the expense of the working masses, amplifying cycles of poverty and pushing high inequality ratios. While zakat is there to work towards sharing the excess resources of one group to the next, Marx critiques capitalism for not sharing, accumulating wealth, and expanding already disproportionately high wealth inequality (Falk, et al., 2017) (Chapra, 1992).

Islamic economics with the Nisab limit and Zakat concerns moral wealth management and the obligation to help the community. This measure guarantees that wealth is used to the betterment of the community, which possesses a high ethical aspect of economic activities. Similarly, the Marxianism criticism of the capitalist system relies on the moral facets that assert that the system exploits the workers and encourages social injustices. These two systems point to the ethical need to address the economic inequalities and promote social wellbeing.

Nisab limit facilitates economic stability as it helps to create an immutable circulation of wealth between the rich and the poor that could facilitate more consumption and general economic activity. Wealth redistribution is a major aspect of economic stability because the redistribution of wealth could create a greater demand within the economy and led to the perpetuation of economic growth. Conversely, subsistence wage of Marx refers to the instability woven into the capitalistic structure where reduction of wages may cause a decline in demand, economic crisis and social unrest. Each of these two ideas can draw attention to the need to establish processes and mechanisms that create/substantiate economic stability and decrease the risks associated with exceptional colonial economic inequalities.

Zakat is a compulsory charitable donation and one of the Five Pillars of Islam. Its intended purpose is to redistribute wealth within the Muslim community to assist those in need, promote social justice, and reduce economic disparities. Zakat is seen as an act of worship and a moral obligation to purify one's wealth by giving it away to people who are less fortunate. Zakat is determined as a fixed percentage of a Muslim's surplus wealth each year (usually 2.5%) that is paid out to specific recipients, which includes the poor and needy. By redistributing wealth, zakat assists in reducing poverty levels, protecting the most vulnerable, and creating a more equal economy. Zakat stimulates consumption and investment by providing money to those who most need it, assisting those that are on the margin and are merely fleeing from poverty to a maximum consumption level (kahf, 1999) (Chapra, *The future of economics; An Islamic Perspective*, 2016).

The opposite of profit can be seen as interest (riba), which is the surplus paid by the borrower above and beyond the principal amount of debt which is the cost of borrowing money in conventional economics and is more often than not outlawed under Islamic law considering the potential for exploitation and unjust gain which could lead to unlimited wealth in the hands of lenders and financial institutions ultimately leading to economic disparity and financial instability. Interest does show some ability to enhance economic growth by providing the incentive to save or invest, but does not do much to achieve any social or moral goals, while clearly enhancing wealth inequalities. Islamic finance principles favour profit-sharing and risk-sharing as opposed to interest contracting thereby avoiding the associated negative impacts of interest on society (Siddiqi, Muhammed, & others, 2004) (Usmani & Taqi, 2021).

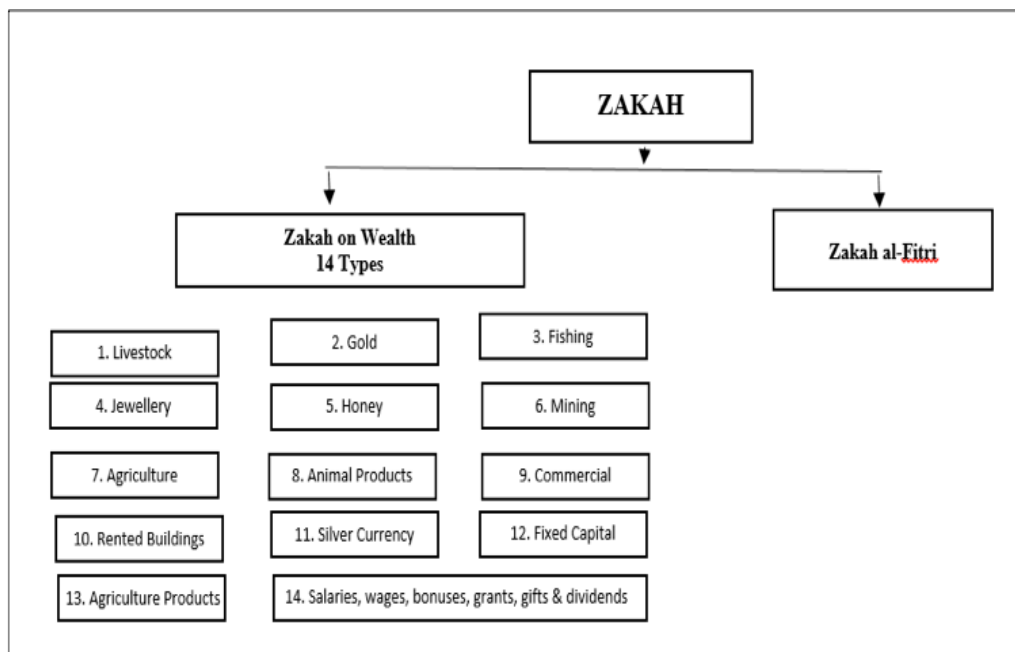
3.1.3 Types of Zakat

3.1.3.1 Zakat al maal (Zakat on wealth): This is a yearly donation of 2.5% of one's wealth. It is mandatory for Muslims who have wealth above a certain amount (Nisab) and who meet specific conditions: being Muslim, reaching puberty, being sane, and owning the wealth for a year. The donation must go to specific recipients mentioned in the Quran.

3.1.3.2 Zakat al fitrah (Zakat on food): This is given at the end of Ramadan before Eid. Every Muslim must donate a portion of their regular food to the poor to mark the end of fasting

Figure 3.1

Types of Zakat



Source: ICIF Newsletter Volume 8

3.1.4 Zakat Collection and Distribution

Before one can ascertain Zakat, it is vital to first identify Zakatable income. Muslims must calculate their income by totalling all their income sources. Then they need to subtract their annual needs and annual degree of income from the total income to find the total Zakatable Appendix. If the Zakatable amount is above the nisab amount, the zakatable wealth is multiplied by the zakat percentage to determine how much each individual will donate annually. Nisab is the amount of wealth one needs to have in order to be attending to pay Zakat.

3.1.4.1 Rate of Zakat

Zakat is calculated on various items at specific rates. For gold, pearls, and precious stones, the rate is 2.5% if the amount equals 85 grams of gold. Silver has the same rate if it totals 595 grams. Paddy, coconut, and arecanut are taxed at 10% annually after deducting cultivation and harvest costs, if equivalent to 1300 kg of paddy, or 5% if costs are not deducted. Rubber, cashew, tea leaves, and black pepper follow similar rules: 10% annually if income equals 1300 kg of paddy, 5% without cost deduction, or 2.5% if considered money crops. Tapioca, potato, elephant foot, and fruits are taxed at 10% annually if income equals the rate of 650 kg of rice. Rentals, industries, farms, travel agencies, and other businesses are taxed at 10% of income after deducting running costs if income is equivalent to 650 kg of rice. All agricultural produce with an income equivalent to 85 grams of gold is taxed at 2.5%. For businesses, zakat is 2.5% if profits, after deducting expenditures and taxes, reach the zakat threshold. Salaries, wages, and fees are taxed at 2.5% after basic needs are deducted, if income equals 85 grams of gold. Fish for sale is taxed at 2.5% or 10% after deducting fishing costs, or 5% without deductions. Bonuses and retirement benefits are taxed at 2.5% if they equal 85 grams of gold. Trading shares are taxed at 2.5% if zakat is not already paid by the business, and shares in industries or rentals are taxed at 10% if income equals 650 kg of rice. Real estate profits and unsold land valued at 85 grams of gold are taxed at 2.5%. Income from treasure, stone, and sand is taxed at 2.5% after deducting costs and wages. Total income from agriculture and business is taxed at 2.5% if the combined income from salary and other sources equals 85 grams of gold (kahf, 1999),(Qaradawi, 1999), (Obaidullah, Introduction to islamic micro finance, 2008)

Table 3.1*Zakat Rates and Thresholds by Asset Type*

Type of Asset	Threshold (Nisab)	Zakat Rate (%)	Notes
Gold	7.5 Tolas (\approx 87.48 grams)	2.5	Applicable if held for one lunar year and meets nisab.
Silver	52.5 Tolas (\approx 612.36 grams)	2.5	Same rules apply as for gold.
Cash and Bank Savings	Equivalent to value of gold or silver nisab	2.5	Combined total with gold/silver must meet nisab.
Business Assets	Equivalent to gold/silver nisab	2.5	Includes merchandise, inventory, and profits.
Agricultural Produce (natural irrigation)	5 Wasq (\approx 653 kg)	10	Applies to produce irrigated without manual effort (e.g., rainfall).
Agricultural Produce (artificial irrigation)	5 Wasq (\approx 653 kg)	5	Applies to produce irrigated with effort (e.g., pump, well).
Livestock (Camels, Cattle, Sheep)	Varies based on animal type and count	Varies	Specific nisab and rates apply per Islamic rulings.
Shares and Investments	Equivalent to gold/silver nisab	2.5	Calculated based on current market value.
Rental Income	If savings reach nisab threshold	2.5	Zakat is on the savings from rental income.
Precious Metals (other than gold/silver)	Equivalent to gold/silver nisab	2.5	Applies if held for investment or trade.
Receivables (Debts Owed)	If collectible and meets nisab	2.5	Only collectible debts are zakatable.

Source: Al-Qaradawi, Y. (1999). *Fiqh az-Zakah: A Comparative Study of Zakah, Regulations and Philosophy in the Light of the Qur'an and Sunnah* (Vol. 1–2).

3.1.4.2 Categories of Zakat Beneficiaries

1. **The Poor:** These individuals are extremely poor and need help. They lack possessions or a source of income and cannot meet their basic needs for food, drink, clothing, and shelter. They receive enough zakat to meet their needs for a full year.
2. **The Needy:** These people receive more than half of what they need to live from zakat funds each year.
3. **Administrative Workers:** These are people appointed by the Muslim ruler to collect zakat. They receive support for their travel and work expenses, even if they are wealthy, because they dedicate their time to this task. This includes all those involved in collecting, recording, safeguarding, and distributing zakat.
4. **Those Whose Hearts Are to Be Won Over:** These are individuals who may be non-believers or new to Islam. They are given zakat to win their goodwill towards Islam, strengthen their faith, or encourage their non-Muslim relatives to look favourably upon Islam.
5. **The Freeing of People in Bondage:** This includes Muslim slaves who are bought to set them free. Zakat funds may also help slaves who have agreements to buy their freedom or pay ransom to free Muslim captives.
6. **Debtors:** People who have incurred debt for legitimate purposes, whether personal or to help others, can receive zakat to help repay their debts. Even wealthy individuals can receive zakat if their debt was incurred to resolve disputes.
7. **To Further Allah's Cause:** This applies to volunteers who fight for Allah's cause and do not receive a salary. They are given zakat to support them, even if they are not in need.
8. **The Traveler in Need:** This refers to travellers who cannot continue their journey home due to a lack of funds. They are given zakat to cover their travel expenses.

3.1.5 Administration of Zakat

Zakat administration is an important part of Islamic economic governance. It entails the process of collection, management, and distribution. Whether Zakat serves as an effective tool for poverty alleviation and socio-economic justice is largely dependent upon how it was administered. For the most part, the administration of Zakat can function through

either individual-based or institution-based systems. Also, the state and if possible Islamic institutions are an integral part of facilitating an efficient and Shariah-compliant execution of Zakat.

3.1.5.1 Individual Mechanism

Historically, Zakat had been practiced as a personal religious obligation, and many Muslims continue to do so individually. In this individual mechanism, the payer identifies eligible recipients from the eight categories found in the Qur'an (Surah At-Tawbah: 60), and then the Zakat payer disburses the specified amount directly to the recipient. This process provides personal and religious fulfilment for the payer, and it gives him greater discretion over how the amount is spent by the recipient, while increasing awareness of the local community's needs. However, individual mechanisms also have their limitations. They may lead to inefficient distributions, duplication of assistance, or an outright neglect of certain needy populations due to a lack of collecting data and missing institutional capacities. In addition, the individual mechanism has no means of monitoring the entire process, so it may lack transparency and accountability (Kahf, 1999), (Shirazi N. S. & Obaidullah, 2014).

3.1.5.2 Institutional Mechanism

Institutional mechanisms, on the other hand, utilize organized entities, either governmental or non-governmental, that can collect, manage, and distribute Zakat in a systematic and transparent manner. Such institutions are able to establish computerized lists of recipients, give needs-based grants, and engage developmental Zakat funds. This is because institutional mechanisms are more capable of managing issues that are chronic in nature such as poverty, education, healthcare or microfinance because with institutional mechanisms professionals are able to work on Zakat instead of distributing through the Zakat in ad hoc manner. Another way that institutions can contribute to the increased use of Zakat in the society is by cooperating with other government and non-government welfare programs (Shirazi N. S. & Obaidullah, 2014).

3.2 Zakat as a Multifaceted Instrument for Economic and Social Development

3.2.1 Zakat and Taxation: A Comparative Analysis

The ideas of zakat and tax represent two systems of wealth redistribution but they are different in their core, aim, and method of implementation. Although zakat is an Islamic

religious requirement, taxation is also a secular responsibility by governments to fund the expenses of the people. It is also important to know these differences in order to analyze their economic and social consequences, especially in countries with a majority of Muslims who are living in both systems.

Zakat is among the five pillars of Islam and thus it is a compulsory religious activity to qualified Muslims. It is characterized as a mandatory almsgiving and obliges Muslims to give out a designated amount of their riches to particular classes of recipients. Social welfare and spiritual purification is the major aim of zakat. Islam views wealth as one of the trusts given by God and zakat makes sure that it is distributed fairly to the needy. The principled zakat amount depends on nisab or the minimum amount of wealth and usually imposed at the rate of 2.5 percent on savings and assets that are stored over a year. However, the rate varies depending on the type of wealth; for instance, agricultural produce, livestock, and minerals have different prescribed rates. Zakat is exclusively designated for eight groups mentioned in the Qur'an (Surah At-Tawbah 9:60), including the poor, the needy, zakat administrators, debt-ridden individuals, and those striving in the path of God (Saad, Foori, & AM, 2020).

Zakat is more than just an obligation; it has spiritual and ethical aspects. Zakat purifies wealth because it acknowledges that a share of the earnings one gathers rightfully belongs to someone else. Zakat promotes social cohesion and reduces income inequality by making certain that wealth keeps circulating within the community. Most importantly, in current Muslim societies, zakat is voluntary in terms of collection; determining the amount is left to the faith and conscience of the individuals paying the zakat - rather than being legally enforced.

Taxation, however, is a mandatory levy imposed by governments and applies to everyone, regardless of religion. Taxes are levied to fund public services, infrastructure, national defence, and the economy. Taxes are not considered a religious duty, but rather a legal and economic obligation. Thus, taxation is necessary for a state to function. Taxes can fall into two categories: direct and indirect taxes. Direct taxes are levied on the taxpayer including income tax, corporate tax, and property tax. Indirect taxes are charged to goods and services and are paid by the consumer. Indirect taxes apply equally to consumers regardless of income status. Governments can also implement taxes as progressive taxes, where tax rates increase when income increases or as proportional taxes, where taxpayers

pay a fixed percentage of income. The most meaningful impact of taxation is the generation of revenue which is spent by the government to provide society with government services, a legal form of consumption. An indirect consequence of taxes is to regulate consumer purchasing habit. If the government wants to discourage consumption of negatives (i.e., sin tax), taxes can be added to tobacco, alcohol, etc. If the government wants to encourage consumption of certain industries, taxes can have tax incentives. Taxation differs from zakat and can change quickly to meet society or state needs politically or economically. Thus, tax is a flexible and often contentious policy instrument (Musgrave, Peggy, & Musgrave, 1980).

Key Differences Between Zakat and Taxation

Despite some functional similarities, zakat and taxation differ in several critical ways:

1. **Source of Authority:** Zakat is mandated by divine command in the Qur'an and Hadith, whereas taxation is determined by governments through secular legislation. Zakat is fixed and unchangeable, while tax laws can be revised based on economic policies.
2. **Purpose and Beneficiaries:** Zakat is mainly aimed to achieve spiritual cleansing and redistribution of wealth, which secures the economic justice. It is precisely distributed to eight groups of beneficiaries. On the contrary, taxation has wider purposes such as the services of the state, infrastructure, and national security and does not have designated beneficiaries.
3. **Rate and Calculation:** Zakat rates are set and fixed (e.g. 2.5 on savings and wealth), whereas tax rates are different, depending on government policies. Taxation may either be progressive, proportional or regressive based on the levels of income and economic policy.
4. **Voluntary vs. Mandatory:** Even though zakat may be religiously compulsory, it is in many Muslim countries not compulsory in law but rather by the faith of an individual. Taxes are, however, legally binding and there is a penalty against not paying or evading them.
5. **Spiritual and Ethical:** Zakat is regarded as a worship, which reinforces the religion and moral duty. It is associated with responsibility to God. Taxation, in its turn, is more about financial obligation, whose legal and economic effects are not directly related to spiritual values.

Nevertheless, taxation does not necessarily contradict zakat, in particular in contemporary economics when the governments need extra financing in terms of infrastructure and social services. In other Muslim-majority nations, e.g. Malaysia, tax incentives are offered to Muslims who pay zakat, in which the Muslim contribution towards zakat can be deducted in the taxable income. Such a strategy will promote adherence to both requirements and decrease taxpayer financial loads (Barizah, Nur, Abdul, and Abdul, 2007).

The article authored by (Saad, Foori, and AM, 2020) offers a detailed comparative evaluation of zakat and taxation in terms of the conceptual differences between them, their historical development, the economic and social aspects of their implementation, and the difficulties of their application, in particular, in Malaysia. The paper presents the basic distinctions between zakat and taxation and the main roles they play in economic and social organization. Although both of them are the means of redistributing wealth, their basis, goal, and regulation structures are greatly different.

The historical evolution of zakat and taxes is also the topic of the research, but it concerns the functions of these two institutions in the early Islamic states. Zakat was made mandatory in the second year of the hijrah and ruthless in implementing the same during the caliphate of Abu Bakr (RA), who declared war on the non-performers of their zakat. Zakat was one of the foremost sources of revenue to be used to finance the populace in the early Islamic state and it was employed as a source of welfare, economic stimulus, and poverty alleviation. The zakat was raised on the basis of some forms of wealth such as the annual harvest of the land, animals and merchandise traded and this made it possible to recycle wealth throughout the community. Besides zakat, there are other forms of taxes that were raised in the early Islamic state in order to finance them. War booty was subject to khumus (1/5 tax) which was allocated to the state and the poor. There was a kharaj (land tax) and that was taken from non-Muslim landowners. Jizya was a type of tax where non-Muslim citizens property paid money for state protection. Ushur also acted as a tax as a customs tax on goods entering in or out of Muslim territories. . These tax measures played a crucial role in sustaining the Islamic state's administration and military expenses while ensuring economic stability (Lapidus & Ira, 2014), (Clapperton, Mathew, David , Smith, & MLR, 2017).

Comparison of Zakat and Modern Canons of Taxation

The principles underlying zakat in Islamic finance share commonalities with modern taxation systems, particularly in terms of equity, certainty, convenience, and economy. Zakat mandates that those with surplus wealth redistribute it to those in need, with specific rates for different types of wealth. A commitment to fairness and equity is seen in the formal nature of zakat, 2.5 percent of savings and financial assets, 5 percent of agricultural produce that demands human effort, 10 percent of agricultural produce irrigated by human means, and 20 percent of windfall gains. On the same note, equity in the modern tax systems is to be achieved by progressive rates of taxation whereby the higher-income groups are expected to contribute more but with horizontal equity as the people in the same financial situation should be treated equally.

Another common principle is certainty as zakat rates and thresholds are clearly spelt out in the Islamic law to give predictability to the contributors. Contemporary taxation also aims at being transparent by stating the tax rates, brackets, and calculation rules that one uses in determination of tax liabilities. In both systems the element of convenience is inherent since zakat is usually collected once a year, usually during Ramadan, which gives those paying it a predictable time frame to do so, and modern systems have a range of options to alleviate the tax payers burden, including, but not limited to, payroll deductions and electronic submission.

This is reflected in the economy of the administration of zakat because the collection and distribution of zakat is handled by local religious authorities or charitable organizations that keep the administrative expense down. The contemporary tax systems are as well concerned with minimization of administrative cost and compliance expenses to ensure that the cost of collection does not surpass the income. Although the levels and rates of zakat are predetermined according to the religious law, they can be easily adjusted to various wealth forms. Contemporary tax systems have adopted deductions, credits and exemptions to offer the same flexibility, adjusting to varied taxpayer situations and economic situations (kahf, 1999), (Obaidullah, Introduction to islamic micro finance, 2008).

Zakat is an important factor in shaping economic stability and growth as it redistributes wealth and pumps money into the economy. Since it is stipulated in the Quran, the distribution of zakat money in the eight allocated categories is of great macroeconomic

consequence. Among the major economic implications of zakat is the fact that it has enhanced money circulations in the economy. Zakat boosts the purchasing power of the poor and the needy by offering them financial assistance, which leads to increase in demand of basic goods and services, which include food, clothing, and shelter. This increase in demand implies the need to increase production facilities which, subsequently, allows using capital and promotes economic growth. With higher production, more jobs will be created, which will further boost the aggregate demand and have a self-reinforcing economic cycle of balanced consumption and growth (Ahmed & Habib, 2001), (Shirazi and Nasim, 2006).

An especially interesting point about zakat is how it facilitates economic freedom and lessens monetary reliance. Traditionally, the group *fir-riqab* included the release of the slaves, which is not applicable to modern society. Nevertheless, the contributing goal is still relevant in dealing with contemporary economic oppression. In low-income countries, there is a lot of financial oppression as many citizens are at the mercy of their domestic landlords, industrialists and multinational companies who exploit the natural resources with the aim of generating profits. Here, zakat can be used as the instrument of economic liberation as it would not only offer short-term solace but also offer financial aid in the long term. Such help may flow in the form of skill training, equipment and starting capital of small business enterprises or cooperatives and self-sufficiency. Since these businesses make revenues, they save their profits and cause wealth creation and wealth stability which eventually help the beneficiaries to become financially independent. Such initiatives have a multiplier effect such that the initial zakat distribution will have various economic advantages, which has been strengthened in the cycle of economic empowerment (Chapra and Mohammed, 2008), (Siddique M., 1996).

The other significant type of zakat spending is known as *al-gharimun* and this is meant to help people who are working with debts that cannot be repaid. This has great economic consequences especially when it comes to financial stability and inflation. Islamic economic principles are marked by the debt relief of those who have acquired liabilities in good faith and cannot repay them on unexpected events like illness, economic crises or acts of nature unlike the modern financial systems that allow debt write-offs and bankruptcy- both of which are usually transferred to consumers in the form of higher prices. The financial stress experienced by them due to repaying these debts is averted by means of the strategic distribution of zakat funds, thus contributing to price stability and

decreasing the levels of inflationary pressure (Usmani and Taqi, 2021), (Khan and Feisal, 2015).

Moreover, zakat spending in the *fi sabilillah* category (in the cause of God) is an amount allocated to the socioeconomic welfare of the impoverished as it is used to fund essential needs like education, health facilities, and social welfare programmes. These are some of the most basic needs that are fulfilled, and through these, zakat promotes moral and social stability, human dignity, and alleviates inequality in the society. The same thing applies to the granting of financial aid to *ibn as-sabil* (travelers in distress, such as refugees and political exiles) since such assistance does not only fulfill humanitarian principles but also helps them to become economically independent and less reliant on welfare systems in the long term (Kahf, 2003; Siddiqi, 2006).

This universality of zakat as a financial system can also be depicted in its organised collection and distribution processes. As opposed to the current situation whereby the paramount priority is to serve the needs of the immediate family members, zakat finances are then dispersed to the local communities, and it is then followed by regional, national and international beneficiaries who receive the finances. This structure of hierarchy also makes sure that the value of zakat does not just stop at the households on individual levels but reaches the economy at large. Also, excessive zakat money may be stored away as reserve assets in times of prosperity with the aim of working as emergency funds which may be called upon when the economy is facing a recession in order to alleviate economic distress and restore the economy to normal levels.

Among the peculiarities of zakat, there is the fact that it encourages productive economic behaviour. The incentive of the former by the imposition of zakat upon idle wealth in particular, is to induce the holder of the asset to put his/her capital to work, to do so in a way that will yield him/her more than the sum of zakat paid thereon, thus preserving his/her own wealth and in the process bringing about economic growth. This will ensure that the financial resources involved are put into productive use as opposed to accumulating it and thereby will render the economy dynamic and self-sufficient (Chapra and Mohammed, 2008), (Obaidullah, Introduction to islamic micro finance, 2008).

Lastly, zakat is a powerful economic instrument and the consequences associated with it are associated with much far-reaching economic stability, poverty and sustainable economic development. Its systemic distribution, impact on the consumption production

cycle, and role in the eradication of financial distress, zakat transforms into one of the pillars of Islamic economic policy that favors social justice and economic prosperity.

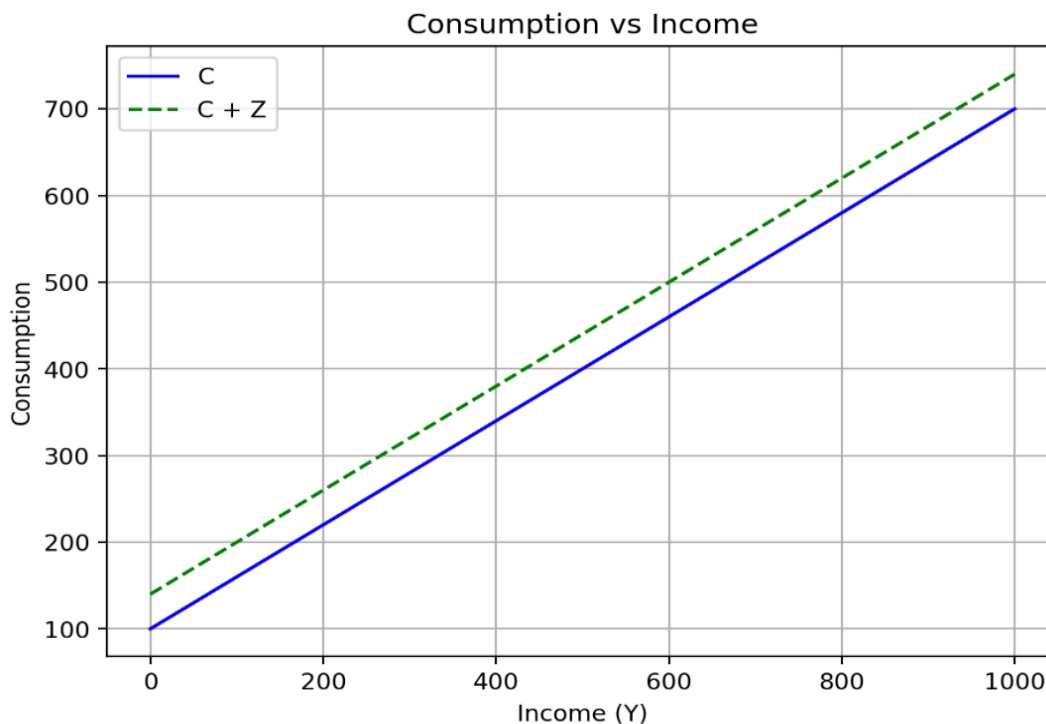
3.2.2 Effect of zakat on Consumption

Zakat plays a significant role in shaping consumption patterns within an Islamic economy. Some Muslim economists, such as Metwally, argue that Zakat has two primary effects on total consumer expenditure. Firstly, both the average and marginal propensities to consume are expected to be higher in an Islamic economy compared to a non-Islamic one that lacks similar fiscal redistribution mechanisms. Secondly, the investment gap at each income level is likely to be smaller due to the transfer of wealth from the affluent to the economically disadvantaged.

However, alternative perspectives exist. Some economists contend that factors beyond Zakat influence the consumption patterns of a society. While the redistribution of purchasing power to lower-income groups through Zakat reduces income inequality, it does not necessarily lead to a higher overall propensity to consume. Abu Ali, referencing Dusenberry's application of Veblen's demonstration effect, suggests that societies with greater income disparity often experience higher levels of consumption. In contrast, an Islamic economy, with its emphasis on moderation and discouragement of ostentatious spending, may have a lower overall consumption rate than other economies at similar income levels (Metwally).

Figure 3.2

Effect of Zakat on Consumption Function

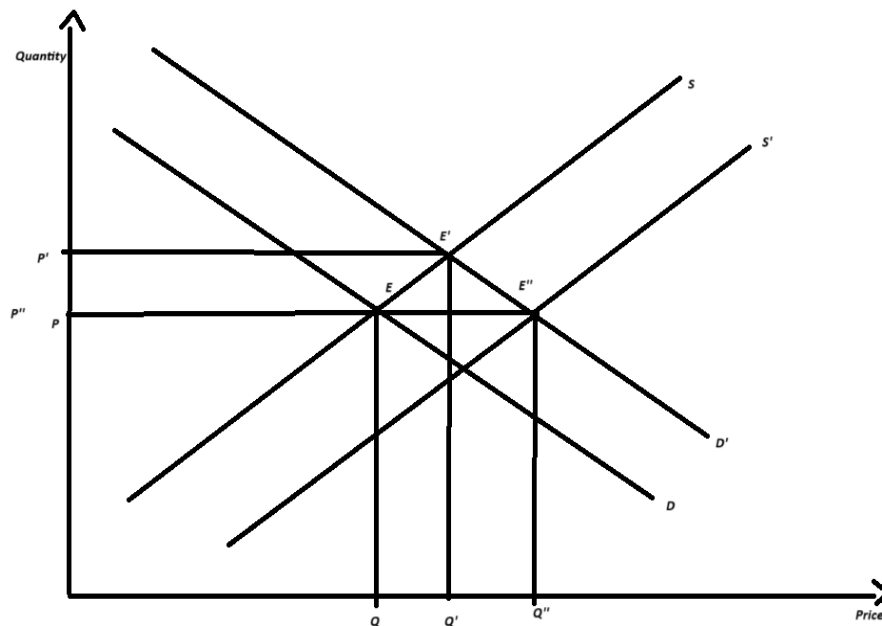


The graph demonstrates how Zakat influences consumption by increasing the marginal propensity to consume (MPC) among lower-income groups. Since MPC is higher for the poor compared to the wealthy, the redistribution of wealth through Zakat shifts the consumption function upward from C to $C+Z$. This means that a greater portion of additional income is spent rather than saved, leading to an overall increase in consumption in the economy. As Zakat transfers purchasing power from individuals with a lower MPC (wealthy) to those with a higher MPC (poor), aggregate demand rises, stimulating economic activity and reducing income inequality.

The impact of Zakat on savings and investment is also debated. Faridi argues that Zakat levies can have contradictory effects. An annual Zakat tax on net savings (above the nisab threshold) may encourage greater consumption, as individuals might prefer to spend rather than see their savings eroded by annual deductions. Consequently, the consumption function experiences an upward shift.

Figure 3.3

Effect of Zakat on Demand and Supply



Source: Sakti 2007 (Sakti, A., & Abilawa, M. S. (2007). *Ekonomi Islam: Jawaban Atas Kekacauan Ekonomi Modern*. Paradigma: Aqsa.)

The Zakat Curve in the Economic System illustrates how zakat influences market dynamics by impacting both demand and supply, ultimately leading to sustainable economic growth. The figure represents how the redistribution of wealth through zakat leads to increased purchasing power among the eligible zakat recipients, which in turn affects market equilibrium.

Initially, before zakat is distributed, the economy is at an equilibrium point E, where the original demand curve (D) intersects with the original supply curve (S), determining the initial price level (P) and quantity of goods and services (Q) in the market. At this stage, income disparities exist, and the poor have limited purchasing power, restricting their ability to participate actively in economic transactions.

With the distribution of zakat, the mustahiqq experience an increase in income, which enhances their purchasing power and leads to a rise in aggregate demand. As a result, the demand curve shifts from D to D', causing a temporary increase in price from P to P'. This

price hike is a natural short-term effect due to the higher demand for goods and services without an immediate corresponding increase in supply.

But zakat is also important in promoting investment and output among the zakat payers (muzakkī). Because zakat is applied on the idleness of wealth, the people will be motivated to invest their wealth in a productive way as opposed to keeping the money inactive hence creating more economic activity. The net effect of this is the overall supply of goods and services increasing and the supply curve will be S so S . The outcome is a new market equilibrium at E' where the amount of goods sold goes up to Q' instead of Q and the price, which has been increasing, levels off at P' because of the increased supply.

There are large economic implications of such a shift of zakat. Demand in the short run spurs economic activity and increases the consumption rate of the poorer groups of people. The result of the long-run increment in investment and production is not only stabilization of the prices but also long-run economic growth. In addition to that, Zakat system helps to reduce income inequality by spreading wealth between rich and the needy by encouraging social and economic justice.

Lastly, the Zakat Curve highlights the two aspects of the impacts of zakat which is to promote consumption and simultaneously to invest and generate. Such a process does not only stabilize the markets, but it also results in the economic growth in the long term as the issues of poverty, unemployment and wealth concentration are removed. Performing as an economic instrument of livelihood, zakat creates a warmer and a more equalized financial framework that magnifies the principles of equal wealth distribution and economic well-being.

3.2.3 Zakat as an investment booster and employment generator

Zakat as a type of gross-asset tax is an effective means of promoting the efficient use of assets. Just like a wealth tax, zakat is a negative reinforcer in that it levies a 2.5% tax on the net asset value, thus leading to the hoarding of the potentially valuable assets being unproductive (Kahf, 1989). Having assets that are hoarded yet could be utilized in productive activities is one of the major reasons why the economy has been growing slowly and people still live in poverty. By imposing zakat, asset owners are compelled to ensure that their assets generate at least a 2.5% return, or else they face the annual depletion of their asset's value through zakat payments. This mechanism inherently controls hoarding behaviors, preventing artificial inflation of asset prices and avoiding

the formation of 'asset bubbles.' For instance, in the real estate sector, zakat would deter individuals from holding large plots of land without utilizing them productively, thereby mitigating the risk of real estate price bubbles, as witnessed in many Indian cities (Hassan, M. K., et al. (2021)).

Furthermore, by promoting the productive use of assets, zakat contributes significantly to GDP growth and employment generation, thereby playing a crucial role in poverty alleviation (Ahmed & Habib, 2001). A prime example of this potential lies in the vast amounts of gold hoarded by Indian households, estimated at around 24,000 tonnes with a net value exceeding a trillion US dollars. This amount is approximately 15 times the net worth of the Indian Railways, which employs over 1.3 million individuals. If even a fraction of this gold were to be activated as productive capital, it could potentially generate around 20 million jobs, which is more than the total unemployment figure in India as estimated by the International Labour Organization (ILO) in 2018. This demonstrates how zakat can transform passive assets into active economic contributors, significantly reducing unemployment, vulnerable employment, and working poverty across the country (Siddiqi M., 1996).

3.2.4 Zakat as an equalizer

Zakat possesses an inherent economic power that can play a transformative role in reducing inequality within society. French economist Thomas Piketty, in his groundbreaking work *Capital in the Twenty-First Century*, sheds light on the rising global inequality by exploring the relationship between the rate of return on capital (r) and the growth rate of the economy (g). Piketty argues that when the rate of return on capital exceeds the economy's growth rate, wealth increasingly accumulates in the hands of the richest 1% to 10% of the population. This phenomenon, encapsulated in the inequality $r > g$, is what Piketty identifies as the "fundamental force of divergence," leading to greater economic disparity. As returns on capital—through profits, dividends, interest, and rents—grow faster than income derived from labor, wealth becomes concentrated among a few, exacerbating inequality (Thomas, 2014).

Piketty further asserts that the world is shifting towards what he calls "patrimonial capitalism," where inherited wealth dominates the economy, stifling entrepreneurship and innovation, and leading to the formation of oligarchies that hinder genuine enterprise. To counter this, Piketty proposes a tax on net assets to reduce the gap between the rate of

return on capital and economic growth, thereby narrowing the inequality $r > g$. Remarkably, the solution Piketty suggests aligns closely with the principles of zakat. Just as Piketty advocates a 2% tax on net wealth, zakat imposes a similar, though slightly higher, levy of 2.5%. Without such a tax, Piketty predicts a future of low economic growth and extreme inequality, where investment returns significantly outpace productivity-based income. Zakat, with its inbuilt mechanism to redistribute wealth, serves as a powerful tool to counteract these forces, promoting a more equitable society and fostering sustainable economic growth (Thomas, 2014).

3.2.5 Zakat as a tool for Poverty eradication

At the microeconomic level, the distribution of zakat to the eight designated recipients significantly enhances the disposable income of the poor and needy, providing them with the means to meet their essential needs without resorting to borrowing with *riba* (interest). By empowering defaulting debtors to settle their debts and addressing the immediate needs of the underprivileged, zakat not only alleviates financial pressures on individuals but also curtails the cycle of poverty that is often perpetuated by high-interest loans. This redistribution of wealth has a ripple effect, reducing the financial burden on the state by minimizing the need for external borrowing with *riba* to fund anti-poverty programs. Instead, the state can utilize the funds collected from zakat, alongside other public revenues, to finance these programs and implement development plans targeted at improving the lives of the poor and needy (Obaidullah, Role of microfinance in poverty alleviation: Lessons from experiences in selected IDB member countries, 2008).

Zakat becomes significant in poverty reduction by making sure that there is orderly redistribution of the wealth of the rich to the poor. Financial obligation in Islam requires the wealthy who are capable of affording to give a part of their income to designated groups of recipients who include the poor and those in debt as well as those struggling to make a living. This continuous draining of the wealthy to the poor creates a mechanism of eradicating the economic disparities together with providing financial security to the poor communities (Hassan, et al. (2007)).

Among the primary ways in which the Zakat alleviates poverty, there is income inequality. Widening of the wealth gap is inclined toward the traditional models of economies since they do not offer equal access to resources and opportunities. Nevertheless, Zakat ensures that the rich do not end up in the hands of the few. The system presupposes the existence

of the regular circulation of money by individuals with surplus wealth to those who have to struggle against financial difficulties. By its frequent channeling of financial aid to the needy, Zakat is able to bridge the economic divide as well as to redistribute wealth in a more balanced fashion.

The other outstanding impact of Zakat is relief of debt burden. Many individuals especially those in the developing economies end up being poor due to financial debts that they cannot pay. Zakat is expected to be provided to help the debtors as per Quran. This precept constitutes a significant safety net to the entrepreneurs, farmers, and the small business owners who could be struck by any unanticipated economic crisis. Rather than enduring bouts of financial hardship, people will have access to Zakat finances to stabilise their business and restore financial autonomy, which ultimately will not allow them to sink further into poverty.

Besides benefiting people, Zakat can also replace the spending by government on poverty alleviation programs. In nations with high levels of social welfare such as Bangladesh, Zakat finances would be used in social welfare relieving the government of the cost to meet its needs in other areas such as infrastructure and medical care. It would bring financial autonomy and a decrease in reliance on outside aid. As an example, it has been found that in Bangladesh, the sums of money received in the form of Zakat can substitute between 21% and 43% of the Annual Development Plan (ADP) expenditures, a substantial amount that will ease the fiscal pressure on the state (Karim, M.R.A, Osmani, N.M, & Ali).

Zakat makes people strong through the provision of economic opportunities. Rather than a temporary financial relief, it allows the recipients to invest in education, health, and business. This type of empowerment is consistent with contemporary poverty alleviation practices that pay attention to sustainable development (Shirazi N. S. & Obaidullah, 2014). Through Zakat funds to provide vocational training and business growth, individuals acquire skills and resources to become self-reliant and minimize their dependency on financial assistance in the long-term.

Finally, Zakat is a social safety net, which cannot be ignored as it guarantees that the most in need people in society are maintained all the time. Zakat is a fixed flow of income unlike conventional taxation-based welfare schemes, which may fluctuate, due to economic or political circumstances due to its religious significance. The payment system

of Zakat formulates a viable and consistent system of poverty cut. It is a good long term financial stability and social well-being strategy since such a system will ensure that there is constant provision of resources to assist the needy (Sadeq, 1997).

Lastly, Zakat plays a very important role of reducing poverty through the transfer of wealth, calming income inequality, reducing stress caused by debt, supplementing state expenditure, creating economic opportunities and building a robust social protection. Its structure and religious foundation make it viable and functional, a powerful instrument in eliminating poverty, particularly in the Muslim dominated countries. An organized Zakat would go a long way in stabilizing the economy and expand the societal good which will later lead to a more just and equal society.

Mechanism of Poverty Reduction:

- Direct Financial Aid: Zakat is an aid in form of finances provided to those unable to meet their basic needs. This lessens abject poverty and famine.
- Empowerment through Economic Resources: Small business of skills development programs can enable the recipients (mustahiq) to become economically self-reliant and later on become zakat payers (muzakki) in the long run.

In addition, the general aggregate consumption within the economy is enhanced due to the channeling of zakat to the individuals who actually require financial assistance. Because the marginal propensity to consume (MPC) of the poor is much greater than that of the middle or high-income population, zakat distributions cause higher expenditures on goods and services. Such increase in consumption boosts the economy, which is a plus to the GDP. Therefore, zakat does not only help solve short-term poverty, but also long-term economic growth through increased demand and more balanced wealth distribution in the society.

3.2.6 Zakat and Social Justice

Zakat is essential in social justice by making sure that there is an equitable wealth distribution and that economic disparities are lowered. It is structured as a mandatory wealth redistribution tool within the Islamic religion that focuses on certain segments of the population including the poor, the needy and those who have debts (Qur'an 9:60). As opposed to taxation which is levied on income and consumption, zakat is levied on a combination of wealth that accumulates above a set minimum threshold (nisab) where

only excess wealth is paid by those who have the excess wealth. This system avoids the accumulation of wealth in the hands of a few and ensures that the money roams in the society. Through funding the less privileged in the society, zakat minimizes poverty, boosts economic security, and the purchasing power of the poor which further boosts demand of goods and services, which subsequently spurred the general economic development. Also, zakat fosters the feeling of social unity and moral responsibility since it is not only a financial responsibility but a religious and ethical responsibility, which enhances social unity and lessens the gap between classes (Matar, 2015).

3.2.7 Zakat and Financial Inclusion

Zakat guarantees that the poor people are included in the financial system by making them *mustahiqs* (recipients of zakat) by introducing specific empowerment schemes. Zakat institutions in Indonesia (BAZNAS), as well as in Brunei Darussalam (BAKAZ), enable financial inclusion through provision of zakat not only to meet the consumption needs of the beneficiaries, but also to invest in productive activities. Such a strategy ensures that *mustahiqs* move towards dependency to self-sufficiency (BAZNAS, 2020).

Financial inclusion through the one-way zakat is by connecting recipients to Islamic financial institutions. An example is that BAZNAS works with the Islamic banks, BMTs (Baitul Mal wat Tamwil) and BPRS (Sharia Rural Banks) to capital loans and business financing to *mustahiqs*. In a similar case, BAKAZ uses Islamic banks like Tabung Amanah Islam Brunei (TAIB) and Bank Islam Brunei Darussalam (BIBD) in Brunei to deposit zakat money in the bank accounts of *mustahiqs*. This will introduce *mustahiqs* to banking services so that they can use financial products or services including savings accounts, microfinance and investment (Youseuf and N.B.A, 2012).

There is also reinforcement of financial inclusion via zakat by microfinance programs. *Mustahiqs* who can show growth in business can switch zakat-supported arrangement to profit-sharing or *qardh* (benevolent loans) arrangements which allow them to get access to more financing options. Such a slow injection into the formal financial system enables *mustahiqs* to be financially independent, and in certain instances, to become *muzakki* (zakat payers) and thus strengthens a sustainable economic cycle (Shirazi N. S. & Obaidullah, 2014).

Overall, zakat institutions ensure financial inclusion by creating access to financial services, promoting financial literacy, and supporting economic empowerment, thereby

enabling mustahiqs to break the cycle of poverty and actively participate in the broader economy (Wijayanti, Ida and, Hadi, Candra and Petra, & DK Hjh, 2021)

3.2.8 Empowering Micro Enterprises Through Zakat

Micro enterprises are the lifeblood of many economies, particularly in developing countries. Defined by their modest scale, they typically work with fewer than ten workers, minimal capital investment, and limited annual income. These small-scale businesses frequently serve as the backbone of local economies, driving economic activity at the mass level. Though micro in size, their impact on society and the economy is huge.

Especially in areas with a shortage of formal jobs, micro-enterprises are crucial to creating employment. Family members often participate in micro enterprises and entrepreneurial skills are passed down through generations. By providing income-generating opportunities, they uplift marginalized groups, fostering social inclusion and reducing poverty. Their small scale allows them to remain flexible and innovative, quickly adapting to changing market demands and local conditions. By bringing economic activity to rural and underdeveloped areas, these businesses also help bridge regional disparities. Furthermore, micro enterprises support local communities and preserve cultural heritage, strengthening social cohesion (Valappil & Shaheed, 2025).

Policymakers and scholars must highlight the expansion of small company sectors in order to address these pressing issues. In this sense, Micro, Small, and Medium-Sized Enterprises (MSMEs) play a critical role as incubators for entrepreneurship and innovation. Their versatile, productive, and creative nature considerably contributes to economic development. The MSME sector is a key driver of economic growth and a crucial instrument for fostering equitable development since it increases industrial output, creates jobs, and facilitates trade.

Zakat, a fundamental pillar of Islamic wealth redistribution, plays a powerful role in empowering microenterprises, especially in economically disadvantaged communities. Zakat supports the poor, the underprivileged, and aspiring entrepreneurs who want to establish or sustain small businesses by channelling financial resources to those in need. Through this financial injection, it is possible to invest in important tools, materials and other operational requirements that the micro enterprises could not afford because of limited access to formal financial systems.

The studies by Nadzri, Abd Rahman, and Omar (2012), Kasri (2014), Hoque, Khan, and Mohammad (2015), Jaelani (2016), Abdullah and Haqqi (2017), and Adiwijaya and Suprianto (2020) confirm that not only does zakat management contribute to the reduction of poverty but also is one of the most significant tools to assist people who are in debt, develop entrepreneurial activities, and decrease unemployment by providing jobs in the micro sector.

The article by (P & Ghazali, 2014), titled *Zakah as an Islamic Micro-Financing Mechanism to Productive Zakat recipients* discusses the role of zakat as a feasible Islamic microfinance tool to support small Muslim business people and reduce poverty. The authors state that the zakat, traditionally devoted to the direct financial help of poor people, can be also considered as a fair and sustainable financial system as it can offer interests free capital to the underprivileged who want to open or develop small-scale business. The strategy is in line with Islamic economic principles that is financial inclusiveness and social justice but forbids the use of interests in transactions. Islamic scholarship is used to evaluate the viability of zakat as a microfinance instrument and under particular circumstances, zakat funds can be used to offer loans. The article lays emphasis on the fact that all those Islamic teachings, where classical scholars and modern Islamic finance gurus are involved, acknowledge zakat as a possible tool of economic empowerment.

The paper uses a case study of the Selangor Zakat Board (Lembaga Zakat Selangor, LZS) in Malaysia that has adopted a zakat-based microfinance program to support this argument. The LZS categorizes zakat recipients into two groups: productive recipients, who are physically able to work and engage in economic activities but lack financial resources, and non-productive recipients, such as the elderly, disabled, or chronically ill, who depend on direct financial assistance. The board distributes zakat in two major forms—consumptive aid, which provides continuous support for basic needs such as food, housing, and education, and productive aid, which aims to foster long-term economic stability by financing small businesses and entrepreneurial activities among capable zakat recipients (Abdullah & Shuhaib, 2011).

The productive zakat model involves two types of financial assistance: direct capital grants to the poorest recipients who are starting businesses and soft loans (Qard al-Hasan) for recipients with existing businesses who require temporary financial support to stabilize or expand their ventures. The LZS also implements a structured monitoring

system, where zakat officers assess the progress of recipients and ensure that funds are being utilized effectively (Ahmed & Habib, 2001).

Despite it possibly possessing certain pros, the study acknowledges that there are a variety of challenges and conundrums in implementing microfinance institutions on the foundation of zakat. Repayment issues are one of the most critical issues particularly to non-financial disciplined people or those who experience unexpected financial disasters. Moreover, most beneficiaries are not business persons and financially uneducated; this decreases their capacity to maintain lucrative enterprises. The second major issue is the efficiency of the monitoring systems since the regular supervision and impact evaluation demand a number of administrative resources. Another finding of the study is that less than 30% of the zakat-funded businesses have a success rate within LZS program, which is quite low in comparison with other microfinance institutions in Malaysia, such as Amanah Ikhtiar Malaysia (Hoque, Nazamul, Mohammed, Aktaruzzaman, and Mohammed, 2015).

The authors suggest a set of recommendations to enhance the performance of zakat microfinance. To begin with, they note the necessity to have a formal contract between zakat institutions and beneficiaries to avoid wasting the funds and to make them responsible. Second, they emphasize the necessity of constant monitoring and measuring the impact, which would enable zakat institutions to follow the performance of businesses and intervene in case of the necessity. Third, they propose entrepreneurial training programs to be incorporated with zakat funding to offer recipients with the much-needed business and financial management skills. When properly undertaken, these measures have the potential of boosting the sustainability of zakat-based microfinance and make zakat viable towards its purpose of poverty alleviation and economic empowerment among the Muslim societies (Nadzri, AbdRahman, Rashidah, and Normah, 2012).

3.2.9 Welfare Effects of Zakat

Conventional welfare economic is concerned with the evaluation of different economic situations from the point of view of societies wellbeing.

According to Vilfredo Parato- “Any change that makes at least one individual better off and no one worse off is an improvement in social welfare”. Generally, most government policies involve changes that benefit some and harm others. The pareto criterion cannot

evaluate the solution. The Kalder-Hiks compensation criterion states that “A change constitutes an improvement in social welfare if those who benefit from it could compensate those who are hurt and still be left with some net gains”. Here a question naturally arises as to how changes or better situation are brought about, before we attempt to evaluate the different situations (Hicks, 1939).

The above and other criteria in conventional economics are silent on this issue. Unfortunately, the trickledown effect did not work as expected by economists, and policy makers. Regarding social benefit schemes it causes heavy burden to the state exchequer and the conventional economists and policy makers are on the horns of dilemma as to whether to continue with it or to discontinue with it. The process of discontinuing with it is in progress now (Stiglitz, 2012).

The net result was that the redistribution of income in Favor of the poor did not take place on the contrary the gulf between the rich and poor only widened with a high degree of concentration wealth. For instance, presently in India one percentage of the population possess 58% of the nation's wealth and more than 70% of the new income generated reaches in hands of the wealthy few. More over most of the socio-economic distortions enumerated above persist in the economy even with greater vigour (Oxfam, 2017).

The welfare effects of Zakat in the economy can be grouped into three.

- a) Primary effects (short run effects)
- b) Secondary effects (long run effects)
- c) Tertiary effect (Very long run effects)

Primary effects (short run effect)

The primary or immediate effects are

- a) Redistribution of income in favor of the poor and against the rich
- b) Reduced inequality in the distribution of income and reduces the gap between the haves and have-nots.
- c) Reduction in the concentration of wealth
- d) Enhances wealth as the marginal utility of money is higher for the poor and lesser to the rich

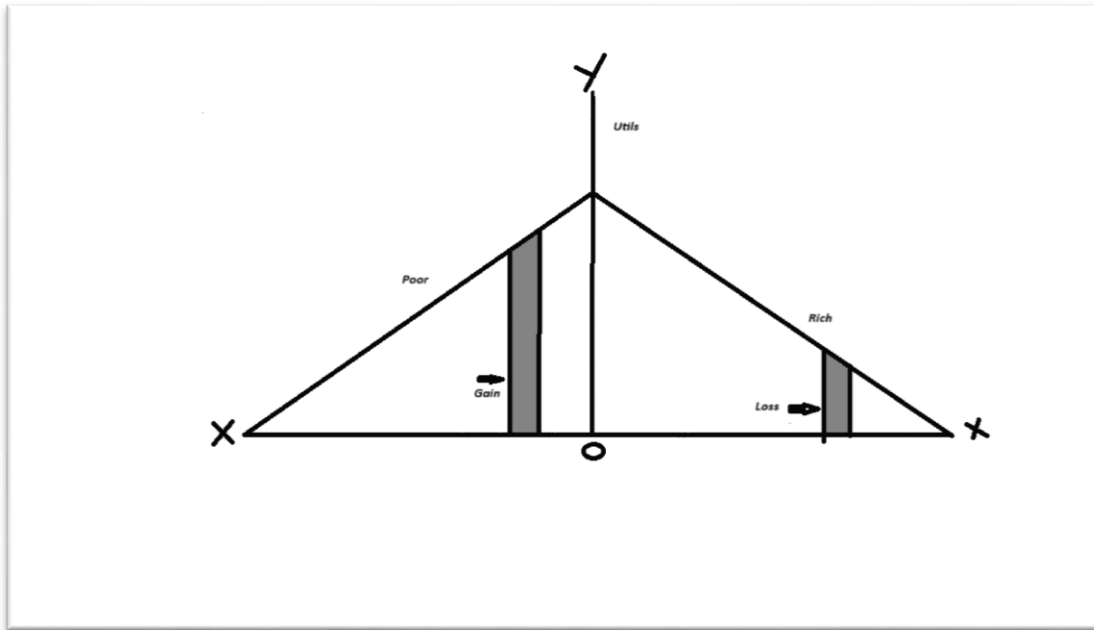
In other words, the loss of the utility to the rich is more than compensated by the gain of utility by the poor and hence there is a net gain to the society.

Further the Zakat payers stand of enjoy a higher level of welfare in the hereafter (spiritual welfare), which is many times more than original payment.

The above argument can be demonstrated using the following figure.

Figure 3.4

Primary effect of welfare



Source: Developed by the researcher

The graph also demonstrates the redistributive impact of zakat on the social welfare of societies as reflected in the change in the utility functions of the poor and rich individuals in the society. Wealth is plotted along the x-axis, with the poorest individuals on the left and the richest individuals on the right, and utility (satisfaction or welfare) along the y-axis. The population is dichotomously dependent on economic social classes — the poor (left side of vertical middle), and the rich (right side). This transfer of wealth results in the rich having less utility and the poor having more utility, as depicted in the graph above. The area shaded in the left symbolizes how much gain in utility the poor get from receiving zakat while the shaded area on the right represents the loss in utility for the rich due to paying zakat.

It underlies the concept of the law of diminishing marginal utility of money — steep line at low levels of wealth means that people are willing to pay to get out of poverty, and when the wealth goes beyond a certain point, people care much less about marginal payoffs. For the poor, the utility curve is steep, meaning that even a marginal improvement in wealth brings about a huge improvement in welfare. In contrast, the utility curve for the rich is less steep, meaning that, at a certain point, wealth does not mean as much as it does to the poor. This shows that wealth distribution via zakat generates a disproportionately larger utility gain for the poor than a corresponding utility loss for the rich.

The processes in which wealth is transferred show the redistributive effect of zakat. Wealth that is collected from the poor is what leads to a small decrease in welfare. Additionally, giving the same amount of zakat to the middle class will also result in an increased value in welfare. This change illustrates that zakat increased societal welfare and reduced inequality by improving the conditions of the most at-risk segments of society.

The diagram depicts a crucial aspect of social welfare maximization, showing how zakat guarantees societal welfare is optimally achieved. When the poor receive ‘zakat,’ their utility greatly increases which overcomes the decrease in utility of the rich. This leads to greater demand along with more evened-out resources while simultaneously closing the gap between the wealthy and the impoverished. In the context of ‘zakat’ this is referred to as the equilibrium since the flow of zakat leads to the injection of economic justice and fairness whilst not grossly taxing the rich. To sum up, this visual representation captures the purpose of zakat as a means of economic justice and welfare enhancement. Zakat not only plays a role in alleviating poverty, but also contributes to the establishment of harmony and economic growth due to the mitigation of imbalanced wealth distribution. This also shows how important the role of zakat is in ensuring social order and how it moulds the achievement with its structural deficit.

The Secondary Effects (Long Run Effects)

The welfare effect of Zakat etc as originated in the primary stage accumulates momentum in the second stage resulting in two other effects, say the expansionary effect and the reallocation effects.

The Expansionary Effects (The Multiplier Process)

It is a recognized law of economics according to J.M. Keynes, that the marginal propensity to consume (MPC) of the poor, is, by far, far greater than that of the rich. It means when low-income individuals receive more income, either in the form of zakat or non-zakat transfers, they are likely to spend it rather than save it. Therefore, such redistribution contributes to aggregate demand more than when the amounts would remain in the hands/possession of the rich as it used to be (Keynes, 1937).

Furthermore, Keynes postulated a direct and positive relationship between the marginal propensity to consume (MPC) and the income multiplier (k), represented by the formula:
 $k = 1 / 1 - MPC$

This relationship indicates that the higher the MPC, the larger the income multiplier, and so the greater the initial injection of spending gets multiplied into a larger increase in national income. Financial transfers, e.g., zakat and infaq, trigger this flow in the Islamic economics. They boost the purchasing power of the poor hence increasing consumption that produces a multiplier in the economy. Thus, the effect caused by zakat and infaq is not merely redistributive, but also production- and income- and job-creating, particularly to the poorer regions. This is one of the mechanisms through which Islamic redistribution instruments could not only be applied to social justice, but also to macroeconomic growth (Kahf, 1989).

Tertiary Effects (Very Long Run Effects, The Acceleration Processes)

The power of zakat and the charitable related transfers to generate an expansive impact on the aggregate economy is also multiplied if we involve the acceleration principle with the Keynesian multiplier. In Islamic economic framework, we may think of operating of twin accelerators. The first of these is the conventional income-induced accelerator, where increases in income induce even more investment to meet increased demand. The second, peculiar to Muslim economies, may be called the “zakat-induced acceleration”.

In this equation, zakat is a creature of income— $Z=f(Y)$

$Z=f(Y)$, i.e., with the rise in the national income the zakatable power of the community enlarges. This increases the collective zakat payments, which is then given to the poor and less fortunate. As zakat recipients have a high MPC the spiral of consumption and hence investment, needed to meet increasing demand and opportunity is reinforced. This roundabout procedure of additional income generation is multiplied and subsequently

returned as zakat, and zakat pooled into the economy to expand economic growth through consumption drawing on a part of the crude value added (Ahmed & Habib, 2001), (Kahf, 1989).

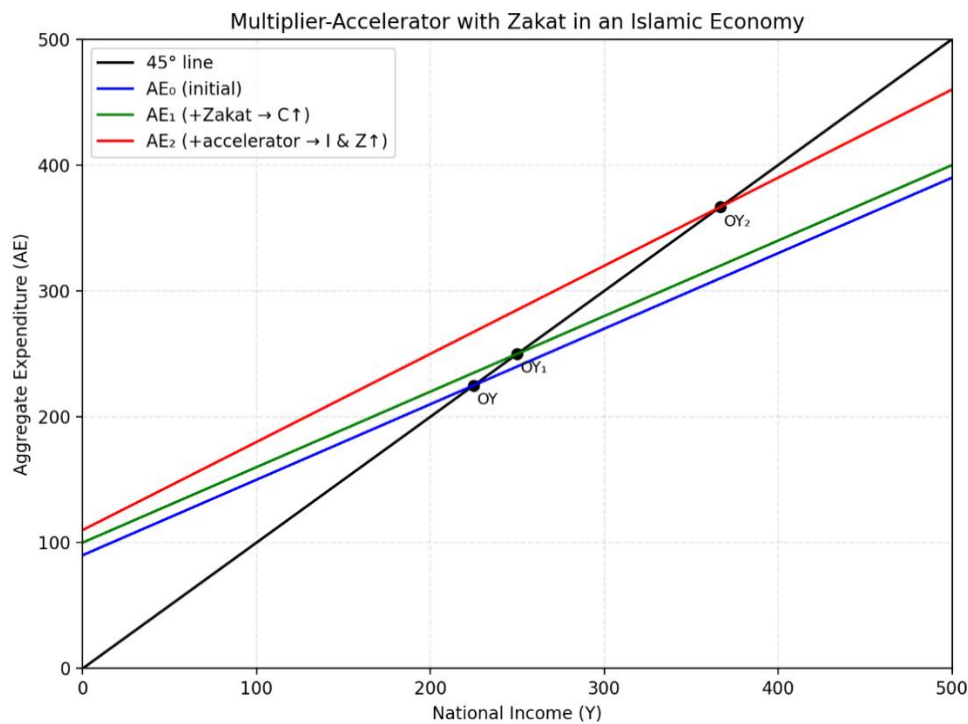
Because multiplier and accelerator are working in a cumulative manner, one move leads to another and there is cumulative growth and the economy moves to higher aggregate demand and relatively close to full employment. Over time, that dynamic can shatter the cycle of poverty and create a cycle of prosperity. In contrast to traditional redistributive techniques, the zakat system not just satisfies current levels of consumption but embedded it in a sustained growth model of macroeconomic growth, based on ethical and fair principles (Chapra M. , Islam and Economic Challenge, 1992), (Obaidullah, Role of microfinance in poverty alleviation: Lessons from experiences in selected IDB member countries, 2008).

$$(C^{\wedge} \gg I^{\wedge} \gg N^{\wedge} \gg Pdn^{\wedge} \gg Y^{\wedge} \gg Z^{\wedge} \gg C^{\wedge})$$

The expansionary effect, the multiplier and acceleration process are illustrated in the figure below.

Figure 3.5

Secondary and Tertiary effect of zakat



Source: Developed by the researcher

The graph (figure 3.5) illustrates how zakat stimulates economic growth in an Islamic economy through the multiplier and accelerator effects. Initially, the economy is at equilibrium at point OY where the aggregate expenditure (AE_0) intersects the 45° line. When zakat increases consumption (C), the AE curve shifts upward to AE_1 , leading to a higher income level at OY_1 , reflecting the multiplier effect. As income rises further, it induces additional investment through both the ordinary accelerator ($I \uparrow$) and zakat-induced investment ($Z = f(Y)$), shifting the AE curve to AE_2 . This results in a new equilibrium at OY_2 , indicating an even greater national income. As the mpc is higher in an Islamic economy the multiplier and expansionary process are also stronger.

Reallocation Effects

Before the transfer of funds from the rich to poor through Zakat etc the lion share of nations scarce resources was used for the production of luxuries and comforts mostly consumed by the rich and less of necessities and basic requirements consumed by the common mass. ie the mal allocation of resources. After the transfer of funds from the richer to the poor the demand for necessities increases and that of luxuries decreases leading to a change in the relative prices in favor of necessities against luxuries. This leads to an increased production of necessities and reduced production of luxuries. Resources are diverted from the production of luxuries to the increased production of necessities- the reallocation effect of Zakat (Chapra M., Islam and Economic Challenge, 1992).

One significant welfare effect of Zakat and Infaq is that the benefit of economic progress 'without much effort' reaches even the lower strata of the population. In other words, the trickle-down mechanism, which was ineffective under the conventional system, becomes very effective leading to proper redistribution of income in favor of the poor and against the rich. It eventually takes the economy and the society to a situation in which there would be none to take Zakat, as it is evident in history (Obaidullah, Role of microfinance in poverty alleviation: Lessons from experiences in selected IDB member countries, 2008).

Lack of essential nutrients can cause stunting and affect intellectual capabilities. Thus, if the institution of Zakat can enable people to afford essential life nutrients, then it will help in the healthy nourishment of children and make them more productive in future.

3.2.10 Role of Zakat in Supporting the Sustainable Development Goals (SDGs)

Sustainable Development Goals (SDGs) is an international initiative to solve some of the most acute issues of the day, such as poverty and inequality. Religious donations such as zakat in the Islamic faith are very helpful in financing such objectives. One of the wealth redistribution types that have had the greatest impact on the world is Zakat, which is an obligatory almsgiving among all Muslims that surpass a particular wealth limit. It is imposed not only on the savings but also on wealth in the form of assets such as gold, silver, trade inventory, and livestock, and it is thus a very influential instrument in solving economic inequality.

The SDGs, which are further measures of the previous Millennium Development Goals (MDGs) are wide in scope, comprising of economic development, human well-being and environmental sustainability. The 17 SDGs that the United Nations proposed to be met by 2030 have an incredibly diverse range of goals to accomplish, which include eliminating poverty and hunger, ensuring good health, quality education, gender equality, access to clean water and sanitation, and economic growth and innovation. These objectives are linked to each other whereby poverty reduction is the central objective since it tends to be the source of many problems such as hunger, inadequate education and gender disparity. To accomplish these objectives, a detailed initiative and coordination of different sectors that include religious institutions, in particular, in the Muslim-majority countries where zakat can be a key factor.

Zakat's Contribution to Specific SDGs

Ending poverty:

The zakat system removes the barrier between income classes; there is direct transfer of wealth between the poor and the rich through the institution of zakat. Zakat payers are those who have more than the nisab threshold of wealth and they fund the others who have less than the nisab threshold to ensure that it redistributes wealth of those who are poor. This process does not only lessen poverty, but also, it stabilizes economic cycles because wealth tends to have lesser fluctuations than income. Through accrued wealth, instead of income, zakat is an effective way of directing the resources of the high-net-worth population toward those in need thus helping to reduce poverty.

Zero Hunger:

Although there has been more food supply since 1970s, almost 800 million people all around the world continue to live in hunger. In a market-based economy, food production usually serves those who can afford to consume food and leave a large number of people food insecure. Zakat manages this imbalance by reallocating the wealth, it increases the buying power of the poor, and helps them to buy basic needs such as food. This circulation of wealth does not only alleviate the immediate situation, but also enables generation of income in a sustainable manner, to help in fighting hunger in the long run.

Good Health:

Poverty is mostly prevalent to the young as almost half of the people living in extreme poverty are below the age of 18. Devoid of appropriate nutrition, healthcare and basic drugs, these people experience slowed development and their capabilities are reduced, which makes them incapable of transforming their economic mobility in the future. Zakat may be instrumental in boosting buying capacity of these disadvantaged groups and enabling them to live a productive healthy life and be able to access the needed resources.

Quality Education:

Learning is an important instrument that helps to overcome the poverty circle and attain social mobility. Nonetheless, people require fundamental survival support before they can be able to get education and skills development. Zakat money could also be well coordinated to empower schools and bring about synergies that can enhance their influence. Zakat contributes to the development of the human capital, which is the key to long-term economic growth, by funding education.

Gender Equality:

Zakat is not discriminatory by gender and the principles and rules are equally applicable to both men and women. Zakat funds may be channeled towards projects that contribute to female empowerment which includes maternity homes, girls' schools among others hence gender equality. Zakat empowers women by providing special financial assistance to the women in need, thus helping to decrease the gender differences and improve the welfare of society in general.

Economic Growth:

Zakat helps to transfer wealth of the excess households to the ones that lack it so that they can be involved in skills education and other capacity building programs. Through financing educational and health institutions, zakat helps in building up human capital, which is critical to a lasting economic growth. Moreover, zakat ensures that money circulates in the economy directing funds to productive ventures rather than letting the money end up in the hands of the few rich who are not putting the money in productive purposes. This distribution of wealth enhances broader economic participation and growth that is SDGs compliant. In summary, zakat is not merely the expression of the Islamic concepts of finance but, more or less, compliant with the SDGs objectives. Zakat is useful in the achievement of sustainable development and more equal world via redistribution of wealth, enabling more individuals to achieve consumption, and via enhancements in education, health, and gender equality.

Chapter-IV

INSTITUTIONAL FRAMEWORK AND OPERATIONAL DYNAMICS OF ZAKAT IN INDIA

4.1 Zakat Practices in India

4.2 Zakat Practices in Kerala

4.1 Zakat practices in India

4.1.1 Introduction

One important teaching of Islam is Zakat, a socio-economic phenomenon that redistributes wealth and alleviates poverty within Muslim communities. In the case of India, which is home to a considerable majority of Muslims in the world, there is a need to properly manage and systematize zakat as fulfilling an economic and social responsibility on top of a religious one. India has not yet developed a system of zakat that is regulated, although several community, regional and national level zakat institutions have emerged. Not only do these institutions raise funds through zakat, but they also have structured projects that seek to alleviate poverty, education, health care and sustainable economic development among the poor Muslim populations.

The first objective of the study is explained in the chapter. The first section gives a brief history of the socio-economic statuses of Muslims in India, and the main pointers are education, work, income status, and welfare resources. In order to put into perspective the concept of Zakat, it is important to comprehend these dimensions so as to contextualize Zakat in the context of economic inequalities and social exclusion facing the population. Then the chapter discusses the management and practice of Zakat in India.

An overview of some of these Zakat institutions in India and how they are structured is also made in detail and illuminates their administrative structure, their outreach strategies and their areas of intervention. These case studies of the institutions can be used to explain the diversity and dynamism of Zakat management in various regions. Last, the chapter is dedicated to the particular context of Kerala.

4.1.2 Socio-Economic Condition of Muslims in India

In India, Muslims form the largest minority with 14.4 percent of the total population as per the Census of India, 2011. Based on the government, the Muslim population is projected to grow to 19.7 crore in the year 2023 in India. According to the 2011 census, India is the third-largest Muslim country in the world, right after Indonesia and Pakistan, and has approximately 200 million Muslims. However, the socio-economic and cultural conditions of Muslims vary significantly across states and union territories. For instance, Muslims in Kerala experience relatively better living conditions compared to those in Uttar Pradesh and West Bengal. This disparity leads to a localized circulation of zakat

funds, where wealthier Muslim communities predominantly manage and utilize zakat within their regions. While this localized approach may enhance the prosperity of affluent areas, it limits the distribution of zakat benefits to more impoverished and needy Muslim populations in other regions. Consequently, this structural limitation perpetuates economic disparities within the Muslim community (Rahmathullah).

To address this inequality and improve the living standards of Muslims across India, there is a pressing need for a professionally organized zakat system, encompassing centralized collection and equitable distribution mechanisms. The 68th round of the National Sample Survey Office (NSSO, 2011–12) underscores the socio-economic challenges faced by the community. The average per capita consumption expenditure of Muslims was estimated at ₹32.66, the lowest among all religious groups in India. Since consumption expenditure serves as a proxy for poverty estimation, this figure reflects the community's severe economic distress. Furthermore, key employment indicators such as the labour force participation rate (LFPR), employment status, and worker-population ratio are notably low among Muslims compared to other communities. For instance, the NSSO reports that the LFPR for Muslims is 342 in urban areas and 337 in rural areas per 1,000 working-age individuals, signifying that only 34.2% of the working-age Muslim population in urban areas is employed (Employment and Unemployment Situation Among Major Religious Groups in India NSS 68th Round, 2015).

These socio-economic indicators reveal a vicious cycle of poverty that threatens the Muslim community. This situation is exacerbated by systemic challenges, including limited access to government schemes aimed at poverty reduction, such as the Integrated Rural Development Programme (IRDP1980), Sampoorna Gramin Rozgar Yojana (SGRY2001), Mahatma Gandhi National Rural Employment Guarantee Act (MNREG2005), and the National Rural Livelihood Mission (NRLM2011). Alarming statistics reveal that 25% of India's beggars belong to the Muslim community, and studies, such as those by (Asher, Novosad, Charlie, & Paul, 2018), challenge the narrative that India has substantially reduced poverty since 1950.

The marginalization of the Muslim community extends to education, as highlighted by the Sachar Committee Report (2006) and other studies. Muslims have the lowest enrolment rates in higher education, constituting only 4.4% of students. Social exclusion, characterized by backwardness, marginalization, and discrimination, continues to hinder

the community's progress. An integrated zakat management system has the potential to channel zakat funds toward productive purposes, such as improving access to education, thereby addressing these systemic challenges and fostering long-term community development. These findings emphasize the need for internal community-driven initiatives, such as an integrated zakat management system, to address poverty and inequality within the Muslim population (Report, 2006).

Table 4.1

Socio-Economic Condition of Muslim Population in India

Domain	Indicator	Muslim Status (Percent)	Comparison / Notes
Population	Share of national population (2011)	14.2	2nd largest religious group in India
	Growth Rate (2001–2011)	Declined from 29.52 - 24.60	Higher than Hindus, but declining faster (NFHS-5)
Education	Literacy Rate (2011 Census)	57.3	Lowest among all religious communities
Employment	Workforce Participation Rate (2011)	32.6	Lowest among major communities (Hindus: 41%, Christians: 41.9%)
Income & Poverty	Median Household Income (2011)	₹1,500	National average: ₹2,200
	Poverty Rate (NCAER 2010)	31	Highest among all religious communities
Housing & Discrimination	House ownership (NSSO)	27	General population: 42%
	Discrimination in rental housing	High	Widespread exclusion in urban housing markets
Access to Govt. Jobs	Overall representation	<3	Particularly low in judiciary, universities, railways, banking, healthcare

Source: (Alam & E F A, 2023)

4.1.3 Zakat Practices in India

Muslims constitute a minority in India; the country has one of the largest Muslim populations globally. Despite this, a significant portion of Indian Muslims continues to face severe deprivation, lacking access to even basic necessities. This underscores an urgent need to elevate their living standards beyond the current substandard and inhumane conditions.

The Zakat system in India operates within a highly informal and decentralized framework, shaped by the country's secular constitution and the absence of any state-led or centralized Islamic authority to oversee zakat collection and distribution. Unlike some Muslim-majority countries where zakat is institutionalized and regulated by the government, in India, the responsibility of fulfilling this religious obligation falls entirely on individual Muslims and community-based institutions. Consequently, the system has a heterogeneous and discontinuous design with much disparity in the collection, administration, and use of zakat in various regions and entities.

The Zakat giving in India is majorly provided by individuals donors, and such donors tend to give the contribution in ways that are usually founded on personal trust, religious affiliation or closeness. This has usually been channeled into two broad categories, namely mosque-based zakat committees and Islamic non-governmental organizations (NGOs). Mosque-based model that is more common in rural and semi urban locations is strongly integrated with local religious and social networks. Local mosque committees which are made up of imams, community elders and masjid trust members collect zakat on behalf of the residents and give it out among the beneficiaries who are familiar to them. The identification of the selection process is largely informal; it does not require any written criterion but on personal familiarity. It usually benefits the poor, widows, orphans, the disabled, and other needy people who appear in need. In this model, zakat is normally donated either in cash, foodstuffs, school fees or medical assistance. Nevertheless, this method is highly characterized by the lack of transparency and accountability because there are hardly any formal reviews, reports or the means of tracking the use of funds.

Conversely, NGO-based zakat organizations that are more prevalent in urban areas will assume a more organized and semi-formalized zakat operation. Such organizations are incorporated charitable or religious trust and often have administrative processes established to receive, record and distribute zakat funds. To verify the applicants, they

verify them by use of documents, interviews and visit to the field to ensure that the recipients are within the eight categories (asnaf) of eligible zakat beneficiaries as stipulated in the Quran (the poor, the needy, debtors, those in the cause of Allah, etc.). The NGOs will also tend to channel the disbursement towards developmental disbursement whereby they may provide disbursement towards activities such as education scholarships, vocational schooling, health, microfinance and livelihoods projects. Certain NGOs have donor reporting and internal monitoring, which provides some form of accountability at a minimum. However, they remain autonomous, with no single regulatory body to standardize or appraise their zakat activities throughout the nation.

Zakat collection and distribution have not been collectively and systematically managed in India and therefore, there is no dependable data. Religious scholars (ulama) and informal organizations are usually involved in the administration of Zakat, and they do not have the proper oversight and transparency of how money is managed. Moreover, there are a lot of people who make zakat directly to those who need their assistance, e.g. friends, neighbours, or relatives without the official system of monitoring such gifts.

In a few years ago, the All-India Council of Muslim Economic Upliftment, led by Dr. Rahmatullah (Rahmathullah), estimated the totals of zakat that were raised in India on the basis of any available records of income and charity. He approximated this at approximately INR 100,000 million but as the income increased with time the collection of zakat will have been much higher and it is possible that the collections of zakat are three to four times more. To put this into perspective, it is enough to cover the annual budget of one of the richest cities of India, the Brihanmumbai Municipal Corporation that amounts to roughly INR 370,000 million.

Zakat is mostly offered during Ramadan, prior to Eid. It can be passed directly to the needy, the disabled, widows and other needy people by the people or donated to charity organizations that fund education and other social services to the needy. But India does not have an official/formal system to control zakat. Zakat is paid at will and the state never meddles in this affair. Religious schools or institutions are usually recipients of the private zakat collections. In recent times, there are organizations established to further streamline zakat and to assist the poor by educating them, providing them with health care and alleviating their situation (Islamic Social Finance Report 2017(1438H), 2017).

Several institutions are actively involved in the administration of zakat across India, including Baituzakat in Kerala, ACMEAU in Mumbai, the Zakat Foundation of India in New Delhi, and the Zakat and Charitable Trust in Hyderabad. Additionally, organizations such as Safa Baitulmal in Hyderabad, the Association of Muslim Professionals (AMP), and Masjid Sevai Kuzhu in Tamil Nadu play significant roles in collecting and distributing zakat to promote social welfare and community development.

4.1.4 Overview of Prominent Zakat Institutions in India and Their Functions

4.1.4.1 Association of Muslim Professionals

AMP (Association of Muslim Professionals) is a non-political, non-sectarian organization founded by a group of committed citizens in India, registered as a Section 8 Company (Non-Profit) under the Companies Act, 2013 with the Ministry of Corporate Affairs. It is dedicated to promoting social welfare, community spirit, and the spread of knowledge within society. AMP envisions building a model Muslim community that is educationally advanced, socially progressive, culturally vibrant, politically influential, and economically empowered. Its mission is to empower Muslims in a manner that contributes meaningfully to the broader society and the nation at large. AMP established its Zakat Fund in 2013 to promote education and self-employment among the Muslim community. The organization publishes performance reports for its zakat fund on its official website, exemplifying a model of accountability and transparency in zakat administration.

The data shows (Table 4.2) a steady increase in the collection and disbursement of funds from 2013 to 2023. Collection grew from ₹2,06,000 in 2013 to ₹1,43,24,367 in 2023, while disbursement rose from ₹2,00,000 to ₹1,43,08,769 over the same period. This consistent growth reflects strong systems for collecting and distributing funds. Significant growth was observed in the early years, particularly between 2013 and 2014, when the collection almost quadrupled. Other periods, such as 2015–2016 and 2018–2020, also saw considerable increases, demonstrating effective fundraising efforts.

One important observation is the efficient use of funds, with disbursement figures closely matching collection amounts, leaving very little unspent. In 2021, disbursement even slightly exceeded collection, possibly due to proactive fund allocation or reliance on reserves. However, the decline in collection from ₹1,68,01,743 in 2022 to ₹1,43,24,367 in 2023 raises concerns about potential issues like economic challenges or changes in

fundraising strategies. Despite this drop, the overall trend shows significant growth, with total collection increasing by ₹1,41,18,367 and disbursement by ₹1,41,08,769 over the decade.

Table 4.2

Year-wise Collection, Disbursement, and Number of Beneficiaries of AMP (2013–2023)

Year	Collection (Lakhs)	Disbursement (Lakhs)	No. of Beneficiaries
2013	2.06	2.00	15
2014	7.99	7.76	59
2015	20.65	20.60	152
2016	38.80	38.66	284
2017	43.26	43.07	358
2018	69.63	69.42	581
2019	89.96	89.70	759
2020	94.89	94.67	857
2021	117.71	117.74	1,173
2022	168.02	167.74	2,024
2023	143.24	143.09	1,483

Source: Annual Report of AMP from 2013-2023

Table 4.3*Year-wise Distribution of Beneficiaries by Type of Assistance of AMP (2013–2023)*

Type of assistance	No of Beneficiaries										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Higher education	10	41	106	108	112	167	300	570	685	1262	451
Self-employment	5	18	42	50	71	89	150	117	106	257	187
Poor and orphan Scholarship	0	0	0	120	174	324	246	163	359	495	495
Specific Donation	0	0	4	6	1	1	103	7	23	10	0
Total	15	59	152	284	358	581	759	857	1173	2024	1483

Source: Annual Report of AMP from 2013-2023

The table illustrates a decade of evolving priorities and growth in the number of beneficiaries receiving various types of assistance, peaking at 2,024 in 2022 before declining to 1,483 in 2023. Higher education consistently emerged as the dominant category, reflecting a strategic emphasis on long-term empowerment through education, with beneficiaries increasing from 10 in 2013 to 1,262 in 2022, though a significant drop to 451 in 2023 suggests possible constraints in resources or shifting focus. The support of self-employment took the same path, focusing on the promotion of financial independence, and scholarships among the poor and orphans, which were launched in 2016, demonstrated consistent growth and an equal level of result in 2022 and 2023, indicating the reliable intentions to target vulnerable populations. The specific donations which are sporadic and minimal support were at their highest levels in 2019 but have since then decreased meaning it is not a focus area. The general trends indicate the effective outreach and flexibility of the program throughout the ten-year period, and its decline in 2023 is the reason why it is necessary to conduct an in-depth analysis of the program to respond to the emerging issues and make the progress sustainable.

One of the most significant changes during May 2019 was the survey of the Association of Muslim Professionals (AMP). This survey was conducted on the basis of the answers of 4,589 people who represent different layers of society to evaluate the current trends in zakat collection, distribution, and its effect on the Muslim population (Z. Shaikh, 2019). The results showed that three-quarters of the participants felt zakat can change socio-economic status of the Muslim community in India. Nevertheless, an issue that was brought out strongly was the lack of transparency and accountability. Participants stated that they did not feel any tangible difference in their lives due to their zakat giving, and doubts arose as to whether the money was actually positively transforming the lives of the people who received it (Z. Shaikh, 2019).

4.1.4.2 Zakat Center India – A Model for Collective Zakat Management

Zakat Center India (ZCI) is an institutional project of large scale that is intended to implement the zakat in a systematically and structured way in India. It is an institution established to develop an independent Ummah. ZCI is a non-governmental organization based on Shariah and is present in India. It presents an effective argument on how good governance and responsible Zakat administration can help a long way in correcting the issue of socio-economic marginalization experienced by the Indian Muslims. The philosophy of the approach of the organization is based on the Islamic economic principles and has the goal of extending beyond offering charity to the needy unless it will achieve the economic empowerment of the populations and transformation of the society in the long term (Zakat centre India).

The formation of ZCI is a direct response to a significant problem with the contemporary Zakat practice whereby there is no organization and a well-planned approach of collecting and utilizing Zakat funds. Indian Muslims tend to have an individual giving tradition, but fragmented disbursement can cause a lack of efficiency, and unless it is done correctly, may not be capable of a long-term effect. The ZCI was established to bridge this gap by building one, tech enabled platform whereby the collection and distribution of Zakat can be done which consequently opens the full developmental potential of Zakat (Zakat centre India).

Objectives of Zakat Center India

ZCI's operational philosophy is anchored in the following core objectives:

- To create a collective Zakat ecosystem that not only is able to carry out fund raising but also ensures that there is distribution of funds in a strategic, transparent, and Shariah-compliant manner.
- To raise economic self-reliance among marginalized Muslims by using targeted livelihood initiatives.
- To educationally empower and skilfully develop, thus providing the opportunity of upward social and economic mobility.
- To become the safety nets by means of monthly pensions, providing emergency aid, and food assistance to the vulnerable populations like widows, orphans, and the elderly.
- To keep transparency and accountability intact with the help of monitoring systems in real time, audits, and reporting publicly.
- To promote inter-organizational collaboration among Zakat institutions for achieving more impact and policy advocacy through collective efforts.

From an interpretation of the ZCI Annual Report 2023 it is confirmed that there has been a significant increase in the scale and impact of the program. The number of beneficiaries has increased more than two-fold from 633 in 2022 to 1,516 in 2023, which means the outreach grew more than two times. ZCI's disbursement strategy is very consistent with productive investment, with 69.4% of Zakat funds being used for livelihood generation activities. Support was provided to over 1,058 people to start or expand micro-enterprises like tailoring units, grocery shops, salons, and mobile vending businesses (Zakat Fund Report 2023, 2023).

On top of that, 239 beneficiaries were provided with funds for educational and vocational training, hence securing their long-term economic self-reliance. There were also 219 individuals that were assisted under the Mawasat program, consisting of food distribution, monthly pensions, and emergency assistance- predominantly to the elderly and widowed individuals.

The model of an organization is distinctive in the sense that it highly emphasizes on after-disbursement monitoring and mentoring. The beneficiary must undergo a stringent application, verification, and approval procedure. Follow-up monthly or bi-monthly visits

by trained mentors then guarantee that recipients are advised on business management, financial management, and expansion strategies. This support ecosystem of ongoing assistance eliminates dependency and improves the long-term sustainability of funded projects. In February 2024 MESCO itself participated in the first ever National Zakat Conference organized by ZCI convoking the major Zakat organizations in the country, including MESCO, Zakat Foundation of India (Delhi), and Association of Muslim Professionals (Mumbai). The project was an important preliminary step to generate institutional collaboration and policy consistency for Islamic philanthropy. ZCI hopes that through these efforts there can be a strong centralized platform for the management of Zakat on a collective basis (Zakat Fund Report 2023, 2023).

4.1.4.3 Zakat Foundation of India

In 1997, the Zakat Foundation of India (ZFI) was established in New Delhi with the goal of advancing the socio-economic upliftment of the Muslim population in India. Under the direction of its founder, Dr. Syed Zafar Mahmood, ZFI works on a number of initiatives, such as disaster assistance, coaching Civil Service candidates, scholarship distribution, and the operation of orphanages like "Happy Home." It also supports Kashmiri women through such programs as Fatima Care, which offers housing, education and vocational training. Moreover, ZFI, microfinance programme promotes self-sufficiency by providing loan facilities on no interest to financially backward populations such as the Apni Rickshaw Scheme. The organization is quite active in combating educational, financial, and social issues among Indian Muslims and it has maintained support whenever there is natural disaster such as the Bihar floods in 2008 (Zakat Foundation of India).

Zakat Foundation of India (ZFI) operates a number of powerful initiatives designed to empower the marginalized groups:

I. Civil Services Coaching: Sir Syed Coaching & Guidance Centre

The Zakat Foundation of India (ZFI) operates a special coaching scheme created to help the academically gifted but financially weak candidates to prepare to take the Civil Services Examination, a prestigious and a very competitive recruitment system in India. Applications, tests and interviews are part of rigorous selection process that the candidates go through. ZFI offers the financial aid in the form of sponsoring the coaching fees so that these candidates can join the nationally renowned coaching

institutes in Delhi. Through this program, many people living in marginalized settings have been able to achieve success and attain high-profile jobs in governmental positioning (Zakat Foundation of India).

II. Happy Home Orphanage

Founded in 2002, the Happy Home Orphanage serves children orphans of major disasters such as the 2002 Gujarat riots, or the 2004 South India tsunami. Housing over 70 children, the orphanage ensures comprehensive care by providing education, food, clothing, and shelter. The children attend nearby schools, with all associated expenses borne by ZFI. The facility employs a dedicated team of supervisors, matrons, and teachers to ensure the children's holistic development. The primary objective is to support these children until they reach adulthood and attain financial independence (Zakat Foundation of India).

III. Fatima Care – Shelter for Kashmiri Women

Fatima Care serves as a secure refuge for Kashmiri women aged 15–30 who have experienced violence or are at risk of victimization. Located in New Delhi, the facility offers safe accommodation, meals, and essential services. It encourages women to pursue education, vocational training, or employment, fostering their independence. Operated in collaboration with the Interfaith Coalition for Peace, the initiative ensures that financially constrained women can access these services at no cost. Fatima Care is one of the critical assets of empowering vulnerable women (Zakat Foundation of India).

IV. Microfinance Initiatives

The microfinance schemes of ZFI targeted to bring economic independence among the poor people.

- Interest-Free Loans: Loans up to [?]10,000 are given free of charge and a nominal administrative charge of 3 to 7 percent is charged to larger amounts basing on financial conditions of the applicant. Such loans help beneficiaries to set up small-scale businesses and become self-reliant.
- Apni Rickshaw Scheme: This plan offers rickshaw pullers vehicles on a no-rent instalment plan and this system allows them to become owners over time. This program will greatly enhance the financial stability of the beneficiaries by doing away with daily rental fees. More than 7,500 people have benefited since 2002 through the microfinance activities of ZFI (Zakat Foundation of India).

V. Disaster Relief Operations

ZFI has also participated in disaster relief operations, offering such important services to the victims of natural disasters. As an example, in the 2008 Bihar floods that impacted more than 2.3 million people, the organization provided food, clothes, and blankets to the displaced groups. Besides meeting short-term demands, ZFI also concentrated on the long-term rehabilitation and helped the victims of the disaster to reestablish their lives and livelihood (Zakat Foundation of India).

VI. Educational and Financial Assistance

ZFI provides scholarships to the students who are financially disadvantaged and pay their tuition fees and in case necessary, hostel fees. The foundation also offers monthly food ration and financial allowances to widows, poor families and other indigent people. The interventions are to be implemented to mitigate cases of financial hardships, where access to education and fundamental needs is guaranteed (Zakat Foundation of India).

VII. Training and Employment Support

In solving the problem of unemployment, ZFI disseminates information on job and training opportunities in the regional languages and hence accessible to the underserved populations. It summarizes job adverts in different places and publishes them in the Hindi, Urdu and other vernacular languages. Besides, the foundation aids the applicants in the completion and submission of job application forms. This project will enable the inclusion of the marginalized people into the labor market, boosting their economic future (Zakat Foundation of India).

4.1.4.4 The Safa Educational Welfare and Charitable Trust (TSEWCT)

Safa Educational Welfare and Charitable Trust (TSEWCT) is a non-profit organization with a large base and headquartered in Hyderabad, India. It came into being in 2010 and has been in operation in the past ten years trying to transform the lives of the poor society. The Trust is also tax-exempted 80G and 12A and has Foreign Contribution (Regulation) Act (FCRA) license, and by which it may legally receive foreign donations.

TSEWCT pays attention to sustainable development in such spheres as education, health, food security, disaster preparedness, livelihood, female empowerment and skill base development. It mainly aims at alleviating poverty and narrowing the divide between families that are rich and poor. The organization plans and executes sustainable initiatives in order to assist communities to better their living standards.

Before starting any project, TSEWCT conducts detailed household surveys to identify the actual needs of the community. This ensures that resources are directed to those who need them the most. Factors such as family size, health, education, disabilities, and marital status are considered during the evaluation. Special attention is given to vulnerable groups like elderly widows, deserted women, single mothers, pregnant women, and unsupported elderly individuals, who may receive benefits like pensions (Safa Baithulmal TSEWCT).

Over the years, TSEWCT has partnered with foreign aid agencies, local government bodies, and corporate social responsibility (CSR) initiatives to support its work and make a lasting impact.

Important Areas

I. Health and Medical Assistance:

In India, health services are overwhelmingly commercialized with the increased involvement of the market mechanism. Catastrophic expenditure on health is a major cause for the people to become impoverished. Costly health care pushes millions below poverty line every year, and denies care to many who are already poor. On the other hand, the condition of the government health care system could not compensate for the rise in emerging needs in the field of healthcare. Safa Baitul Maal is committed to creating public awareness about health issues and offering free healthcare to community members. They provide mobile clinic, health camp, and medical aid for the poor and marginalized communities. Safa Healthcare Centers at Baba Nagar, Kisan Bagh, And Sinagereni Colony have qualified doctors and nurses on duty to help the poor and undeserved who cannot afford to pay for various treatments and clinical diagnosis.

Notably, over 30,000 patients benefited from our various healthcare programs in 2020 (Safa Baithulmal TSEWCT).

Thematic Areas:

- Free ambulance Services
- Mobile clinic
- Diagnosis centre
- Medical camp
- Free medicines for the lifestyle diseases
- Blood donation

- Health awareness campaign

II. Education:

Happy and healthy children are the nation's greatest asset. However, many children are forced to drop out of school due to various factors. Safa Baitul Maal and its volunteers have understood the physical, social, and economic vulnerabilities of the children across the country. They designed various educational projects and schemes based on real-time data to provide a sustainable learning environment for these children. They also worked with Tata Consultancy Services to literate people from underserved households to improve the country's literacy rate (Safa Baithulmal TSEWCT).

Thematic Areas:

- Orphan Scholarship
- Educational Support
- TOSS- For the young drop outs (Telangana Own School Society)

III. Disaster Relief and Management:

Safa Baitul Maal has been at the forefront of social responsibility during the crisis and providing humanitarian aid and response services to those in need in all possible ways. They have a well-equipped team for this. During Hyderabad Floods 2020 TSEWCT and other International, National & Local organizations including UN agencies formed a consortium/ coalition called Hyderabad Flood Relief Coalition (HFRC), to integrate complementary technical skills to support hard to reach vulnerable population with most required emergency support through humanitarian food assistance, wash, shelter & protection, education and health (physical & mental) in the most affected areas. At the time of Covid, they provide number of reliefs like medical kit, financial support to migrant workers, food and ration kit, online consultations etc (Safa Baithulmal TSEWCT)

Thematic Areas:

- Relief Operation
- Disaster Rehabilitation
- Covid 19 Support

IV. Skill and Employment:

India becoming increasingly globalized and urban, there is also an increase in the number of poor people living here. As per the latest NSSO survey reports there are over 80 million poor people living in the cities and towns of India. The Slum population is also increasing over 61.80 million people were living in slums. It is interesting to note that the ratio of urban poverty in some of the larger states is higher than that of rural poverty leading to the phenomenon of ‘Urbanization of Poverty’. Urban poverty poses the problems of housing and shelter, water, sanitation, health, education, social security and livelihoods along with special needs of vulnerable groups like women, children and aged people. Poor people live in slums which are overcrowded, often polluted and lack basic civic amenities like clean drinking water, sanitation and health facilities. Most of them are involved in informal sector activities where there is constant threat of eviction, removal, confiscation of goods and almost non-existent social security cover. TSEWCT supports particularly urban slum dwellers, women & youth to attain sustainable livelihood opportunities by providing microfinance and infrastructure for new startups, skill development training for unemployed youth & women and linking them to the job market (Safa Baithulmal TSEWCT).

Thematic Areas:

- Tailoring centers for Women Empowerment
- Microfinance
- Job Helpline
- Employment Aid

V. Guidance and Counselling:

Good guidance and counselling are essential for building confidence and making better future decisions to bring the marginalized to the forefront of society. Safa Baitul Maal helps Adhar corrections, and advice on creating new bank accounts, certificates, and other government schemes for differently abled and widows (Safa Baithulmal TSEWCT).

VI. Assistance to needy:

Safa Baitul Maal implementing comprehensive programmes to ensure improvement in nutrition security, health status of population. Apart from funding, they help fasting families during the holy festivals by providing ration kits (Safa Baithulmal TSEWCT).

VII. Construction

VIII. Message of Humanity

Through Safa Baithul Maal, they providing counsel and advice to the community to serve the companions with love and affection to nurture peace and create universal value (Safa Baithulmal TSEWCT).

Thematic areas:

- Safa You tube Channel
- Awareness workshop and campaigns for students

Safa Baitul Maal have number of branches in the following places:

Table 4.4

List of Branches (TSEWCT)

Telangana	Karnataka	Andra Pradesh	Maharashtra
<ul style="list-style-type: none"> • Zaheerabad • Karimnagar • Adilabad • Medak • Nalgonda • Warangal • Mahboob • Nagar • Utnoor • Khanapur • Sadhashivpet • Bhainsa • Peddappalli 	<ul style="list-style-type: none"> • Bangalore • Mysore • Chickmagalur • Gulbarga • Bidar • Shilmoga • Hassan • Sagar • Dharward • Raichur • Chincholi • Humnabad • Chittapur • Kushtagi • Shahabad • Hubli 	<ul style="list-style-type: none"> • Kurnool • Gooty 	<ul style="list-style-type: none"> • Parbhani • Nanded • Juntur • Aurangabad • Latur • Manjlegaon • Jalna • Manwath • Nagpur • Dhar • Osmanabad • Bhuldana

Source: (Safa Baithulmal TSEWCT)

Table 4.5

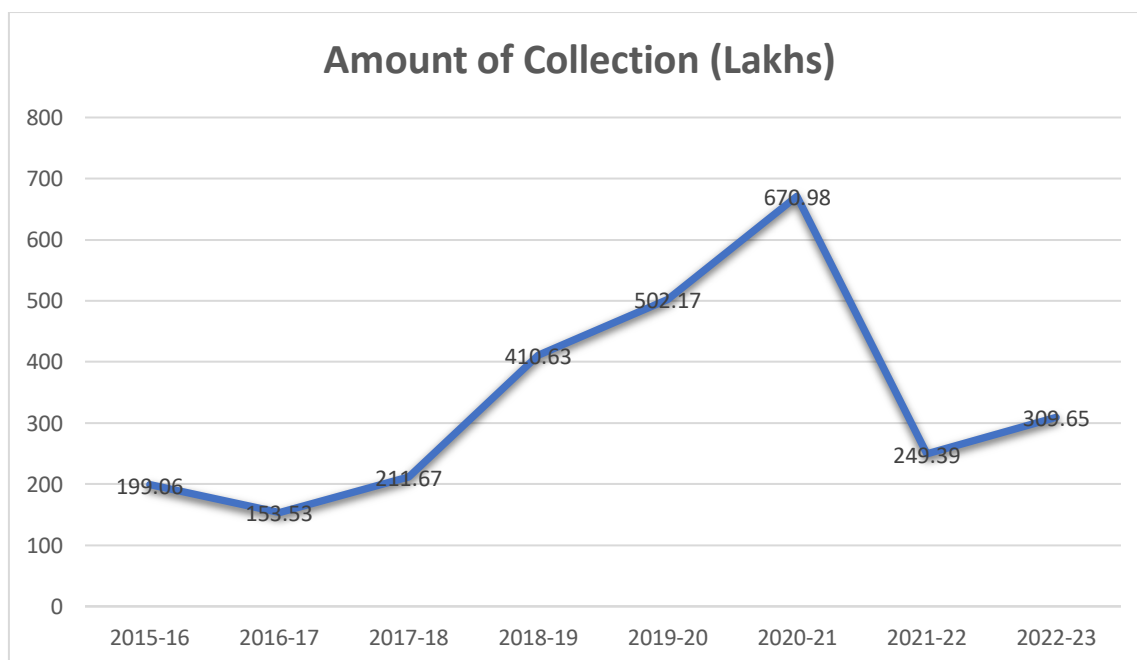
Annual Amount of Collection (Lakhs) of TSEWCT from 2015–16 to 2022–23

Year	Amount of Collection (Lakhs)
2015–16	199.06
2016–17	153.53
2017–18	211.67
2018–19	410.63
2019–20	502.17
2020–21	670.98*
2021–22	249.39
2022–23	309.65

Source: Annual Report of TSEWCT from 2015-2023 *extra 1 crore

Figure 4.1

Collection of Zakat by TSEWCT



Source: Annual Report of TSEWCT from 2015-2023

The data reveals a strong upward trend in collections from 2016-17 to 2020-21, with collections more than quadrupling during this period. The most dramatic year-over-year increase occurred in 2018-19, with a remarkable 94% growth. However, a sharp decline of approximately 63% was observed in 2021-22, primarily attributed to the economic disruptions caused by the COVID-19 pandemic. The current situation (2021-23) shows that the recovery trend is observed yet the collections have not yet been on the peak level as it was during the years 2020-21. In general, the collections have been very volatile with growth rates varying a lot between -63% and +94% which is the influence of external shocks in the economy and diverse market conditions.

Data is very volatile, with the growth rates widely varying with a standard deviation of approximately 51.7%. In 2018-19, the highest growth was +94% and the sharpest decrease was -63% in 2021-22 with an overall growth rate of +25.1. Since 2016, there was a robust and stable growth, which surged to peak collections but the next year, 2021-22, experienced a steep decline of 63% that is mainly due to the COVID-19 crisis. Since the time, it has been followed by an intermediate period of recovery (2022-23) when collections are also getting better, but not to the same level as before. The visualization, including both absolute collection values and year-over-year growth rates, clearly illustrates these dramatic swings in performance over the years.

The socio-economic condition of the Muslim population in Tengana is characterised by educational backwardness, economic vulnerabilities, and social marginalization. Muslim often lack of access to quality education due to financial constraints and inadequate facilities. The number of children forced to drop out of school. Economically, the community relies heavily on low paying occupation, housing condition are similarly dire. This confluence of factors underscores the urgent need to targeted interventions in education, employment, financial inclusion etc.

To tackle these issues Safa Baithul Maal has designed and implemented package of programs in the utilization for the delivery of zakat fund in the area of education, skill employment, food and allied activities, etc... details of the scheme are shown in below table.

Table 4.6*Amount Disbursed by Scheme (Lakhs) of TSEWCT from 2015–16 to 2022–23*

Scheme	2015–16	2016–17	2017–18	2019–20	2020–21	2021–22	2022–23
Education	0.50	20.66	21.64	3.18	9.42	7.97	25.63
Self-Employment	0.49	0.68	12.81	11.70	122.87	7.51	53.52
Message of Humanity	7.75	3.12	5.69	0.00	0.00	0.00	6.62
Financial Assistance	165.02	75.00	76.11	26.35	21.87	24.99	41.20
Health and Medical	23.95	8.12	8.79	25.85	87.50	18.26	31.79
Ration and pension	1.34	45.94	86.64	103.85	84.84	91.89	130.53
Disaster Relief	0.00	0.00	0.00	198.55	325.00	36.30	20.35
COVID-19 Package	0.00	0.00	0.00	132.69	19.48	62.47	0.00
COVID Special Package for Food	0.00	0.00	0.00	0.00	100.00	0.00	0.00

Source: Annual Report of TSEWCT from 2015-2023

The table provides a detailed overview of funding trends across various schemes over the years. In the high-value schemes, financial assistance shows a steady decline from 2015-16 to 2020-21, followed by a slight recovery in 2021-22 and 2022-23, suggesting a potential reduction in focus or reallocation of resources. In contrast, ration and pension schemes have seen consistent growth, reflecting an increased emphasis on social security and welfare. Disaster relief experienced sharp spikes in 2019-20 and 2020-21, likely due to COVID-19-related expenditures, but declined significantly in subsequent years as immediate needs subsided. The COVID-19 package, introduced in 2019-20, peaked in 2021-22 and was discontinued by 2022-23, highlighting its temporary nature.

In the other schemes, education funding fluctuated significantly, with a sharp rise in 2022-23, indicating a renewed focus on education. Self-employment schemes peaked in 2020-21, likely in response to pandemic-induced unemployment, but declined afterward. The "Message of Humanity" scheme saw inconsistent funding, with no allocations for three consecutive years (2019-22), but was reintroduced in 2022-23. Health and medical funding reached its peak in 2020-21 during the pandemic, reflecting heightened healthcare needs, but decreased in the following years as the crisis eased. Overall, the trends highlight shifting priorities, with a strong focus on pandemic response and social welfare during critical years, followed by adjustments as conditions stabilized.

4.1.5 Zakat in time of Covid 19 Pandemic

COVID-19 has become the biggest challenge in the world, not only threatening human life, but also It has a huge impact on the economy, security and religious customs. When the virus began to spread to the world in January 2020, various countries began to use various control measures that were aimed at preventing it. TheComplexity of such measures is referred to as lockdown. This approach, whereby individuals are required to remain at home, in most countries, stagnates most of the movement of the population that is critical to the economy. These preventive strategies, consequently, have led to a recession in the economy. The COVID-19 recession has turned into a global fact, and most countries exhibit negative growth in the Gross Domestic Product (GDP) as a result of the policies on the control of the virus.

The beginning of the COVID-19 pandemic was a major health crisis, which soon turned into a serious economic one. This unrest has caused a chain of socio-economic issues, which have led to massive unemployment and economic imbalance. The consequences of the pandemic have spread well beyond the economic sphere, with impacts on health, social interactions, learning, work, sports and recreation, travel, hospitality and an infinite number of other life aspects worldwide. This has led to the significant rise in the number of persons struggling with financial problems, which has resulted in the expansion of the pool of beneficiaries of zakat (Sherin, Aishath, Maryam, Mustapha, and Thong Ming, 2024).

With this intricate crisis in mind, a number of countries such as Singapore, Brunei, Malaysia, and Indonesia have tactically depended on zakat funds as a fiscal instrument to fulfill an imminent demand, which could be in the form of medical provisions, micro-

enterprise assistance, student support and other such programs. These actions affect not only these countries but have a great effect on the Indian economy. To meet these changing conditions, numerous institutions have ventured into research in order to assess the financial and economic wellbeing of nations struggling with the impacts of the pandemic (Ismail, 2020).

The use of Zakat in the COVID-19 pandemic demonstrated the role of Zakat as a powerful tool of social welfare and economic stability by giving essential support to all those regions at risk. One of the primary spheres addressed was healthcare, where Zakat monies were spent to provide people in need with medical kits and oxygen cylinders and concentrators. These programs favored the Islamic intent of saving lives (Maqasid al-Shariah) and played a crucial role in saving the lives of people who either could not afford healthcare costs (Ismail, 2020).

The economic disaster due to the pandemic left millions of laborers, families, and daily wage workers jobless. This issue was solved through zakat donations to supply the financial support, cooked food packages and rationed packages satisfying the obligation of assisting the Masakeen (destitute) and Fuqara (poor). Migrant workers were also some of the hardest hit and were given relief. Temporary shelters, food, and financial support were provided to over 900 migrants, ensuring their safety and dignity during the crisis (Ismail, 2020).

In order to serve the underprivileged, Zakat helped to strengthen the healthcare infrastructure by bringing in doctors, ambulances, and online consultations. These programs addressed both acute and systemic healthcare issues by guaranteeing underprivileged communities' access to healthcare. Innovative uses of Zakat monies, such food packages tailored to a particular pandemic, also demonstrated how adaptable Zakat is in handling previously unheard-of emergencies (Abdullah & AQ, 2011).

The Indian economy experienced significant setbacks due to the pandemic. As reported by the international management consulting firm Arthur D. Little, the economic disruptions caused by COVID-19 could jeopardize up to 135 million jobs. Since the onset of the pandemic in India, over 120 million individuals have been driven into poverty. The most severe repercussions of the pandemic were borne by the nation's most vulnerable populations, manifesting as job losses, heightened poverty levels, and diminished per-capita incomes. Overall, a substantial decline in India's annual GDP rate was anticipated

with long-lasting implications for the lives of its citizens in various aspects (Sahoo & Aswani, 2020).

Islam offers numerous applicable solutions that can best assist the mitigation of poverty in this unprecedented time of COVID-19. Zakat is among the potential solution which can reduce the social-economic issues caused by the pandemic. Massive campaign on the role of zakat in facing COVID-19 consequences has been made worldwide, at best in the member countries of

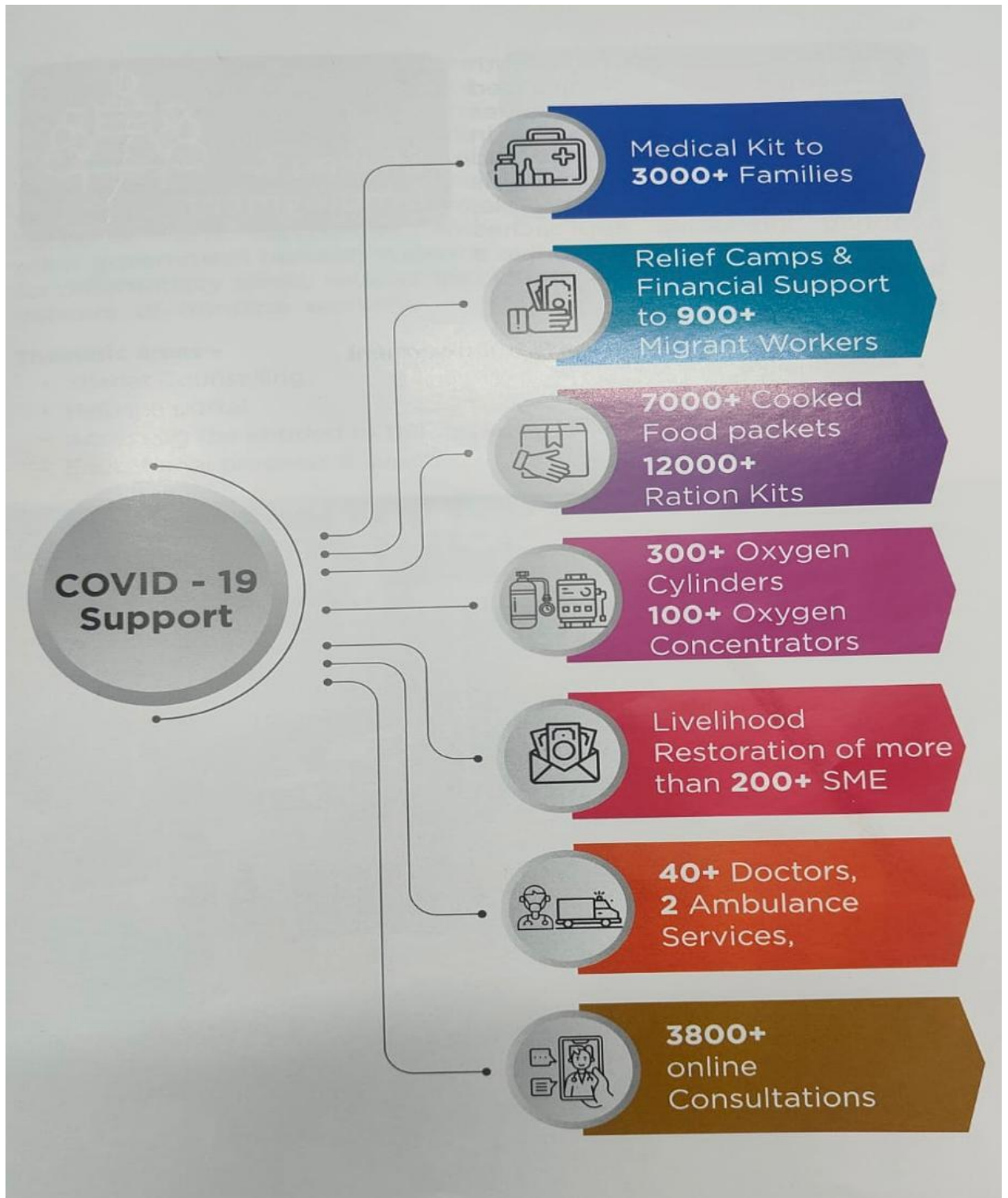
the World Zakat Forum (WZF). The idea of the World Zakat Forum (WZF) was first addressed in the international conference of zakat in Malaysia in 2007. Furthermore, in 2009 the International Zakat Executive Development Programme was conducted in Malaysia. In the event, Indonesia was appointed becoming the host to conduct the first WZF conference. Later on, the WZF conference was first time held in Yogyakarta, Indonesia in 2010. Currently, WZF entitles a membership of 40 countries. They are; Australia, Bahrain, Bangladesh, Benin, Bosnia & Herzegovina, Brunei Darussalam, Cambodia, Canada, Egypt, Ghana, India, Indonesia, Jordan, Kazakhstan, Kuwait, Liberia, Malaysia, Maldives, Morocco, Netherlands, Nigeria, Pakistan, Qatar, Russia, Saudi Arabia, Senegal, Sierra Leone, Singapore, South Africa, Sri Lanka, Sudan, Switzerland, Togo, Turkey, UAE, Uganda, UK, USA, Vietnam, and Zanzibar (<https://www.wzwf.org/>, n.d.)

Overall, zakat plays an important role in social interactions. It serves as a powerful means of supporting those in need. It can fulfil the requirements of the under privileged, and diminish various social issues such as crime, homelessness, begging, and more. (Qurdawi, 1987) emphasised that one purpose of zakat for beneficiaries is to liberate from their needs, enabling them to live in tranquillity.

During the period of 2020-21 TSEWCT spent more than one crore for meeting the food and allied activities.

Figure 4.2

Comprehensive COVID-19 Support Initiatives of TSEWCT



Source: (<https://www.tsewct.org/>, n.d.)

4.2 Zakat Practices in Kerala

4.2.1 Introduction

Kerala, with a large Muslim population, practices Zakat through informal community methods. Throughout the years, these traditions have developed while existing within the area's distinctive social and cultural environment.

The section concentrates on Baithuzzakat Kerala which stands as the sole authorized Zakat organization in the state. The organization uses modern and systematic methods for gathering and distributing Zakat funds. The agency exists to maintain clear financial operations while providing effective utilization of Zakat resources for community development. A complete explanation of Baithuzzakat Kerala's origin and operational structure is provided here along with its initiatives for decreasing poverty and enhancing community development.

4.2.2 Zakat Management System in Kerala

Kerala was born as a state on linguistic basis in November 1956, a democratically elected government. The state was then a typical underdeveloped region with low per capita income, consumption, saving and investment, all these indices were below all India average. Decades after, the conditions are different with high rate of economic growth and level of per capita income measured in terms of Per Capita Net State Domestic Product higher than the national average. Naturally, the performance of Kerala economy along the time passed is marked by different growth trajectories or phases of the macro economy and its constituent sectors.

The population of Kerala according to 2011 census, Hindus accounted for 54.73% of the total population of the state. Muslims were the second largest religious community with 26.56%, Christians were the third religious community with 18.33% and the remaining 0.33% follow other religious or have no religion.

The development of Muslims in Kerala is associated with a number of reasons like, migration, gender equality, education.... But at this situation one can understand that economic development across Muslim community is unequal. Dr Thomas Issac Sir, the former finance minister of Kerala opined that during the initial year of the migration, the poor people tried to get good jobs in abroad, but later, who are already rich invested in

abroad, and became billionaires that increased the disparities between the rich and poor people again. In this situation, there is an importance about the priorities of zakat programmes.

An effectively organized Zakat management system is essential for achieving the core objectives of Zakat, such as alleviating poverty, addressing unemployment, and fostering social justice. However, such a system ideally requires an efficient and committed Islamic governance framework. In a secular context, as seen in India, the systematic management of Zakat and the full realization of its objectives is inherently challenging. Nonetheless, despite the absence of Islamic governance, Muslims in secular societies like India continue to practice Zakat as a religious obligation, albeit not in its most complete and organized form. This discussion focuses on the Zakat management practices in Kerala, where Muslims form a significant segment of the population (Valappil & Ramzan, 2024).

The practice of Zakat in Kerala dates back to the advent of Islam in the region. Although the early Muslim community in Kerala was likely devoted to their faith, historical records provide limited evidence about the Zakat practices during this period. The absence of Muslim rulers in most parts of Kerala meant that no structured efforts were made to systematize the collection and distribution of Zakat. Even during the regimes of the Mysore rulers and the Arakkal dynasty, who had some degree of Muslim influence, Zakat administration did not fall within the scope of governance. Consequently, traditional Zakat practices persisted, largely unchanged and unregulated (Valappil & Ramzan, 2024).

Until the early 20th century, Zakat in Kerala was characterized by misconceptions and distortions. Despite its fundamental importance in Islam, Zakat was often ranked lower in priority compared to rituals like Salah, fasting, and Hajj. Those who observed Zakat typically restricted it to specific items of wealth mentioned in classical Islamic jurisprudence, disregarding other significant income sources pertinent to the local economy. Furthermore, the community remained largely unaware of Zakat's broader socio-economic role or the necessity of organized state involvement in its administration. Instead, individualistic practices, such as giving alms directly to the poor in the locality, dominated the landscape. This methodology turned Zakat into a simple charity system, commonly slanderized as a system of begging, especially at Ramadan, dubbed as a month

of begging, which became commonly referred to as a month of begging (Valappil & Ramzan, 2024).

Islamic Revival and The Transformation of Zakat Practices

The 20th century Islamic revivalist movements resulted in a major transformation of the concept and implementation of Zakat in Kerala. Scholars such as Vakkam Abdul Kader Moulavi were central to the cause of propounding a more organized method of Zakat management. The writings and oratory of Moulavi and Groups like the Muslim Aikya Sangam, the Kerala Jam; Kerala Muslim Majlis stressed on Zakat as a systematic instrument to uplift the socio-economic status of poor Muslims. Influential works by thinkers like Maulana Maududi and Maulana Abul Kalam Azad, translated into Malayalam, further enriched the discourse on Zakat's socio-economic dimensions (Valappil & Ramzan, 2024).

Jamaat-e-Islami and Kerala Nadwathul Mujahideen, being reformist groups, took a considerable step towards the transformation of the Zakat system. These institutions presented some structured approaches to Zakat collection and distribution in order to motivate people to give their contributions to needy people instead of applying the traditional approach of random almsgiving. This move contributed to the lessening of the stigma of the previous system, and it was a turning point in the collective management of Zakat.

Administration of Zakat System in Kerala

The first organized effort to manage Zakat collectively emerged in 1968 in the Njarayilkonam Mahal of Thiruvananthapuram district. Although limited in scope and short-lived, this initiative marked a significant beginning. Subsequent attempts in areas such as Santhapuram Mahal (1975), Arecode (1978), and Manjeri (1980) led to more structured and sustainable systems. By the 1980s, organized Zakat institutions began proliferating across Kerala, a trend that continues to grow (Valappil & Ramzan, 2024).

The management of Zakat in Kerala can be broadly categorized into individual administration and organized systems.

Individual Zakat Management:

The majority of Muslims in Kerala continue to manage their Zakat obligations individually. This approach involves calculating Zakat dues annually and distributing them directly to relatives or needy individuals. While this method fulfils personal religious obligations, it lacks the organizational framework necessary to achieve Zakat's economic and social objectives, leaving the socio-economic conditions of recipients largely unchanged.

Organized Zakat Management

Organized Zakat administration in Kerala operates at two primary levels:

Mahall based administration: The Mahal system represents a traditional socio-religious structure encompassing a geographically defined Muslim population. Mahals have long served as centres of religious, cultural, and social activities, with mosques functioning as focal points. In recent decades, democratically elected Mahal committees have taken charge of various activities, including Zakat administration. Examples of notable Mahal-based Zakat systems include those in Santhapuram, Manjeri, Kuttyadi, and Edavanakkad.

Zakat Committee or cell: These are voluntary organizations formed around mosques or within local communities to systematically collect and distribute Zakat. The establishment of such committees was particularly driven by reformist organizations seeking to overcome resistance from orthodox groups opposed to collective Zakat management. Prominent initiatives, such as Baithuzzakat Kerala, exemplify this approach. Established in October 2000, Baithuzzakat is Kerala's first registered Zakat agency, operating systematically across the state under the Public Religious Trust Act.

4.2.3 Zakat Administration and Welfare Programs of Baithuzzakath Kerala

Baithuzzakath Kerala is the largest zakat management institution in Kerala to organize zakat according to the standards set by Islam. It was established in 2000 at Calicut with the support of eminent Islamic scholars and the main stream Islamic movement, Jamaat-e-Islami Hind, Kerala. It is an NGO registered under the Public Religious Trust Act. The institution focuses on sustainable development of society, self-reliance of individuals and propagation of financial and social ethics of Islam (Baithuzzakat Kerala).

Baithuzzakat Kerala focuses on propagation of religious and social importance of zakat, strengthen the process of collection and distribution of zakat, make schemes that aim at prosperity of the rightful beneficiaries, give guidance for collecting zakat plans that assures socio-economic prosperity and a bright future for the society, organize academic and researches programs on various aspects of zakat and introduce local zakat initiatives and also provide them with training and guidance (Baithuzzakat Kerala).

Administration

It developed an online administration system, which ensures the transparency and proficiency of zakat management. The online system includes online application, online office management, SMS system for beneficiaries and coordinators, meeting management, feedback, documentation and public relations. It is a statewide grassroots level network, has 14 district coordinators and 133 area coordinators, who serve voluntarily, for beneficiary selection, project monitoring, public relations and zakat propagation. Besides these, 400 regional zakat units affiliate and participate with Baithuzzakat Kerala for participatory projects, training, performance audit, evaluation and feedback. Baithuzzakat conducts various activities and advertisements for the promotion of zakat. Baithuzzakat promotes academic workshops, seminars, survey, evaluation reports, research works, and articles in different medias, documentaries, promo video and different types of publicity material (Baithuzzakat Kerala).

As many as 25% of beneficiaries of Baithuzzakat projects are non-Muslim brethren. Baithuzzakat Kerala proposes long-term projects and is trying for consolidation of zakat from different parts of the state through joint projects and brings a common platform for achieving a proposed objective. It focuses on income generation projects and human resource development.

4.2.3.1 Zakat Project Scheme

Housing

According to government data, over 300,000 families in the state are homeless. Baithuzzakat, since its beginning, has focused on providing shelter to those in need, recognizing that having a home is essential for a family's social security. To address this, Baithuzzakat provides financial support through three types of aid: Complete

Construction Aid, Completion Aid, and Maintenance Aid. People eligible for Zakat can apply for this assistance online. Priority is given to orphans, widows, and those in extreme need, based on reports from local field workers. Complete Construction Aid helps build houses up to 500 square feet in size, while Completion Aid is for finishing partially built houses of up to 750 square feet. Maintenance Aid covers repairs for houses of the same size.

Applications are reviewed and approved by area and district coordinators. Once approved, the funds, ranging from ₹50,000 to ₹3,50,000, are directly transferred to the beneficiaries' bank accounts. Additionally, local community contributions add to Baithuzzakat's efforts, helping ensure secure homes for those in need (Baithuzzakat Kerala).

Table 4.7

Allocation of fund for housing of Baithuzzakat Kerala

Project	Measurement in sq. Ft	Maximum allotted Fund
Aid for house building	Up to 600	3.5 Lakh Rs
Aid for building new house.	Up to 1000	1.5 Lakh Rs
Aid for Repairing of houses	Up to 1000	1 Lakh Rs

Source: Baithuzzakat Kerala.

Self-Employment

Permanent employment significantly enhances an individual's living standards and contributes to greater happiness within their household. However, we are currently experiencing challenging times marked by high unemployment rates and the closure of numerous industries, severely impacting families and their livelihoods. In response to this crisis, Baithuzzakat strives to ensure a dignified life by fostering self-reliance among individuals and their families.

The initiative identifies those who, despite their challenging circumstances, demonstrate industriousness and a willingness to work if provided with adequate support. Both

individuals and collectives are eligible for financial aid under this scheme, with assistance ranging from ₹1,50,000 to ₹3,00,000. The aid is used to support ventures such as autorickshaw services, small-scale farming, businesses, tailoring units, and fishing operations.

Beneficiaries are selected based on their online applications, followed by a thorough field study and multi-level scrutiny. To ensure the success of their ventures, Baithuzzakath offers periodic consultations and training programs aimed at enhancing their income. The operations of these ventures are closely monitored, and feedback is used to provide ongoing support. Also, the program offers funding support to rejuvenate stalled projects that lack funds. In these endeavours, Baithuzzakath aims at fostering sustainable livelihoods and economic sustainability in the deserving (Baithuzzakat Kerala).

Table 4.8

Allocation of fund for Self-Employment of Baithuzzakat Kerala.

Project	Sector	Maximum Allotted Fund
Vocational tools	Service sector	50,000 Rs
Vehicle	Service sector	2 lakhs Rs
Small-scale projects	Manufacturing sector	2 lakhs Rs
Farming	Agricultural sector	1.5 lakh Rs
Small scale trade	Trade sector	50,000 Rs

Source: Baithuzzakat Kerala.

Health and Medical

This program is aimed to help people with serious diseases who usually encounter great economic and emotional problems. It aims to alleviate their hardships and help them reclaim their lives. Beneficiaries are identified through detailed grassroots-level inquiries conducted by local field workers.

In addition to financial support, the scheme provides consultations on affordable treatment options, suitable hospitals, and medical professionals. The initiative has gained strong backing from doctors and hospitals. Cases which need surgery are given financial support up to ₹50,000 to 1,000. Medical pensions are also given to individuals permanently incapacitated by the diseases and monthly payments are between 1000 and

3000 Rupees. These pensions are already being provided at maximum three years and the beneficiaries must renew their application after every ten months. In addition to the financial assistance, the scheme also aids in dispensing medical equipment and organizes relief operations via the use of palliative care units and also meets the needs of the affected individuals (Baithuzzakat Kerala).

Table 4.9

Allocation of fund for Health and Medical of Baithuzzakat Kerala

Project	Maximum Allotted Fund
For those who suffering from serious ailments	1 lakh
Medical pension for chronic patient	Rs. 36,000 per year

Source: Baithuzzakat Kerala.

Education

Baithuzzakath acknowledges education as one of the most important tools in the individual and community growth and has developed programs to help needy students achieve their educational goals. The purpose of these schemes is to provide the access to the quality education to orphans, children of low-income families, and other deserving individuals who do not have the means to access their needs in education.

The financial aid is used to pay the tuition fees, buy educational supplies as well as other miscellaneous expenses. The meritorious students are given scholarships to promote academic excellence and specific support to students who are taking professional and vocational courses.

Baithuzzakath is also involved in coordinating skill development programs and career counseling in conjunction with educational institutions and community organizations and facilitates the opportunity of higher education. These efforts enable people to overcome the poverty trap and live a productive life by eliminating obstacles to higher education (Baithuzzakat Kerala).

Table 4.10*Fund of Education of Baithuzzakat Kerala.*

Major of expertise within the scope of scholarship.	Maximum allotted amount
Competitive exam orientation, media studies, management studies, social work, legal studies, pure science.	50000 Rs
General scholarship	20000 Rs

Source: Baithuzzakat Kerala.

Debt Relief

This scheme aims to alleviate the burden of debt for individuals who were compelled to borrow to meet essential life needs. Baithuzzakath collaborates with local communities and philanthropic individuals who contribute to relieving the financial distress of those in need. Under this scheme, a maximum financial aid of ₹2,00,000 is provided to eligible beneficiaries.

The initiative has helped liberate hundreds of families from the weight of debt, enabling them to regain financial independence and lead a life of dignity. Beneficiaries are identified through thorough grassroots-level inquiries, and funds are disbursed based on detailed reports submitted by district coordinators. Through this effort, Baithuzzakath continues to empower families and restore their hope for a better future (Baithuzzakat Kerala).

Table 4.11*Allocation of fund for Debt Relief of Baithuzzakat Kerala*

Project	Frame of the Scheme	Maximum Allotted Amount
Bank loan	For one-time settlement of	1 Lakh Rs
Debt	Individual liabilities up to 2 lakhs	50000 Rs

Source: Baithuzzakat Kerala.

Drinking Water

Baithuzzakath has developed elaborate plans in order to address the burning question of drinking water shortage to various parts of the state. The project helps install drinking water projects e.g. wells and boreholes through the utilization of the Zakat funds. The places and procedures of executing these projects are decided through an elaborate field survey and comprehensive research. Baithuzzakat Kerala seeks to help afflicted populations to survive by increasing the standard of living by providing clean and safe water sources and reducing the burden of water scarcity (Baithuzzakat Kerala).

Table 4.12

Allocation of fund for Drinking Water of Baithuzzakat Kerala

Project	Maximum Allotted Fund
Drinking water project for one family	1 lakh
Drinking water project for more than a family	3 lakhs

Source: Baithuzzakat Kerala.

Ration and Pension

This scheme provides financial assistance in the form of a lump sum distributed over ten months to individuals facing severe hardships in meeting their daily needs. Eligible beneficiaries include elderly individuals without support, permanently bedridden patients, orphaned individuals, and vulnerable families. Beneficiaries are identified through detailed reports prepared by local field workers after thorough assessments. Under this scheme, financial aid ranging from ₹1,000 to ₹3,000 is provided, offering crucial support to those in need and improving their quality of life (Baithuzzakat Kerala).

Table 4.13

Allocation of fund for Ration and Pension of Baithuzzakat Kerala

Project	Maximum Allotted Fund
To the Bedridden and elderly, orphans	36000 per year

Source: Baithuzzakat Kerala.

4.2.3.2 Zakat fund Report

Baithuzzakat Kerala, takes zakat and distributes it to poor so that poverty can be diminished and livelihood can be enhanced. Years down the road, however, Baithuzzakath has left its tentacles in the path of 50,000 beneficiaries. The 3310 donors helped Baithuzzakath Kerala to collect 68.77 million in zakat in the 2022-23 financial year and this was distributed to 3540 beneficiaries. This success highlights the good management of this institution and good management of zakat funds in attempt to maximize them. Baithuzzakath Kerala is highly worried about the systematic and organized administration of zakat, and its identity as the tool of the most encompassing modernization and the solution to the immediate socio-economic problem. The strategic character of the strategy the institution uses ensures that the resources paid out are calculated in order to empower individuals and families by enhancing their socio-economic livelihood and sustainable development.

Table 4.14*Year-wise Growth of Beneficiaries and Donors of Baithuzzakath Kerala (2000–2023)*

Year	Number of Beneficiaries	Number of Donors
2000	54	69
2001	134	164
2002	234	239
2003	446	353
2004	673	565
2005	441	411
2006	687	678
2007	754	709
2008	918	806
2009	1047	1161
2010	855	847
2011	869	1456
2012	898	2095
2013	1250	2250
2014	1250	2150
2015	1255	2450
2016	1375	2890
2017	1725	2750
2018	1725	3005
2019	2300	3250
2020	2210	3300
2021	2210	3350
2022	3020	3250
2023	3540	3310

Source: Annual Report of Baithuzzakat Kerala from 2000-2023

Table 4.15*Year-wise Collection and Distribution of Zakat*

Year	Collection (Lakhs)	Distribution (Lakhs)
2000	5.53	5.53
2001	11.14	11.35
2002	22.00	22.00
2003	35.27	35.27
2004	62.07	62.07
2005	50.78	50.78
2006	93.75	93.75
2007	85.78	85.78
2008	117.71	117.71
2009	134.73	134.73
2010	118.62	118.62
2011	179.19	179.19
2012	300.01	300.01
2013	245.33	204.26
2014	214.75	235.50
2015	258.84	256.88
2016	253.11	218.13
2017	292.89	273.30
2018	410.03	428.04
2019	473.46	438.29
2020	402.30	410.62
2021	500.85	590.12
2022	666.56	514.06
2023	687.66	713.56

Source: Annual Report of Baithuzzakat Kerala from 2000-2023

Analysis of Zakat Distribution Trends (2000-2023)

This part investigates recent trends and dynamics of Zakat distribution in 2000-2023, which include the major variables such as the number of beneficiaries, the involvement of donors, the amount of collected, and the distribution patterns. The review indicates a substantial increase in all indicators, indicating the spreading of the program and its effectiveness in terms of activity. We explore the connection between the number of donors and amounts of collected using the time-series analysis and regression modeling that will show the direct impact of donor engagement on financial inflows.

This part includes the analysis of trends in the variables of Zakat distributions since 2000 to 2023. The results show that the growth in all important metrics is really substantial, which means a considerable increase in the program coverage and operational capacity. The number of beneficiaries and donors has increased significantly since 2000, which proves the increasing influence of the program and its position as a supporter of the community. In line with this, there have been significant increments in collections and distributions, which indicates improvements in fundraising and delivery of aid (Figure 4.3).

A particularly notable spike occurred during 2011-2012, when donor numbers nearly doubled from 1,456 to 2,095, accompanied by a dramatic increase in collections from Rs. 17.9 crore to Rs. 30.0 crore. This remarkable growth likely resulted from either a major awareness campaign or program expansion. While collections and distributions have shown some fluctuation in subsequent years, they have generally remained at elevated levels, indicating sustained donor engagement and consistent program operations.

The year 2020 saw collections decline to Rs. 40.2 crore from Rs. 47.3 crore in 2019, almost certainly due to economic disruptions caused by the COVID-19 pandemic. However, the following year presented an interesting reversal, with distributions (Rs. 59.0 crore) surpassing collections (Rs. 50.1 crore), likely reflecting increased emergency aid requirements. This pattern shifted again in 2022 when collections (Rs. 66.7 crore) significantly exceeded distributions (Rs. 51.4 crore), suggesting particularly successful fundraising efforts. The most recent data from 2023 shows distributions (Rs. 71.4 crore) once again outpacing collections (Rs. 68.8 crore), potentially indicating the utilization of reserve funds. Notably, most years demonstrate approximate parity between collections and distributions, pointing to efficient fund management practices.

Examining specific periods reveals important patterns. Between 2013 and 2016, distributions consistently lagged behind collections, suggesting the deliberate accumulation of reserve funds. Conversely, in 2018, 2021, and 2023, distributions exceeded collections, implying either the strategic use of previously accumulated reserves or the injection of external aid. The donor-beneficiary ratio analysis shows an important transition around 2010. In earlier years, donors outnumbered beneficiaries, but post-2010 saw beneficiaries growing at a faster rate, indicating successful scaling of aid operations.

Figure 4.3

Trend of Zakat Variables

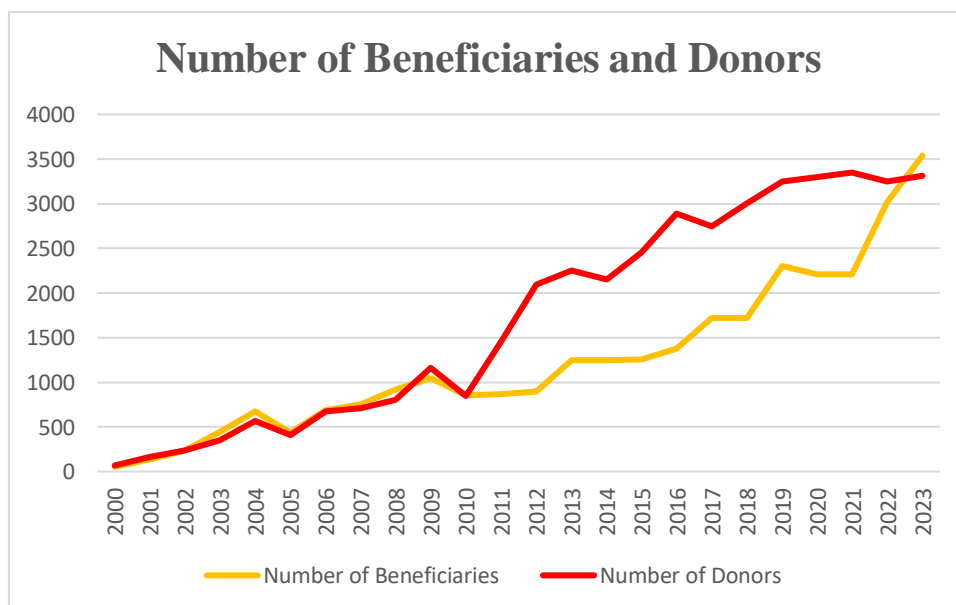
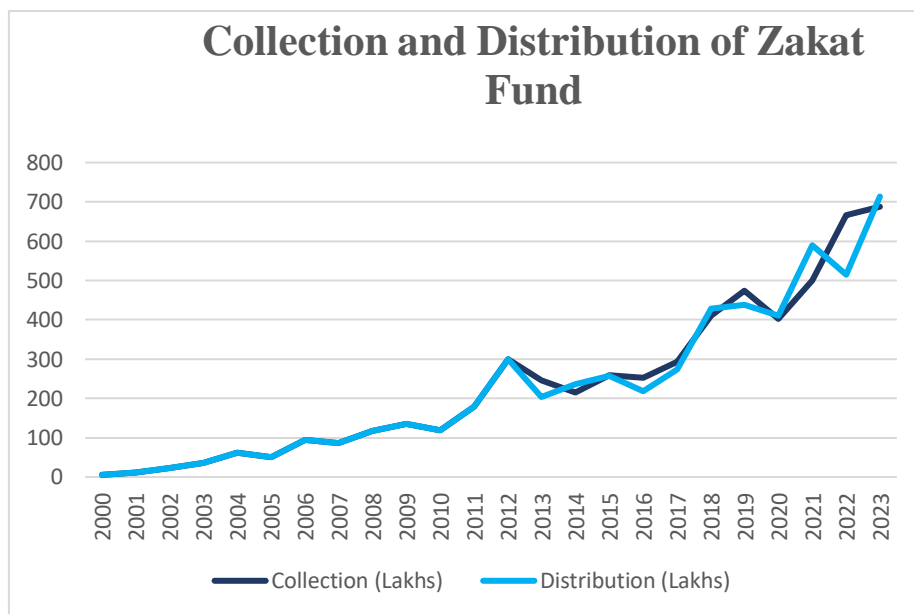


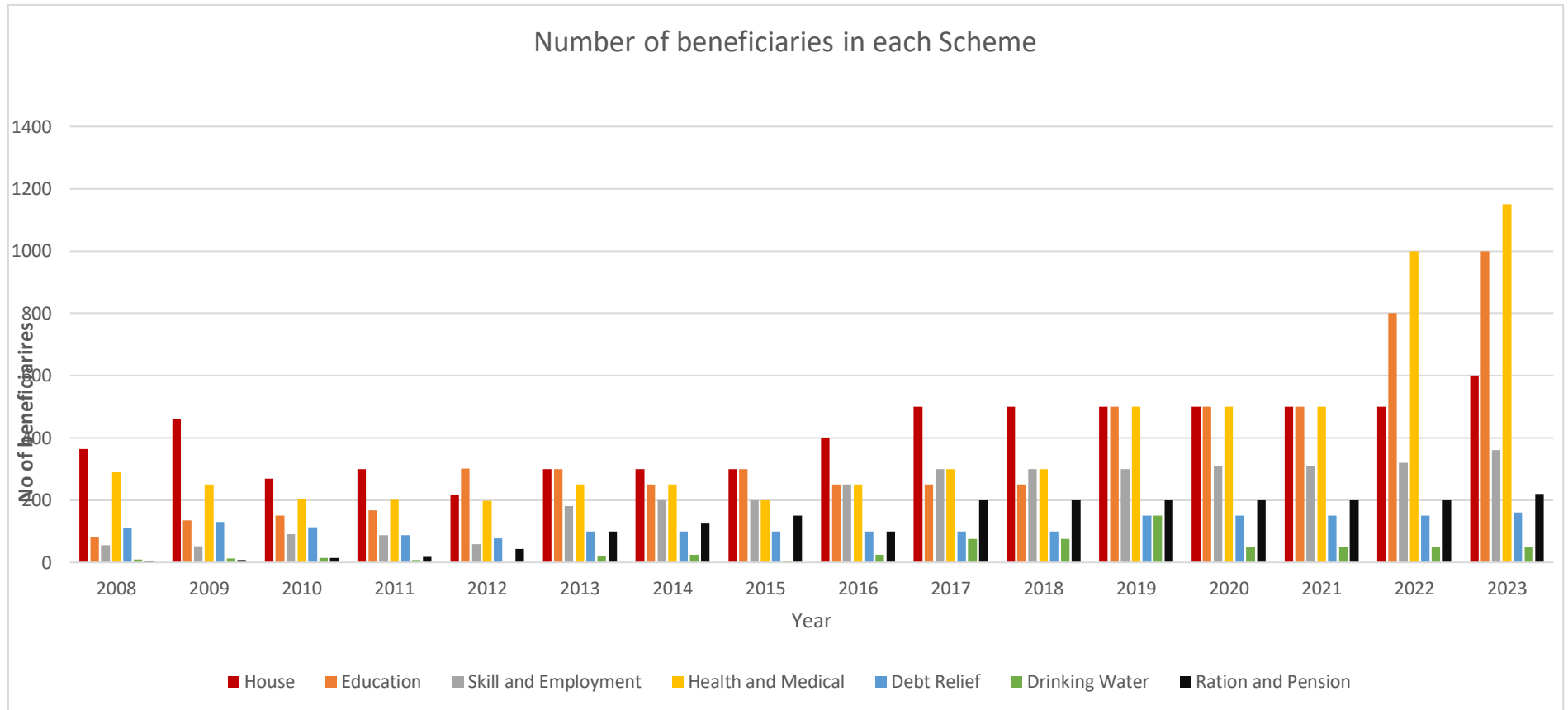
Table 4.16*Number of beneficiaries across different welfare schemes of Baithuzzakat Kerala (from 2008 to 2023)*

Scheme	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
House	365	461	269	299	218	300	300	300	400	500	500	500	500	500	500	600	6512
Education	83	135	150	168	302	300	250	300	250	250	250	500	500	500	800	1000	5738
Skill & Employment	55	51	91	88	59	180	200	200	250	300	300	300	310	310	320	360	3374
Health & Medical	290	250	204	201	197	250	250	200	250	300	300	500	500	500	1000	1150	6342
Debt Relief	109	130	113	87	78	100	100	100	100	100	100	150	150	150	150	160	1877
Drinking Water	10	12	14	8	0	20	25	5	25	75	75	150	50	50	50	50	619
Ration & Pension	6	8	14	18	44	100	125	150	100	200	200	200	200	200	200	220	1985
Total	918	1047	855	869	898	1250	1250	1255	1375	1725	1725	2300	2210	2210	3020	3540	26447

Source: Annual Report of Baithuzzakat Kerala from 2000-2023

Figure 4.4

Number of beneficiaries across different welfare schemes of Baithuzzakat Kerala from 2008 to 2023

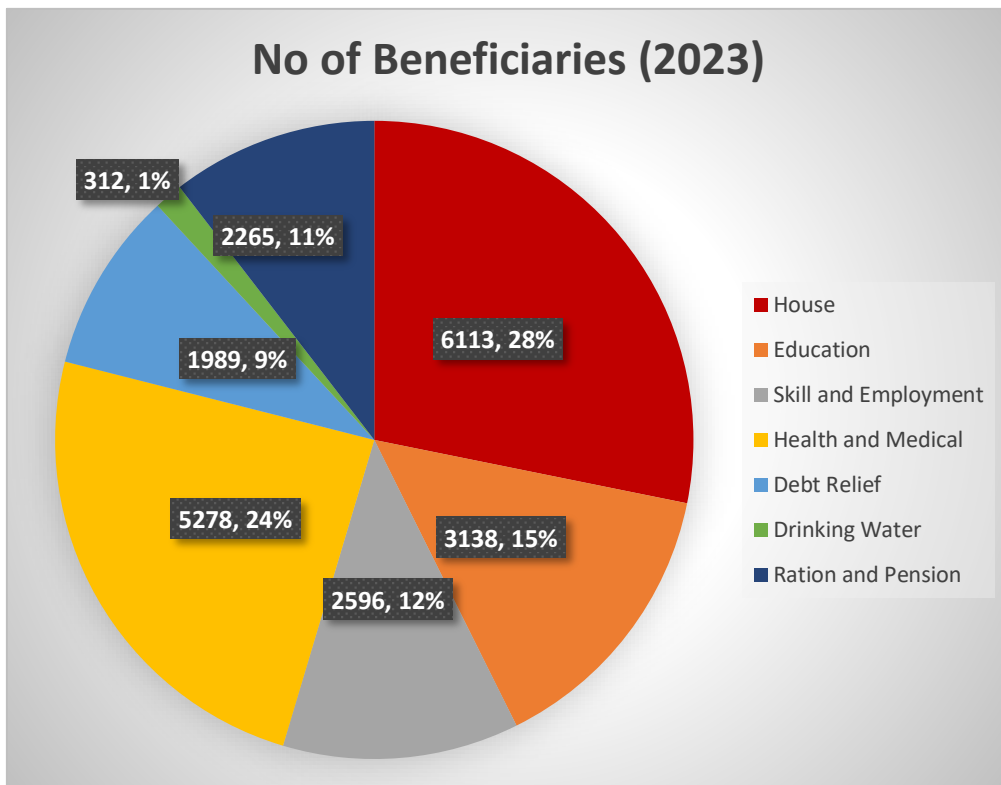


- House Scheme: The scheme has always recorded the highest number of beneficiaries of 6,512 over the years. In 2023, the highest number of beneficiaries was recorded with 600 beneficiaries, which means that the emphasis was made on housing-related assistance.
- Education Scheme: The education scheme has also gained many beneficiaries especially in the past years (2022 and 2023). The overall number of beneficiaries is 5,738, and there is a significant increase in 2023 to 1,000 beneficiaries.
- Skill and Employment Scheme: This scheme has registered sluggish growth with total beneficiaries of 3374. The beneficiaries have remained in the not so low but slightly upsurged in the recent years.
- Health and Medical Scheme: The number of beneficiaries has drastically risen and especially in 2022 and 2023, the scheme has reached beneficiaries of 1,150. This has a total of 6,342 beneficiaries thus ranking it as the second most used scheme after the House Scheme.
- Debt Relief Scheme: It has beneficiaries that are relatively low and unchanging with the number of beneficiaries being 1,877 in total over the years. This has increased a bit in the past years but it is among the least exploited schemes.
- Drinking Water Scheme: The scheme contains the lowest number of beneficiaries and stands at 619 during the years. Changes in the number of beneficiaries are observed, and in 2012 (0 beneficiaries) and 2019 (150 beneficiaries) the number of beneficiaries dramatically increased.
- Ration and Pension Scheme: It has been gradually increasing beneficiaries particularly since the year 2013. Its highest figure was 1,985 beneficiaries and its highest number of 220 beneficiaries in 2023.

The majority of the categories have an increase in fund allocation over the years which means that it is increasingly committed to these areas.

Figure 4.5

Baithuzzakat project (2022-23)



Source: Annual Report of Baithuzzakat Kerala 2023

Baithuzzakath Kerala has been formidable in making a name as a successful model institution in the proper and clear use of Zakat in the direct beneficiary of more than 50,000 individuals in the state over the last 22 years. The organization has been able to respond to different socio-economic rights of the marginalized communities through an extensive array of efforts. Grants have been given to 4,643 people to cover their medical bills, thus accessing essential medical care and cutting the number of out-of-pocket spending. The use of 300 drinking water projects has enhanced the health and living standards of the people because they have access to clean drinking water. Employment initiatives have enabled 2,434 beneficiaries to have sustainable livelihoods and self-reliance and poor employment. Educational scholarships have been offered to 3,025 students and this has helped them to move socially and reduced drop outs among poor families. Moreover, 2193 families received regular rations and pensions, which plans those who feed and the old and weak population. To initiate the cycle of poverty and financial stress 1,918 beneficiaries have been provided with extended debt relief. Under

the housing programs, 1332 housing projects have been completed as well as repairs done to 3553 homes to provide decent and dignified living conditions. All of these have played a significant role in poverty and unemployment eradication, inequalities in health and housing insecurity- demonstrating how the strategic use of collective Zakat can lead to overall socio-economic transformation at the end of the line.

4.2.4 Zakat Practices in Local Zakat Agency

An in-depth analysis of 15 local Zakat institutions in Kerala may illustrate a complex and largely community-based model of Zakat administration. It is shown that 86.7 of these institutions are religious (they work in the mosque or on the basis of other religious institutions), and 13.3 are managed by registered non-governmental organizations (NGOs). This shows that there is a very deep religious standing behind the exercise of giving Zakat as it was practiced in the Muslim cultures where Zakat is rather a religious obligation and a service to a community. The institutional framework, however, does not appear integrated and collaborative, as 86.7% of the institutions reported no collaboration with other organizations- governmental or non-governmental- indicating a fragmented ecosystem with little synergy or concerted planning.

The geographical location of operation of these institutions is also that which is different. It is interesting to note that 60 percent of the institutions use the localities beyond their immediate mahall (local mosque community) as opposed to 40 percent that use the locality of the mahall. What this two-sided approach means is that on the one hand there are those institutions that have expanded their service to include more community-based needs, on the other hand, there are hyper-local institutions. Moreover, majority of these institutions (86.7%), are more than 10 years old and this reflects institutional maturity and community engagement. They are old enough to suggest that the community has trust in such organizations and they have established mechanisms of conducting frequent fundraising and service delivery.

The other outstanding characteristic is the absolute reliance on free work; the 15-box institutions all reported that they hired employees on the basis of volunteering only. It is community service but it raises such questions as professional capacity, consistency and scalability, as well. Without professionals, the professional ability to cope with large-

scale or complex welfare administration may be limited and institutional memory will be lost due to the departure of volunteers.

As far as the gathering of Zakat is concerned, there is a variety of manners of responding to the needs and capabilities of various donors. The most common one is voluntary donation, which occupies 60 percent of the collections. In 33.3 percent instances they make contributions through formal committee formations, normally during Ramadan. One institution only (6.7%), obtained business-based contributions and this means that the corporate involvement in the Zakat activities was not so strong. Zakat money also has a diverse way of acceptance. About 46.7 percent institutions receive a combination of cash, cheque, and bank deposits and other institutions receive cash only (13.3), or cash and bank deposits only (40). Such diversity means there is flexibility but it means they need to have a uniform way of accounting and enhance financial reporting so they can become more transparent and accountable.

Benefit management is the other significant component of Zakat management. Institutions provide a benefits service to 100-200 individuals on average, of which 46.7 is of this type. These less than 100 (33.3) and over 200 (20) have less than 100 and over 200 beneficiaries, respectively. This scale means that most of the institutions have small scales of operations, which may be due to the lack of resources. This is a direct investigation (60%), which is normally undertaken to determine the beneficiaries, and is based on local knowledge and personal verification. A few institutions employ the combination of such tools as community referrals and local authority referrals (26.7%). Although such a method guarantees contextual competence and confidence-based sampling, it can also bring other issues of subjectivity and inconsistency, particularly when no standardized evaluation criteria is present.

The eligibility criteria of the targeted recipients indicate that there is a high focus on meeting the urgent socio-economic vulnerabilities. The most prevalent is destitution (46.7%), followed by Below Poverty Line (BPL) status (33.3%), then health-related factors, chronic illness or medical emergencies (20%). Such pre-eminence suggests that Zakat is being used reactively and not strategically and is directed towards alleviating distress, as opposed to economic enhancement in the long-term.

The help provided in Zakat is multifold and is usually expansive. Nearly 50 percent (46.7) of the institutions offer a combination of direct payments, indirect assistance (bills paying or rendering services) and tools/equipment of self-employment. Only others provide direct financial aid (26.7%), or direct financial aid and other. This diversification policy suggests the cognitive that there should be an urgency to alleviate, and to support sustainable livelihoods. The effectiveness and the scope of such initiatives, however, are not certain due to lack of effective monitoring structures.

The activities funded by the Zakat are numerous and cover numerous welfare interventions such as, but not limited to healthcare (H), education (E), employment support (Empt), housing (Hs), dowry assistance (D), assistance to the poor (A), disability support (Di), palliative care (P), medical emergencies (M). All these activities are integrated and their frequency varies across institutions. The most important of them is health and medical assistance (33.3%), and the others include education, housing support (20%), skill development and employment (13.3%), and the general needy assistance (6.7%). Such prioritization is indicative of a needs-based strategy wherein the institutions direct the resources towards sectors that have the short term and observable social impact.

Even when a significant level of welfare activities has been undertaken by most institutions, they are able only to carry out 60% of the benefits assessment to ascertain the effects of the Zakat give-outs. This means that not all institutions may have processes of formal feedback or evaluation, which means that their initiatives to measure effectiveness, learn by what they have done in the past, or perform better in the future cannot be undertaken. Also, the absence of formal reviews can be taken to be a dark cloud on transparency and accountability in how the funds are used.

Concisely, the Zakat activities of the local institutions in Kerala are institutionalized within the religious traditions and voluntarism in the community. They reflect a good willed and relatively well-planned effort to fight local poverty and vulnerability. However, such organizations are operating on a one-hand basis and lack professional management and supervision. It is clear that their efforts can be improved through the greater involvement of the institutions, beneficiary assessment, and standardized training of volunteers and systematic monitoring and reporting systems. These lapses may be addressed by local Zakat organisations to be more tactical and sustainable in the socio-

economic existence of the state of Kerala particularly in a secular and pluralistic society like that of India.

4.2.5 Conclusion

The chapter has addressed the way the zakat is practiced in India with keen attention on the decentralized and voluntary nature of the same and recent changes in the institutional frameworks that have taken place without the direct intervention of the state. Locally, the zakat institutions have developed organically as a reaction to the demands of the local communities, and are usually triggered by religious impulse and local movements. Their organization is also different in these organizations though they share common goals of transparency, accountability and social-economic upliftment.

The case of Kerala (and in particular the establishment of the special authorized zakat hierarchy in the state Kerala, called Baithuzzakat Kerala) demonstrates that the efficacy of zakat management can be significantly increased under the influence of the regular and modern approaches. Baithuzzakat Kerala implies the manner in which the institutionalization may contribute to the efficiency of zakat collection and distribution but also to the potential of assisting to alleviate poverty and community development.

Among the major lessons that have been learned in the course of this research is that the introduction of the more institutionalized and systematized between India measures of zakat can have a great impact on the socio-economic impacts of zakat. Standardization of process and adoption of modern financial processes can enable zakat institutions to be in a position whereby, they are able to expand their reach, to realize a more efficient conveyance of beneficiaries and to generalize zakat with the broader developmental agenda. This would strengthen the delivery of social welfare and also make zakat a viable tool of an inclusive economic growth. Therefore, the Indian experience becomes an indicator of the need of the policy frameworks that favor the institutionalization of zakat systems. These structures should enable capacity-building, regulation and organization of the work of the community organizations and development agencies. It is by constructing more robust zakat institutions in this way that faith-based giving can be made more practical and sustainable as a means of economic justice and social equity.

CHAPTER-V

ZAKAT DISTRIBUTION MECHANISM IN KERALA: SOCIO-ECONOMIC PROFILE, PATTERNS AND ACCESSIBILITY

5.1 Introduction

5.2 Socio-Economic Profile of Zakat Beneficiaries

5.3 Patterns of Zakat Distribution in Kerala

5.4 Accessibility and Barriers to Zakat Assistance

5.1 Introduction

This chapter presents a systematic empirical examination of the structural and operational dimensions of Zakat distribution in Kerala. It seeks to analyse the socio-economic profile of Zakat beneficiaries in order to assess the inclusiveness and targeting efficiency of the distribution mechanism. By examining demographic characteristics such as age, gender, education, occupation, income level, and household composition, the study contextualizes the economic vulnerability of recipients within the broader framework of poverty and social deprivation.

The chapter further investigates the patterns of Zakat distribution, including the types of assistance provided, modes of transfer, frequency of support, and prioritization criteria adopted by Zakat institutions. Particular attention is given to whether distribution practices align with the normative objectives of Zakat as a redistributive instrument aimed at poverty alleviation and social justice. In addition, this chapter analyses the accessibility of Zakat assistance and identifies structural, procedural, and informational barriers encountered by beneficiaries during the application and allocation process. Issues such as awareness, documentation requirements, institutional transparency, and administrative efficiency are examined to evaluate the operational effectiveness of Zakat institutions in Kerala. Through descriptive statistics and inferential analysis, the chapter provides a comprehensive assessment of the distribution framework that underpins the functioning of Zakat in the region.

5.2 Socio-Economic Profile of Zakat Beneficiaries

Zakat, one of the five pillars of Islam, serves as a foundational mechanism for redistributive justice, aiming to alleviate poverty and economic distress within society. A detailed examination of the socio-demographic and economic characteristics of Zakat beneficiaries is essential to evaluate the system's effectiveness, equity, and targeting precision. In Kerala—a state with high human development indicators yet persistent pockets of economic vulnerability—such an analysis acquires particular relevance.

Although Zakat systems traditionally focus on economically disadvantaged Muslim populations, contemporary practices in regions such as Kerala exhibit a notable degree of inclusiveness, extending support to non-Muslim communities as well. To gauge the

appropriateness and inclusivity of current Zakat distribution strategies, a thorough understanding of beneficiaries' demographic profiles, including gender and age distribution, religious affiliation, education levels, and occupational status, is essential. Household-level economic indicators—such as household size, income distribution, the proportion of earning members, and income inequality—further illuminate patterns of dependency and financial vulnerability.

This section specifically addresses the second objective of the study, providing a detailed socio-demographic and economic characteristics of Zakat beneficiaries in Kerala based on primary data collected from 400 respondents. The analysis begins by examining gender distribution among sampled beneficiaries, followed by age profiling to identify key demographic groups. An assessment of religious affiliation explores the inclusivity of Zakat distribution practices. The educational qualifications of beneficiaries are evaluated to understand the implications for long-term economic mobility. Additionally, employment status and occupational patterns offer insights into financial stability and vulnerability. The analysis also includes household size, the proportion of earning members, and income distribution patterns to identify economic dependencies and disparities. Finally, measures of income inequality—such as the Gini coefficient and percentile ratios—are examined to assess economic disparities within the beneficiary population. Collectively, these analyses aim to comprehensively depict beneficiary characteristics, highlighting strengths and identifying areas for policy enhancement in Zakat administration.

5.2.1 Gender Distribution of Zakat Beneficiaries and Estimation of the Population Proportion

Table 5.1 and Figure 5.1 illustrate the gender distribution of respondents among Zakat beneficiaries. The data clearly indicate a strong female majority within the sample.

Table 5.1

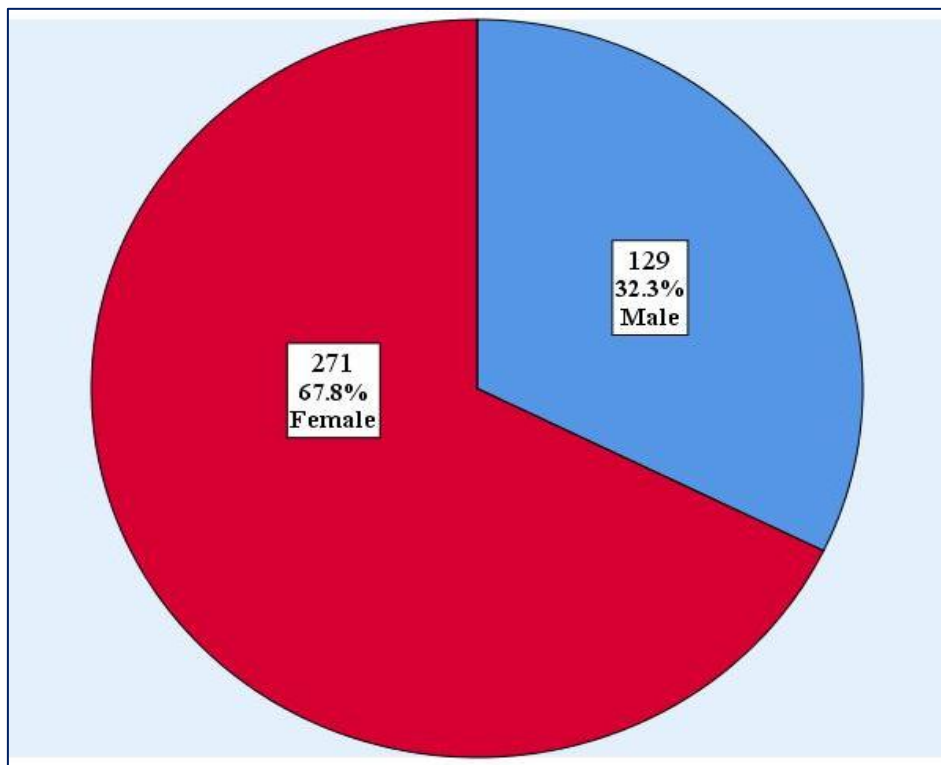
Gender Distribution of Respondents

Sl. No.	Gender	Number of Respondents	Percentage
1	Male	129	32.3
2	Female	271	67.8
Total		400	100.0

Source: Primary Survey

Figure 5.1

Gender Distribution of Respondents



Source: Primary Survey

A 95% confidence interval (CI) for the true proportion of female beneficiaries in the population was computed based on the observed sample proportion of 67.8%. Using the standard large-sample approximation method for proportions, the 95% CI was [63.2%,

72.4%]¹. Thus, it can be inferred with 95% confidence that the actual population proportion of female Zakat beneficiaries in Kerala lies within this range.

Additionally, a series of chi-square goodness-of-fit tests was conducted to evaluate whether the observed gender distribution of Zakat beneficiaries in the sample (67.8% female, 32.3% male) differed significantly from various hypothesised population distributions in the absence of established benchmarks. The results are summarised in Table 5.2.

Table 5.2

Chi-Square Goodness-of-Fit Tests for Gender Proportion of Zakat Beneficiaries

Sl. No.	Hypothesised Female-Male Proportion (Percent)	Chi-Square (χ^2)	df	p-value
1	63 – 37	3.872	1	0.049*
2	64 - 36	2.441	1	0.118
3	72 – 28	3.584	1	0.058
4	73 - 27	5.594	1	0.018*

Note. * $p < 0.05$ indicates statistical significance.

Source: Primary Survey

The observed distribution significantly deviated from a 63%-37% distribution ($\chi^2(1) = 3.872$, $p = .049$) and a 73%-27% distribution ($\chi^2(1) = 5.594$, $p = .018$), but did not significantly differ from distributions of 64%-36% ($\chi^2(1) = 2.441$, $p = .118$), 71%-29%

¹ The 95% confidence interval for a proportion was calculated using the standard large-sample approximation formula:

$$p \pm z_{\alpha/2} \sqrt{\frac{\hat{p}(1 - \hat{p})}{n}}$$

where \hat{p} is the sample proportion, $z_{\alpha/2} = 1.96$ for 95% CI, and n is the sample size (400).

($\chi^2(1) = 2.052, p = .152$), or 72%-28% ($\chi^2(1) = 3.584, p = .058$). These findings suggest that the proportion of female Zakat beneficiaries in the population likely falls between 64% and 72%. This further reinforces the conclusion that the true proportion of female Zakat beneficiaries in the population likely falls within the range of approximately 64% to 72%. These tests collectively suggest that the true proportion likely ranges between approximately 64% and 72%.

These results always indicate significant gender gap and verify the fact that women are the largest beneficiaries of Zakat aid in Kerala.

5.2.2 Age Profile of the Respondents

The age distribution of Zakat beneficiaries provides essential context for understanding their socio-economic vulnerabilities and welfare needs. This subsection outlines the age distribution of the respondents and includes summary statistics that offer insight into the demographic composition of the sample.

Table 5.3

Age Distribution of Respondents and Summary Descriptive Statistics

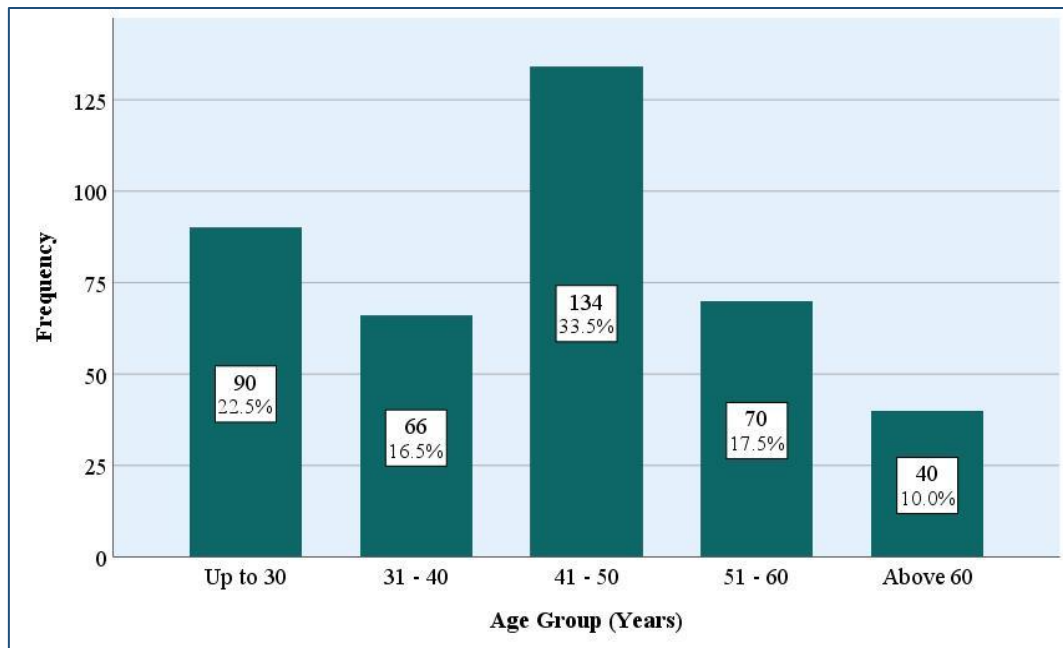
The Pattern of Age Distribution					Summary Descriptive Statistics	
Sl. No.	Age Group (Years)	Number of Respondents	Percentage	Cumulative Percentage	Statistic	Value (Years)
1	Up to 30	90	22.5	22.5	Mean	42.89
2	31 - 40	66	16.5	39.0	SD	13.65
3	41 - 50	134	33.5	72.5	Minimum	20
4	51 - 60	70	17.5	90.0	Maximum	80
5	Above 60	40	10.0	100.0	Skewness	.064
Total		400	100.0		Kurtosis	-.565

Source: Primary Survey

As shown in Table 5.3 and Figure 5.2, the age structure of the surveyed beneficiaries reflects a diverse demographic profile, encompassing both younger (from 20 years) and older (up to 80 years) recipients. The sample comprised predominantly middle-aged recipients, with more than one-third of respondents falling within the 31 to 40 age group. Nearly two-thirds of beneficiaries were between 31 and 60 years old, indicating that working-age adults constituted the majority of recipients. Younger individuals (aged 30 and below) represented a smaller but notable proportion, while older adults (above 60 years) formed the smallest demographic segment. This suggests that Zakat assistance in Kerala primarily supports economically active individuals, though younger and older age groups are also represented.

Figure 5.2

Age Structure of the Respondents



Source: Constructed from Primary Survey

Descriptive statistics reflect a balanced age distribution with minimal skewness and moderate variability. The slightly platykurtic distribution indicates an even spread of ages rather than clustering around the mean. These patterns point to an inclusive Zakat outreach across age groups, with implications for planning assistance strategies to the needs of different life stages.

5.2.3 Religious Affiliation of Zakat Beneficiaries and Estimation of the Population Proportion

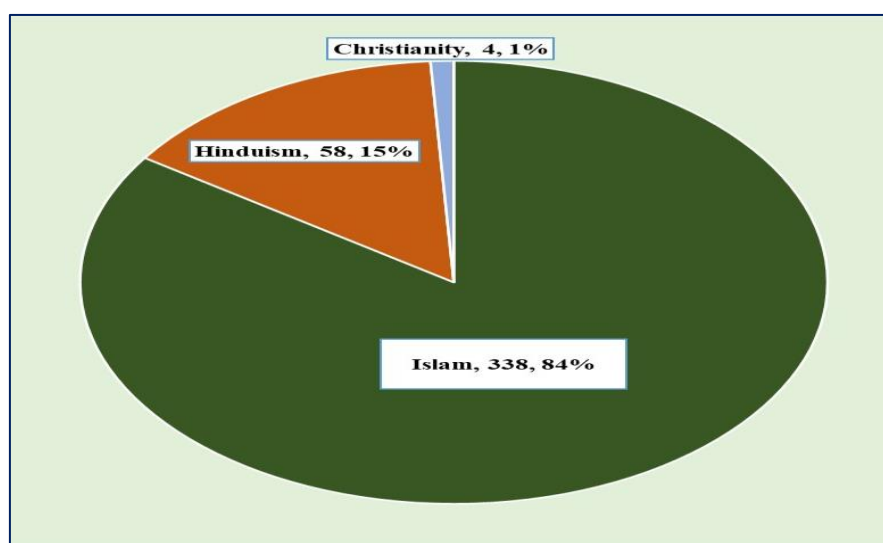
This section presents the religious distribution of Zakat beneficiaries in Kerala based on primary survey data and estimates the likely range of the population proportion of Muslim beneficiaries. As shown in Table 5.4, the overwhelming majority of respondents identified as Muslim, with a smaller proportion identifying as Hindu and a very small proportion identifying as Christian.

Table 5.4
Religious Affiliation of Respondents

Sl. No.	Religion	Number of Respondents	Percentage
1	Islam	338	84.5
2	Hinduism	58	14.5
3	Christianity	4	1.0
Total		400	100.0

Source: Primary Survey

Figure 5.3
Religious Affiliation of Respondents



Source: Primary Survey

To estimate the true population proportion of Muslim Zakat beneficiaries, a 95% confidence interval was computed based on the observed sample proportion (84.5%), yielding a CI of [80.9%, 88.1%]. Thus, with 95% confidence, it can be concluded that the proportion of Muslim beneficiaries in Kerala lies between approximately 80.9% and 88.1%.

Chi-square goodness-of-fit tests further evaluated specific hypothesised religious proportions (see Table 5.5). The observed proportion significantly differed from hypothetical proportions of 80%-20% ($\chi^2 (1) = 5.06, p = .024$) and 88%-12% ($\chi^2 (1) = 4.64, p = .031$), but did not differ significantly from 81%-19% ($\chi^2 (1) = 3.18, p = .074$) or 87%-13% ($\chi^2 (1) = 2.21, p = .137$). These findings support the conclusion that the true proportion likely ranges between approximately 81% and 87%.

Table 5.5

Chi-Square Goodness-of-Fit Tests for Religious Affiliation

Sl. No.	Hypothesised Muslim–Non-Muslim Proportion (Percent)	Chi-Square (χ^2)	df	p-value
1	80 – 20	5.06	1	.024*
2	81 - 19	3.18	1	.074
3	87 – 13	2.21	1	.137
4	88 - 12	4.64	1	.031*

Note. * $p < 0.05$ indicates statistical significance.

Source: Primary Survey

These results indicate that while the Zakat distribution predominantly serves Muslim recipients, a small proportion (approximately 13% to 19%) of beneficiaries belong to other religious communities, reflecting an inclusive distribution pattern in Kerala.

5.2.4 Educational Background of Zakat Beneficiaries in Kerala

Education is crucial for socio-economic mobility and access to better opportunities. Investigating the educational profile of Zakat beneficiaries reveals insights into their prospects for upward mobility. Table 5.6 displays the distribution of respondents based on their highest educational qualifications.

Table 5.6

Educational Qualifications of the Respondents

Sl. No.	Highest Education	Number of Respondents	Percentage
1	No Formal Education	19	4.8
2	Up to Primary School	158	39.5
3	Secondary School	138	34.5
4	Higher Secondary	53	13.3
5	Undergraduate	27	6.8
6	Postgraduation	5	1.3
Total		400	100.0

Source: Primary Survey.

The data reveals that a substantial proportion of Zakat beneficiaries have limited formal education. The majority have not progressed beyond primary or secondary school, highlighting a gap in educational attainment. A relatively small fraction has reached higher secondary education, and an even smaller segment has obtained undergraduate or postgraduate degrees, indicating that advanced educational opportunities might be less accessible for most beneficiaries.

The educational profile of Zakat beneficiaries suggests that while basic schooling is reasonably common, only a smaller share has progressed to higher levels of education. Given that education is a key driver of economic upliftment, the low levels of formal

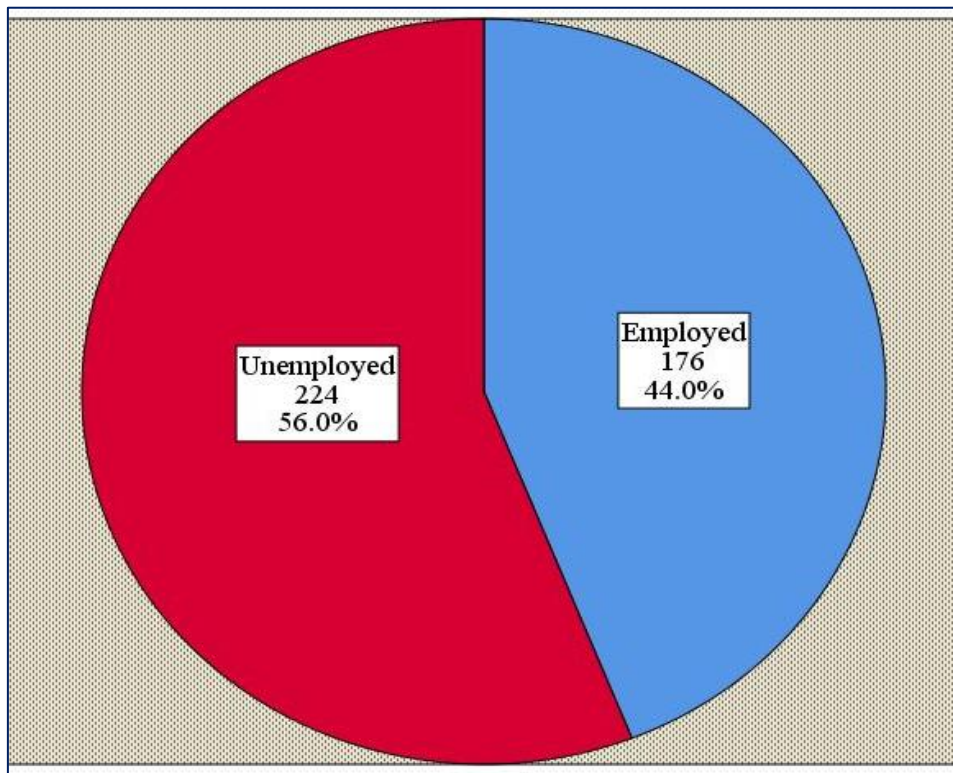
education among Zakat recipients indicate that they are indeed from economically disadvantaged backgrounds and are likely to be genuinely deserving of Zakat assistance.

5.2.5 Activity and Occupational Status of Zakat Beneficiaries in Kerala

Employment patterns among Zakat beneficiaries reveal their socio-economic position and potential avenues for earning a livelihood. This section highlights respondents' overall activity status and the types of occupations held by those who work.

Figure 5.4

Activity Status of Respondents



Source: Primary Survey

Figure 5.4 presents the overall activity status, indicating that more than half of the surveyed individuals are not employed, while the remaining portion participates in various income-generating activities. To statistically assess whether this unemployed group truly constitutes a majority, a binomial test was performed against a hypothesised proportion of .50. The analysis returned a statistically significant result ($z = 2.350$, $p = .019$), confirming that the majority of the Zakat beneficiaries in Kerala are unemployed.

Table 5.7*Binomial Test Results for Activity Status*

Category	N	Observed Proportion	Test Proportion	Standard Error	Standardised Test Statistic	Exact <i>p</i> -value (2-tailed)
Unemployed	224	0.56	0.5	10	2.35	0.019
Employed	176	0.44				
Total	400	1				

Source: Primary Survey

Table 5.8*Occupational Status of the Employed Respondents*

Sl. No.	Occupation	Number of Respondents	Percentage
1	Self-Employment	91	51.7
2	Casual Labourer	54	30.7
3	Temporary Worker	31	17.6
	Total	176	100.0

Source: Primary Survey

Table 5.8 tells how occupations were distributed among people who reported working. The statistics indicate that the most common engagement is self-employment followed by the position related to casual or short-term labour. This tendency means that the employed people do not have stable and secure jobs, and they remain economically vulnerable, which supports the necessity of zakat help.

The economical life and job position of the beneficiaries of the zakat in Kerala show that there are great unemployment and unpredictable jobs. Most of the beneficiaries are not employed or they have uncertain jobs that earn them irregular incomes. These results prove that Zakat is targeting the people who are in dire need, which will help to support those who are really in need.

5.2.6 Household Size and Proportion of Earning Members in Zakat Beneficiary Households in Kerala

Family size and the earning percentage ratio are the most important marks of financial adequacy. Bigger families having lower incomes are more likely to strain financially thus becoming more dependent on Zakat support. This segment looks at Zakat beneficiaries in Kerala in terms of household structure and earning members.

Table 5.9

Household Size Distribution and Summary Descriptive Statistics

Household Size Distribution				Summary Descriptive Statistics	
Sl. No.	Number of Members in the Household	Frequency	Percentage	Statistic	Value
1	3	1	.3	Mean	4.87
2	4	118	29.5	SD	0.686
3	5	217	54.3	Median	5
4	6	61	15.3	Skewness	0.270
5	7	3	.8	Kurtosis	-0.255
Total		400	100.0	95% Confidence Interval: (4.83, 4.91)	

Source: Primary Survey

Table 5.9 presents the household size distribution and key summary statistics among Zakat beneficiary households in Kerala. The majority of households comprise five members, as indicated by the mean, median, and mode. A notable proportion of households (around 45%) have either four or six members, reflecting some variation in household size. The 95% confidence interval for the mean household size (4.83 to 4.91) supports the stability of this estimate, indicating that the true mean household size in the population of Zakat beneficiaries likely falls within this range.

The financial well-being of a household depends on the number of earning members. Table 5.10 presents the frequency distribution and descriptive statistics of earning members in the surveyed households. The overwhelming majority of households rely on a single earning member, reinforcing high financial dependency. A small fraction either

lacks an earner altogether or have more than one earner, confirming that multi-income households are rare. The low standard deviation further indicates that this pattern is highly consistent across the sample. The dominance of single-earner households highlights their financial vulnerability, as these households rely on one income to support multiple dependents.

Table 5.10

Frequency Distribution and Summary Statistics of the Number of Earning Members in the Households of the Respondents

Household Size Distribution				Summary Descriptive Statistics	
Sl. No.	Number of Earning Members in the Household	Frequency	Percentage	Statistic	Value
1	0	8	2.0	Mean	0.99
2	1	388	97.0	SD	0.173
3	2	4	1.0	Median	1.00
Total		400	100.0		

Source: Primary Survey

The percentage of the earning members of a specific household indicates the dependency ratio of the household, its financial strength. According to Table 5.10, there is a high dependency among the Zakat beneficiaries as the data shows that many members of households are between 20 and 20 percent average household income. The 95 percent confidence interval indicates that the actual mean percentage of the earning members per household among the population of benefits of Zakat are 20.27 percent to 21.19. This small range means that the proportion does not vary widely at the population level and there is a small variation. These results suggest that the household has on average a high dependency burden as only 1/5th of the household members is earning.

Table 5.11

Summary Statistics of the Percentage of Earning Members in Zakat Beneficiary Households

Sl. No.	Statistic	Value (%)	95% Confidence Interval
1	Mean	20.73	
2	SD	4.71	
3	Median	20.00	
4	Minimum	0.00	(20.27, 21.19)
5	Maximum	50.00	
6	Skewness	-0.45	
7	Kurtosis	10.97	

Source: Primary Survey.

The results confirm that Zakat beneficiary households are of high financial dependency where a single earner serves the needs of various dependents. The similarity in the number of people in the household and the low degree of fluctuation in the patterns of earning support the fact that economic hardship is common among these households. Their financial vulnerability is further illustrated by the estimated percentage of the earning members meaning that these households are those that definitely require the Zakat help.

5.2.7 Income Profile of Zakat Beneficiary Households in the Sample

Household income is a pivotal factor in determining both eligibility for Zakat and the extent of support needed. Analysis of income distribution patterns provides valuable insights into the socioeconomic reach and targeting efficiency of Zakat distribution in Kerala. Table 5.12 and Figure 5.5 present the monthly household income distribution of Zakat beneficiaries in Kerala.

The data reveal a strong concentration of beneficiaries within the lower-income brackets, with more than three-fifths of recipient households reporting monthly incomes between ₹4,000 and ₹7,000. Only a smaller segment of the sample reported incomes exceeding ₹10,000, while a few respondents indicated having no income. This distribution suggests that Zakat support is largely directed toward households with pronounced economic vulnerability.

Table 5.12*The Distribution and Summary Statistics of Monthly Household Income of Zakat Beneficiaries*

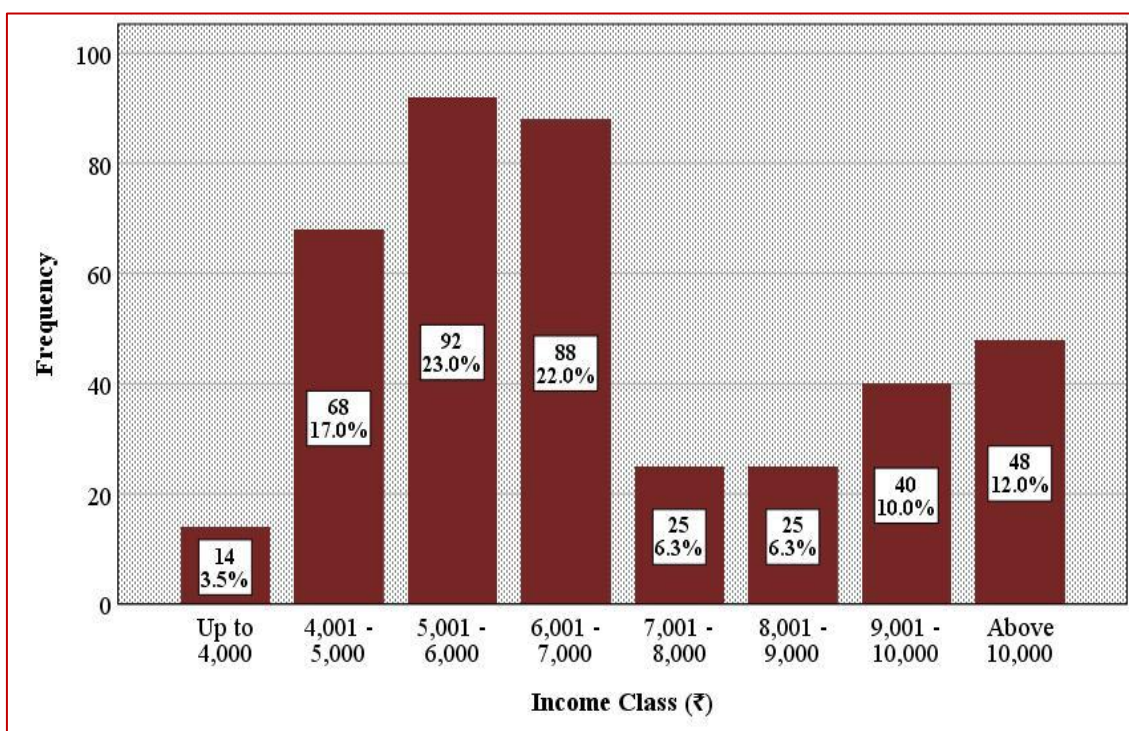
Sl. No.	Income Group (₹)	Number of Respondents	Percentage	Cumulative Percentage	Summary Descriptive Statistics
1	Up to 4,000	14	3.5	3.5	
2	4,001 - 5,000	68	17.0	20.5	
3	5,001 - 6,000	92	23.0	43.5	Mean: ₹ 7282.50 Median: ₹ 6500.00 SD: ₹ 4912.28
4	6,001 - 7,000	88	22.0	65.5	
5	7,001 - 8,000	25	6.3	71.8	Minimum: ₹ 0 Maximum: ₹ 90,000
6	8,001 - 9,000	25	6.3	78.0	
7	9,001 - 10,000	40	10.0	88.0	Skewness: 12.06 Kurtosis: 201.80
8	Above 10,000	48	12.0	100.0	
Total		400	100.0		

Source: Primary Survey

Summary statistics indicate a heavily right-skewed income distribution. The mean income is notably higher than the median, reflecting the influence of a few outlier households with substantially higher earnings. The extremely high skewness and kurtosis values point to significant income inequality and the presence of outliers, with maximum reported incomes substantially exceeding the norm.

Figure 5.5

Monthly Household Income Distribution of Zakat Beneficiaries



Source: Primary Survey

These findings suggest that while Zakat assistance primarily reaches low-income households as intended, the presence of some high-income recipients warrants further investigation into eligibility assessment protocols.

5.2.8 Income Inequality Among Zakat Beneficiary Households in Kerala

Income inequality measures the extent of disparity in income distribution among households, influencing financial stability and access to resources. This section analyses income inequality among Zakat beneficiaries in Kerala using the Gini coefficient, the p90/p10 ratio, and the p75/p25 ratio, along with a Lorenz curve for visual representation. The Gini coefficient, a widely used indicator, ranges from 0 (perfect equality) to 1 (maximum inequality), with higher values signifying greater income disparity. The p90/p10 ratio compares the income of households in the 90th percentile to those in the 10th percentile, highlighting extreme inequality. The p75/p25 ratio evaluates income disparities in the middle of the distribution, capturing inequality within the broader population rather than just the extremes.

Table 5.13
Income Inequality Measures Among Zakat Beneficiaries

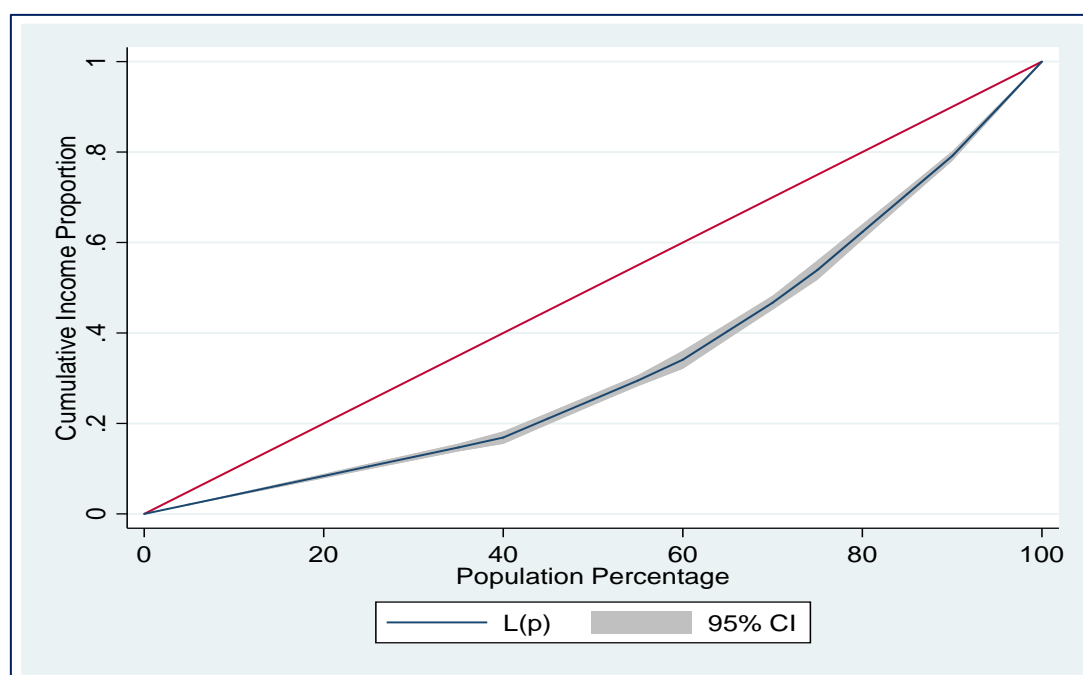
Sl. No.	Inequality Measure	Value	Interpretation
1	Gini Coefficient	0.322	Indicates moderate income inequality, with income concentration among a limited number of households.
2	p90/p10 Ratio	4.000	Households in the 90th percentile earn four times more than those in the 10th percentile, reflecting a wide income gap.
3	p75/p25 Ratio	4.000	The upper-middle quartile earns four times more than the lower-middle quartile, confirming inequality across the middle-income spectrum.

Source: Primary Survey

The level of income inequality is moderate according to the Gini coefficient, with a big disparity between high-income and low-income households according to the p90/p10 value. The p75/p25 ratio demonstrates that even, middle-income households continue to experience inequality, which solidifies the fact that the income is concentrated among a few people.

Figure 5.6

Lorenz Curve of Monthly Household Income of Zakat Beneficiaries



Source: Constructed from the Primary Survey Data

The Lorenz curve shows that the equality line is significantly moved away and that proves that income is not equally distributed among the recipients of the Zakat. A comparatively small fraction of household supports the results of the percentile ratios and GINI coefficient as the same percentage of income is concentrated in those households.

The findings affirm that there is income inequality among the Zakat recipients' households in Kerala and moderate differences are depicted by the Gini coefficient. Both, p90/p10 ratio as well as p75/p25 ratio indicate that income disparities cannot be applied only to the lowest and highest percentiles and instead they can also be applied to the higher income middle-income category. These results are further supported by the Lorenz curve that depicts unequal distribution of income whereby the high-income households occupy a grossly disproportionately large portion of the total income. With such inequalities in mind, Zakat assistance is a vital economic intervention to the poor families.

The second research purpose was to take into account socio-demographic and economic characteristics of Zakat beneficiaries in Kerala, and the socio-demographic and economic discussion in the current section met the purpose. Both of the mentioned hypotheses are supported by the empirical results with very strong evidence that Zakat concentrates mostly on the truly economically vulnerable layers of the population.

The findings formed that Zakat recipients in Kerala are characterized by women, individuals in the working-age group (primarily between 31 and 60 years), Muslims, low educational attainment (primarily up to the secondary level), and the unemployed or individuals with insecure and low-income sources of livelihood such as self-employment and casual labour. These tendencies validate the first hypothesis (H_1), namely that the system is attracted to the neediest population on socio-demographic vulnerability.

On the economic front, the results reveal that the economic conditions of Zakat beneficiaries reflect significant vulnerabilities. They are characterised by low monthly household incomes, high dependency burdens with predominantly single-earner households, and moderate yet meaningful levels of income inequality. These findings empirically support the second hypothesis (H_2), reinforce the economic vulnerability of the recipient population, and underline the critical role of Zakat in providing social safety nets.

Overall, the comprehensive socio-demographic and economic characterisation demonstrates that Zakat assistance in Kerala effectively targets deserving individuals facing substantial financial hardships. Nevertheless, the findings suggest opportunities for improvement. Specifically, the presence of some higher-income recipients indicates a need to tighten eligibility screening. At the same time, the low educational levels and unstable employment of most beneficiaries point to the potential benefits of complementary programmes in skill development, education, and job security. These policy improvements would go a long way in improving the equity, efficiency and developmental sustainability of Zakat aid in Kerala.

5.3 Patterns of Zakat Distribution in Kerala

The giving of Zakat is spread in various forms as an act of support to fulfil various vulnerable socio-economic needs of the beneficiaries. It is important to consider the responsiveness, inclusiveness and responsiveness of Zakat programmes in these forms and their manner of distribution and beneficiaries feel priority. The first part of the third objective of the study will be addressed by this question: the consideration of the types, trends, and prioritisation of Zakat benefits among beneficiaries in Kerala. Specifically, this section explores three key dimensions: (a) the types and frequency of assistance received; (b) how these distributions vary across socio-demographic and economic categories such as age, gender, marital status, education, employment, and income; and (c) beneficiaries' prioritisation of different assistance types. The section also evaluates the extent of multi-type support per household and investigates the extent to which Zakat is used as a tool for economic empowerment. Through this analysis, the section contributes to a deeper understanding of Zakat allocation mechanisms and their alignment with beneficiary needs.

5.3.1 Comparative Analysis of Types of Zakat Assistance

The types of Zakat assistance received by beneficiary households vary based on individual and household needs. Analysing these patterns helps identify which forms of support are most commonly prioritised. Table 5.14 presents the proportion of households receiving various forms of Zakat assistance and the results of Cochran's Q test, which examines whether significant differences exist in the distribution of different Zakat assistance types.

The results indicate that ration support is the most commonly received form of Zakat assistance, suggesting a strong emphasis on basic sustenance and food security among beneficiaries. Skill and employment assistance represents the second most frequently received category, followed by construction/maintenance support, highlighting a degree of focus on economic empowerment and living conditions. A relatively smaller proportion of households received assistance related to education and healthcare, implying that these areas might be supported through alternative funding sources or different welfare mechanisms. The least common types of Zakat assistance are debt repayment and pensions, suggesting that financial relief and income security for older people are not major priorities in Zakat allocation.

Table 5.14

Proportions of Households Reporting Different Types of Zakat Assistance and Cochran's Q Test Results

Sl. No.	Type of Zakat Assistance	Frequency	Percentage of Respondents	Cochran's Q Test Results
1	Ration	149	37.3	<i>Cochran's Q</i> =158.161 <i>df</i> = 6 <i>p</i> < .001
2	Skill & Employment	110	27.5	
3	House Construction & Maintenance	99	24.8	
4	Education	94	23.5	
5	Health & Medical	66	16.5	
6	Debt Repayment	35	8.8	
7	Pension	25	6.3	

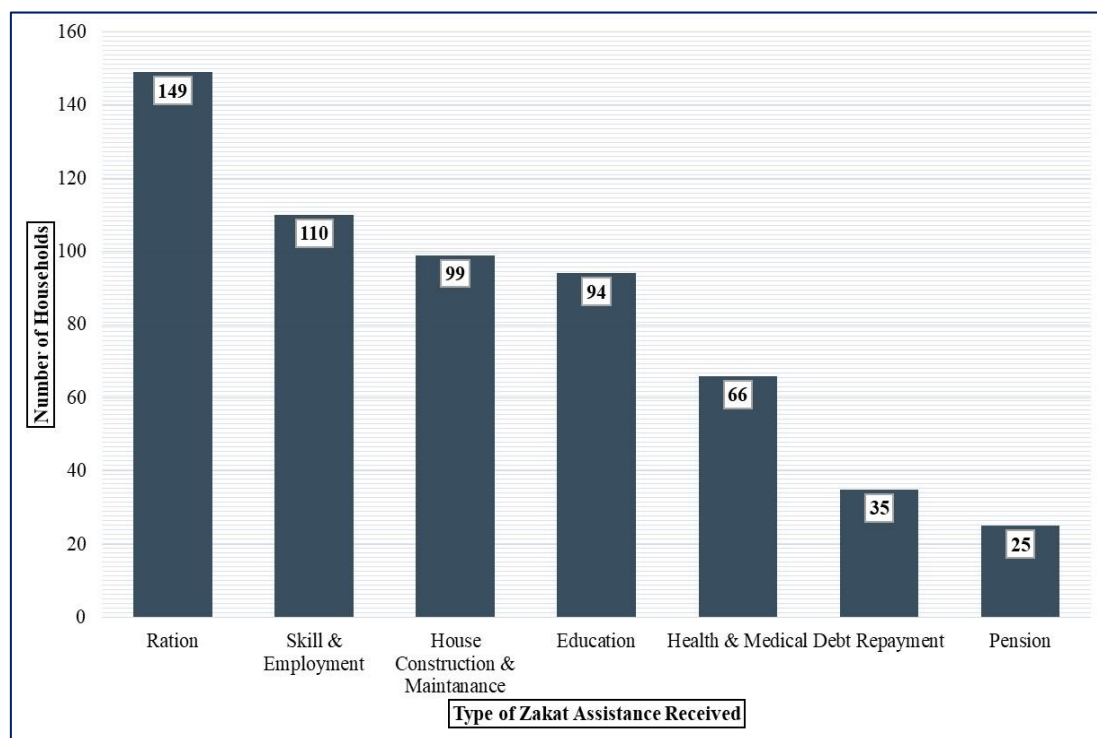
Note. Cochran's Q test assesses whether there are significant differences in the proportions of households receiving different types of Zakat assistance. The significance level for all tests is set at $p < .05$.

Source: Primary Survey

A Cochran's Q test was conducted to determine whether there were statistically significant differences in the proportions of households receiving different types of Zakat assistance. The test was significant, $\chi^2(6) = 158.161$, $p < .001$, suggesting that the likelihood of obtaining various forms of Zakat assistance varies significantly among beneficiaries. The findings imply that certain types of assistance are prioritised over others, with some forms of support being more commonly allocated. This structured distribution implies a focused approach to allocating Zakat resources, emphasising specific areas of need.

Figure 5.7

Proportions of Households Reporting Different Types of Zakat Assistance



Source: Primary Survey

Since Cochran's Q test was significant, post hoc pairwise comparisons with Bonferroni adjustments were conducted to identify where significant differences exist between the categories of Zakat assistance. The results presented in Table 5.15 indicate that the proportion of households receiving ration support is significantly higher than those receiving any other form of assistance, with the largest difference observed when compared to pensions and debt repayment. Similarly, skill & employment support was significantly more common than health, debt repayment, and pension assistance.

The analysis confirms that significant differences exist in the types of Zakat assistance received by households. Food security gets the highest priority, followed by employment and housing support, whereas medical aid, debt relief, and pensions are relatively less frequent. These findings suggest that Zakat allocation in Kerala is primarily focused on immediate necessities rather than long-term financial stability measures, potentially due to resource constraints or prioritisation policies.

Table 5. 15*Pairwise Post Hoc Comparisons with Bonferroni Adjustments Following Cochran's Q Test*

Sl. No.	Pairwise Comparison	Test Statistic	Std. Error	Std. Test Statistic	p-value (2-tailed)	Adj. p-value (Bonferroni)
1	Ration vs. Skill & Employment	-0.098	0.03	-3.246	.001	.025
2	Ration vs. House Construction & Maintenance	-0.125	0.03	-4.161	< .001	.001
3	Ration vs. Education	-0.138	0.03	-4.577	< .001	< .001
4	Ration vs. Health & Medical	-0.207	0.03	-6.908	< .001	< .001
5	Ration vs. Debt Repayment	-0.285	0.03	-9.487	< .001	< .001
6	Ration vs. Pension	-0.310	0.03	-10.320	< .001	< .001
7	Skill & Employment vs. House Construction & Maintenance	-0.028	0.03	-0.915	.360	1.000
8	Skill & Employment vs. Education	-0.040	0.03	-1.332	.183	1.000
9	Skill & Employment vs. Health & Medical	-0.110	0.03	-3.662	< .001	.005
10	Skill & Employment vs. Debt Repayment	-0.188	0.03	-6.242	< .001	< .001
11	Skill & Employment vs. Pension	-0.212	0.03	-7.074	< .001	< .001
12	House Construction & Maintenance vs. Education	-0.013	0.03	-0.416	.677	1.000
13	House Construction & Maintenance vs. Health & Medical	-0.083	0.03	-2.746	.006	.127
14	House Construction & Maintenance vs. Debt Repayment	-0.160	0.03	-5.326	< .001	< .001
15	House Construction & Maintenance vs. Pension	-0.185	0.03	-6.159	< .001	< .001
16	Education vs. Health & Medical	-0.070	0.03	-2.330	.020	.416
17	Education vs. Debt Repayment	-0.147	0.03	-4.910	< .001	< .001
18	Education vs. Pension	-0.172	0.03	-5.742	< .001	< .001
19	Health & Medical vs. Debt Repayment	-0.077	0.03	-2.580	.010	0.208
20	Health & Medical vs. Pension	-0.102	0.03	-3.412	.001	0.014
21	Debt Repayment vs. Pension	-0.025	0.03	-0.832	.405	1.000

Note. Bonferroni adjustments control for multiple comparisons; significance is set at $p < .05$.

Source: Primary Survey

5.3.2 Extent of Zakat Assistance Received by Households

Understanding how many different types of Zakat assistance a household receives reveals the comprehensiveness of the support to beneficiary households. Table 5.16 summarises the extent to which households received multiple types of Zakat support.

The majority of households benefited from a single type of Zakat assistance, indicating that Zakat distribution is largely targeted at addressing a single need per household. A smaller proportion received two types, and very few households benefitted from three or more types of support. The limited number of cases receiving three or more categories suggests that Zakat distribution primarily addresses specific rather than multidimensional needs.

Table 5.16

Distribution of Households by Number of Zakat Assistance Types Received

Number of Types of Assistance Received	Number of Households	Percentage
1	259	64.8
2	107	26.8
3	31	7.8
4	3	0.8
Total	400	100

Source: Primary Survey.

The analysis of Zakat assistance distribution suggests that most beneficiaries receive support in only one category, with fewer households benefiting from multiple types of assistance. The findings indicate that Zakat distribution in Kerala is targeted to the beneficiaries' immediate and primary needs rather than comprehensive, possibly due to limited resources or prioritisation criteria.

In conclusion, Zakat assistance in Kerala appears well-targeted toward beneficiaries' immediate basic needs, prioritising essential support areas over comprehensive assistance packages.

5.3.3 Variation in Patterns of Zakat Assistance Across Socio-Economic Conditions

Zakat assistance should ideally be distributed equitably among beneficiaries; however, variations in receipt may occur across different socio-economic and demographic groups. Examining these variations helps determine if certain groups receive specific types of assistance more frequently. This section analyses the second part of third objective-pattern of variation in Zakat assistance receipt across socio-demographic variables such as gender, age, marital status, education, employment, and income groups. Chi-square tests of independence were conducted to determine the statistical significance of these variations.

5.3.3.1 Gender Differences in Zakat Assistance

Analysing the association between gender and types of Zakat assistance is important to understand if there is equitable distribution among male and female beneficiaries.

Table 5.17 presents the cross-tabulation of gender by types of Zakat assistance received, along with the results of the chi-square test.

The chi-square test shows that there is no statistically significant correlation between the gender and received type of Zakat assistance ($\chi^2(6, N = 400) = 3.72, p = .715$). Though the discrepancies in the support of males and females are observed, they are not considered to be statistically significant which proves that there is no significant impact of gender on the distribution of Zakat. The small effect size (Cramer V = .08) also supports the conclusion and confirms the truth about the insignificance of gender in the allocation of types of Zakat assistance.

Table 5.17*Cross-tabulation of Gender and Types of Zakat Assistance Received*

Sl. No.	Zakat Assistance Type	Male (n=129) (Percent)	Female (n=271) (Percent)	Total (n=400) (Percent)	Chi-square (χ^2) Test Results
1	Ration	47 (36.4)	102 (37.6)	149 (37.3)	
2	Skill & Employment	31 (24.0)	79 (29.2)	110 (27.5)	
3	House Construction & Maintenance	31 (24.0)	68 (25.1)	99 (24.8)	$\chi^2 = 3.716$ $df = 6$ $p = .715$ $N = 400$
4	Education	34 (26.4)	60 (22.1)	94 (23.5)	
5	Health & Medical	21 (16.3)	45 (16.6)	66 (16.5)	Cramer's $V = .080$ $p = .715$
6	Debt Repayment	7 (5.4)	28 (10.3)	35 (8.8)	
7	Pension	7 (5.4)	18 (6.6)	25 (6.3)	

Note. Values represent frequencies, with column percentages in parentheses. Percentages are calculated based on respondents within each gender category. Cramer's V represents the effect size

Source: Primary Survey

The review affirms the fact that gender is irrelevant to the nature of the Zakat assistance received. The distribution of kind of assistance appears to be the same with both male and female beneficiaries therefore gender does not come into play in the distribution of Zakat among beneficiaries. It means that there is no gender-specific features of the systems of Zakat distribution in Kerala and men and women equally have a chance to obtain financial aid.

5.3.3.2 Variations in Zakat Assistance Across Age Groups

Age is a critical factor in determining economic vulnerability and access to welfare support mechanisms. Analysing how types of Zakat assistance vary across age groups helps identify whether aid is tailored to beneficiaries' life-cycle needs. This section

examines the distribution of Zakat assistance across three broad age categories—up to 30 years, 31–50 years, and above 50 years—to determine whether age significantly influences the type of assistance received. The chi-square test of independence was conducted to assess the statistical significance of these differences.

Table 5.18

Cross-tabulation of Age Group and Types of Zakat Assistance Received

Sl. No.	Zakat Assistance Type	Age Groups (Years)			Total (n=400) (Percent)
		Up to 30 (n=90) (Percent)	31 - 50 (n=200) (Percent)	Above 50 (n=110) (Percent)	
1	Ration	21 (23.3)	73 (36.5)	55 (50.0)	149 (37.3)
2	Skill & Employment	8 (8.9)	83 (41.5)	19 (17.3)	110 (27.5)
3	House Construction & Maintenance	5 (5.6)	59 (29.5)	35 (31.8)	99 (24.8)
4	Education	84 (93.3)	6 (3.0)	4 (3.6)	94 (23.5)
5	Health & Medical	14 (15.6)	28 (14.0)	24 (21.8)	66 (16.5)
6	Debt Repayment	3 (3.3)	14 (7.0)	18 (16.4)	35 (8.8)
7	Pension	2 (2.2)	7 (3.5)	16 (14.5)	25 (6.3)

Chi-square (χ^2) Test Results $\chi^2 = 314.844$, $df = 12$, $p < .001$, Cramer's $V = .522$

Note. Values represent frequencies, with column percentages in parentheses. Percentages are based on respondents in each age category. The chi-square test assesses the significance of differences in distributions across age groups.

Source: Primary Survey

Table 5.18 presents the cross-tabulation results, illustrating the association between respondents' age groups and the types of Zakat assistance received. Chi-square tests were

used to evaluate whether the observed variations across age groups were statistically significant.

The chi-square test indicates a statistically significant association between the age group and the type of Zakat assistance received ($\chi^2 (12, N = 400) = 314.844, p < .001$), confirming that Zakat assistance distribution differs significantly across age groups. The distribution patterns suggest clear age-specific targeting of Zakat assistance. The youngest age group (up to 30 years) predominantly received education-related assistance, reflecting investment in human capital and long-term empowerment for younger beneficiaries. The middle-aged group (31–50 years) received the largest share of skill and employment support, reflecting efforts to improve economic stability within this demographic. This group also had considerable access to house construction and maintenance assistance, suggesting that housing stability is a key concern for middle-aged beneficiaries. The oldest age group (above 50 years) had the highest proportion of receiving ration assistance, debt repayment, and pensions, highlighting the increased dependency on financial aid and sustenance support among elderly recipients. The Cramer's V test result supports these findings, showing a moderate to strong effect size, reinforcing that age significantly influences the allocation of different types of Zakat assistance. Overall, Zakat assistance distribution in Kerala significantly aligns with life-stage-specific needs, ensuring that age-related vulnerabilities and priorities are effectively addressed.

5.3.3.3 Variations in Zakat Assistance Across Marital Status

Marital status may also influence the character of Zakat support households receive since marital statuses are interrelated with a variety of socio-economic variables that precondition the household becoming vulnerable and supportive. A section is regarded to identify whether marital status is important to determine the distribution patterns of Zakat assistance to beneficiaries in Kerala specifically comparing never-married, currently married, widowed/widower and divorced. This was cross tabulated and by chi-square.

Chi-square test (Table 5.19) revealed a statistically significant relationship between marital status and marital type categories of Zakat assistance, $\chi^2 (12, N = 400) = 314.844, p = .001$. This correlation calculated by Cramer V was moderate (.353, $p < .001$) and demonstrated that the receipt patterns of Zakat assistance differed in a significant way among the different marital statuses.

Table 5.19*Cross-tabulation of Marital Status and Types of Zakat Assistance Received*

Sl. No.	Zakat Assistance Type	Marital Status				Total (n = 400) (Percent)
		Never Married (n=53) (Percent)	Currently Married (n=279) (Percent)	Widow/ Widower (n=46) (Percent)	Divorced (n=22) (Percent)	
1	Ration	10 (18.9)	108 (38.7)	22 (47.8)	9 (40.9)	149 (37.3)
2	Skill & Employment	4 (7.5)	88 (31.5)	10 (21.7)	8 (36.4)	110 (27.5)
3	House Construction & Maintenance	3 (5.7)	73 (26.2)	15 (32.6)	8 (36.4)	99 (24.8)
4	Education	48 (90.6)	44 (15.8)	2 (4.3)	0 (0.0)	94 (23.5)
5	Health & Medical	6 (11.3)	49 (17.6)	8 (17.4)	3 (13.6)	66 (16.5)
6	Debt Repayment	4 (7.5)	17 (6.1)	9 (19.6)	5 (22.7)	35 (8.8)
7	Pension	0 (0.0)	8 (2.9)	16 (34.8)	1 (4.5)	25 (6.3)
Chi-square (χ^2) Test Results		$\chi^2 = 215.538, df = 18, p < .001, \text{Cramer's } V = .353$				

Note. Values denote frequencies where the column percentages are indicated in parentheses. The percentages will be calculated on the respondents of the individual marital status.

Source: Primary Survey

The trend suggests that there are major inequities in the aid in terms of the marital status categories. An illustration of this is that education-related support is significantly greater among the category of never-married respondents, and pension support is also significantly greater among the widowed beneficiaries. In the same breath, widowed and divorced beneficiaries appear to enjoy fairly good debt repayment assistance. Individuals with an existing marital status receive an extended range of assistance, and ration support and skill and employment assistance is extremely popular. This variation shows clearly that marital status influences the Zakat distribution priorities considering the individual needs which are associated with different marital status. Results support the argument that marital status is a defining factor on the type of Zakat help received and this could mean

that Zakat help in Kerala is distributed based on the socio-economic strains of the different marital status groups.

5.3.3.4 Variations in Zakat Assistance by Educational Status

The level of education can also affect the kind of support beneficiaries will get because education tends to be an indicator of the economic security status, financial insecurity, and needs of individuals. This section examines the variance in types of the Zakat assistance among the beneficiaries in relation to the level of education level.

Table 5.20

Cross-tabulation of Educational Status and Types of Zakat Assistance Received

Sl. No.	Zakat Assistance Type	Highest Educational Qualification			Total (n = 400) (Percent)
		Low (n = 177) (Percent)	Medium (n = 191) (Percent)	High (n = 32) (Percent)	
1	Ration	73 (41.2)	70 (36.6)	6 (18.8)	149 (37.3)
2	Skill & Employment	52 (29.4)	56 (29.3)	2 (6.3)	110 (27.5)
3	House Construction & Maintenance	55 (31.1)	41 (21.5)	3 (9.4)	99 (24.8)
4	Education	5 (2.8)	58 (30.4)	31 (96.9)	94 (23.5)
5	Health & Medical	36 (20.3)	25 (13.1)	5 (15.6)	66 (16.5)
6	Debt Repayment	21 (11.9)	14 (7.3)	0 (0.0)	35 (8.8)
7	Pension	12 (6.8)	12 (6.3)	1 (3.1)	25 (6.3)

Chi-square (χ^2) Test Results $\chi^2 = 131.218, df = 12, p < .001, \text{Cramer's } V = .337$

Note. Values indicate frequencies, with column percentages in parentheses. Percentages are calculated based on respondents within each educational status category. Source: Primary Survey

The cross-tabulation results are provided in Table 5.20 and a chi-square test was performed to assess the statistical significance of the differences found. Education level has been divided into three, namely Low (up to primary education), MED (up to higher secondary education) and High (undergraduate and above).

The comparative study indicates that there exist major differences in the kind of Zakat aid that are obtained in the different levels of education. The chi-square test revealed that there was significant correlation between education level and type of Zakat help, $\chi^2(12, 400) = 131.218, p = 0.000$. The moderate effect size (Cramer V = .337) further brings out the significant differences among the educational groups.

Education assistance was predominantly provided to beneficiaries with higher educational qualifications, suggesting Zakat is targeted to support ongoing or advanced education among relatively educated beneficiaries. Conversely, beneficiaries with lower educational attainment frequently received assistance in the form of rations, skills & employment, and house construction and maintenance, reflecting the prioritisation of basic livelihood needs for these groups. The analysis confirms that educational status significantly influences the type of Zakat assistance received. Less educated beneficiaries tend to rely more on basic sustenance and employment support, while highly educated recipients primarily receive education-related Zakat assistance. These findings suggest that Zakat assistance in Kerala is structured to address both immediate financial needs and long-term capacity-building efforts based on beneficiaries' educational backgrounds.

5.3.3.5 Variation in Zakat Assistance by Employment Status

Employment status can significantly affect the type of Zakat assistance provided, as employed and unemployed beneficiaries likely have distinct socio-economic needs. This section examines variations in Zakat assistance types received by employed and unemployed beneficiaries in Kerala using cross-tabulation and chi-square analysis.

The analysis reveals (Table 5.21) significant variations in the types of Zakat assistance received based on employment status. Employed beneficiaries were more likely to receive help for skills and employment and house construction and maintenance. In contrast, unemployed beneficiaries predominantly received support for ration, education, and health and medical needs.

Assistance for skill and employment was notably higher among employed individuals, reflecting a focus on enhancing their existing capabilities. In contrast, unemployed beneficiaries were more likely to receive aid for education, suggesting a priority on improving their qualifications for future employment opportunities.

Health and medical assistance were more common among unemployed individuals, possibly due to their limited access to healthcare resources. Debt repayment support was also more prevalent among the jobless, indicating financial vulnerabilities in this group.

Table 5.21

Cross-tabulation of Employment Status and Types of Zakat Assistance Received

Sl. No.	Zakat Assistance Type	Employment Status		Total (n = 400) (Percent)	Chi-square (χ^2) Test Results
		Employed (n = 176) (Percent)	Unemployed (n = 224) (Percent)		
1	Ration	58 (33.0)	91 (40.6)	149 (37.3)	$\chi^2 = 112.368$ $df = 6$ $p < .001$ $N = 400$ Cramer's V $= .441$ $p < .001$
2	Skill & Employment	81 (46.0)	29 (12.9)	110 (27.5)	
3	House Construction & Maintenance	54 (30.7)	45 (20.1)	99 (24.8)	
4	Education	6 (3.4)	88 (39.3)	94 (23.5)	
5	Health & Medical	20 (11.4)	46 (20.5)	66 (16.5)	
6	Debt Repayment	7 (4.0)	28 (12.5)	35 (8.8)	
7	Pension	11 (6.3)	14 (6.3)	25 (6.3)	

Note. Values represent frequencies, with column percentages in parentheses. Percentages are computed based on respondents within each employment status category.

Source: Primary Survey

The chi-square test results confirm that the distribution of Zakat assistance types is significantly associated with employment status, $\chi^2(6, N = 400) = 112.368, p < .001$, with

a moderate effect size (Cramer's $V = .441$). This suggests that employment status plays a significant role in determining the type of Zakat assistance beneficiaries receive.

The findings highlight the influence of employment status on the type of Zakat assistance received by beneficiaries in Kerala. Employed individuals tend to receive support that enhances their existing skills and living conditions, while unemployed beneficiaries are more likely to receive aid for basic needs, education, and healthcare.

5.3.3.6 Variations in Zakat Assistance by Income Level

Income status might influence the type of Zakat assistance provided to beneficiaries, as different income groups have varying socio-economic needs and priorities. Income status is categorised into four groups: $\leq ₹5,000$, $₹5,001–7,000$, $₹7,001–10,000$, and $>₹10,000$. This section examines how Zakat assistance distribution patterns vary across different income levels among beneficiaries in Kerala. Table 5.22 summarises the results, with the chi-square test assessing the statistical significance of observed differences.

The chi-square analysis showed no statistically significant relationship between income levels and the types of Zakat assistance received, $\chi^2(18, N = 400) = 14.430, p = .701$. The small effect size indicated by Cramer's $V (.091)$ further supports this lack of meaningful association. The ration was the most commonly received form of assistance, followed by skill and employment, house construction and maintenance, and education. Overall, assistance for health and medical needs, debt repayment, and pensions were less prevalent.

Table 5.22*Cross-tabulation of Income Level and Types of Zakat Assistance Received*

Sl. No.	Zakat Assistance Type	Income Class (₹)				Total (n = 400) (Percent)
		≤5,000 (n = 82) (Percent)	5,001 - 7,000 (n = 180) (Percent)	7,001 - 10,000 (n = 90) (Percent)	> 10,000 (n = 48) (Percent)	
1	Ration	29 (35.4)	72 (40.0)	29 (32.2)	19 (39.6)	149 (37.3)
2	Skill & Employment	24 (29.3)	48 (26.7)	28 (31.1)	10 (20.8)	110 (27.5)
3	House Construction & Maintenance	27 (32.9)	36 (20.0)	24 (26.7)	12 (25.0)	99 (24.8)
4	Education	14 (17.1)	46 (25.6)	21 (23.3)	13 (27.1)	94 (23.5)
5	Health & Medical	10 (12.2)	33 (18.3)	13 (14.4)	10 (20.8)	66 (16.5)
6	Debt Repayment	11 (13.4)	15 (8.3)	7 (7.8)	2 (4.2)	35 (8.8)
7	Pension	7 (8.5)	10 (5.6)	5 (5.6)	3 (6.3)	25 (6.3)
Chi-square (χ^2) Test Results		$\chi^2 = 14.430, df = 18, p = .701, \text{Cramer's } V = .091$				

Note. Values represent frequencies with column percentages shown in parentheses. Percentages are based on respondents within each income group.

Source: Primary Survey.

The findings indicate that income status does not significantly influence the type of Zakat assistance received by beneficiaries in Kerala. The distribution of assistance types is relatively consistent across income groups, with a focus on addressing basic needs such as ration and skill development. The Zakat assistance in Kerala is allocated broadly and independently of income class, implying equitable attention to different income groups without significant preferential bias toward any particular economic segment.

5.3.4 Zakat as a Tool for Economic Empowerment: Income Generation and Skill Development

Beyond its immediate role in alleviating financial hardship, Zakat has the potential to contribute to long-term economic empowerment by enabling income generation and skill development among beneficiaries. Economic empowerment through Zakat can take two primary forms: (a) direct asset transfers that help beneficiaries establish sustainable sources of income and (b) skill development programmes that enhance employability and economic independence. Understanding the extent to which Zakat serves this broader economic function is essential for evaluating its effectiveness as a developmental intervention. This subsection examines the proportion of beneficiaries who received Zakat in the form of income-generating assets and skill development training.

Table 5.23 presents the percentage of households that received Zakat as income-generating assets and skill development training. The results indicate that approximately one-fourth of the beneficiaries received Zakat in the form of income-generating assets, while a similar proportion reported receiving skill development training. These findings suggest that a relatively small fraction of beneficiaries is leveraging Zakat for economic empowerment, with the majority not receiving such support.

Table 5.23

Percentage of Beneficiaries Receiving Zakat in the Form of Income Generation Assets and Skill Development Training

Sl. No.	Category of Zakat Assistance	Frequency	Percentage of Households (Percent)	One-Sample Binomial Test Statistics	
				Z	p
1	Income-Generating Asset	102	25.5	-0.173	.431
2	Skill Development Training	110	27.5	-1.097	.136

Note. The binomial test was conducted to assess whether the proportion of beneficiaries receiving economic empowerment assistance through Zakat was significantly different from 25% ($p = .25$).

Source: Primary Survey.

One-sample binomial tests were conducted to determine whether the proportion of beneficiaries receiving Zakat in the form of income-generating assets and skill development training was significantly different from the hypothesised population

proportion of 25% ($p = .25$). This threshold was chosen based on the observed distribution of responses rather than a predetermined expectation. The test results, as presented in Table 5.23, indicate that neither category showed a statistically significant difference from this proportion. Specifically, the proportion of beneficiaries who received Zakat as an income-generating asset was not significantly different from 25% ($Z = -0.173, p = .431$), nor was the proportion of those who benefited from skill development training ($Z = -1.097, p = .136$).

In conclusion, the findings indicate that Zakat is being utilised as a tool for economic empowerment by a modest proportion (i.e., around one-fourth) of beneficiaries, primarily in the form of income-generating assets and skill development training. However, it is challenging to categorise this proportion as either high or low, as Zakat is distributed based on the specific needs of recipients rather than a predetermined quota. The findings suggest that while economic empowerment is a component of Zakat distribution, it does not appear to be the primary focus. Given Zakat's potential to enhance economic self-sufficiency, policymakers and Zakat administrators may consider further exploring ways to expand programmes that provide skill development and asset-building support to enable sustainable livelihoods among a larger proportion of beneficiaries.

5.3.5 Patterns of Zakat Disbursement: One-Time vs. Recurring Assistance

The manner in which Zakat is distributed—whether as a one-time aid or through recurring disbursements—affects its long-term impact on beneficiaries. This section examines whether beneficiaries receive Zakat as a one-time payment, on a monthly basis, or as an annual disbursement. Understanding these patterns is essential for evaluating the effectiveness of Zakat distribution as a short-term relief mechanism and a sustained financial support system.

The results, as presented in Table 5.24, indicate that three-fourths of the beneficiaries reported receiving Zakat as one-time assistance, while just over one-fifth received it as a monthly disbursement. Only a very small proportion benefits from annual assistance. The chi-square test of goodness-of-fit was conducted to examine whether the observed distribution significantly deviates from an expected equal distribution. The test result was statistically significant, $\chi^2 (2, N = 400) = 334.160, p < .001$, confirming that Zakat distribution is not evenly spread across different receipt types, with one-time assistance being the predominant mode of disbursement.

Table 5.24
Distribution of Zakat Receipt Type and Chi-Square Test Results

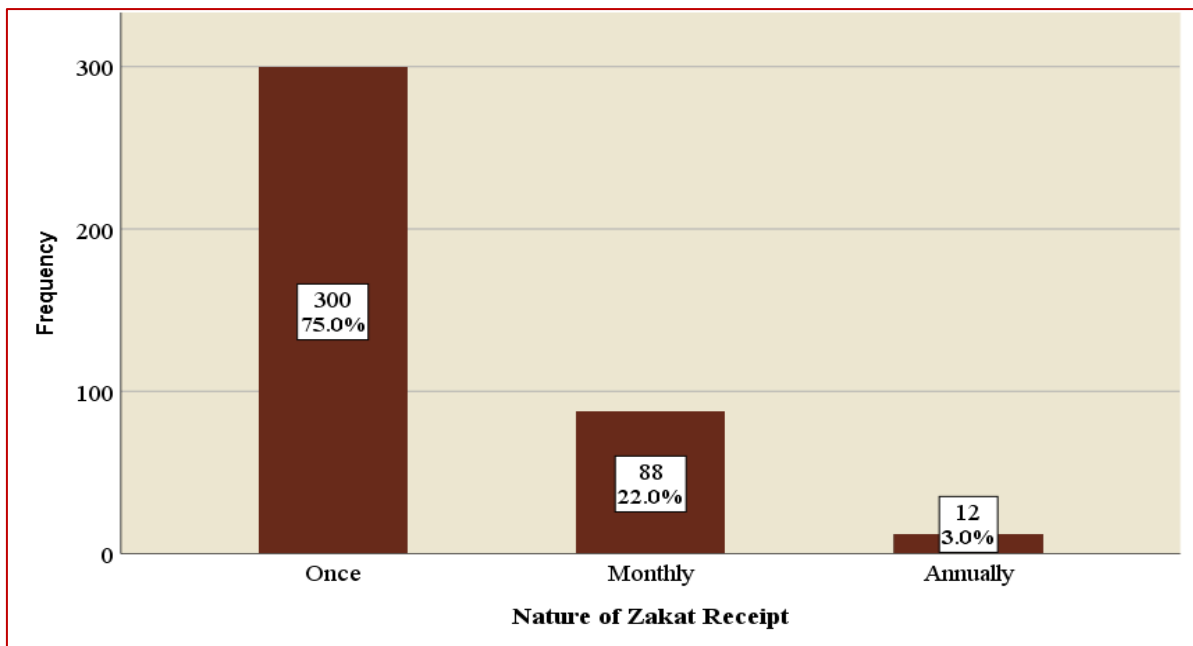
Sl. No.	Nature of Zakat Receipt	Number of Respondents	Percentage	Chi-Square Test Statistics
1	One-time Assistance	300	75.0	$\chi^2 = 334.160$ $df = 2$ $p < .001$
2	Monthly Disbursement	88	22.0	
3	Annual Disbursement	12	3.0	
Total		400	100.0%	

Note. The chi-square test assesses whether the observed distribution of Zakat receipt significantly deviates from an equal distribution across all categories.

Source: Primary Survey.

Figure 5.8

Nature of Zakat Receipt Among Beneficiaries



Source: Constructed from Primary Survey Data.

These findings suggest that Zakat distribution in Kerala is predominantly structured to address immediate or short-term rather than as a sustained form of long-term support. While this approach may effectively address short-term financial hardships, the limited

prevalence of recurring assistance raises concerns about beneficiaries' long-term economic stability. A shift toward more periodic disbursements, particularly for those in need of ongoing support, could enhance the long-term impact of Zakat as a financial safety net.

5.3.6 Beneficiaries' Preference Patterns for Zakat Assistance Types

Beneficiaries' preferences for different types of Zakat assistance reflect their most pressing needs and priorities. This section analyses third part of the third objective- how beneficiaries prioritise various forms of Zakat assistance based on their perceived importance. Respondents were asked to rank five categories of Zakat assistance according to perceived relevance, ranging from 1 (most important) to 5 (least important). The analysis aims to identify which types of assistance beneficiaries perceive as most and least important and to determine whether there are significant differences in their rankings. Descriptive statistics, the Friedman test, and Kendall's W coefficient were employed to evaluate overall differences and consensus among respondents, followed by post hoc Wilcoxon signed-rank tests with Bonferroni corrections for detailed pairwise comparisons.

The rankings reveal distinct patterns in how beneficiaries prioritise different Zakat assistance types. Table 5.25 presents the summary descriptive statistics of ranks and frequency distributions for each Zakat type, while Figure 5.9 and Figure 5.10 illustrate the rank distributions and mean preferences, respectively. Descriptive analysis indicates that income-generation support emerged as the most preferred type of assistance, followed closely by housing support. In contrast, healthcare support and food security received moderate preference rankings, suggesting these needs are recognised but considered less critical compared to income generation and housing support. Educational assistance, despite its relevance, ranked lowest in overall preference, indicating that immediate economic and housing-related concerns may be more pressing for beneficiaries

Table 5.25*Summary Descriptive Statistics and Frequency Distribution of Respondents' Rankings of Zakat Assistance Types*

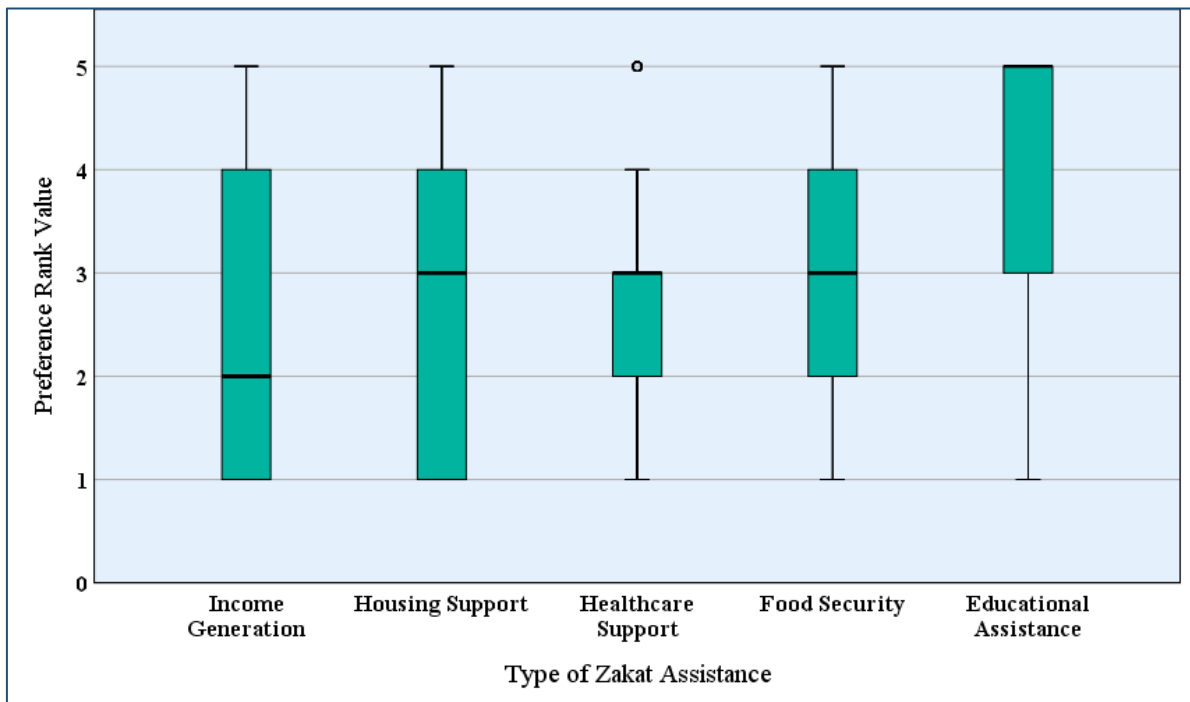
S1 No.	Type of Zakat Assistance	Median Rank	Mean Rank	SD	Rank 1 (Percent)	Rank 2 (Percent)	Rank 3 (Percent)	Rank 4 (Percent)	Rank 5 (Percent)	N	Final Rank Order
1	Income Generation	2.00	2.38	1.40	159 (39.8)	77 (19.3)	55 (13.8)	70 (17.5)	39 (9.8)	400	1
2	Housing Support	3.00	2.54	1.40	155 (38.8)	36 (9.0)	75 (18.8)	107 (26.8)	27 (6.8)	400	2
3	Healthcare Support	3.00	2.84	0.95	31 (7.8)	110 (27.5)	164 (41.0)	82 (20.5)	13 (3.3)	400	3
4	Food Security	3.00	3.18	1.27	37 (9.3)	105 (26.3)	83 (20.8)	99 (24.8)	76 (19.0)	400	4
5	Educational Assistance	5.00	3.99	1.34	18 (4.5)	72 (18.0)	37 (9.3)	42 (10.5)	231 (57.8)	400	5

Note. Rankings range from 1 (most important) to 5 (least important). Figures under parentheses indicate the percentage of the total number of respondents. A lower final rank order indicates higher perceived importance.

Source: Primary Survey

Figure 5.9

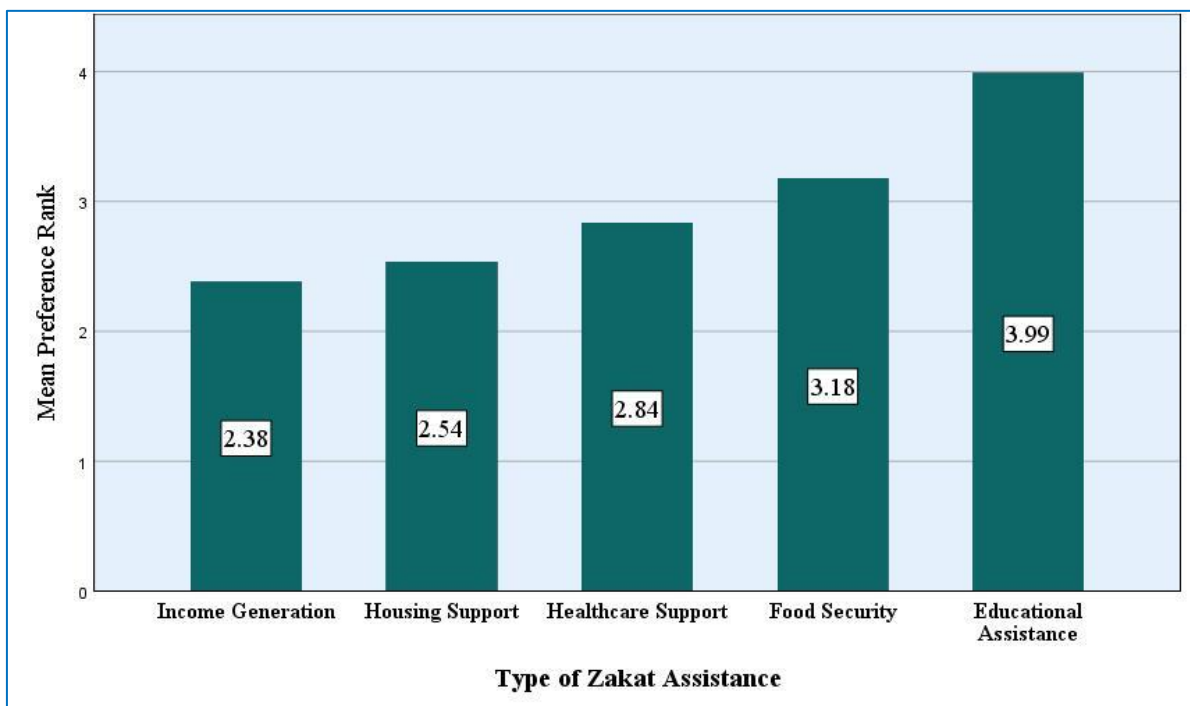
Distribution of Preference Ranks for Types of Zakat Assistance (Box Plot)



Source: Primary Survey

Figure 5.10

Mean Preference Ranking of Zakat Assistance Type



Note. Lower mean ranks indicate a higher overall preference.

Source: Primary Survey

A Friedman test was conducted to evaluate whether the observed differences in preferences across the five types of Zakat assistance were statistically significant. The test revealed a statistically significant overall difference in beneficiaries' rankings, $\chi^2(4, N = 400) = 271.605, p < .001$, indicating that respondents prioritised certain forms of Zakat assistance over others.

Kendall's W coefficient of concordance was computed to assess the level of agreement among respondents. The result ($W = .170, p < .001$) indicates low to moderate consensus among respondents on the relative importance of assistance types. This suggests that while there are significant differences in the rankings, the agreement among respondents is not strong, implying moderate variability in preferences across the types.

Table 5.26

Friedman Test and Kendall's W Results for Zakat Assistance Types Rankings

Sl. No.	Zakat Assistance Type	Mean Rank	Friedman Test	Kendall's W
1	Income Generation	2.38	$\chi^2 = 271.605$	$W = 0.170$
2	Housing Support	2.56	$df = 4$	$p < .001$
3	Healthcare Support	2.84	$p < .001$	
4	Food Security	3.20	$N = 400$	
5	Educational Assistance	4.03		

Note. The Friedman test and Kendall's Coefficient of Concordance (W) were used to assess differences and agreement in rankings, respectively.

Source: Primary Survey

Post hoc pairwise comparisons using Wilcoxon signed-rank tests with Bonferroni adjustments revealed several statistically significant differences in the preference rankings of Zakat assistance types (see Table 5.27). Income generation was ranked significantly higher than healthcare support ($Z = -4.092, \text{adjusted } p < .001$), food security ($Z = -7.290, \text{adjusted } p < .001$), and educational assistance ($Z = -14.691, \text{adjusted } p < .001$). Similarly, housing support received significantly higher priority compared to food security ($Z = -5.747, \text{adjusted } p < .001$) and educational assistance ($Z = -13.148, \text{adjusted } p < .001$). Furthermore, respondents showed a significantly stronger preference for food security than educational assistance ($Z = -7.401, \text{adjusted } p < .001$). However, there were no significant differences in the relative priority between income generation and housing support or between housing support and healthcare support,

suggesting these needs hold relatively similar importance for beneficiaries. Notably, educational assistance was ranked significantly lower compared to all other types.

Table 5.27
Post Hoc Pairwise Comparison for Friedman Test

Sl. No.	Pairwise Comparison	Test Statistic	Std. Error	Std. Test Statistic	<i>p</i> - value	Adj. <i>p</i> - value (Bonferroni)
1	Income Generation vs. Housing Support	-.172	112	-1.543	.123	1.000
2	Income Generation vs. Healthcare Support	-.458	112	-4.092	< .001	< .001
3	Income Generation vs. Food Security	-.815	112	-7.290	< .001	< .001
4	Income Generation vs. Educational Assistance	-1.643	112	-14.691	< .001	< .001
5	Housing Support vs. Healthcare Support	-.285	112	-2.549	.011	.108
6	Housing Support vs. Food Security	-.642	112	-5.747	< .001	< .001
7	Housing Support vs. Educational Assistance	-1.470	112	-13.148	< .001	< .001
8	Healthcare Support vs. Food Security	-.357	112	-3.198	.001	.014
9	Healthcare Support vs. Educational Assistance	-1.185	112	-10.599	< .001	< .001
10	Food Security vs. Educational Assistance	-.828	112	-7.401	< .001	< .001

Note. The *p*-values have been adjusted by the Bonferroni correction for multiple tests; the significance level is .05.

Source: Primary Survey

The findings highlight a distinct hierarchy in beneficiaries' priorities concerning different types of Zakat assistance in Kerala. Immediate economic and subsistence needs—such as income generation and housing support—are prioritised over long-term needs, particularly educational support. This suggests that programmes directly addressing

income generation and housing align more closely with the immediate preferences of Zakat recipients in Kerala. The relatively moderate level of agreement indicated by Kendall's W further highlights that while there is a consensus on immediate economic concerns, individual differences persist regarding other types of assistance. Consequently, policy initiatives and Zakat programmes should align with these prioritised beneficiary perceptions, addressing urgent economic vulnerabilities first while progressively integrating support for sustainable long-term needs, such as education.

The significant differences in rankings, as indicated by the Friedman test, and the relatively moderate level of consensus among respondents, as measured by Kendall's W, emphasise the importance of designing Zakat distribution programmes that address the most pressing needs of beneficiaries, thereby enhancing the effectiveness and relevance of Zakat assistance in Kerala. This section addressed the first, second and third part of third research objective by analysing the types, distribution patterns, socio-demographic variations, and prioritisation of Zakat assistance in Kerala. The findings provide empirical support for all three hypotheses formulated for this section.

The analysis confirms that Zakat assistance is primarily structured to meet immediate and essential needs. Ration support emerged as the most commonly provided Zakat assistance, followed by skill and employment support, housing assistance, education, healthcare, debt repayment, and pensions. This finding supports H₃, indicating that Zakat is largely distributed to address immediate basic needs, such as food security and employment, over long-term or comprehensive or multidimensional support packages.

Consistent with H₄, notable variations in Zakat assistance patterns were found across socio-demographic and economic characteristics. Age-specific needs significantly influenced the allocation, with younger beneficiaries primarily receiving education assistance, middle-aged beneficiaries obtaining skill, employment, and housing support, and older beneficiaries receiving sustenance (ration), pensions, and debt repayment aid. Marital status was also a strong differentiator, with widowed and divorced individuals more frequently receiving pensions and debt relief. Educational attainment influenced assistance types, wherein less educated beneficiaries predominantly received basic sustenance, employment, and housing support, whereas more educated recipients received educational assistance. Employment status likewise shaped allocation patterns, with employed individuals receiving skill and housing support, while the unemployed

received more ration and education support. However, gender and income status had minimal or no influence on the type of assistance received, underscoring equitable allocation across these characteristics.

Although Zakat assistance in Kerala is primarily oriented toward addressing immediate needs, the study also examined its role in promoting long-term economic empowerment. Approximately one-fourth of the beneficiaries reported receiving support in the form of income-generating assets or skill development training, indicating that while developmental assistance constitutes a modest share, it remains a meaningful dimension of Zakat distribution. Furthermore, the analysis of disbursement patterns revealed that the vast majority of beneficiaries (three-fourths) received Zakat as a one-time provision, with only a small fraction receiving monthly or annual recurring support. This distribution structure suggests a limited focus on sustained financial aid, underscoring the importance of expanding periodic disbursements to better support beneficiaries experiencing prolonged or chronic socio-economic vulnerabilities.

Finally, Hypothesis 5 is validated by the analysis of beneficiaries' preference rankings. Beneficiaries consistently prioritise income generation and housing support over other types of assistance. Healthcare and food security were moderately ranked, while educational assistance received the lowest priority. The strong preference for immediate economic support suggests that beneficiaries perceive such assistance as most critical in addressing their primary financial vulnerabilities. In summary, the analysis confirms that Zakat assistance in Kerala is largely structured to address the immediate subsistence and livelihood needs of its beneficiaries. However, there remains scope for enhancing the comprehensiveness and sustainability of assistance programmes. A gradual shift toward empowering beneficiaries through skill development, income-generation support, and periodic disbursements could amplify the long-term impact of Zakat. Aligning programme design more closely with beneficiary priorities and life-cycle vulnerabilities would further strengthen the relevance and developmental potential of Zakat in Kerala.

5.4 Accessibility and Barriers to Zakat Assistance

Effective access to Zakat assistance is crucial for achieving its intended goals of alleviating poverty and fostering socio-economic equity. However, various structural and informational barriers may impede beneficiaries' access to these resources. Identifying

these barriers is critical for enhancing the effectiveness and inclusivity of Zakat distribution. This section addresses the fourth part of the third objective of the study by exploring the key major obstacles encountered by Zakat beneficiaries in accessing assistance in Kerala. Specifically, it analyses four commonly reported access-related challenges: (a) lack of awareness about Zakat programmes, (b) insufficient information about services, (c) limited accessibility to Zakat distribution centres, and (d) difficulty in the application process. Respondents ranked these challenges in order of perceived severity from most challenging (rank = 1) to least challenging (rank = 4). The analysis employs descriptive statistics, the Friedman test, Kendall's coefficient of concordance (W), and post hoc Wilcoxon signed-rank tests with Bonferroni corrections to identify statistically significant differences in the perceived difficulty of these access barriers.

5.4.1 Beneficiaries' Perceptions of Major Barriers to Accessing Zakat Assistance

Beneficiaries reported significant disparities in their experiences when accessing Zakat support. Table 5.28 presents the frequency and rank distribution of challenges in accessing Zakat assistance. The results indicate that the lack of awareness about Zakat programmes was perceived as the most significant challenge, with the lowest median and mean rank. This finding suggests that many potential beneficiaries struggle to access Zakat support due to a lack of knowledge about available programmes and eligibility criteria. The second-ranked challenge, insufficient information on available services, suggests that even when beneficiaries are aware of Zakat, they often lack clear information on how to access support. Limited accessibility to Zakat centres was ranked third, implying that logistical and geographical barriers also play a role in restricting access. The least concerning issue, difficulty in the application process, ranked last, indicating that while procedural complexities exist, they are not perceived as the primary barrier to accessing Zakat assistance.

Table 5.28

Summary Descriptive Statistics and Frequency Distribution of Respondents' Rankings of Challenges in Accessing Zakat Assistance

Sl No.	Challenge in Accessing Zakat	Median Rank	Mean Rank	SD	Rank 1 (Percent)	Rank 2 (Percent)	Rank 3 (Percent)	Rank 4 (Percent)	N	Final Rank Order
1	Lack of awareness about Zakat programmes	1.00	2.03	1.20	214 (53.5)	27 (6.8)	93 (23.3)	66 (16.5)	400	1
2	Insufficient information on available services	2.00	2.35	0.84	74 (18.5)	137 (34.3)	166 (41.5)	23 (5.8)	400	2
3	Limited accessibility to Zakat centres	2.00	2.52	0.99	60 (15.0)	160 (40.0)	94 (23.5)	86 (21.5)	400	3
4	Difficulty in the application process	4.00	3.11	1.12	52 (13.0)	76 (19.0)	47 (11.8)	225 (56.3)	400	4

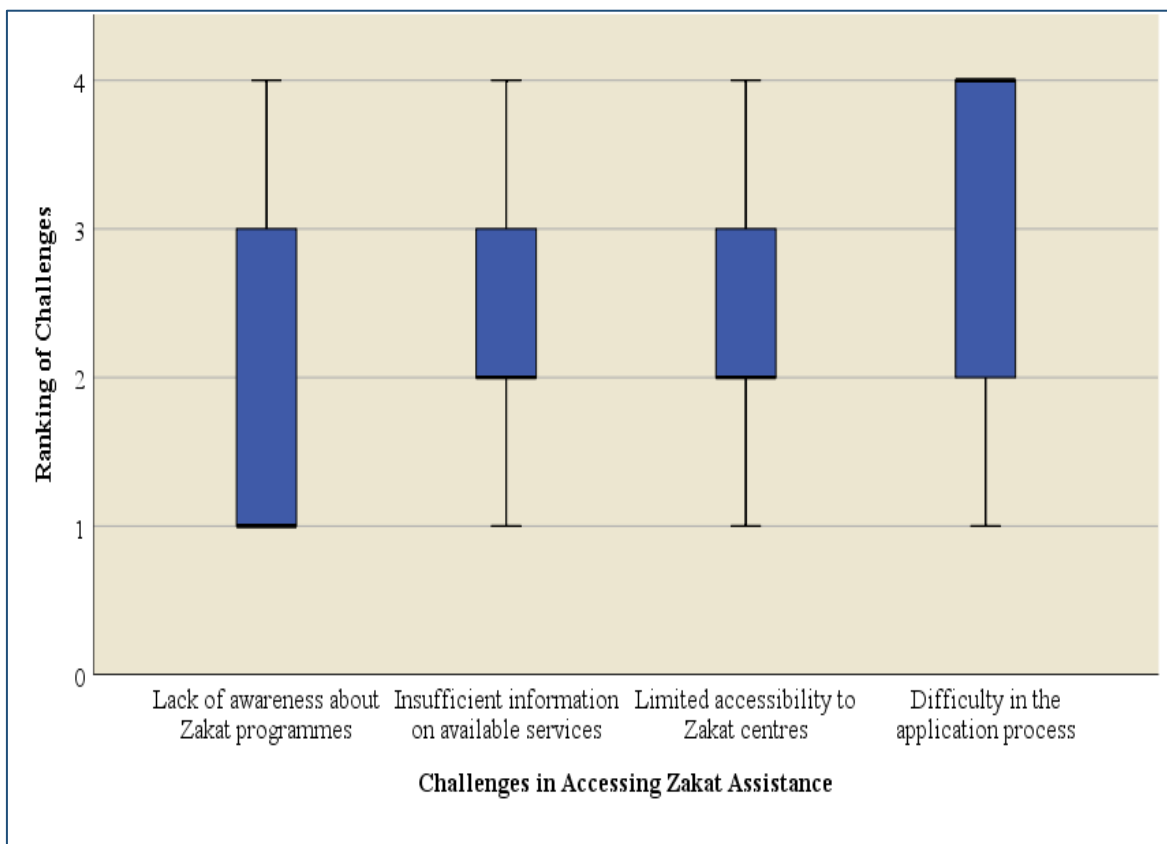
Note. Ranks are based on a scale of 1 (most challenging) to 4 (least challenging). Figures under parentheses indicate the percentage of the total number of respondents. A lower final rank order indicates a higher perceived challenge.

Source: Primary Survey

The boxplot in Figure 5.11 illustrates the distribution of preference ranks for challenges in accessing Zakat assistance. The boxplot confirms that the lack of awareness about Zakat programmes has the lowest median rank, indicating it is the most frequently cited challenge. The bar chart in Figure 5.12 further supports this finding by showing the mean ranks of the challenges, with the lack of awareness having the lowest mean rank, followed by insufficient information, limited accessibility, and difficulty in the application process.

Figure 5.11

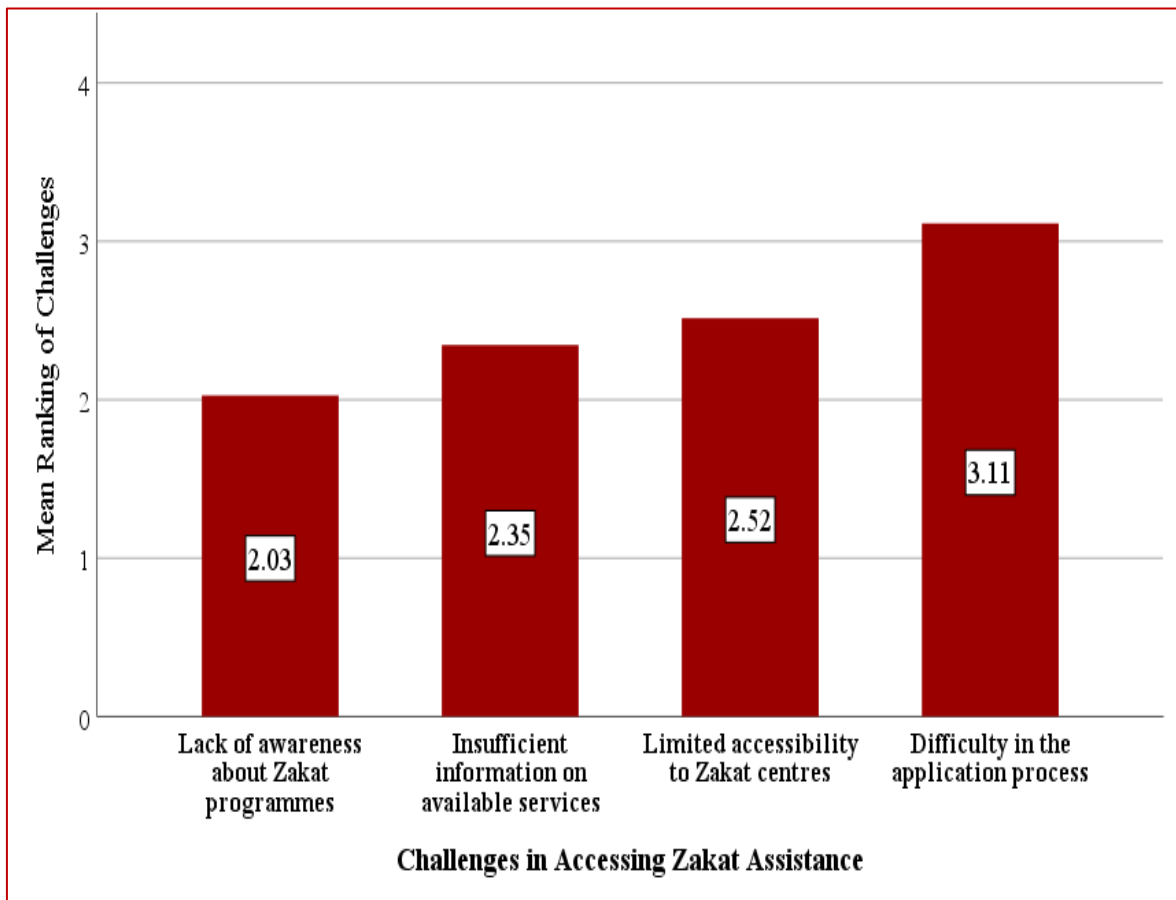
Distribution of Preference Ranks for Challenges in Accessing Zakat Assistance (Box Plot)



Source: Primary Survey

Figure 5.12

Mean Ranks of Challenges in Accessing Zakat Assistance



Source: Primary Survey

A Friedman test was conducted to determine whether there were statistically significant differences in the ranking of challenges. The Friedman test results (Table 5.29) supported the descriptive findings, revealing statistically significant differences in the rankings of the obstacles ($\chi^2 (3, N = 400) = 149.439, p < .001$), indicating that beneficiaries did not perceive all challenges equally. Kendall's coefficient of concordance ($W = 0.125$) suggested a small degree of agreement among respondents in their rankings, indicating some variability in individual experiences or perceptions of difficulty.

Table 5.29*Friedman Test and Kendall's W Results for Challenges in Accessing Zakat Assistance Rankings*

Sl. No.	Challenges	Mean Rank	Friedman Test	Kendall's W
1	Lack of awareness about Zakat programmes	2.03	$\chi^2 = 149.439$	$W = 0.125$
2	Insufficient information on available services	2.35	$df = 3$	$p < .001$
3	Limited accessibility to Zakat centres	2.52	$p < .001$	
4	Difficulty in the application process	3.11	$N = 400$	

Note. The Friedman test and Kendall's Coefficient of Concordance (W) were used to assess differences and agreement in rankings, respectively.

Source: Primary Survey

Since the Friedman test was significant, post hoc Wilcoxon signed-rank tests with Bonferroni adjustments were conducted to determine which specific challenges differed significantly in ranking. The results (Table 5.30) confirm that the lack of awareness about Zakat programmes was significantly more challenging than each of the other barriers. The difficulty in the application process ranked significantly lower than the top three challenges, indicating relatively minor importance. However, the difference in rankings between insufficient information on available services and limited accessibility to Zakat centres was not statistically significant, suggesting beneficiaries perceived these two issues similarly.

Table 5.30
Post Hoc Pairwise Comparisons of Challenges in Accessing Zakat Assistance

Sl. No.	Pairwise Comparison	Test Statistic	Std. Error	Std. Test Statistic	<i>p</i> - value	Adj. <i>p</i> - value (Bonferroni)
1	Lack of awareness vs. Insufficient information	-.318	.091	-3.478	.001	.003
2	Lack of awareness vs. Limited accessibility	-.487	.091	-5.340	<.001	<.001
3	Lack of awareness vs. Difficulty in the application process	-1.085	.091	-11.886	<.001	<.001
4	Insufficient information vs. Limited accessibility	-.170	.091	-1.862	.063	.375
5	Insufficient information vs. Difficulty in the application process	-.767	.091	-8.408	<.001	<.001
6	Limited accessibility vs. Difficulty in the application process	-.598	.091	-6.545	<.001	<.001

Note. Wilcoxon signed-rank tests were conducted with Bonferroni corrections for multiple comparisons.

Source: Primary Survey

This section addressed the fourth part of the third objective of the study by analysing the barriers faced by Zakat beneficiaries in accessing assistance in Kerala. The findings offer empirical support for Hypothesis 6, confirming that the foremost barrier restricting access to aid is the lack of awareness about Zakat programmes, followed by insufficient information on available services and limited accessibility to Zakat centres. Logistical issues like limited accessibility to Zakat centres were of moderate concern, whereas procedural difficulties associated with the application process were deemed the least challenging. These findings highlight significant informational and infrastructural gaps in Zakat administration, which directly impact beneficiaries' ability to engage effectively with available programmes.

The statistical tests confirm that these differences are significant, but the modest level of agreement among respondents suggests variations in individual experiences. These insights highlight the importance of improving communication strategies, awareness

campaigns, and community outreach. Zakat administrators should prioritise enhancing beneficiaries' knowledge of available programmes and how to access them while also addressing infrastructural limitations where feasible. Such measures could significantly improve the inclusiveness and effectiveness of Zakat as a poverty-alleviation tool in Kerala.

Conclusion

Zakat beneficiaries in Kerala largely belong to economically fragile households marked by low income, limited earning capacity, and moderate-income inequality. The distribution pattern of Zakat assistance is predominantly oriented toward addressing immediate consumption needs such as food, medical aid, and educational support, with comparatively limited emphasis on long-term income-generating or asset-building interventions. Although Zakat effectively functions as a short-term safety net and redistributive mechanism, its developmental potential remains partially underutilized. The analysis further reveals that informational constraints, lack of awareness, and limited clarity in beneficiary selection processes constitute more significant access barriers than physical availability of Zakat institutions. Overall, while Zakat plays a meaningful role in alleviating economic distress and supporting vulnerable households in Kerala, strengthening institutional transparency, awareness mechanisms, and development-focused allocation strategies would enhance its sustainable socio-economic impact.

CHAPTER-VI
SOCIO-ECONOMIC IMPACT AND
BENEFICIARY SATISFACTION OF ZAKAT
ASSISTANCE IN KERALA

6.1 Introduction

6.2 Perceived Impact of Zakat on Beneficiaries

6.3 Beneficiary Satisfaction with Zakat Assistance

6.1 Introduction

While the previous chapter focused on the structural and procedural aspects of Zakat distribution, the present chapter evaluates its outcome dimension by examining the socio-economic impact of Zakat assistance on beneficiaries in Kerala. The primary objective is to assess whether Zakat functions as an effective redistributive mechanism capable of improving the economic conditions and social well-being of recipients. By employing appropriate statistical techniques, the study measures both direct and indirect effects of Zakat on beneficiaries' economic empowerment and social mobility. Furthermore, the chapter explores beneficiaries' perceptions regarding adequacy, timeliness, fairness, transparency, and accountability in the distribution process.

6.2 Perceived Impact of Zakat on Beneficiaries

The section analyses the perception on the beneficiaries about the field affected most effectively of Zakat assistance on their lives. Knowing the services priorities had the most and the least effect on the well-being of the beneficiaries will help policymakers in deciding upon an appropriate amount of Zakat to be distributed. Using ranking and statistical techniques, the research classifies the sectors, which are education, health care, debt relief, livelihood support, and housing, to have received the lion's share of Zakah among those categories based on recipient perception.

The analysis reflects how Zakat, as a redistributive instrument, is experienced by those it is intended to support. This perception-based ranking not only highlights the areas of greatest need but also helps assess whether current Zakat allocation strategies are aligned with the lived realities and priorities of the beneficiaries. The findings of this section are critical in informing policy recommendations and improving the targeting mechanisms of Zakat distribution in Kerala.

6.2.1 Beneficiaries' Ranking of Zakat's Most Significant Impact Areas

Understanding how beneficiaries prioritise the impacts of Zakat assistance helps policymakers and stakeholders identify the most valued areas of support from recipients' perspectives. To assess the most significant areas of impact, beneficiaries were asked to

rank four key areas—employment opportunities, education and skill development, improved housing conditions, and better healthcare access—from most impactful (rank 1) to least impactful (rank 4). This subsection explores how beneficiaries prioritise the socioeconomic impacts of Zakat assistance across these domains, providing insights into which areas are perceived as the most and least significant.

Table 6.1 presents the descriptive statistics and frequency distribution of respondents' rankings of Zakat's impact areas. The results indicate that better healthcare access was ranked as the most impactful area, with the lowest mean and median ranks. This suggests that beneficiaries perceive healthcare access as the most significant benefit of Zakat assistance. Employment opportunities and improved housing conditions were ranked second and third, respectively, indicating their moderate importance. Education and skill development was ranked as the least impactful area, with the highest mean and median ranks, suggesting that beneficiaries perceive this area as less significant compared to the others.

Table 6.1*Summary Descriptive Statistics and Frequency Distribution of Respondents' Rankings of Zakat's Impact Areas*

Sl No.	Impact Areas of Zakat	Median Rank	Mean Rank	SD	Rank 1 (Percent)	Rank 2 (Percent)	Rank 3 (Percent)	Rank 4 (Percent)	N	Final Rank Order
1	Better Healthcare Access	2.00	2.00	0.84	128 (32.0)	156 (39.0)	103 (25.8)	13 (3.3)	400	1
2	Employment Opportunities	2.00	2.36	1.01	105 (26.3)	99 (24.8)	145 (36.3)	51 (12.8)	400	2
3	Improved Housing Conditions	2.00	2.47	1.05	83 (20.8)	132 (33.0)	98 (24.5)	87 (21.8)	400	3
4	Education and Skill Development	4.00	3.17	1.21	84 (21.0)	13 (3.3)	54 (13.5)	249 (62.3)	400	4

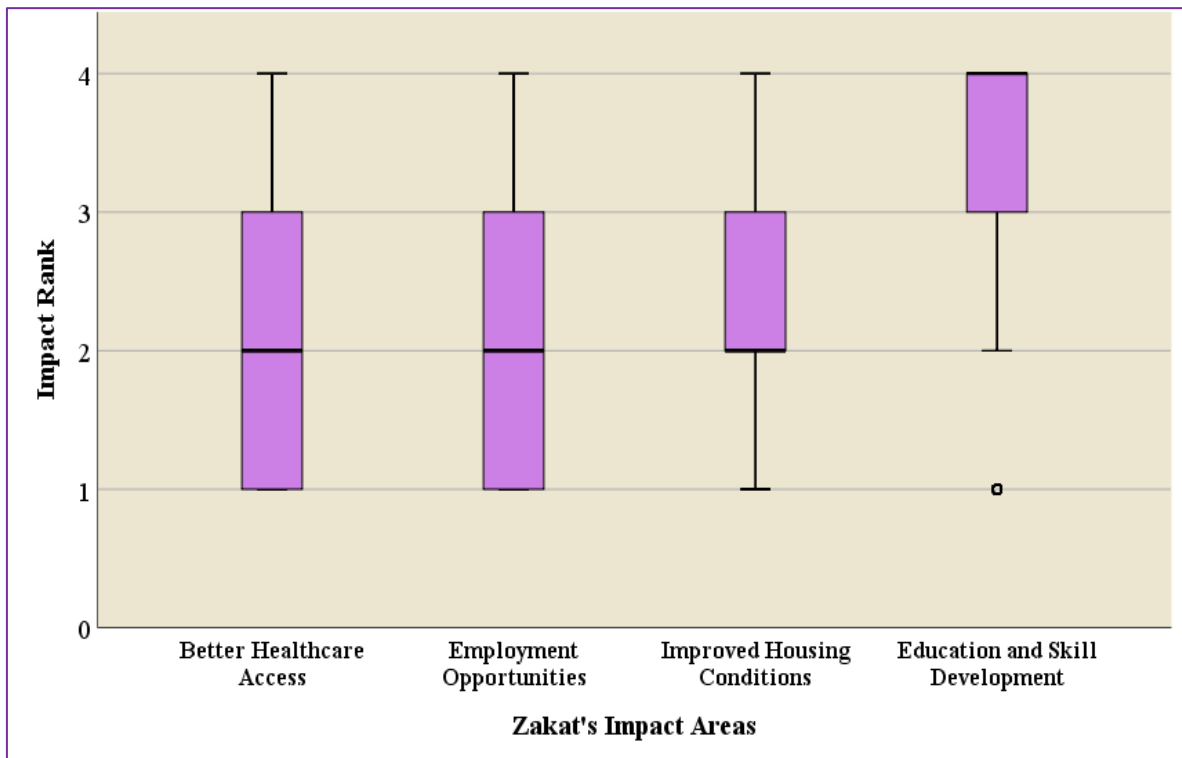
Note. Ranks are based on a scale of 1 (most impactful) to 4 (least impactful). Figures under parentheses indicate the percentage of the total number of respondents. A lower final rank order indicates a higher perceived impact.

Source: Primary Survey

Figure 6.1 visually illustrates the rank distribution for each impact area through boxplots, confirming healthcare access as the area consistently ranked highest, followed closely by employment and housing. The bar chart in Figure 6.2 further supports this finding by showing the mean ranks of the impact areas, with better healthcare access having the lowest mean rank, followed by employment opportunities, improved housing conditions, and education and skill development.

Figure 6.1

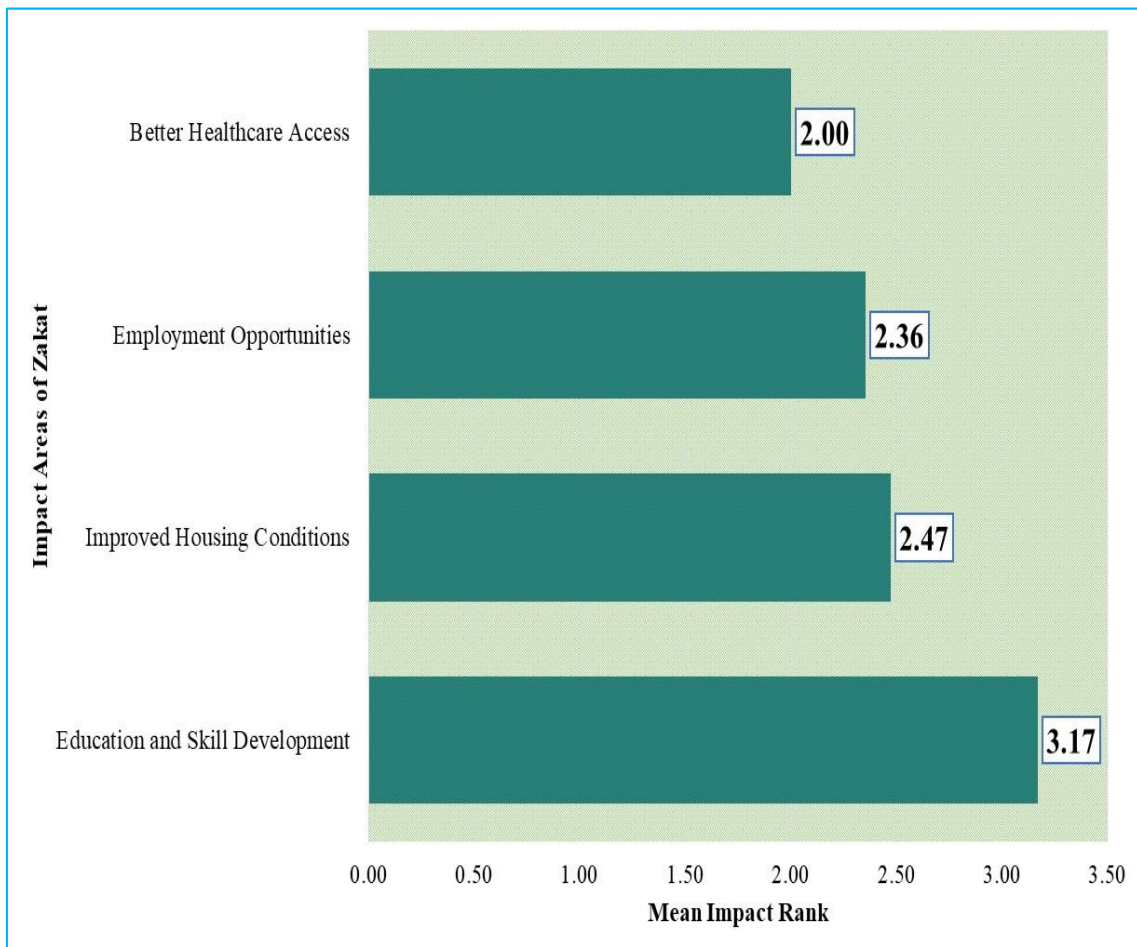
Distribution of Ranks for Zakat Impact Areas (Box Plot)



Source: Primary Survey

Figure 6.2

Mean Ranks of Mean Ranks of Zakat Impact Areas



Source: Primary Survey

A Friedman test was conducted to determine whether there were statistically significant differences in the ranking of Zakat impact areas. The results (see Table 6.2) indicate a statistically significant difference in rankings among the four Zakat impact areas ($\chi^2 (3, N = 400) = 172.365, p < .001$), indicating that beneficiaries perceived distinct differences in the importance of various Zakat impacts. Additionally, Kendall's coefficient of concordance ($W = 0.144, p < .001$) suggested a small degree of consensus among respondents, indicating some agreement in prioritising the impact areas, *albeit* with individual variability.

Table 6.2*Friedman Test and Kendall's W Results for Zakat Impact Area Rankings*

Sl. No.	Zakat Impact Areas	Mean Rank	Friedman Test	Kendall's W
1	Better Healthcare Access	2.00	$\chi^2 = 172.365$	$W = 0.144$
2	Employment Opportunities	2.36	$df = 3$	$p < .001$
3	Improved Housing Conditions	2.47	$p < .001$	
4	Education and Skill Development	3.17	$N = 400$	

Note. Friedman test assesses differences, and Kendall's W assesses agreement among respondents.

Source: Primary Survey

Since the Friedman test was significant, post hoc Wilcoxon signed-rank tests with Bonferroni corrections were conducted to identify specific differences between pairs of impact areas.

Table 6.3*Post Hoc Pairwise Comparisons of Zakat Impact Areas*

Sl. No.	Pairwise Comparison	Test Statistic	Std. Error	Std. Test Statistic	p - value	Adj. p - value (Bonferroni)
1	Healthcare Access vs. Employment Opportunities	-.352	.091	-3.861	<.001	.001
2	Healthcare Access vs. Housing Conditions	-.470	.091	-5.149	<.001	<.001
3	Healthcare Access vs. Education & Skill	-1.167	.091	-12.789	<.001	<.001
4	Employment Opportunities vs. Housing Conditions	-.117	.091	-1.287	.198	1.000
5	Employment Opportunities vs. Education & Skill	-.815	.091	-8.92	<.001	<.001
6	Housing Conditions vs. Education & Skill	-.698	.091	-7.641	<.001	<.001

Note. Wilcoxon signed-rank tests were conducted with Bonferroni corrections for multiple comparisons.

Source: Primary Survey

The results (Table 6.3) indicate that better healthcare access was ranked significantly higher than all other areas, underscoring its primary importance. Additionally, employment opportunities and improved housing conditions were significantly more impactful than education and skill development. However, the difference between employment opportunities and improved housing conditions was not statistically significant, indicating that these two areas were perceived similarly in terms of impact.

The analysis of ranked impact areas highlights that better healthcare access is perceived as the most significant impact area of Zakat assistance, followed by employment opportunities and improved housing conditions. Education and skill development, though important, rank lowest, suggesting that beneficiaries perceive it as less significant compared to the other areas. These results indicate that Zakat programmes in Kerala are particularly effective in addressing healthcare needs, but there is room for improvement in areas such as education and skill development. These findings suggest that Zakat beneficiaries prioritise immediate health and economic needs over longer-term skill development programmes, a consideration vital for future resource allocation and policy formulation. Zakat administrators should consider these findings to enhance the effectiveness and inclusivity of Zakat programmes.

6.2.2 The Impact of Zakat on Beneficiaries in Kerala: An Analysis of Dimensions, Degree, and Determinants

This section seeks the first part of the fourth objective- to bridge this gap by comprehensively examining the perceived impact of Zakat on its beneficiaries in Kerala. It evaluates both the degree and dimensions of Zakat's impact, focusing on its economic and social domains. Additionally, it identifies key demographic and socio-economic determinants that influence variations in these perceptions.

Methodologically, the study employs a robust analytical framework, combining exploratory factor analysis (EFA) and confirmatory factor analysis (CFA) to identify and validate key dimensions of Zakat's impact. These dimensions are used to construct a Zakat Impact Index (ZII), a composite measure that quantifies the overall impact of Zakat on beneficiaries. The study further examines the magnitude, distribution, and variability of

the ZII across different socio-economic and demographic groups. Finally, a multiple regression analysis is conducted to identify the key determinants shaping the perceived impact of Zakat in Kerala.

By adopting this holistic approach, the study provides evidence-based insights for Zakat administrators. The findings aim to enhance the effectiveness, inclusivity, and targeting of Zakat programmes, ensuring that they address the diverse needs of beneficiaries in Kerala. This research contributes to the broader discourse on Islamic finance and social welfare, offering empirical evidence on the tangible benefits of Zakat in a developing context.

6.2.2.1 Establishing the Reliability and Validity of the Zakat Impact Measurement Constructs

This section presents the results of exploratory factor analysis (EFA) and confirmatory factor analysis (CFA), which were conducted to examine the underlying dimensions of Zakat's impacts and to establish the reliability and validity of the measurement constructs.

Exploratory Factor Analysis

EFA was conducted to explore the underlying dimensions of the perceived impacts of Zakat on the beneficiaries. The dataset's suitability for factor analysis was initially assessed using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity (see Table 6.4). KMO value was 0.910, which is classified as excellent (Kaiser, 1974), indicating sufficient sampling adequacy. Bartlett's Test of Sphericity was statistically significant, $\chi^2(45, N = 400) = 2179.346, p < .001$, confirming that the correlation matrix is not an identity matrix and that correlations among items were adequate for EFA (Bartlett, 1954).

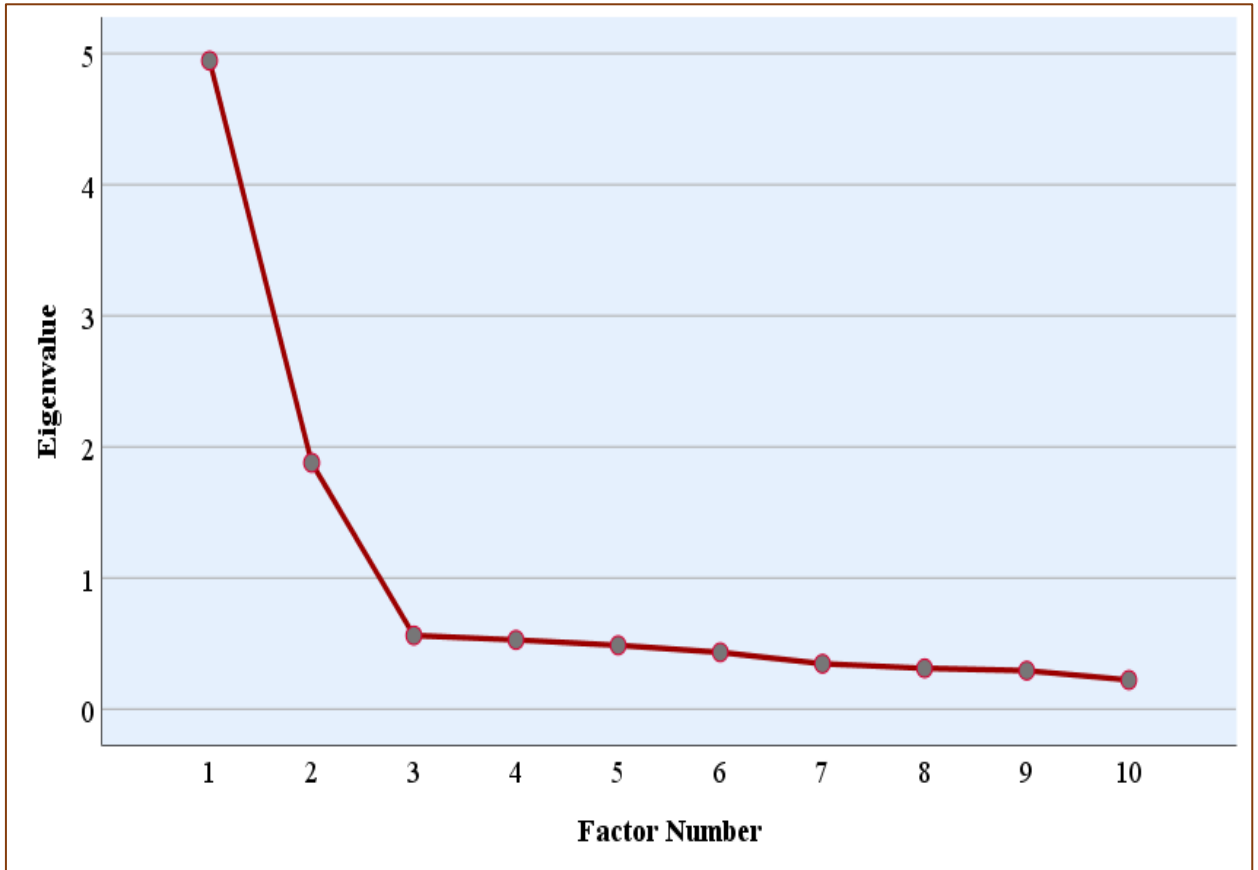
Table 6.4
KMO and Bartlett's Test

Test	Value
Kaiser-Meyer-Olkin Measure	0.910
Bartlett's Test of Sphericity	$\chi^2 = 2179.346, df = 45, p < .001$

A scree plot (see Figure 6.3) was examined to determine the appropriate number of factors to retain, and the plot suggested a two-factor solution.

Figure 6.3

Scree Plot Determining the Number of Factors to be Retained



Source: Primary Survey

The Maximum Likelihood (ML) extraction method was selected to be consistent with subsequent CFA, and Promax rotation was applied to account for the expected correlations among factors. The EFA extracted two factors with eigenvalues greater than 1, which accounted for over 60% of the total variance, corresponding to the economic and social impacts of Zakat. Table 6.5 shows that the item communalities ranged from 0.461 to 0.796, demonstrating that the identified factors explained a significant portion of the variance in each item.

Table 6.5
EFA Communalities

Sl. No.	Item	Acronym	Communalities	
			Initial	Extraction
1	Income Generation	EI1	.431	.514
2	Employment Generation	EI2	.459	.561
3	Poverty Alleviation	EI3	.426	.513
4	Improved Control Over Personal or Household Financial Decision	EI4	.415	.488
5	Financial Inclusion	EI5	.388	.461
6	Better Housing Conditions	SI1	.642	.702
7	Improved Healthcare Access	SI2	.716	.796
8	Basic Needs Fulfilment	SI3	.631	.692
9	Greater Involvement in Community Activities	SI4	.640	.698
10	Social Harmony	SI5	.574	.614

Note. Extraction Method: Maximum Likelihood.

Table 6.6 shows the total variance explained by the retained factors.

Table 6.6
Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	4.95	49.45	49.45	4.48	44.78	44.78	4.12
2	1.88	18.78	68.24	1.56	15.61	60.40	3.39
--	--	--	--	--	--	--	--

Note. Only the first two factors were retained.

The EFA model exhibited a good fit ($\chi^2 (26) = 21.23, p = .730$). The pattern matrix (Table 6.7) showed strong factor loadings without significant cross-loadings, supporting the two

distinct constructs: economic and social impacts of Zakat. The social impact of Zakat (SIZ) items exhibited high loadings on Factor 1, and the economic impact of Zakat (EIZ) items loaded predominantly on Factor 2.

Table 6.7
Pattern Matrix with Promax Rotation

Sl. No.	Item	Acronym	Factor 1 (SIZ)	Factor 2 (EIZ)
1	Income Generation	EI1	.030	.702
2	Employment Generation	EI2	-.045	.770
3	Poverty Alleviation	EI3	.012	.711
4	Improved Control Over Personal or Household Financial Decision	EI4	.028	.684
5	Financial Inclusion	EI5	.004	.677
6	Better Housing Conditions	SI1	.848	-.021
7	Improved Healthcare Access	SI2	.903	-.022
8	Basic Needs Fulfilment	SI3	.849	-.036
9	Greater Involvement in Community Activities	SI4	.818	.034
10	Social Harmony	SI5	.741	.080

Note. Extraction Method: Maximum Likelihood; Rotation Method: Promax with Kaiser Normalization.

The EFA identified two distinct factors that align well with the theoretical dimensions underlying the impacts of Zakat assistance. In the next stage, CFA was conducted to confirm the factor structure and the reliability and validity of these constructs before using them in further analyses.

Confirmatory Factor Analysis

CFA was performed using AMOS software to validate the two-factor structure identified in the EFA. CFA confirms whether the data fits the hypothesised two-factor model and assesses the reliability and validity of the constructs. As shown in Table 6.8, all key model fit indices fall within the recommended thresholds, demonstrating an excellent model fit (Hu & Bentler, 1999). These results indicate that the two-factor measurement model

provides a strong representation of the observed data, making it a suitable foundation for further analysis.

Table 6.8

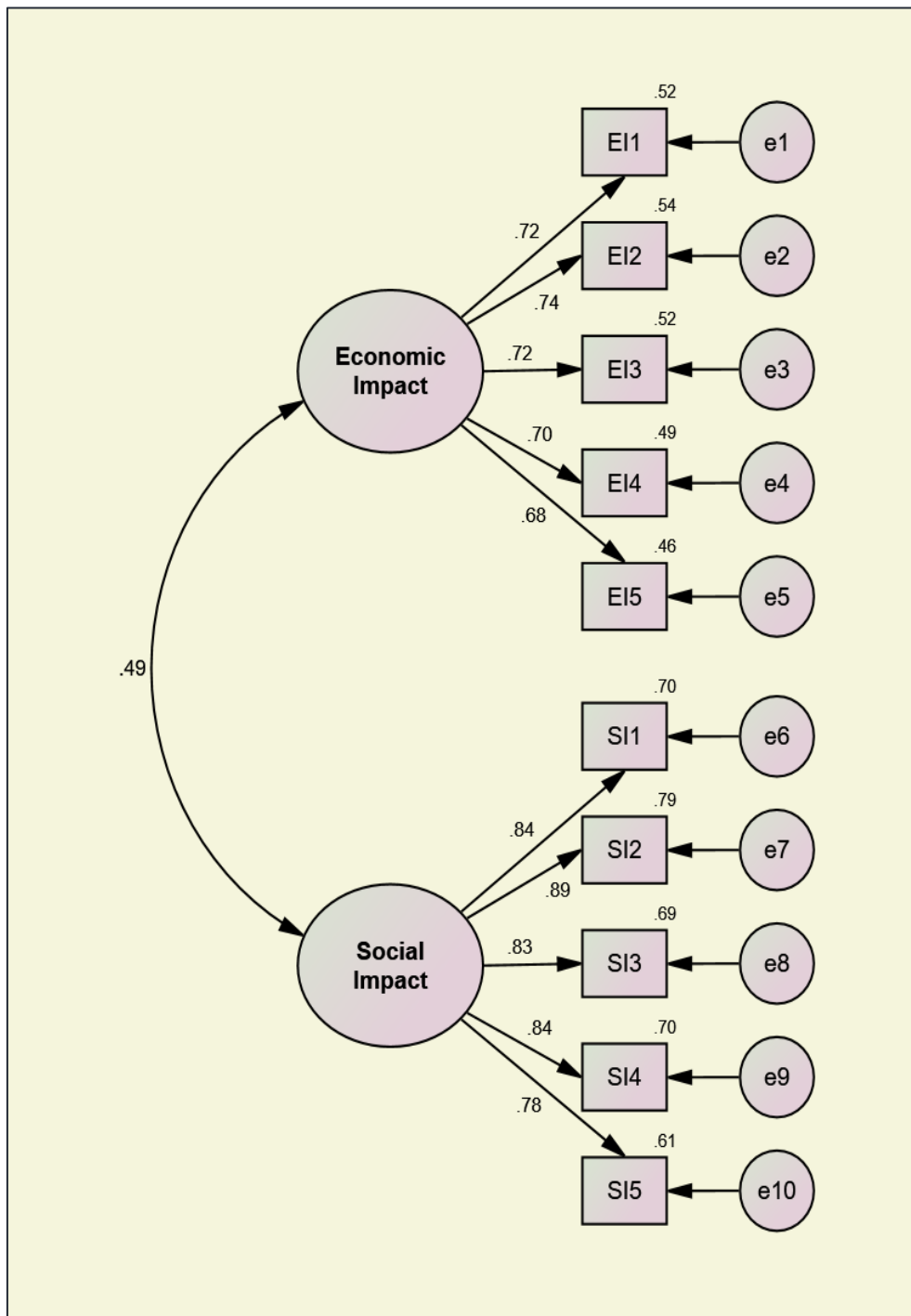
Model Fit Indices

Sl. No.	Measure	Estimate	Threshold*	Interpretation
1	CMIN/DF	1.201	Between 1 and 3	Excellent
2	CFI	0.986	>0.95	Excellent
3	SRMR	0.037	<0.08	Excellent
4	RMSEA	0.022	<0.06	Excellent

Note. CMIN/DF = Chi-square/degrees of freedom ratio; CFI = Comparative Fit Index; SRMR = Standardized Root Mean Residual; RMSEA = Root Mean Square Error of Approximation. Thresholds are based on guidelines from Hu and Bentler (1999).

Figure 6.4

The Estimated Measurement (CFA) Model of Zakat Impact Measurement Constructs



Source: Primary Survey

Table 6.9*Factor Loadings for the CFA Model*

Constructs	Items	Factor Loadings		<i>S.E.</i>	<i>C.R.</i>	<i>p-value</i>
		Unstandardised	Standardised			
Economic Impact of Zakat (EIZ)	EI1	1.000	.723	--	--	--
	EI2	1.074	.738	.082	13.176	<.001
	EI3	.965	.718	.075	12.860	<.001
	EI4	.801	.700	.064	12.567	<.001
	EI5	.823	.680	.067	12.239	<.001
Social Impact of Zakat (SIZ)	SI1	1.000	.837	--	--	--
	SI2	1.017	.890	.045	22.398	<.001
	SI3	.900	.830	.045	20.095	<.001
	SI4	.984	.837	.048	20.356	<.001
	SI5	.852	.783	.046	18.404	<.001

Reliability, Convergent Validity, and Discriminant Validity

The reliability and validity of the measurement model were assessed using several statistical measures. Reliability was evaluated using Cronbach's Alpha (α) and Composite Reliability (C.R.), both of which exceeded the recommended threshold of 0.70, indicating strong internal consistency for the EIZ and SIZ constructs (Nunnally & Bernstein, 1994).

Convergent validity was assessed through factor loadings and Average Variance Extracted (AVE). All factor loadings (see Table 6.9) were statistically significant ($p < .001$), with most standardised factor loadings exceeding 0.70, demonstrating strong convergent validity. As presented in Table 6.10, AVE values for both constructs exceeded 0.50, further supporting convergent validity (Fornell & Larcker, 1981).

Discriminant validity was assessed using the Fornell-Larcker criterion, which compares the square root of the AVE with the correlations between constructs (Fornell & Larcker, 1981). As shown in Table 6.10, the square root of the AVE for both constructs exceeded the inter-construct correlation, confirming discriminant validity.

Table 6.10
Reliability, Convergent Validity, and Discriminant Validity

Construct	Cronbach's Alpha (α)	CR	AVE	EIZ	SIZ
EIZ	0.835	0.837	0.507	0.712	
SIZ	0.920	0.921	0.699	0.494	0.836

Note. Diagonal elements represent the square roots of AVE and the off-diagonal element is inter-construct correlation.

The EFA and CFA results provide strong evidence for the validity and reliability of the EIZ and SIZ constructs. The EFA revealed a clear two-factor structure that accounted for a substantial portion of the variance. The subsequent CFA demonstrated the measurement model's strong internal consistency, reliability, convergent, and discriminant validity. The following sections will use these validated constructs to comprehensively analyse the impact of Zakat on the beneficiaries in Kerala.

6.2.2.2 The Economic Impact of Zakat on Beneficiaries in Kerala

Quantitative analysis of the economic impact of Zakat assistance is essential for evaluating its effectiveness in improving the economic conditions of beneficiaries. Such analysis clarifies the magnitude of the economic benefits delivered by Zakat initiatives, thus helping policymakers design and implement targeted interventions. This section examines the beneficiaries perceived economic impact of Zakat using five validated indicators: improved control over personal or household financial decision, financial inclusion, poverty alleviation, employment generation, and income generation. Respondents rated their perceived impacts on a five-point Likert scale ranging from 0 (no impact) to 4 (very high impact), with a midpoint value of 2 representing moderate impact. Reliability and validity of this measurement scale were established previously (see section 6.2.2.1). Summary descriptive statistics for each indicator, along with the overall economic impact, are presented in Table 6.11.

Table 6.11*Summary Descriptive Statistics of the Economic Impacts Zakat in Kerala*

Sl. No.	Indicators of Economic Impact	Mean	SD	Skewness	Kurtosis	N
1	Improved Control Over Personal or Household Financial Decision	3.51	0.70	-1.08	-0.20	400
2	Financial Inclusion	3.20	0.78	-0.56	-0.57	400
3	Poverty Alleviation	2.80	0.86	-0.42	-0.15	400
4	Employment Generation	2.32	1.30	-0.30	-1.00	400
5	Income Generation	2.32	1.35	-0.29	-1.09	400
	Overall Economic Impact	2.83	0.59	-0.44	-0.61	400

Note. Scale ranged from 0 (no impact) to 4 (very high impact). Higher scores indicate stronger perceived impacts.

Source: Primary Survey

The descriptive statistics (Table 6.11) indicate that beneficiaries perceived the greatest economic impact from Zakat in the domains of improved control over personal or household financial decision and financial inclusion, followed by poverty alleviation. Employment and income generation received lower, yet notable, ratings, suggesting moderate impacts in these areas. Overall, beneficiaries perceived Zakat as having a moderate-to-high economic impact.

One-sample t-tests were conducted to statistically assess whether the observed economic impacts were significantly greater than the moderate impact threshold (value = 2) (Table 6.12). Since the research focused explicitly on whether impacts exceeded moderate levels, one-tailed tests were used. Additionally, Cohen's *d* was computed as a measure of effect size to quantify the magnitude of these differences practically.

Table 6.12*One-Sample t-Test Results for Economic Impacts of Zakat (Test Value = 2)*

Sl. No.	Indicators of Economic Impact	<i>t</i>	<i>df</i>	<i>p</i> -value (one-tailed)	Mean Difference	Cohen's <i>d</i>
1	Improved Control Over Personal or Household Financial Decision	42.73	399	< .001	1.51	2.14
2	Financial Inclusion	30.84	399	< .001	1.20	1.54
3	Poverty Alleviation	18.63	399	< .001	0.80	0.93
4	Employment Generation	4.92	399	< .001	0.32	0.25
5	Income Generation	4.73	399	< .001	0.32	0.24
	Overall Economic Impact	27.93	399	< .001	0.83	1.40

Note. The test value (hypothesised mean) was 2, representing *moderate impact*. One-tailed tests assess whether means significantly exceed moderate impact. Cohen's *d* effect sizes: 0.20 = small, 0.50 = medium, 0.80 = large (Cohen, 1988).

Source: Primary Survey.

The results presented in Table 6.12 demonstrated that the mean impact for all indicators significantly surpassed the moderate impact threshold 2. Cohen's *d* values indicated large practical effects for improved control over personal or household financial decision, financial inclusion, and poverty alleviation, while employment and income generation showed smaller yet statistically significant practical effects. Importantly, the overall economic impact of Zakat was significantly greater than the moderate impact threshold, $t(399) = 27.93, p < .001$, with a large effect size ($d = 1.40$).

In conclusion, Zakat assistance has a substantial and statistically significant economic impact on beneficiaries in Kerala. Improved control over personal or household financial decision and financial inclusion emerged as the areas with the strongest perceived impact, whereas employment and income generation, despite lower scores, also contributed positively. These findings confirm Zakat's role as a highly effective mechanism for economic improvement among its recipients.

6.2.2.3 The Social Impact of Zakat on Beneficiaries in Kerala

Quantitative analysis of the social impact of Zakat assistance complements the economic assessment by highlighting its broader implications for beneficiaries' well-being. Understanding these social impacts is essential for policymakers aiming to enhance community welfare through targeted Zakat initiatives. This section examines the perceived social impacts of Zakat assistance among beneficiaries in Kerala across five validated indicators: social harmony, basic needs fulfilment, improved healthcare access, better housing conditions, and greater involvement in community activities. Respondents rated their perceived impact on a five-point Likert scale, ranging from 0 (no impact) to 4 (very high impact). The reliability and validity of the social impact measurement scale were established in a previous section (see Section 6.2.2.1). Descriptive statistics for each indicator and the overall social impact are summarised in Table 6.13.

Table 6.13

Summary Descriptive Statistics of the Social Impacts Zakat in Kerala

Sl. No.	Indicators of Social Impact	Mean	SD	Skewness	Kurtosis	N
1	Social Harmony	2.88	0.89	-0.20	-0.94	400
2	Basic Needs Fulfilment	2.73	0.84	-0.32	-0.29	400
3	Improved Healthcare Access	2.30	1.29	-0.32	-1.04	400
4	Better Housing Conditions	2.14	1.28	-0.03	-1.05	400
5	Greater Involvement in Community Activities	1.59	0.81	-0.09	-0.07	400
	Overall Social Impact	2.41	0.49	-0.39	-0.51	400

Note. Scale ranged from 0 (no impact) to 4 (very high impact). Higher scores indicate stronger perceived impacts.

Source: Primary Survey

The descriptive statistics presented in Table 6.13 suggest that beneficiaries perceived social harmony and basic needs fulfilment as having relatively stronger social impacts. In contrast, improved healthcare access and better housing conditions were perceived at moderate levels. greater involvement in community activities was perceived as the least

positively impacted area, falling below the moderate impact level. Overall, the social impact of Zakat assistance was moderately positive.

To statistically evaluate whether these social impacts differed significantly from a moderate impact level (score of 2), one-sample t-tests (two-tailed) were conducted. Moreover, Cohen's *d* was computed to quantify the practical significance of the observed differences (see Table 6.14).

Table 6.14

One-Sample t-Test Results for Social Impacts of Zakat (Test Value = 2)

Sl. No.	Indicators of Social Impact	<i>t</i>	<i>df</i>	<i>p</i> -value (2-tailed)	Mean Difference	Cohen's <i>d</i>
1	Social Harmony	19.61	399	< .001	0.88	0.98
2	Basic Needs Fulfilment	17.41	399	< .001	0.73	0.87
3	Improved Healthcare Access	4.57	399	< .001	0.30	0.23
4	Better Housing Conditions	2.12	399	.002	0.14	0.11
5	Greater Involvement in Community Activities	-10.12	399	< .001	-0.41	-0.51
Overall Social Impact		16.75	399	< .001	0.41	0.84

Note. The test value (hypothesised mean) was 2, representing a *moderate impact*. Two-tailed tests were conducted to assess significant deviation from moderate impact. A negative *t*-value indicates a significantly lower than moderate impact.

Source: Primary Survey.

The results in Table 6.14 indicated that social harmony, basic needs fulfilment, improved healthcare access, and better housing conditions were significantly greater than the moderate impact threshold (2), suggesting meaningful positive impacts. Cohen's *d* showed large practical effects for social harmony and basic needs fulfilment, whereas improved healthcare access and better housing conditions demonstrated smaller, still statistically significant practical impact. Conversely, the mean score for greater involvement in community activities was significantly lower than the moderate level, indicating limited perceived improvement in this area. Overall, the social impact of Zakat was significantly greater than the moderate impact threshold, $t(399) = 16.75, p < .001$, demonstrating a large practical effect ($d = 0.84$). In conclusion, Zakat has substantial positive social impacts on beneficiaries in Kerala, especially regarding social harmony

and fulfilling basic needs. While healthcare access and housing conditions also improved notably, greater involvement in community activities was perceived as having a weaker impact, suggesting a need for additional attention. These findings highlight Zakat's potential to enhance various aspects of social well-being among its recipients.

6.2.2.4 Comparative Analysis of Economic and Social Impacts of Zakat in Kerala

A comparative analysis of the economic and social impacts of Zakat provides a clearer understanding of its comprehensive effects on beneficiaries in Kerala. This section compares these two key impact dimensions to determine whether the perceived economic impact of Zakat significantly differs from its social impact among beneficiaries in Kerala. The present analysis compares the relative strengths of economic versus social impacts, utilising both descriptive and inferential statistical approaches. Table 6.15 summarises descriptive statistics for these impact dimensions and provides results from a paired-samples *t*-test used to compare the magnitude of perceived economic and social impacts. Additionally, Cohen's *d* is computed to measure the effect size of the differences between the two dimensions.

Table 6.15

Descriptive Statistics and Paired-Samples t-Test Comparing Economic and Social Impacts of Zakat in Kerala

Sl. No.	Impact Dimensions	Mean	S.D.	Skewness	Kurtosis	N
1	Economic Impact	2.83	0.59	-0.44	-0.61	400
2	Social Impact	2.41	0.49	-0.39	-0.51	400
Paired Samples t-test Results		$t = 13.206, df = 399, p < .001$ Mean difference = 0.420, Cohen's $d = 0.660$				

Note. The paired-samples *t*-test compared beneficiaries' perceptions of economic and social impacts. Cohen's *d* interpretation: 0.20 (small), 0.50 (medium), 0.80 (large) effect (Cohen, 1988). Source: primary survey.

The descriptive statistics in Table 6.15 reveal that Zakat's economic impact is perceived as stronger than its social impact. The mean score for economic impact is higher than that for social impact, indicating that beneficiaries perceive Zakat as more effective in improving economic conditions than in enhancing social well-being. Although both

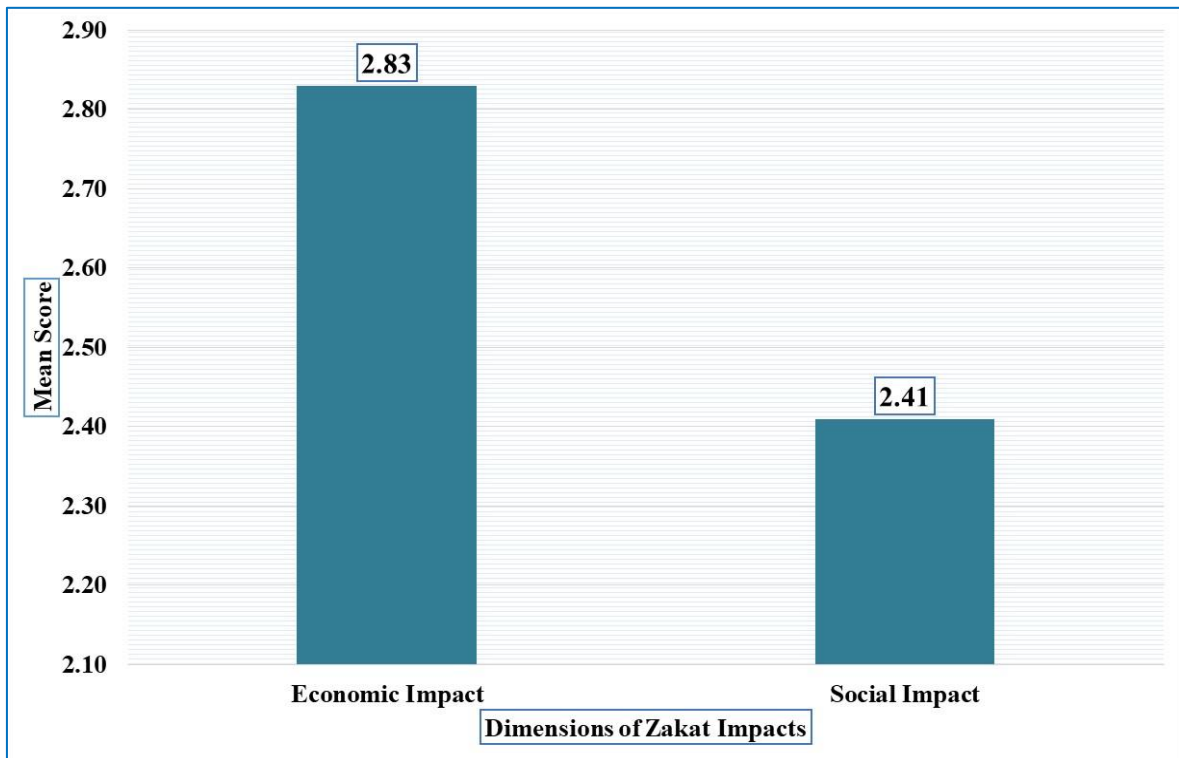
dimensions showed moderately positive impacts, the economic dimension was comparatively higher. Both dimensions exhibit negative skewness and kurtosis, suggesting that the data are slightly left-skewed and platykurtic. However, these deviations were within acceptable ranges, indicating that no substantial deviation from normality affected the validity of the parametric analysis.

The paired-samples *t*-test confirmed that the difference between perceived economic and social impacts was statistically significant, $t(399) = 13.206, p < .001$. The mean difference of 0.420 suggests that the economic impact is perceived as significantly higher than the social impact. Additionally, the calculated effect size (Cohen's $d = 0.66$) indicates a medium practical significance, suggesting that while the difference between economic and social impacts is substantial, it is not overwhelmingly large. This finding implies that Zakat assistance is predominantly recognised for its immediate financial benefits, though social impacts, which were evident, were comparatively modest.

Figure 6.5 visually illustrates the comparative strength of these two dimensions, clearly demonstrating the relative prominence of economic impacts over social impacts.

Figure 6.5

Comparative View of Economic and Social Impact Dimensions of Zakat



Source: primary survey.

The analysis reveals that the economic impact of Zakat is perceived as significantly stronger than its social impact among beneficiaries in Kerala. The observed medium-sized practical difference highlights that while Zakat is highly effective in improving economic conditions, its role in enhancing social well-being may require further strengthening through targeted interventions. Zakat administrators may consider programmes that emphasise both financial and social components, ensuring balanced and inclusive outcomes of Zakat distribution initiatives in Kerala.

6.2.2.5 Construction of the Zakat Impact Index (ZII)

Constructing a comprehensive composite measure enables an integrated evaluation of Zakat's economic and social impacts on beneficiaries in Kerala. This section describes the development of the Zakat Impact Index (ZII), a composite measure designed to assess the overall impacts of Zakat holistically. The index integrates the economic and social impact dimensions, addressing the need for a systematic and data-driven approach to combine these dimensions. Given the significant differences identified between the economic and social dimensions in earlier analyses, a uniform treatment of both dimensions would not accurately reflect their distinct variability or perceived significance. To address this, Principal Component Analysis (PCA) was employed to assign weights to each dimension based on their statistical contribution to the underlying construct. This approach ensures that the index reflects the relative importance of each dimension objectively rather than relying on arbitrary weighting.

PCA was performed on the scores of the two dimensions (economic and social impacts), with the first principal component (PC1) accounting for 66.07% of the total variance, underscoring a substantial commonality between the economic and social impacts. The component matrix revealed equal loadings for both dimensions, indicating that each contributes similarly to the overall construct. Table 6.16 presents the PCA loadings and the resulting weights.

Table 6.16*Factor Loadings and PCA-derived Weights for Zakat Impact Dimensions*

Sl. No.	Item	PCA Loadings	Weight
1	Economic Impact	0.813	0.50
2	Social Impact	0.813	0.50

Note. PCA loadings represent the contribution of each dimension to the first principal component. Weights were proportionally derived based on these loadings.

Source: primary survey.

Interestingly, the PCA-based weighting assigned equal weights (0.50) to both dimensions, as their loadings were identical. Although equal weighting mirrors a simple averaging approach, employing PCA confirms the appropriateness of equal weighting statistically rather than arbitrarily, strengthening the methodological rigour and objectivity of the Zakat Impact Index (ZII).

The overall Zakat Impact Score (ZIS) was calculated as a weighted sum using the derived PCA weights, represented mathematically as:

$$ZIS = (w_1 \times EI) + (w_2 \times SI)$$

Where EI and SI are the composite scores of economic and social impacts, and since PCA produced equal weights ($w_1 = w_2 = 0.50$), the calculation was effectively equivalent to computing a simple average of the two impact scores. To enhance interpretability, the resultant ZIS, initially on a scale from 0 to 4, was converted into a percentage-based Zakat Impact Index (ZII) using the formula:

$$ZII (\%) = \left(\frac{ZIS}{4} \right) \times 100$$

Adopting PCA for assigning weights highlights the methodological robustness of this approach over subjective judgment or arbitrary weighting. This rigorous, statistically supported method ensures that the composite ZII accurately reflects the true relative significance of economic and social impacts as perceived by beneficiaries.

In conclusion, the ZII provides a statistically robust and meaningful measure of Zakat's combined economic and social impact in Kerala. This composite index will be used for

further analysis exploring the magnitude, patterns, and determinants of Zakat's impact, providing actionable insights for Zakat administrators.

6.2.2.6 Magnitude of the Overall Impact of Zakat on Beneficiaries in Kerala

Assessing the magnitude of Zakat's overall impact is essential for understanding its effectiveness in enhancing the socio-economic conditions of beneficiaries in Kerala. The Zakat Impact Score (ZIS), developed by combining validated measures of economic and social impact dimensions, serves as a comprehensive indicator of the perceived impact experienced by the beneficiaries. This composite score was scaled from 0 (no impact) to 4 (very high impact), with a midpoint value of 2 representing moderate impact. This section examines the magnitude of Zakat's overall impact on beneficiaries in Kerala using the ZIS, aiming to determine whether the perceived impact significantly exceeds the moderate threshold value of 2 and to assess the distributional properties of the ZIS. Table 6.17 presents the descriptive statistics and one-sample t-test results for the ZIS.

Table 6.17

Descriptive Statistics and One-Sample T-Test Results for Zakat Impact Score (ZIS)

Sl. No.	Descriptive Statistics		One Sample t-test Results [Test Value = 2]	
	Statistic	Value	Statistic	Value
1	Mean	2.62	<i>t</i>	28.080
2	SD	0.44	<i>df</i>	399
3	Skewness (S.E.)	-0.59 (0.32)	<i>p</i> (one-tailed)	< .001
4	Kurtosis (S.E.)	0.03 (0.24)	Mean Difference	0.619
5	N	400	Cohen's <i>d</i>	1.40

Note. Test value (hypothesised mean) = 2, representing a moderate impact level.

Source: Primary Survey.

The descriptive statistics in Table 6.17 indicate that beneficiaries, on average, perceive the overall impact of Zakat as substantially higher than the moderate threshold value of 2. The skewness value suggests that the data distribution is slightly negatively skewed,

meaning that the tail of the distribution is longer on the left side. This indicates that a majority of respondents perceive the impact of Zakat as higher than the mean value. The kurtosis value suggests that the data distribution is approximately mesokurtic, meaning it has a similar peak to a normal distribution. The critical ratios for skewness (C.R. = -1.84) and kurtosis (C.R. = 0.12) fall within the acceptable range of ± 1.96 , confirming that the data distribution approximates normality and supporting the use of parametric tests such as the one-sample t-test.

A one-sample t-test confirmed that the beneficiaries' overall perceived impact significantly exceeded the moderate level, $t(399) = 28.080$, $p < .001$, with a mean difference of 0.619 (95% CI: [0.576, 0.662]). Additionally, the effect size, calculated using Cohen's $d = 1.40$, represents a very large practical effect, underscoring the substantial positive influence of Zakat assistance.

In conclusion, the beneficiaries in Kerala overwhelmingly perceive Zakat as significantly beneficial in improving their socio-economic conditions. These findings validate Zakat's effectiveness and highlight its considerable role in enhancing economic and social well-being among recipients. The statistically significant and practically substantial impact of Zakat provides strong empirical support for its continued and enhanced implementation.

6.2.2.7 Magnitude and Distributional Properties of the Zakat Impact Index

This section examines the magnitude and distribution of the Zakat Impact Index (ZII), a composite measure assessing the economic and social impact of Zakat on beneficiaries. The ZII is expressed as a percentage and ranges from 0% (no perceived impact) to 100% (maximum perceived impact), allowing for a standardised interpretation of the extent to which Zakat has contributed to improving the lives of recipients. The ZII's descriptive statistics provide insights into its distribution, central tendency, and variability, while the magnitude-wise classification highlights the proportion of beneficiaries experiencing different levels of impact. This section analyses the range, distribution, and magnitude-wise classification of beneficiaries' perceived effects of Zakat. The analysis provides insights into the range, central tendency, and variability of ZII scores and the distribution of beneficiaries across different magnitude categories. These findings are critical for understanding the overall effectiveness of Zakat in improving the well-being of its recipients.

Descriptive Statistics of the Zakat Impact Index

Table 6.18 presents key descriptive statistics for the ZII. The ZII values range from 25% to approximately 90%, indicating considerable variation in the extent to which Zakat has impacted beneficiaries. The mean index value suggests that, on average, beneficiaries perceived a moderate to high positive impact from Zakat assistance. The standard deviation reflects the level of dispersion in responses, showing that individual experiences with Zakat assistance vary across respondents.

The negative skewness indicates that the distribution is slightly left-skewed, meaning a larger proportion of beneficiaries reported higher ZII values rather than lower ones. Meanwhile, the kurtosis value close to zero suggests that the distribution is approximately normal (mesokurtic), lacking neither extreme peaks nor heavy tails.

Table 6.18
Descriptive Statistics of the Zakat Impact Index (ZII)
(*N* = 400)

Sl. No.	Statistic	Value
1	Minimum	25
2	Maximum	89.58
3	Mean	65.48
4	Std. Deviation	11.02
5	Skewness	-0.59
6	Kurtosis	0.03

Source: Primary Survey

Magnitude-Wise Distribution of the Zakat Impact Index

To further analyse the pattern of Zakat's impact, beneficiaries were grouped into five ZII categories, as shown in Table 6.19. The distribution of respondents across these categories helps identify the proportion of beneficiaries who have experienced low, moderate, or high impact levels.

Table 6.19
Magnitude-Wise Distribution of the Zakat Impact Index

Sl. No.	ZII Range	Number of Respondents	Percentage	Cumulative Percentage
1	Below 50	40	10.0	10.0
2	50 - 60	83	20.8	30.8
3	60 - 70	118	29.5	60.3
4	70 - 80	131	32.8	93.0
5	Above 80	28	7.0	100.0
Total		400	100.0	

Note. ZII is scaled from 0% (no impact) to 100% (highest impact).

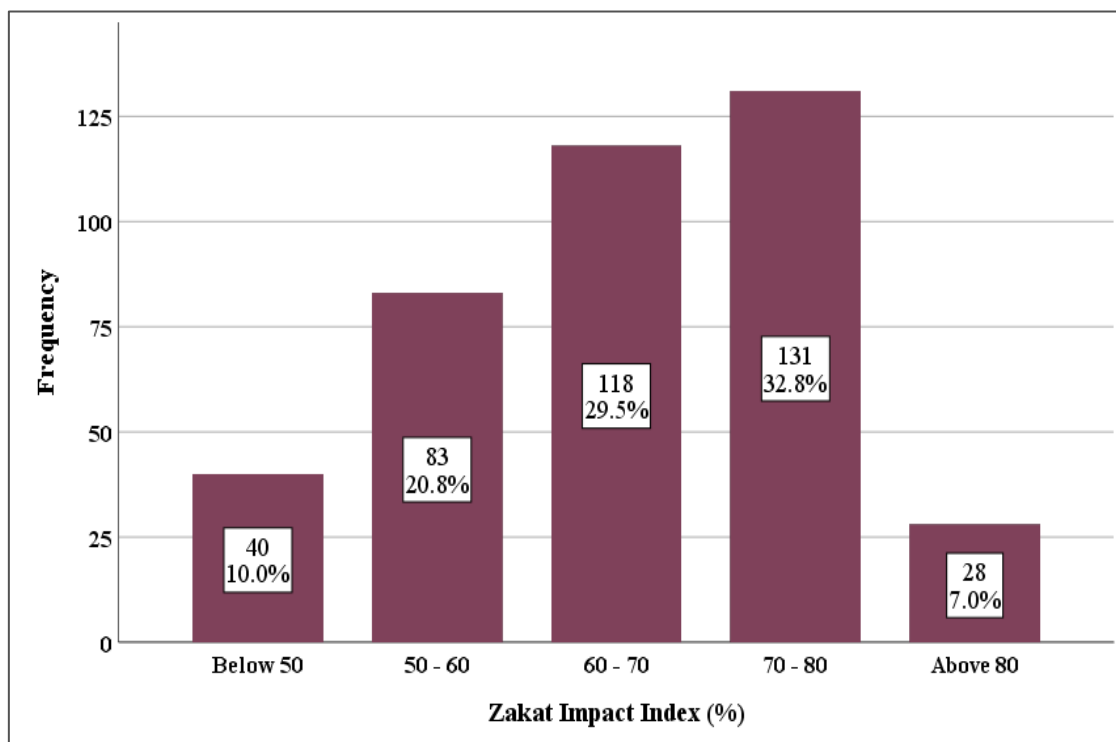
Source: Primary Survey

The data reveal that the vast majority of beneficiaries (90%) perceived moderate-to-high levels of Zakat's impact (ZII scores above 50%) on their economic and social well-being. Within this group, a substantial proportion falls within the 60–80% range, suggesting that the majority of beneficiaries perceive Zakat as significantly beneficial but not maximally transformative. A smaller segment (10%) reported a ZII below 50%, implying a relatively lower perceived impact of Zakat assistance for these individuals. Meanwhile, a minority (7%) achieved a ZII above 80%, reflecting a particularly high level of positive impact.

Figure 6.6 further reinforces these insights, clearly demonstrating the clustering of respondents within the higher impact ranges, underscoring that most beneficiaries perceive Zakat's impact positively, predominantly at moderate-to-high levels.

Figure 6.6

Magnitude-Wise Distribution of Zakat Impact Index



Source: Primary Survey

To further validate these findings, a one-sample Z-test for proportions was conducted to ascertain whether the proportion of beneficiaries experiencing a ZII greater than 50% significantly differed from 90%, a proportion fixed based on the observed sample results. Results indicated that exactly 90% of beneficiaries reported a ZII above 50%, yielding no statistical difference from the hypothesised proportion of 90%, $z = 0.00$, $p = 1.00$. This suggests no statistical difference between the observed proportion and the hypothesised 90%.

The 95% confidence interval (CI) ranged between 87.06% and 92.94%, indicating that the true population proportion of beneficiaries perceiving the above-moderate impacts (i.e., with a ZII above 50%) is likely to fall within this range. Since this CI includes 90%, the results provide strong statistical support for the conclusion that the proportion of beneficiaries experiencing moderate to high Zakat impact is consistently around 90% in the population.

Table 6.20
Proportion Test Results

Sl. No.	Statistic	Value
1	Sample Proportion (\hat{p})	0.90
2	Standard Error (S.E.)	0.015
3	95% Confidence Interval (CI)	[0.871, 0.929]
4	z-statistic	0.000
5	p-value (two-tailed)	1.000

Source: Primary survey.

The analysis indicates that a substantial majority of beneficiaries perceive Zakat assistance in Kerala as delivering moderate-to-high levels of economic and social benefits. This finding highlights the effectiveness of current Zakat distribution practices while also suggesting targeted enhancements to increase impacts for beneficiaries experiencing lower perceived benefits.

6.2.2.8 Variability of Zakat Impact Index Across Socio-economic and Demographic Segments

Examining how the Zakat Impact Index (ZII) varies across different socio-economic and demographic segments of the beneficiary population provides crucial insights for policymakers and stakeholders aiming to enhance Zakat's equitable impact. This section examines the variability of the ZII scores across key socio-economic and demographic factors such as gender, age group, household size, educational level, marital status, religious affiliation, employment status, and the number of Zakat items received. Understanding these variations provides critical insights into whether certain subgroups benefit more from Zakat than others. The findings will provide insights into the differential impact of Zakat on various subgroups within the beneficiary population.

This analysis begins by exploring gender-based differences in perceived Zakat impact, as gender roles and responsibilities may influence how beneficiaries experience and report the effects of Zakat.

Gender Differences in the Perceived Overall Impact of Zakat in Kerala

This section analyses the variability of the ZII concerning beneficiaries' gender to identify whether men and women perceive the effectiveness of Zakat assistance differently. Potential differences in perceptions of Zakat's impact between men and women might exist due to their distinct socio-economic roles, responsibilities, and experiences in accessing support systems. Table 6.21 summarises the descriptive statistics of ZII scores disaggregated by gender, accompanied by an independent samples t-test and corresponding effect size (Cohen's *d*).

The descriptive statistics in Table 6.21 indicate closely comparable mean perceptions of Zakat impact for male and female beneficiaries. Standard deviation values suggest similar variability within both groups, while skewness and kurtosis statistics reflect slight negative skewness and near-normal distribution shapes for both genders. These distributional characteristics imply that most respondents, irrespective of gender, reported moderately high Zakat impacts.

An independent samples t-test was conducted to assess whether the difference in mean ZII scores between males and females is statistically significant. The results revealed no statistically significant gender difference in perceived Zakat impacts, $t(398) = 0.723, p = .470$, Cohen's *d* calculation yielded a value of 0.08, indicating a negligible practical difference between genders in ZII scores (Cohen, 1988).

Table 6.21
Comparison of ZII Across the Gender of the Beneficiaries

Sl. No.	Gender	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	Male	66.05	10.68	-0.66	-0.01	129	$t = 0.723$
2	Female	65.20	11.19	-0.55	0.06	271	$df = 398$ $p = .470$
	Total	65.48	11.02	-0.59	0.03	400	$Cohen's d \approx 0.08$

Note. ZII = Zakat Impact Index (expressed in percentages). Levene's test confirmed the equality of variances ($F(1, 398) = 0.554, p = .457$). Cohen's *d* measures the effect size.

Source: Primary Survey

The analysis reveals that gender does not significantly influence beneficiaries' perceptions of Zakat's impact in Kerala. This finding suggests that Zakat assistance is perceived similarly by male and female beneficiaries, highlighting gender equity in the distribution and effectiveness.

Age Group-Wise Differences in the Perceived Impact of Zakat

Age is a critical demographic factor that may influence how beneficiaries experience and report the effects of Zakat due to varying life stages, responsibilities, and needs. Younger beneficiaries may prioritise employment and financial stability, while older individuals might focus on healthcare and basic needs. This section compares the perceived impact of Zakat across three distinct age groups: up to 30 years, 31 to 50 years, and above 50 years.

Table 6.22

Comparison of ZII Across Age Groups of Zakat Beneficiaries

Age Group (Years)	Mean	SD	Skewness	Kurtosis	N	Welch's ANOVA Results
Up to 30	69.29	7.49	-1.19	1.25	90	Welch's $F(2, 220.536) = 32.136$ $p < .001$ $\omega^2 = 0.126$
31 - 50	67.57	10.23	-0.64	0.23	200	
Above 50	58.55	11.81	0.14	0.02	110	
Total	65.48	11.02	-0.59	0.03	400	

Note. ZII = Zakat Impact Index (percentage). Welch's ANOVA was applied due to unequal variances, as indicated by Levene's test ($F(2, 397) = 10.08, p < .001$). Omega squared (ω^2) indicates the effect size.

Source: Primary Survey

Table 6.22 presents descriptive statistics and the results of Welch's ANOVA, which was selected due to the violation of the homogeneity of variance assumption (Levene's test: $F(2,397) = 10.079, p = .001$). Omega squared (ω^2) is reported as a robust measure of effect size, indicating the proportion of variance attributable to age group differences. Omega squared (ω^2) was chosen because it adjusts for the unequal variances and provides a

reliable measure of effect size in the context of Welch's ANOVA.² The Games-Howell post hoc procedure was used to identify specific group differences, as it accommodates unequal variances and group sizes.

Descriptive statistics summarised in Table 6.22 indicate that the youngest age group (up to 30 years) perceived the highest Zakat impact, followed closely by the middle-aged group (31–50 years). In contrast, beneficiaries above 50 years perceived a notably lower impact of Zakat. The standard deviation increases with age, suggesting greater variability in ZII scores among older respondents.

Welch's ANOVA results reveal statistically significant differences in ZII scores across age groups (Welch's $F(2, 220.536) = 32.136, p < .001$). The effect size, measured using omega squared ($\omega^2 = 0.126$), indicates that approximately 12.6% of the variance in ZII scores is attributable to age group differences. This represents a moderate effect size, underscoring the practical significance of age in shaping the perceived impact of Zakat.

Given the significant ANOVA result, post-hoc comparisons using the Games-Howell test were conducted to identify specific differences between age groups. The results are presented in Table 6.23.

Table 6.23
Games-Howell Post-Hoc Comparisons of ZII Scores Across Age Groups

Sl. No.	Comparison	Mean Difference	S.E.	p	95% CI [Lower, Upper]
1	Up to 30 vs. 31–50	1.72	1.07	.245	[-0.81, 4.25]
2	Up to 30 vs. Above 50	10.73*	1.37	<.001	[7.49, 13.98]
3	31–50 vs. Above 50	9.01*	1.34	<.001	[5.85, 12.17]

Note. CI = Confidence Interval; S.E. = Standard Error. $p < .05$ indicates statistically significant differences.

Source: Primary Survey.

² Omega squared (ω^2) is calculated for Welch's ANOVA using the formula:

$$\omega^2 = \frac{F.(df_{between}-1)}{F.(df_{between}-1)+df_{between}+df_{error}+1}$$

The Games-Howell test reveals that the oldest age group (above 50 years) perceives a significantly lower impact of Zakat compared to both the youngest (up to 30 years) and middle-aged (31–50 years) groups. However, no significant difference is observed between the youngest and middle-aged groups, indicating that these two groups perceive Zakat's impact similarly.

In summary, perceptions of Zakat's impact vary significantly by age, with younger beneficiaries perceiving higher levels of impact compared to older recipients. This indicates that Zakat interventions may be particularly effective among younger populations. These findings suggest that Zakat programmes may need to tailor their interventions to address the unique needs of older beneficiaries, ensuring equitable impact across all age groups.

Household Size and Perceived Impact of Zakat

Household size influences economic dynamics, resource allocation, and financial dependency, all of which may affect the perceived impact of Zakat assistance. Larger households may require greater financial support, while smaller households might experience a more concentrated impact of assistance per capita. This section compares perceptions of Zakat's impact based on household size by comparing beneficiaries from small households (fewer than five members) and large households five or more members). An independent samples t-test was conducted to assess whether household size significantly influences Zakat's impact. Additionally, effect size (Cohen's *d*) was computed to determine the magnitude of this difference. Table 6.24 displays descriptive statistics and independent-samples t-test results comparing the perceived ZII across the two household size categories.

The descriptive statistics revealed a slightly higher perceived Zakat impact among larger households compared to smaller ones. The standard deviations indicate that while variability in impact is marginally greater in smaller households, the differences in dispersion are relatively minor. Distributional properties, including skewness and kurtosis, indicated approximately normal distributions for both household-size groups, supporting the appropriateness of parametric tests.

Table 6.24
Comparison of ZII Scores Across Household Size

Sl. No.	Household Size	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	< 5	63.06	11.84	-0.54	0.15	119	$t = -2.877$
2	≥ 5	66.50	10.51	-0.56	-0.18	281	$df = 398$
	Total	65.48	11.02	-0.59	0.03	400	$p = .004$ $Cohen's d \approx 0.31$

Note. ZII = Zakat Impact Index (expressed in percentages). Household size is defined as the number of members in a household. Levene's test indicated equal variances, $F(1, 398) = 1.494, p = .222$. Cohen's d quantifies the effect size.

Source: Primary Survey

The independent samples t-test results reveal a statistically significant difference in ZII scores between the two household size groups ($t(398) = -2.877, p = .004$), with beneficiaries from larger households reporting a notably higher perceived Zakat impact. The effect size ($d = -0.31$) suggests a small-to-moderate effect, implying that household size has a meaningful yet modest influence on the perceived impact of Zakat in Kerala.

The analysis demonstrated that household size significantly influences the perceived impact of Zakat in Kerala, with larger households perceiving a moderately greater impact from Zakat assistance compared to smaller households. However, the effect size analysis suggests that while the difference is statistically significant, the magnitude of the difference remains small. This implies that Zakat assistance benefits households of all sizes, though larger households might experience a more substantial overall benefit due to greater financial needs. These findings highlight the need for Zakat programs to consider household size when designing interventions, ensuring that larger households receive adequate support to maximise the impact of Zakat.

Variations in the Perceived Impact of Zakat Across Educational Levels of Beneficiaries

Education plays a critical role in shaping individuals' financial literacy, economic expectations, and access to opportunities. Consequently, the perceived impact of Zakat assistance may differ based on educational attainment. This section examines whether ZII scores vary across beneficiaries with low (up to primary), medium (up to higher secondary), and high (undergraduate and above) education levels.

Table 6.25 presents the descriptive statistics and Welch's ANOVA results for ZII scores across the three educational levels. Descriptive analysis revealed increasing trends in ZII scores with higher educational attainment, suggesting beneficiaries' educational level positively influences their perceptions regarding the effectiveness of Zakat. Distributional characteristics, including skewness and kurtosis values, imply approximate normality within groups, supporting the appropriateness of parametric analyses.

Table 6.25

Comparison of ZII By Educational Levels of Zakat Beneficiaries

Highest Educational Qualification	Mean	SD	Skewness	Kurtosis	N	Welch's ANOVA Results
Up to Primary	63.33	11.49	-0.35	-0.09	177	Welch's $F(2, 112.960) = 10.716$ $p < .001$ $\omega^2 = 0.085$
Up to Higher Secondary	66.76	10.86	-0.69	0.05	191	
Undergraduate & above	69.64	6.14	-0.72	0.97	32	
Total	65.48	11.02	-0.59	0.03	400	

Note. ZII = Zakat Impact Index (percentage). Welch's ANOVA was applied due to unequal variances, as confirmed by Levene's test ($F(2, 397) = 8.099, p < .001$). Omega squared (ω^2) indicates the effect size.

Source: Primary Survey

Welch's ANOVA demonstrated a statistically significant effect of educational level on ZII scores, $F(2, 112.960) = 10.716, p < .001$. Omega squared ($\omega^2 = .14$), calculated as a measure of effect size, indicates a moderate effect, suggesting educational qualification notably influences the perceived impact of Zakat.

Games-Howell post hoc tests were conducted to determine which specific educational groups significantly differed in their perceived Zakat impact. The results are presented in Table 6.26. The Games-Howell test revealed that beneficiaries with up to primary education perceived a significantly lower impact of Zakat compared to those with higher education levels. However, no statistically significant difference is observed between the

medium and high educational levels, suggesting that the perceived impact of Zakat is similar for these two groups.

Table 6.26
Games-Howell Post-Hoc Comparisons of ZII Scores Across Education Levels

Sl. No.	Comparison	Mean Difference	S.E.	<i>p</i>	95% CI [Lower, Upper]
1	Primary vs. Higher Secondary	-3.43*	1.17	.010	[-6.18, -0.68]
2	Primary vs. Undergraduate & Above	-6.30*	1.39	< .001	[-9.62, -2.99]
3	Higher Secondary vs. Undergraduate & Above	-2.87	1.34	.088	[-6.08, 0.34]

Note. CI = Confidence Interval; S.E. = Standard Error. $p < .05$ indicates statistically significant differences.

Source: Primary Survey.

The results demonstrate that educational attainment significantly influences the perceived impact of Zakat in Kerala. Beneficiaries with higher educational levels tend to perceive greater benefits, highlighting the role of education as an important demographic determinant in evaluating the effectiveness of Zakat programmes. This suggests that as education increases, individuals may have better financial planning, increased economic opportunities, and a stronger ability to leverage Zakat assistance, contributing to a higher perceived impact. These findings highlight the potential for Zakat programmes to integrate educational and financial literacy components. This would ensure that lower-educated beneficiaries can optimise their use of Zakat assistance, thereby enhancing its overall effectiveness.

Marital Status-Based Differences in Perceived Impact of Zakat

Marital status often influences individuals' economic stability, financial responsibilities, and social support structures, which may, in turn, shape how beneficiaries perceive the impact of Zakat assistance. Married individuals, for instance, may face greater financial obligations, while widowed or divorced beneficiaries may experience economic hardships, potentially affecting their dependence on and perception of Zakat. This section examines the differences in the perceived impact of Zakat across marital status groups,

using the ZII as the primary measure. Given the violations of normality and homogeneity of variances, as indicated by Kolmogorov-Smirnov (KS) tests and Levene's test, the Kruskal-Wallis H test was employed to compare ZII distributions across groups, followed by Bonferroni-adjusted post hoc comparisons to identify specific group differences.

Table 6.27 presents descriptive summary statistics, normality test results, and Kruskal Wallis test results comparing perceived Zakat impacts across marital status groups. The never-married group exhibited the highest median and mean scores, while widowed beneficiaries reported the lowest. Skewness and kurtosis values confirm non-normal distributions, particularly among the never-married group, which showed strong negative skewness and leptokurtic distribution. The KS test further confirmed non-normality for the never-married and currently married groups, with statistically significant results. These findings, coupled with the violation of homogeneity of variance (Levene's test: $F(3,396) = 4.946, p = .002$), necessitated the use of the Kruskal-Wallis H test for group comparisons.

Table 6.27

Comparison of ZII Across the Marital Status of Zakat Beneficiaries

Sl. No.	Marital Status	Mean (%)	SD	Skewness	Kurtosis	Median	N	Kolmogorov-Smirnov (KS) Tests of Normality		
								Statistic	df	p
1	Never Married	69.63	8.42	-1.53	3.02	70.83	53	0.193	53	< .001
2	Currently Married	66.00	10.79	-0.44	-0.25	66.67	279	0.075	279	.001
3	Widow / Widower	58.72	12.52	-0.56	-0.26	60.42	46	0.092	46	.200*
4	Divorced	62.97	10.04	0.31	-0.79	60.00	22	0.146	22	.200*
	Total	65.48	11.02	-0.59	0.03	67.50	400			

Kruskal-Wallis H Test Results: $H = 23.777, df = 3, p < .001, N = 400$

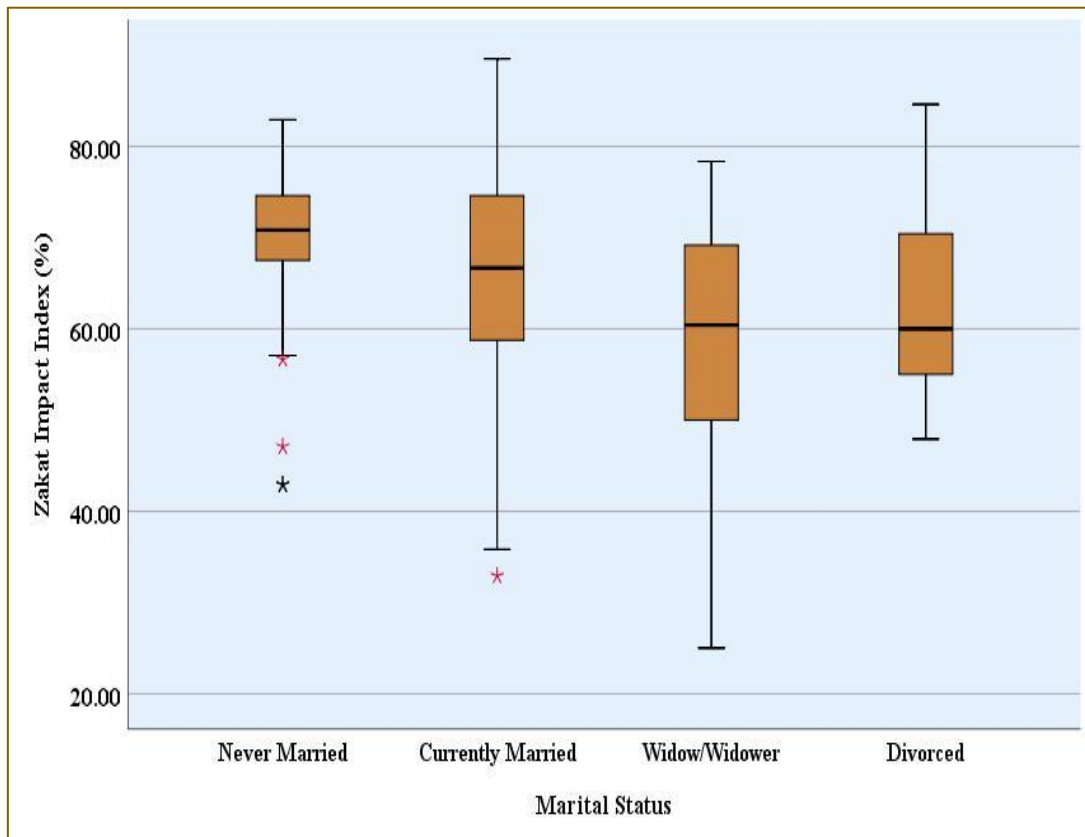
Note. ZII = Zakat Impact Index (percentage). Levene's test indicated a violation of the homogeneity of variances assumption ($F(3,396) = 4.946, p = .002$). The KS test results confirm significant deviations from normality, necessitating a non-parametric test. *This is a lower bound of the true significance.

Source: Primary Survey

The box plots in Figure 6.7 further illustrate severe skewness among the divorced group and the presence of significant outliers in the never-married and currently-married groups, reinforcing the decision to use a non-parametric test.

Figure 6.7

Box Plot of ZII by Beneficiaries' Marital Status Category



Source: Primary Survey

The Kruskal-Wallis's test results indicate a statistically significant difference in ZII scores across marital status groups ($H(3) = 23.777, p < .001$), suggesting that marital status strongly influences how beneficiaries perceive the impact of Zakat assistance.

Given the significant Kruskal-Wallis H test result, Bonferroni-adjusted post-hoc pairwise comparisons were conducted to identify specific differences between the marital groups. The results in Table 6.28 indicate significant differences between several groups. Notably, the widow/widower group reported significantly lower ZII scores compared to both the currently married and never-married groups, suggesting that widowed individuals perceive Zakat assistance as less impactful. Similarly, the never-married group reported significantly higher scores than the divorced group. No significant difference was

observed between currently married and never married individuals, suggesting that these groups perceive Zakat impact similarly.

Table 6.28
Post-hoc Pairwise Comparisons of ZII Across Beneficiaries' Marital Status

Sl. No.	Sample 1-Sample 2	Test Statistic	Std. Error	Std. Test Statistic (Z)	p-value (Bonferroni)
1	Widow/Widower vs. Divorced	-27.343	29.965	-0.912	1.000
2	Widow/Widower vs. Currently-Married	66.261	18.396	3.602	.002
3	Widow/Widower vs. Never-Married	107.438	23.295	4.612	< .001
4	Divorced vs. Currently-Married	38.918	25.599	1.520	.771
5	Divorced vs. Never-Married	80.095	29.318	2.732	.038
6	Currently-Married vs. Never-Married	41.176	17.321	2.377	.105

Note. Each row tests the null hypothesis that the Sample 1 and 2 distributions are identical. The p-values have been adjusted using the Bonferroni correction for multiple comparisons.

Source: Primary Survey.

The analysis reveals that marital status significantly influences the perceived impact of Zakat in Kerala. Widowed beneficiaries perceive the lowest impact, possibly due to greater financial struggles or reduced access to economic resources. In contrast, never-married individuals report the highest ZII scores, possibly due to lower financial burdens and increased reliance on external assistance. These findings highlight the need for more targeted Zakat assistance for widowed and divorced beneficiaries, ensuring equitable distribution and addressing the unique socio-economic challenges faced by these groups.

Religious Affiliation and Perceived Impact of Zakat

Religious affiliation may influence perceptions of Zakat impact, particularly due to differences in cultural, financial, and community-based support systems. While Zakat is primarily an Islamic practice, its influence may extend beyond Muslim beneficiaries,

impacting non-Muslim recipients in different ways. Islamic teachings emphasize Zakat as a fundamental obligation for wealth redistribution, whereas non-Muslim beneficiaries may assess its impact differently. This section examines variations in the perceived impact of Zakat based on religious affiliation by comparing ZII scores between Muslim and non-Muslim beneficiaries. Descriptive statistics summarise central tendencies and distributional characteristics, while an independent samples t-test assesses statistical differences. Additionally, Cohen's *d* is computed to determine the effect size of the observed differences.

The results (Table 6.29) indicate that non-Muslim beneficiaries reported a slightly higher perceived impact of Zakat compared to their Muslim counterparts. However, the standard deviation values indicate that variation in responses is greater among non-Muslim beneficiaries, meaning that perceptions of Zakat impact vary more widely in this group. The skewness and kurtosis values for both groups suggest that the distributions are approximately normal, though the non-Muslim group exhibits slightly greater negative skewness, indicating a more concentrated distribution toward higher ZII scores. Levene's test confirms the assumption of equal variances, validating the t-test results.

Table 6.29
Comparison of ZII Across Religious Groups

Sl. No.	Religion	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	Islam	65.18	10.78	-0.58	0.17	338	$t = -1.267$ $df = 398$ $p = .206$ $Cohen's d \approx 0.17$
2	Non-Islam	67.10	12.22	-0.71	-0.35	62	
	Total	65.48	11.02	-0.59	0.03	400	

Note. ZII = Zakat Impact Index (expressed in percentages). Levene's test indicated equal variances, $F(1, 398) = 1.704, p = .193$. Cohen's *d* measures the effect size.

Source: Primary Survey

The independent samples t-test results indicate no statistically significant difference in ZII scores between the two religious groups, $t(398) = -1.267, p = .206$. This suggests that Zakat's impact is perceived similarly across Muslim and non-Muslim beneficiaries. The effect size ($d = 0.17$) is small, further supporting the conclusion that religious affiliation does not substantially influence the perceived impact of Zakat. These findings suggest

that Zakat distribution programs in Kerala are perceived similarly across religious groups, highlighting the equitable nature of the current system.

The findings suggest that religious affiliation does not significantly influence the perceived impact of Zakat among beneficiaries in Kerala. While non-Muslim beneficiaries reported slightly higher ZII scores than their Muslim counterparts, this difference was neither statistically nor practically significant. These results indicate that Zakat's impact is generally perceived consistently across religious groups, highlighting its broad economic and social benefits, irrespective of religious background.

Employment Status and Perceived Impact of Zakat

Employment status significantly shapes individuals' economic stability, which may influence their perception of Zakat's effectiveness in addressing financial hardships. Employed beneficiaries view Zakat as a supplementary financial resource, while unemployed individuals often rely more on external support systems, including Zakat. This section compares the perceived impact of Zakat between employed and unemployed beneficiaries in Kerala. Descriptive statistics and an independent samples t-test were used to compare the groups, and Cohen's *d* was computed to assess the effect size.

Table 6.30 presents the descriptive statistics for ZII scores across employment status, along with the results of the independent samples t-test. The data indicate that employed beneficiaries exhibit higher mean ZII scores compared to their unemployed counterparts.

The results indicate that employed beneficiaries reported higher ZII scores than their unemployed counterparts. The independent samples t-test revealed a statistically significant difference in ZII scores between the two groups ($t(398) = 8.399, p < .001$), suggesting employed individuals reporting significantly higher ZII scores compared to unemployed beneficiaries. The effect size ($d = 0.85$) suggests a large effect, indicating that employment status has a substantial influence on the perceived impact of Zakat in Kerala.

Table 6.30
Comparison of ZII Across Employment Status

Sl. No.	Employment Status	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	Employed	70.29	10.00	-1.20	1.86	176	$t = 8.399$ $df = 398$ $p < .001$
2	Unemployed	61.69	10.30	-0.40	-0.05	224	
	Total	65.48	11.02	-0.59	0.03	400	$Cohen's d \approx 0.85$

Note. ZII = Zakat Impact Index (expressed in percentages). Levene's test confirmed the equality of variances, $F(1, 398) = 1.699, p = .193$. Cohen's d measures the effect size.

Source: Primary Survey

The findings highlight a significant disparity in the perceived impact of Zakat between employed and unemployed beneficiaries. These results imply that while Zakat provides meaningful assistance to both employed and unemployed beneficiaries, its impact is perceived more strongly among those who are employed. This may suggest that employed individuals utilize Zakat more effectively to enhance their financial security, whereas unemployed beneficiaries may rely on it as a primary support mechanism but perceive it as insufficient for long-term economic stability. The large effect size further underscores the critical role of Zakat in supporting those without stable employment.

Variations in Perceived Impact of Zakat Across Income Levels

Income levels often influence individuals' financial needs and economic stability, which may potentially shape their perception of Zakat assistance. Beneficiaries with lower income levels may rely more heavily on Zakat for economic support, while those with relatively higher incomes may perceive its impact differently. This section examines whether perceived Zakat impact varies significantly across different income groups using descriptive statistics and one-way analysis of variance (ANOVA), and partial eta squared (η_p^2) was computed to assess the effect size.

Table 6.31 presents the descriptive statistics for the Zakat Impact Index (ZII) across income groups. The mean ZII scores indicate that perceived Zakat impact is relatively consistent across income categories, with only minor variations. The standard deviation values suggest that variability in ZII scores is relatively similar across all income groups, indicating a consistent pattern of responses. The skewness and kurtosis values suggest

that the distributions of ZII scores are approximately normal across all income groups, with minor deviations. These findings, coupled with the homogeneity of variance (Levene's test: $F(3, 396) = 2.447, p = .063$), validated the use of a standard one-way ANOVA for group comparisons.

The results of the one-way ANOVA indicate no statistically significant difference in ZII scores across income classes, $F(3, 396) = 0.876, p = .454$. This suggests that income level does not significantly influence how beneficiaries perceive the impact of Zakat assistance. The negligible estimated effect size ($\eta^2 = 0.007$) further supports the conclusion that income level does not substantially influence the perceived impact of Zakat. These findings suggest that Zakat distribution programs in Kerala are perceived similarly across income groups, highlighting the equitable nature of the current system.

Table 6.31

Comparison of ZII Across Income Classes

Income Class (₹)	Mean	SD	Skewness	Kurtosis	N	One-Way ANOVA Results
Up to 5,000	63.97	12.92	-0.51	-0.13	82	$F(3, 396) = 0.876$ $p = .454$ $\eta^2 = 0.007$
5,001 - 7,000	66.07	10.53	-0.70	0.23	180	
7,001 - 10,000	66.10	10.53	-0.56	-0.11	90	
Above 10,000	64.64	10.23	-0.06	-0.79	48	
Total	65.48	11.02	-0.59	0.03	400	

Note. ZII = Zakat Impact Index (expressed in percentages). Levene's test confirmed the homogeneity of variances, $F(3, 396) = 2.447, p = .063$. Eta-squared (η^2) represents the effect size.

Source: Primary Survey

This analysis demonstrates that income level does not significantly influence the perceived impact of Zakat among beneficiaries in Kerala, as evidenced by the non-significant ANOVA results and negligible effect size. The relatively consistent mean ZII scores across income groups suggest that Zakat assistance is perceived as equally beneficial, regardless of income level. These results highlight that Zakat is an inclusive financial assistance mechanism that supports both low- and higher-income beneficiaries without substantial disparities in perceived impact.

Perceived Impact of Zakat Among Beneficiaries Receiving Single vs. Multiple Items

The number of Zakat items received by a beneficiary may influence their perception of its impact on their socio-economic conditions. Some beneficiaries receive only one type of Zakat assistance, while others receive various types. This section examines the differences in the perceived impact of Zakat among beneficiaries who received a single type of assistance compared to those who received multiple types. Descriptive statistics and an independent samples t-test were used to compare the groups, and Cohen's *d* was computed to assess the effect size.

Table 6.32
Comparison of ZII By Number of Types of Zakat Assistance Received

Sl. No.	Number of Zakat Assistance Types Received	Mean	SD	Skewness	Kurtosis	N
1	Single Item	66.67	10.66	-0.71	0.14	259
2	Multiple Items	63.27	11.37	-0.38	0.04	141
	Total	65.48	11.02	-0.59	0.03	400

Independent Samples t-Test Results $t = 2.975, df = 398, p = .003$
Cohen's $d \approx 0.31$

Note. ZII = Zakat Impact Index (expressed in percentages). Levene's test indicated homogeneity of variances, $F(1, 398) = 0.877, p = .350$. Cohen's *d* measures the effect size.

Source: Primary Survey

Table 6.32 presents the summary descriptive statistics for the ZII across beneficiaries who received either a single or multiple Zakat items. The mean ZII scores suggest that beneficiaries who received a single type of Zakat assistance reported a slightly higher perceived impact compared to those who received multiple types of assistance. The standard deviation values indicate that variability in ZII scores is similar across both groups, though slightly higher in the multiple-item group. The skewness and kurtosis values suggest that the distribution of ZII scores for both groups is approximately normal, with minor deviations. These findings, coupled with the homogeneity of variance (Levene's test: $F(1, 398) = 0.877, p = .350$), justified the use of an independent samples t-test for group comparisons. The independent samples t-test results indicate a statistically significant difference in ZII scores between the two groups, $t(398) = 2.975, p = .003$. This suggests that the number of Zakat assistance types received influences how beneficiaries perceive its impact. The effect size ($d = 0.311$) is small to moderate,

indicating a meaningful but modest practical significance in the difference between the two groups.

The findings suggest that beneficiaries receiving a single type of Zakat assistance perceive a slightly higher impact than those receiving multiple forms of assistance. While the difference is statistically significant, the small to moderate effect size suggests that the number of Zakat items received does not strongly determine the overall perceived impact of Zakat in Kerala.

6.2.2.9 Factors Influencing the Perceived Impact of Zakat in Kerala: A Multiple Linear Regression Approach

This section employs a multiple linear regression framework to investigate how various demographic, socio-economic, and Zakat-related attributes shape the perceived impact of Zakat among beneficiaries in Kerala. While earlier analyses examined variations in the ZII using simpler or univariate methods, the current multivariate approach provides a more robust assessment by jointly estimating the effects of multiple explanatory variables. This technique clarifies each predictor's unique contribution and accounts for potential omitted variable bias or confounding. Recognizing these determinants is vital for Zakat administrators and policymakers seeking to design targeted interventions that enhance the efficacy and equity of Zakat distributions across Kerala.

Econometric Model Specification

Following econometric practices, the model posits that a respondent's perceived ZII depends on a linear combination of continuous variables—such as age, household size, and income—and several dummy variables for gender, religion, employment, education, marital status, and the nature of Zakat benefits received. The regression equation takes the following form:

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 X_{3i} + \beta_4 D_{4i} + \beta_5 D_{5i} + \beta_6 D_{6i} + \sum_{j=7}^8 \beta_j D_{ji} + \sum_{k=9}^{11} \beta_k D_{ki} + \beta_{12} D_{12i} + \beta_{13} D_{13i} + \epsilon_i$$

Where Y_i represents the ZII (in percentage), the dependent variable measuring the perceived overall impact of Zakat for respondent i . The explanatory variables include:

X_{1i} : Age of respondent i (in years, log-transformed).

X_{2i} : Household size (number of members in the respondent's household, log-transformed).

X_{3i} : Monthly household income of respondent i (in rupees, log-transformed).

D_{4i} : Gender (1 = Male, 0 = Female)

D_{5i} : Religion (1 = Islam, 0 = non-Islam)

D_{6i} : Employment status (1 = Employed, 0 = Unemployed)

D_{7j} : Education level dummies ($j=7,8$), with low education (up to primary) as the reference category:

D_{7i} : Medium level of schooling (Up to Higher Secondary)

D_{8i} : High level of education (Undergraduate and Above)

D_{ki} = Marital status dummies ($k = 9, 10, 11$), with never-married as the reference category:

D_{9i} : Currently married

D_{10i} : Widowed

D_{11i} : Divorced

D_{12i} : Whether Zakat is received as an income-generating asset (1 = Yes, 0 = No).

D_{13i} : Whether Zakat is received as a single or multiple item (1 = Single item, 0 = Multiple items).

ε_i : Stochastic error term capturing unexplained variations.

The final sample size is 392 observations, reflecting complete responses on all covariates. Table 6.33 presents the summary descriptive statistics for the variables included in the regression model.

Table 6.33*Descriptive Statistics of the Variables Used in the Regression Model*

Sl. No.	Variable	Mean	S.D.	Minimum	Maximum	Obs
1	Zakat Impact Index (%)	65.48	11.02	25.00	89.58	400
2	X ₁ (ln (Age))	3.70	0.35	3.00	4.38	400
3	X ₂ (ln (Household Size))	1.57	0.14	1.10	1.95	400
4	X ₃ (ln (Income))	8.84	0.35	8.01	11.41	392
5	D ₄ (Gender)	0.32	0.47	0	1	400
6	D ₅ (Religion)	0.84	0.36	0	1	400
7	D ₆ (Employment Status)	0.44	0.50	0	1	400
8	D ₇ (Education-Medium)	0.48	0.50	0	1	400
9	D ₈ (Education-High)	0.08	0.27	0	1	400
10	D ₉ (Marital - Married)	0.70	0.46	0	1	400
11	D ₁₀ (Marital - Widowed)	0.12	0.32	0	1	400
12	D ₁₁ (Marital - Divorced)	0.06	0.23	0	1	400
13	D ₁₂ (Income Gen.Asset)	0.26	0.44	0	1	400
14	D ₁₃ (Zakat Items)	0.65	0.48	0	1	400

Source: Primary Survey

Table 6.34 shows the bivariate correlation coefficients among all model variables. The correlation coefficients between the predictors were generally low to moderate, with no pairwise correlation exceeding ± 0.65 , indicating no risk of multicollinearity. Moreover, the correlation between explanatory variables and the dependent variable (ZII) is moderate, with key predictors like age (negative), employment (positive), and receipt of income-generating Zakat (positive) supporting their inclusion in the model. These preliminary findings suggest no major concerns with multicollinearity and justify proceeding with the multiple regression analysis.

Table 6.34*Correlation Matrix of Regression Variables*

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
(1) ZII	1.000													
(2) ln (Age)	-0.336	1.000												
(3) ln (Household Size)	0.155	-0.089	1.000											
(4) ln (Income)	-0.040	-0.005	-0.093	1.000										
(5) Gender	0.042	-0.015	0.058	-0.028	1.000									
(6) Religion	-0.057	-0.113	0.074	-0.058	-0.061	1.000								
(7) Employment Status	0.381	0.260	-0.013	0.008	0.005	-0.115	1.000							
(8) Education-Medium	0.100	-0.230	0.072	0.091	-0.077	0.071	-0.003	1.000						
(9) Education-Medium-High	0.108	-0.449	0.057	-0.064	0.114	0.104	-0.250	-0.289	1.000					
(10) Marital – Married	0.070	0.192	-0.079	0.061	-0.056	-0.051	0.293	0.003	-0.235	1.000				
(11) Marital – Widow	-0.239	0.305	0.048	-0.013	-0.072	-0.023	-0.061	-0.038	-0.106	-0.548	1.000			
(12) Marital – Divorced	-0.043	0.111	-0.107	-0.032	-0.160	0.069	-0.023	-0.062	-0.069	-0.358	-0.082	1.000		
(13) Income Gen.Asset	0.479	0.095	-0.005	-0.031	-0.035	-0.141	0.622	0.088	-0.177	0.168	-0.027	0.047	1.000	
(14) Zakat Items	0.153	-0.049	0.027	0.014	0.053	0.015	0.122	0.025	-0.013	0.092	-0.142	-0.070	0.075	1.000

Source: Primary Survey

Regression Model Adequacy and Diagnostic Tests

Diagnostic tests checking for specification errors, multicollinearity, heteroskedasticity, and normality of residuals were performed to ensure the robustness of the estimated regression model. The results are summarised in Table 6.35

Table 6.35

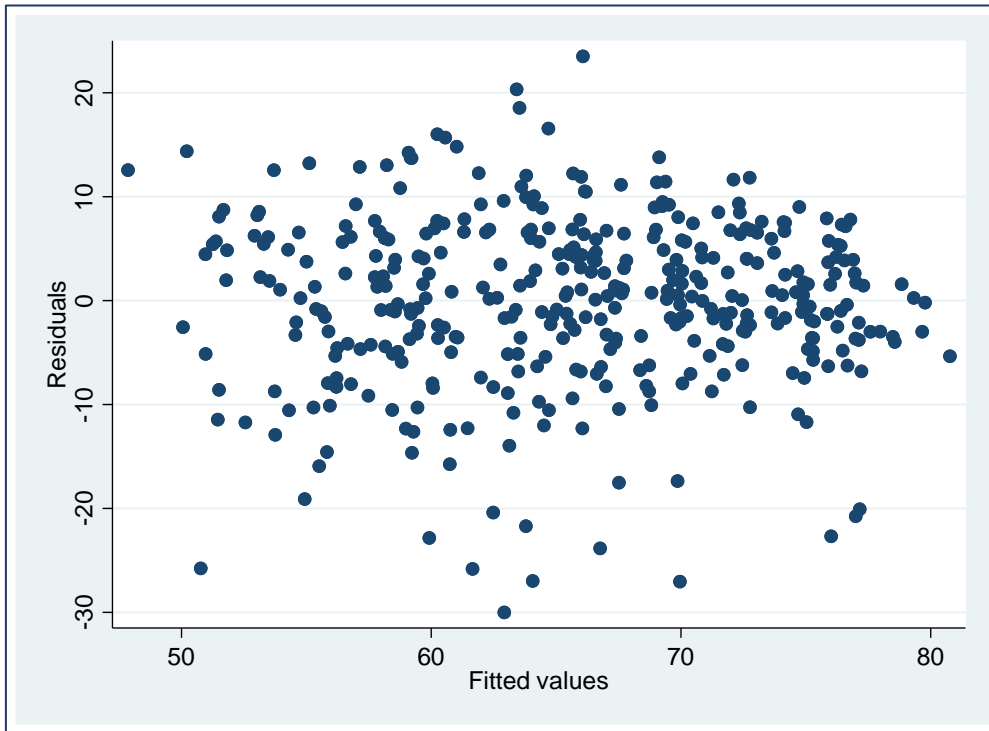
Regression Model Adequacy Test Results

Sl. No.	Test	Statistic	p-value	Conclusion
1	RESET Test (Specification Bias)	$F(3,375) = 2.07$	.104	No specification bias
2	Breusch-Pagan Test (Heteroskedasticity)	$\chi^2(1) = 11.47$	.001	Heteroskedasticity is present
3	White's Test (Heteroskedasticity)	$\chi^2(85) = 98.93$	.143	No heteroskedasticity
4	Shapiro-Wilk W Test (Normality of Residuals)	$W = 0.972$ $z = 4.815$	< .001	Residuals are not normally distributed
5	Skewness-Kurtosis (Jarque-Bera) Test (Normality of Residuals)	$\chi^2(2) = 29.74$	< .001	Residuals are not normally distributed
6	Variance Inflation Factor (VIF) Test (Multicollinearity)	Mean $VIF = 1.78$	--	No severe multicollinearity
7	Non-linearity test (squares)	$\chi^2(3) = 1.909$	.591	Relationship is linear
8	Non-linearity test (logs)	$\chi^2(2) = 2.027$	.567	Relationship is linear

Source: Primary Survey

Figure 6.8

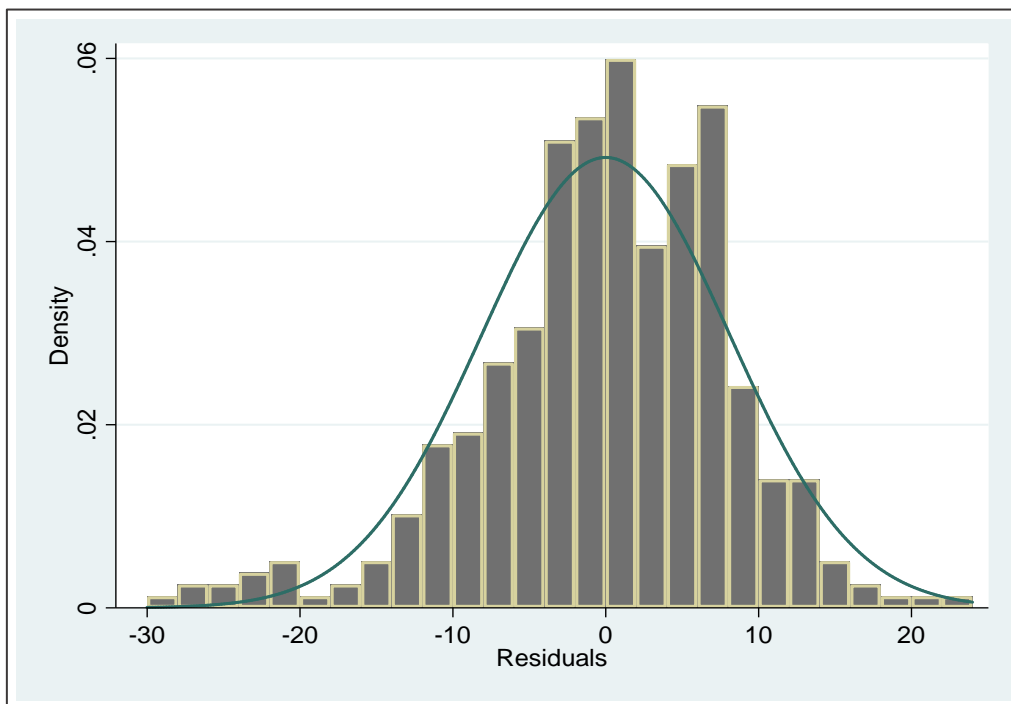
Residuals vs. Fitted Values



Source: Primary Survey

Figure 6.9

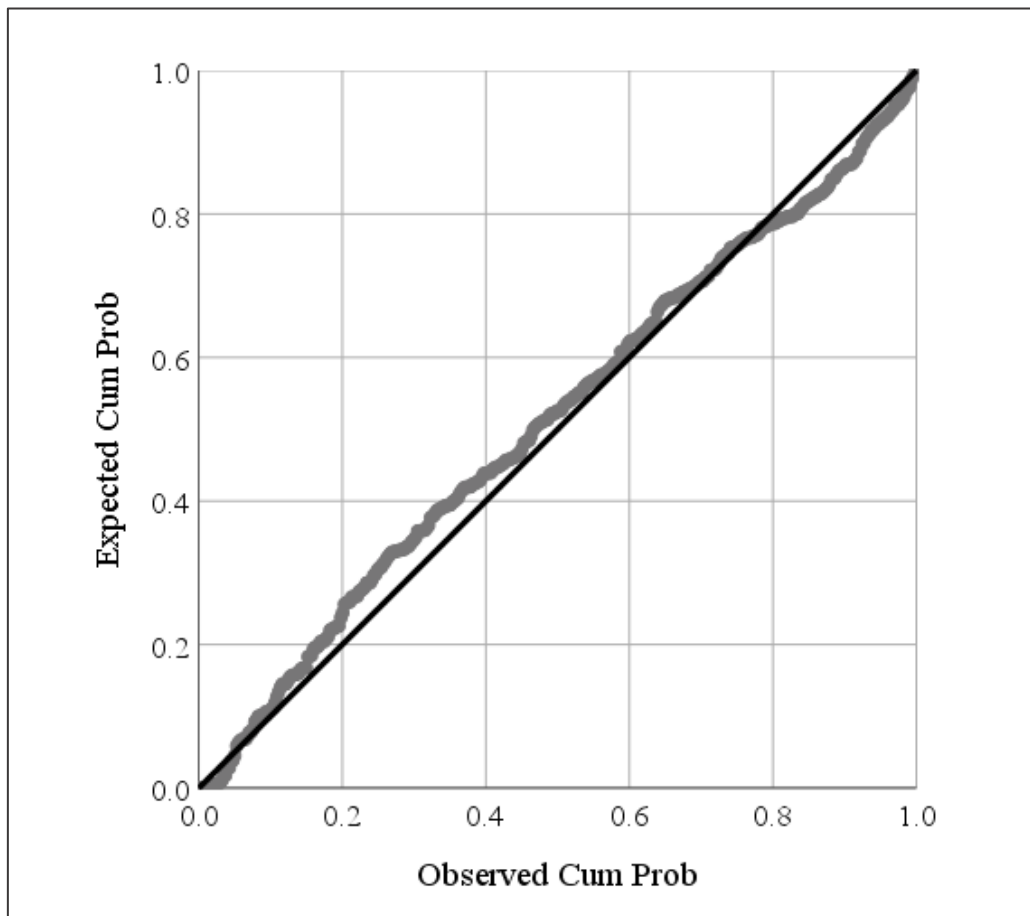
Histogram of Residuals with Normal Curve



Source: Primary Survey

Figure 6.10

Normal P-P Plot of Regression Standardised Residual



Source: Primary Survey

Model Specification: The Ramsey RESET test (using squares and cubes) indicated no evidence of omitted variable bias ($F(3,375) = 2.07, p = .104$), confirming that the model is correctly specified.

Multicollinearity: Multicollinearity was assessed using Variance Inflation Factors (VIF). Variance Inflation Factors (VIF) averaged 1.78, with all VIFs below 4, demonstrating an absence of severe multicollinearity.

Heteroskedasticity: The Breusch-Pagan test ($\chi^2(1) = 11.47, p = .001$) indicated the presence of some degree of heteroskedasticity, suggesting that the variance of the residuals may not be constant across all levels of the independent variables. However, White's test ($\chi^2(85) = 98.93, p = .143$) did not detect significant heteroskedasticity, implying that the issue is not severe. This discrepancy between the two tests may arise

due to differences in their sensitivity to specific forms of heteroskedasticity. Visual inspection of the residuals versus fitted values plot (Figure 6.8) further supports the absence of severe heteroskedasticity, as the spread of residuals does not exhibit a systematic pattern with respect to predicted values. Given this mixed signal, robust standard errors were applied to mitigate potential biases from non-constant error variance. The robust standard errors provide reliable estimates for hypothesis testing even in the presence of heteroskedasticity.

Normality of Residuals: The Shapiro-Wilk test ($W = 0.972, p < .001$) and Skewness-Kurtosis test ($\chi^2(2) = 29.74, p < .001$) indicated that the residuals were not normally distributed. However, graphical assessments using a histogram (Figure 6.9) and normal P-P plot (Figure 6.10) suggest the deviations from normality are not severe. The histogram showed a roughly symmetric distribution of residuals, and the P-P plot indicated that the residuals closely followed the diagonal line, with only minor deviations in the tails. Moreover, given the large sample size ($n=392$), the Central Limit Theorem ensures that the non-normality of residuals does not invalidate inference, particularly when combined with robust standard errors.

Linearity: Finally, tests for non-linearity ($\chi^2(3) = 1.909, p = .591$ for polynomial; $\chi^2(2) = 2.027, p = .567$ for logarithmic terms) indicated no significant non-linear patterns, confirming that the linear specification was appropriate.

Given these diagnostic results, the estimated regression model satisfies the key assumptions of Ordinary Least Squares (OLS) regression, ensuring the reliability of the coefficient estimates.

Results and Discussion

The multiple linear regression model was estimated using the OLS method with robust standard errors to account for potential heteroskedasticity, and the results are presented in Table 6.36. The model explains approximately 45.49% of the variation in the ZII, as indicated by the R-squared value ($R^2 = 0.4549$), indicating a strong explanatory power for a cross-sectional dataset of this nature. The overall model is statistically significant, $F(13,378) = 24.26, p < .001$, confirming that the included predictors collectively explain a significant portion of the variation in ZII.

Table 6.36*Multiple Linear Regression Estimation Results for ZII*

Predictor	Unstandardised Coefficients (B)	Robust Std. Err.	Standardised Coefficients (β)	t	p	VIF
(Constant)	93.727***	13.794	--	6.790	<.001	--
ln (Age)	-11.074***	1.708	-0.351	6.480	<.001	2.26
ln (Household Size)	9.599***	3.306	0.123	2.900	.004	1.05
ln (Income)	-0.578	1.222	-0.018	0.470	.636	1.03
Gender (Male = 1)	0.210	1.023	0.009	0.210	.838	1.15
Religion (Islam = 1)	-1.013	1.135	-0.034	0.890	.373	1.07
Empt. Status (Employed = 1)	5.791***	1.328	0.263	4.360	<.001	1.86
Education (Medium = 1)	-0.338	1.014	-0.015	0.330	.739	1.37
Education (High = 1)	1.277	1.753	0.032	0.730	.467	1.72
Marital Status (Married = 1)	-2.022	1.730	-0.084	1.170	.243	3.64
Marital Status (Widowed = 1)	-5.235**	2.504	-0.151	2.090	.037	3.11
Marital Status (Divorced = 1)	-1.819	2.553	-0.036	0.710	.477	2.03
Income Gen. Asset (Received = 1)	8.978***	1.392	0.359	6.450	<.001	1.73
Zakat Items (Single = 1)	1.348	0.886	0.059	1.520	.129	1.05
R ²	0.4549		Number of obs		392	
F (13, 378)	24.26		Prob > F		<.001	
Adjusted R ²	0.4361		Akaike crit. (AIC)		2780.508	

Note. *** $p < .01$, ** $p < .05$, * $p < .1$

Source: Primary survey.

Among the continuous variables, log-transformed age emerged as a strong and statistically significant negative determinant of ZII ($B = -11.07$, robust $S.E. = 1.71$, $\beta = -0.351$, $p < .001$). This indicates that older beneficiaries tend to perceive a lower impact of Zakat compared to younger ones, holding other factors constant. In contrast, household size (log-transformed) was positively and significantly associated with ZII ($B = 9.60$, robust $S.E. = 3.31$, $\beta = 0.123$, $p = .004$), suggesting that beneficiaries from larger households experience higher impact levels, possibly due to increased dependence or need within such households. Monthly household income (in natural log form), however, was not a statistically significant predictor ($B = -0.578$, $S.E. = 1.222$, $\beta = -0.018$, $p = .636$), indicating that income differences did not significantly shape perceptions of Zakat's effectiveness once other variables were controlled for.

Regarding categorical predictors, employment status was a significant and positive determinant of ZII ($B = 5.79$, robust $S.E. = 1.33$, $\beta = 0.263$, $p < .001$), implying that employed beneficiaries perceived higher Zakat impact scores than their unemployed counterparts. This result suggests that employment may enhance one's ability to utilise Zakat effectively. Crucially, the variable capturing whether Zakat was received in the form of an income-generating asset showed a strong and statistically significant positive effect on ZII ($B = 8.98$, robust $S.E. = 1.39$, $\beta = 0.359$, $p < .001$), highlighting the transformative potential of productive asset-based assistance.

Gender ($B = 0.210$, robust $S.E. = 1.023$, $\beta = 0.009$, $p = .838$) and religion ($B = -1.013$, robust $S.E. = 1.135$, $\beta = -0.034$, $p = .373$) were not statistically significant predictors of ZII, suggesting no differential impact of Zakat based on these characteristics. Similarly, the number of Zakat items received (single vs. multiple) did not have a statistically significant effect on ZII ($B = 1.348$, robust $S.E. = 0.886$, $\beta = 0.059$, $p = .129$), suggesting that the quantity of assistance alone may not be a determining factor.

Neither the medium ($B = -0.338$, robust $S.E. = 1.014$, $\beta = -0.015$, $p = .739$) nor high education ($B = 1.277$, robust $S.E. = 1.753$, $\beta = 0.032$, $p = .467$) levels had statistically significant effects on ZII compared to the low-education reference group. A joint F-test for the education dummy variables was conducted to examine whether education level significantly impacts perceived Zakat outcomes. This test was not statistically significant, $F(2, 378) = 0.59$, $p = .554$, confirming that education does not collectively influence ZII once other factors are included.

Similarly, among the marital status categories (Married, Widow, Divorced), only the widowed beneficiaries reported significantly lower ZII scores compared to the never-married group ($B = -5.235$, robust S.E. = 2.504, $\beta = -0.151$, $p = .037$). Neither the married nor the divorced categories showed statistically significant differences from the reference group. Though the individual marital status dummies did not show consistent significance, a joint F-test was conducted to assess whether marital status as a group significantly influenced ZII. The result was not statistically significant, $F(3, 378) = 1.65$, $p = .178$, indicating that, collectively, the marital status variables do not exert a statistically meaningful influence on ZII.

The multiple regression results provide compelling evidence that beneficiaries' age, household size, employment status, and the nature of Zakat assistance (specifically, whether it is income-generating) are significant determinants of the perceived impact of Zakat in Kerala. These findings are largely consistent with earlier univariate analyses, though the multivariate model adjusts for confounding effects and thus provides more reliable estimates. The results reinforce the importance of designing zakat interventions that are employment-sensitive and asset-based to maximize beneficiary outcomes.

Overall, the findings underscore the importance of designing Zakat programmes that strategically allocate income-generating assets and address the needs of potentially vulnerable subgroups, such as older and widowed individuals.

This section has provided a comprehensive and methodologically rigorous examination of the perceived impact of Zakat on beneficiaries in Kerala. Through exploratory and confirmatory factor analysis, the study validated two primary dimensions of Zakat's impact—economic and social—each measured using reliable and statistically robust constructs. The findings reveal that beneficiaries generally perceive Zakat to have a moderate to high impact, with the economic dimension being notably stronger than the social one. This underscores Zakat's significant role in addressing both financial and communal needs, highlighting its effectiveness as a tool for poverty alleviation and socio-economic development.

The analysis also identified significant variations in the perceived impact of Zakat across demographic and socio-economic factors, including age, household size, education,

employment status, and marital status. Regression results further confirmed that younger age, employment status, and the receipt of income-generating assets significantly enhance the perceived impact of Zakat. Interestingly, factors such as income levels, gender, and religious affiliation did not significantly influence perceptions, reflecting the inclusive and equitable nature of Zakat distribution in Kerala.

In conclusion, this study provides strong empirical evidence for the critical role of Zakat in alleviating poverty and enhancing socio-economic well-being in Kerala. While Zakat is broadly impactful and equitably distributed, targeted interventions are necessary to address the needs of specific subgroups, such as older adults, widowed individuals, and those with lower education levels. Additionally, promoting productive uses of Zakat, such as income-generating assets, could further amplify its developmental potential. These findings emphasize the importance of data-driven planning and targeted intervention strategies to maximize the effectiveness of Zakat distribution programmes in Kerala. By addressing the unique needs of vulnerable populations and leveraging Zakat's potential for economic empowerment, policymakers and Zakat administrators can ensure more inclusive and sustainable outcomes for beneficiaries.

6.3 Beneficiary Satisfaction with Zakat Assistance

In welfare economics, beneficiary satisfaction serves as a proxy for service adequacy, equity, inclusiveness, and responsiveness to beneficiaries' needs, particularly in the context of redistributive mechanisms such as Zakat. Given the socio-economic and religious significance of Zakat as a mechanism for poverty alleviation and social welfare, evaluating beneficiary satisfaction is particularly critical in contexts like Kerala, where Zakat administration exhibits distinct local characteristics and implementation practices. Previous research highlights that beneficiary perceptions of welfare assistance significantly influence programme acceptance, sustainability, and overall impact (Ahmed & Md Salleh, 2016; Ali & Hatta, 2014).

This section aims to comprehensively investigate the second part of the fourth objective—Zakat beneficiary satisfaction among recipients in Kerala by developing and validating an appropriate measurement tool—the Zakat Beneficiary Satisfaction (ZBS) scale. It further examines the prevalence, magnitude, and distributional properties of satisfaction among beneficiaries, highlighting differences based on socio-economic and demographic characteristics. Additionally, the determinants of beneficiary satisfaction are explored using advanced analytical techniques. The section is structured sequentially, beginning with scale development and validation, followed by an examination of satisfaction prevalence, descriptive and inferential analyses of group differences, and concluding with an exploration of satisfaction determinants through path analysis.

6.3.1 Development and Validation of the Zakat Beneficiary Satisfaction Scale

This section details the development, validation, and psychometric evaluation of the Zakat Beneficiary Satisfaction (ZBS) scale, an instrument designed to measure beneficiaries' satisfaction with the Zakat assistance received in Kerala. Beneficiary satisfaction is a crucial indicator of the quality, accessibility, and perceived fairness of Zakat distribution, thereby informing the effectiveness and responsiveness of the Zakat management system.

Scale Development

The ZBS scale comprises six Likert-scale items formulated based on an extensive literature review, expert consultations, and the practical realities of Zakat delivery in

Kerala. The items were formulated to capture essential dimensions of satisfaction, including perceived usefulness, fairness and transparency, timeliness, adequacy of assistance, service delivery, and ease of access. Respondents rated each item on a 5-point scale ranging from 0 (Strongly disagree) to 4 (Strongly agree).

Exploratory Factor Analysis

An exploratory factor analysis (EFA) using maximum likelihood estimation was performed to explore the underlying factor structure of the ZBS scale. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was .733, indicating that the sample was suitable for factor analysis. Bartlett's test of sphericity was statistically significant ($\chi^2 = 1703.33$, $df = 15$, $p < .001$), supporting the factorability of the correlation matrix (see Table 6.37).

Table 6.37
KMO and Bartlett's Test

Test	Value
Kaiser-Meyer-Olkin Measure	0.733
Bartlett's Test of Sphericity	$\chi^2 = 1703.328$, $df = 15$, $p < .001$

The EFA identified a single-factor solution explaining 60.47% of the total variance, indicating unidimensionality of the scale (see Table 6.38). The scree plot (Figure 6.11) further supported this single-factor structure. All six items loaded strongly on the single factor, with loadings ranging from .636 to .834, demonstrating adequate construct representation (Table 6.40). The communalities ranged from .405 to .696 (Table 6.39), confirming that each item shared sufficient variance with the underlying factor.

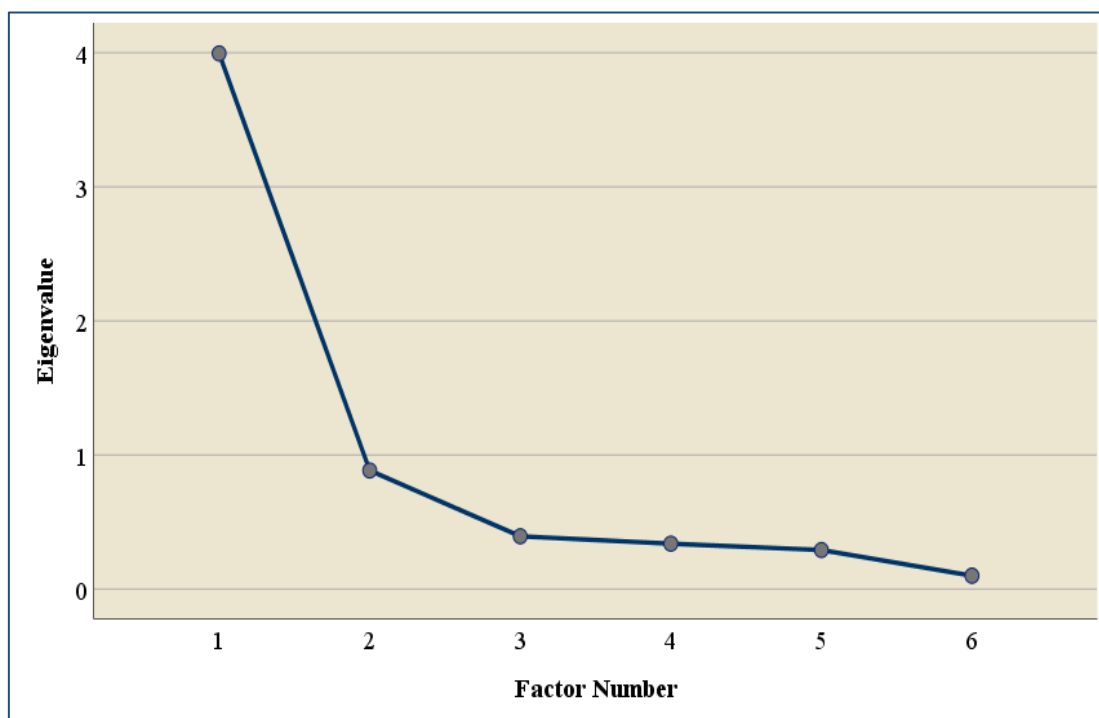
Table 6.38
Total Variance Explained

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.994	66.570	66.570	3.628	60.472	60.472
--	--	--	--	--	--	--

Note. Only the first factor was retained.

Figure 6.11

Scree Plot Determining the Number of Factors



Source: Primary Survey

Table 6.39

EFA Communalities

Sl. No.	Item	Acronym	Communalities	
			Initial	Extraction
1	The overall usefulness of Zakat support	ZBS1	.789	.533
2	Fairness and transparency of the Zakat distribution process.	ZBS2	.743	.405
3	Timeliness of assistance	ZBS3	.675	.685
4	Amount of assistance received	ZBS4	.647	.640
5	Behaviour and support of Zakat staff or volunteers	ZBS5	.639	.668
6	Ease of access to assistance	ZBS6	.676	.696

Note. Extraction Method: Maximum Likelihood.

Table 6.40
Factor Matrix

Sl. No.	Item	Acronym	Factor 1 (ZBS)
1	The overall usefulness of Zakat support	ZBS1	.730
2	Fairness and transparency of the Zakat distribution process.	ZBS2	.636
3	Timeliness of assistance	ZBS3	.828
4	Amount of assistance received	ZBS4	.800
5	Behaviour and support of Zakat staff or volunteers	ZBS5	.818
6	Ease of access to assistance	ZBS6	.834

Note. Extraction Method: Maximum Likelihood.

The EFA confirmed that the ZBS scale is unidimensional and captures a single latent construct representing overall satisfaction with Zakat assistance.

Reliability Analysis

Reliability analysis using Cronbach's alpha indicated strong internal consistency ($\alpha = .895$; standardised $\alpha = .898$), exceeding the commonly accepted threshold of .70 (Nunnally & Bernstein, 1994). All corrected item-total correlations were above the recommended threshold of .50, ranging from .554 to .800, and the inter-item correlations ranged from .542 to .686, reflecting strong internal coherence. These findings confirm that all items contribute meaningfully to the scale's reliability.

Confirmatory Factor Analysis

A Confirmatory Factor Analysis using AMOS 25 was conducted to validate the factor structure of the ZBS scale. The model demonstrated excellent fit to the data, with fit indices meeting or exceeding recommended thresholds (see Table 6.41).

Table 6.41
Model Fit Indices

Sl. No.	Measure	Estimate	Threshold*	Interpretation
1	CMIN/DF	1.778	Between 1 and 3	Excellent
2	CFI	0.996	>0.95	Excellent
3	SRMR	0.021	<0.08	Excellent
4	RMSEA	0.044	<0.06	Excellent

Note: CMIN/DF = Chi-square/degrees of freedom ratio; CFI = Comparative Fit Index; SRMR = Standardized Root Mean Residual; RMSEA = Root Mean Square Error of Approximation. *Thresholds are based on Hu and Bentler (1999).

Table 6.42
Factor Loadings for the CFA Model

Item	Factor Loadings		S.E.	C.R.	p-value
	Unstandardised	Standardised			
ZBS1	1.000	0.784	--	--	--
ZBS2	0.750	0.709	0.071	10.55	<.001
ZBS3	0.864	0.818	0.070	17.88	<.001
ZBS4	0.871	0.803	0.071	17.46	<.001
ZBS5	0.799	0.798	0.072	17.35	<.001
ZBS6	0.919	0.823	0.070	18.00	<.001

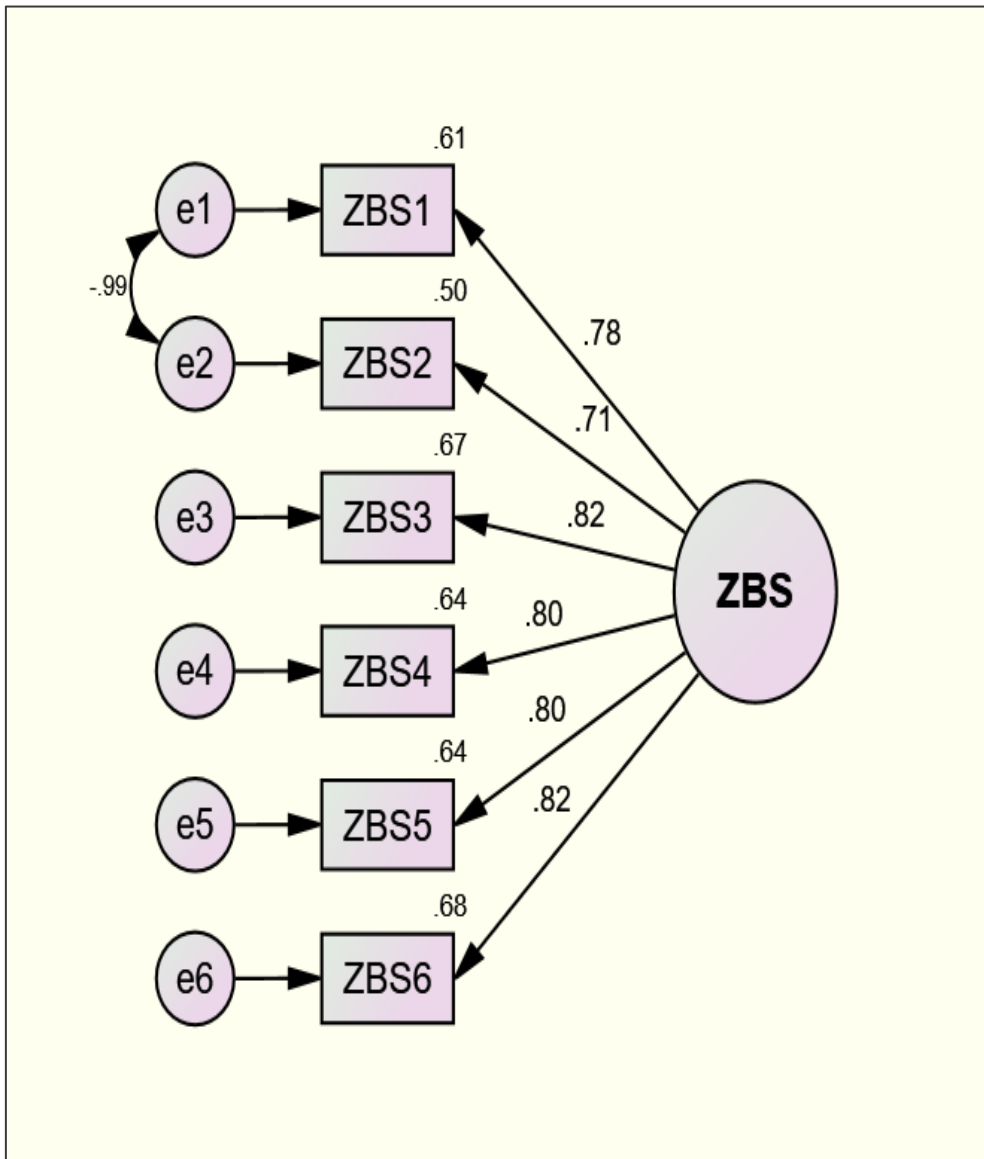
All standardised factor loadings were strong ($>.70$) and significant ($p < .001$), suggesting strong item-factor relationships and convergent validity (Table 6.42). The average variance extracted (AVE) was 0.624, and the composite reliability (C.R.) was 0.909, both exceeding the recommended thresholds of .50 and .70, respectively, providing additional evidence of convergent validity and construct reliability (Fornell & Larcker, 1981).

All standardised factor loadings were strong ($>.70$) and significant ($p < .001$), suggesting strong item-factor relationships and convergent validity (Table 5.72). Composite

Reliability (C.R. = .909) and Average Variance Extracted (AVE = .624) exceeded recommended cut-offs, further supporting construct reliability and convergent validity (Fornell & Larcker, 1981).

Figure 6.12

The Estimated Measurement (CFA) Model for ZBS Scale



Source: Primary Survey

Scale Validity and Psychometric Properties

Collectively, these analyses establish the psychometric robustness of the ZBS scale. The EFA and CFA results confirmed its unidimensional structure, high reliability, and strong validity, ensuring the scale's effectiveness in capturing satisfaction across multiple dimensions of Zakat assistance. Although brief, the six-item scale effectively captures key facets of beneficiary satisfaction, making it a valid and efficient tool for further empirical investigation.

The ZBS scale is a reliable and valid instrument for assessing satisfaction among Zakat recipients in Kerala. The six-item scale provides Zakat administrators and policymakers with actionable insights into beneficiary experiences, facilitating informed improvements in Zakat distribution and management.

6.3.2 Prevalence and Magnitude of Zakat Beneficiary Satisfaction in Kerala

Beneficiary satisfaction is an essential indicator of the quality and effectiveness of Zakat distribution, providing insights into whether the Zakat system adequately meets beneficiaries' needs and expectations. This section analyses the prevalence, nature, and magnitude of satisfaction among Zakat beneficiaries in Kerala based on responses to the ZBS scale. As outlined earlier, the ZBS scale consists of six items measuring various facets of beneficiary satisfaction, including perceived usefulness, fairness, timeliness, adequacy of support, staff behaviour, and ease of accessibility. Each item was rated on a 5-point Likert scale, where responses ranged from 0 (Strongly Disagree) to 4 (Strongly Agree), with 2 representing the neutral point on the scale.

To assess the general level of satisfaction and determine whether beneficiaries exhibit statistically significant satisfaction or dissatisfaction, both descriptive statistics and one-sample t-tests were employed. Specifically, t-tests were conducted against a test value of 2, representing a neutral midpoint on the satisfaction scale. A mean score significantly greater than 2 indicates satisfaction, while a score significantly below 2 would suggest dissatisfaction.

Table 6.43 presents the descriptive statistics and results from the one-sample t-tests. Mean scores for all six indicators substantially exceeded the neutral midpoint, ranging from 3.24 to 3.53. This indicates a consistently high level of perceived satisfaction among beneficiaries across different dimensions of Zakat services. The composite satisfaction

score—the average of all six items—also reflects strong overall satisfaction ($M = 3.38$, $SD = 0.54$). The skewness and kurtosis statistics confirmed that the distribution of responses did not demonstrate extreme deviations from normality, suggesting appropriateness for parametric testing.

One-sample t-tests further reinforced these findings, revealing that the mean scores of each satisfaction dimension were statistically significantly greater than the neutral midpoint of 2. The composite ZBS score was also significantly above the neutral midpoint, $t(399) = 51.07, p < .001$, with a mean difference of 1.38. These robust statistical results indicate that Zakat beneficiaries in Kerala perceive high levels of satisfaction regarding various aspects of the assistance received.

Table 6.43*Descriptive Statistics and One-Sample t-Test Results for Zakat Beneficiary Satisfaction Indicators*

Sl. No.	ZBS Indicator	Mean	S.D.	Skewness	Kurtosis	N	One-Sample Test Statistics [Test Value = 2]			
							<i>t</i>	<i>df</i>	<i>p</i>	Mean Difference
1	I am satisfied with the overall usefulness of Zakat support in areas like education, healthcare, and basic needs.	3.24	0.77	-0.60	-0.57	400	31.99	399	<.001	1.24
2	I am satisfied with the fairness and transparency of the Zakat distribution process.	3.53	0.64	-1.02	-0.06	400	47.70	399	<.001	1.53
3	I am satisfied with how quickly Zakat assistance was provided when needed.	3.37	0.64	-0.73	0.61	400	42.75	399	<.001	1.37
4	I am satisfied with the amount of Zakat assistance I received.	3.36	0.66	-0.59	-0.41	400	41.41	399	<.001	1.36
5	I am satisfied with the behaviour and support provided by Zakat staff or volunteers.	3.41	0.61	-0.48	-0.64	400	46.39	399	<.001	1.41
6	I am satisfied with how easy it was to access Zakat assistance when I needed it.	3.38	0.68	-0.77	0.09	400	40.79	399	<.001	1.38
Composite Zakat Beneficiary Satisfaction Score		3.38	0.54	-0.88	0.63	400	51.07	399	<.001	1.38

Note. Test value = 2 represents a neutral response midpoint on the 5-point Likert satisfaction scale.

Source: Primary Survey Data

The analysis reveals that Zakat beneficiaries in Kerala exhibit strong and statistically significant satisfaction with various aspects of Zakat service delivery. The findings are consistent across all six dimensions of the ZBS scale and are supported by both descriptive and inferential statistics. These insights highlight the effectiveness of the state's current Zakat distribution mechanisms. Subsequent sections will explore how satisfaction levels vary across key socio-economic and demographic segments, providing deeper insights into beneficiaries' differential experiences.

6.3.3 Magnitude and Distributional Properties of the Zakat Beneficiary Satisfaction Index

Understanding the overall satisfaction of beneficiaries is crucial to evaluating the effectiveness of Zakat assistance. To this end, a composite metric—the Zakat Beneficiary Satisfaction Index (ZBSI)—was developed based on the six-item ZBS scale. This index facilitates a more interpretable, percentage-based representation of beneficiary satisfaction, enabling clearer comparisons across individuals and subgroups.

The ZBSI was calculated using the following formula:

$$ZBSI_i = \left(\frac{\sum_{i=1}^6 ZBX_i}{6} \right) \times 25$$

Where ZBX_i represents the satisfaction rating for the *i*th item on the ZBS scale, with each item rated on a 5-point Likert scale (0 = Strongly Disagree to 4 = Strongly Agree). The resulting ZBSI ranges from 0% (complete dissatisfaction) to 100% (complete satisfaction), with 50% serving as the theoretical midpoint. Based on this structure, scores exceeding 50% signify overall satisfaction among beneficiaries, while those below this threshold represent dissatisfaction. This cut-off aligns with the midpoint of the original 5-point Likert scale and provides a useful benchmark for interpretation.

6.3.3.1 Descriptive Properties of the Satisfaction Index

Table 6.43 summarises descriptive statistics for the ZBSI, revealing insights into its distribution and variability. The results indicate substantial variability in satisfaction scores, with index values ranging from 37.5% to 100%, spanning from moderate to very

high satisfaction levels. The mean value illustrates that beneficiaries generally experienced a relatively high degree of satisfaction from the Zakat assistance provided.

The standard deviation highlights moderate dispersion in satisfaction levels across the sample. The ZBSI distribution is slightly negatively skewed, suggesting that a relatively higher proportion of respondents expressed greater satisfaction with the Zakat system. Moreover, the kurtosis statistic, approximating a mesokurtic distribution, confirms that the ZBSI scores follow a near-normal distribution without excessive peak or tail concentration. These characteristics suggest that the ZBSI is statistically well-behaved and appropriate for further parametric analyses.

Table 6.44
Descriptive Statistics of the Zakat Beneficiary Satisfaction Index
(*N* = 400)

Sl. No.	Statistic	Value
1	Minimum	37.50
2	Maximum	100.00
3	Mean	84.46
4	Std. Deviation	13.49
5	Skewness	-0.88
6	Kurtosis	0.634

Source: Primary Survey

These descriptive results collectively reveal a high level of satisfaction among Zakat beneficiaries in Kerala, albeit with some variability.

6.3.3.2 Distributional Pattern of Zakat Beneficiary Satisfaction in Kerala

To explore the spread of satisfaction levels more concretely, the respondents were grouped into six categories based on their ZBSI scores. Table 6.45 presents the magnitude-wise distribution of ZBSI, ranging from scores below 50% (indicating dissatisfaction) to the highest bracket of 90–100%. The distribution reveals that the majority of beneficiaries report moderate to high satisfaction with Zakat services. Most

beneficiaries fall into the higher satisfaction categories, with nearly two-thirds scoring above 80% on the ZBSI, indicating strong satisfaction. Only a negligible segment reported scores suggestive of dissatisfaction. These results suggest that satisfaction with Zakat services is not only widespread but also skewed toward the higher end of the distribution.

Table 6.45
Magnitude-Wise Distribution of the Zakat Beneficiary Satisfaction Index

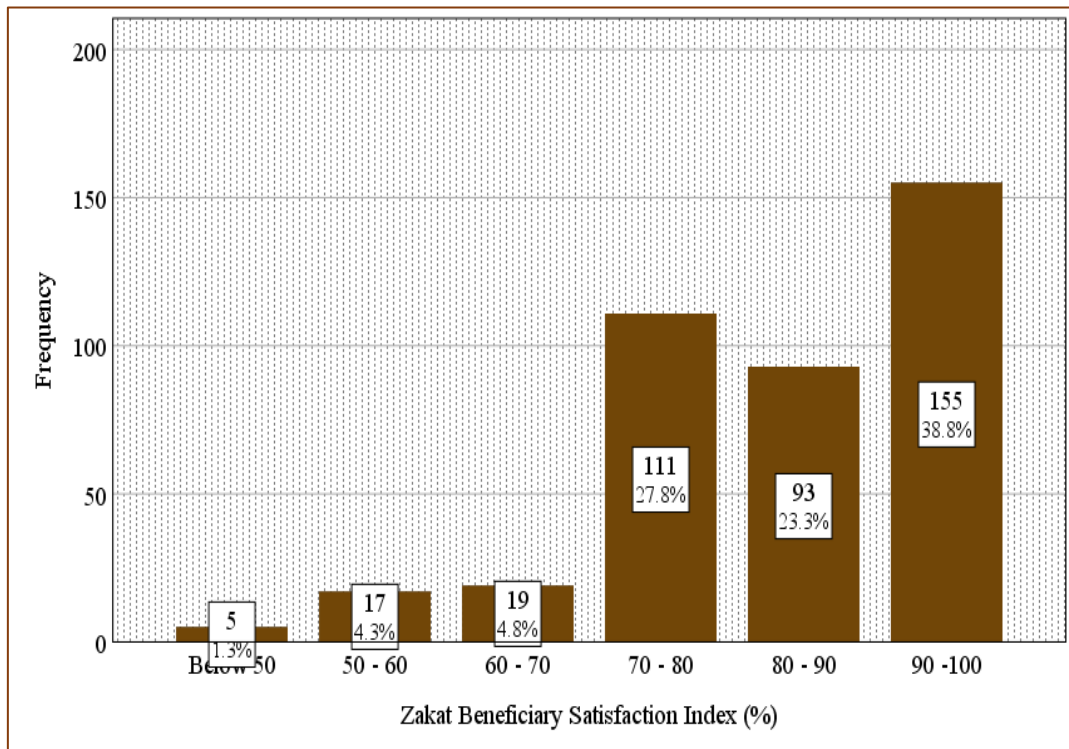
Sl. No.	ZBSI Range	Number of Respondents	Percentage	Cumulative Percentage
1	Below 50	5	1.3	1.3
2	50 - 60	17	4.3	5.5
3	60 - 70	19	4.8	10.3
4	70 - 80	111	27.8	38.0
5	80 - 90	93	23.3	61.3
	90 -100	155	38.8	100.0
	Total	400	100.0	

Note. ZBSI is scaled from 0% (complete dissatisfaction) to 100% (complete satisfaction).

Source: Primary Survey

Figure 6.13

Magnitude-Wise Distribution of Zakat Beneficiary Satisfaction Index



Source: Primary Survey

Figure 6.13 reinforces the finding that the satisfaction levels of Zakat beneficiaries are heavily concentrated in the higher brackets, reflecting widespread positive perceptions of the assistance received.

6.3.3.3 Statistical Assessment of Dissatisfaction Proportion

A one-sample z-test for proportion was conducted to statistically assess whether dissatisfaction is meaningfully present among Zakat beneficiaries in Kerala. The test evaluated whether the proportion of beneficiaries scoring below 50% on the ZBSI—an indication of dissatisfaction—exceeds 1% in the population. This threshold was chosen as a conservative benchmark for unacceptable dissatisfaction based on the observed sample proportion.

The observed sample proportion of dissatisfied beneficiaries was 1.25%. However, the z-test result was not statistically significant ($z = 0.50$, $p = .31$), providing no sufficient evidence to suggest that the true population proportion of dissatisfied beneficiaries is greater than 1%. This finding supports the inference that dissatisfaction with Zakat

assistance is statistically negligible in the studied population, further reinforcing the effectiveness and positive reception of Zakat distribution mechanisms in Kerala. Furthermore, the 95% confidence interval (CI) for the population proportion ranged from 0.16% to 2.34%. This suggests that the true proportion of dissatisfied Zakat beneficiaries in the population is very low and is likely to fall within this narrow range. Notably, the upper bound of the CI falls well below 3%, providing strong statistical support for the conclusion that the proportion of dissatisfied beneficiaries is statistically unlikely to exceed 3%.

Table 6.46
Proportion Test Results

Sl. No.	Statistic	Value
1	Sample Proportion (\hat{p})	0.0125
2	Standard Error (S.E.)	0.0056
3	95% Confidence Interval (CI)	[0.0016, 0.0234]
4	z-statistic	0.5025
5	p-value (two-tailed)	.3077

Source: primary survey.

These results indicate that dissatisfaction with Zakat services is statistically negligible. The low prevalence of dissatisfaction, combined with high levels of reported satisfaction across the broader population, reinforces the effectiveness and wide acceptability of the Zakat distribution system in Kerala.

The findings from the descriptive analysis, magnitude-wise classification, and statistical testing reveal that Zakat beneficiary satisfaction is not only high in terms of average values but also widely distributed across the population. With the majority of beneficiaries clustered in the upper satisfaction brackets and no significant evidence of prevalent dissatisfaction, the data provide compelling support for the effectiveness and reach of Zakat assistance in Kerala. These insights are valuable for Zakat administrators aiming to sustain and improve beneficiary experiences.

6.3.4 Group Differences in Zakat Beneficiary Satisfaction: A Socio-Demographic Perspective

While the overall level of satisfaction among beneficiaries in Kerala is high, it is important to examine whether this satisfaction is evenly distributed across socio-economic and demographic groups. This section analyses variations in the ZBSI across key socio-economic and demographic factors, including gender, age, household size, education, marital status, religious affiliation, employment status, and the number of Zakat items received. Examining these subgroup differences provides essential insights into the equity and targeted effectiveness of Zakat assistance, highlighting which demographic or socio-economic groups perceive greater satisfaction with the support provided.

6.3.4.1 Gender Differences in Zakat Beneficiary Satisfaction

Gender is a critical demographic factor that may influence beneficiary perceptions of Zakat assistance. Examining gender differences in beneficiary satisfaction with Zakat assistance allows policymakers and administrators to understand whether men and women perceive Zakat benefits differently. Identifying such differences can inform gender-sensitive adjustments in the administration and delivery of Zakat support.

This subsection explores whether male and female beneficiaries in Kerala report significantly different satisfaction levels with Zakat assistance. Table 6.47 presents the disaggregated ZBSI scores for males and females, along with the results of an independent samples *t*-test and effect size estimation.

Table 6.47
Gender-Wise Comparison of Comparison of ZBSI

Sl. No.	Gender	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	Male	83.69	13.22	-0.72	0.61	129	$t = -0.787$
2	Female	84.82	13.63	-0.96	0.71	271	$df = 398$ $p = .432$
	Total	84.46	13.49	-0.88	0.63	400	$Cohen's d \approx 0.08$

Note. ZBSI = Zakat Beneficiary Satisfaction Index (expressed in percentages). Levene's test indicated equal variances ($F(1, 398) = 0.000, p = .992$). Cohen's *d* measures the effect size. Source: Primary Survey Data

The descriptive statistics presented in Table 6.47 reveal very similar perceptions of satisfaction with Zakat assistance among male and female beneficiaries, suggesting minimal variation based on gender. The distribution of ZBSI scores for both genders is negatively skewed and approximately mesokurtic, indicating that satisfaction levels are generally high and normally distributed across both groups.

An independent samples t-test revealed no statistically significant difference in the ZBSI scores between male and female beneficiaries, $t(398) = -0.787, p = .432$. The effect size, calculated using Cohen's d , was very small ($d = 0.08$), indicating that gender has a negligible practical effect on satisfaction levels.

The findings demonstrate that there is no statistically or practically significant difference in satisfaction levels between male and female Zakat beneficiaries in Kerala. This suggests that the Zakat distribution system is perceived as equitable in its treatment of male and female recipients, reinforcing the inclusiveness of the assistance mechanisms in place.

6.3.4.2 Age-Based Variations in Zakat Beneficiary Satisfaction

Age may influence beneficiaries' perceptions of Zakat assistance due to differing financial needs, social expectations, and life experiences. This section examines how beneficiary satisfaction with Zakat assistance in Kerala varies across different age groups. Understanding these variations can highlight how the effectiveness of Zakat assistance is perceived among other age cohorts, which can guide targeted improvements in Zakat delivery practices. Descriptive statistics and Welch's ANOVA, followed by the Games-Howell post hoc test, were used for the analysis due to unequal group variances and sample sizes.

Table 6.48 presents the descriptive statistics of ZBSI scores across three age groups. The results indicate that the youngest age group (up to 30 years) reported the highest average satisfaction, followed by those aged 31–50, with the lowest scores observed among beneficiaries above 50 years of age. While scores in all groups suggest overall satisfaction, the distribution shows a declining trend in mean satisfaction with increasing age. The standard deviations indicate that older groups exhibit slightly higher variability in satisfaction perceptions. Skewness and kurtosis values suggest that the distribution is moderately skewed toward higher satisfaction, reflecting generally positive experiences across age groups.

Levene's test revealed a statistically significant violation of the homogeneity of variances assumption, $F(2, 397) = 5.239, p = .006$. Consequently, Welch's ANOVA was used to assess mean differences. The results showed statistically significant differences in ZBSI scores among the age groups, Welch's $F(2, 211.020) = 6.592, p = .002$, with an omega squared (ω^2) effect size of .030, indicating a small effect size according to Cohen's (1988) guidelines.

Table 6.48

Comparison of ZBSI Across Age Groups of Zakat Beneficiaries

Age Group (Years)	Mean	SD	Skewness	Kurtosis	N	Welch's ANOVA Results
Up to 30	88.15	10.62	-0.36	-1.25	90	Welch's $F(2, 211.020) = 32.136$ $p = .002$ $\omega^2 = 0.030$
31 - 50	84.35	12.74	-0.62	-0.06	200	
Above 50	81.63	16.09	-0.97	0.36	110	
Total	84.46	13.49	-0.88	0.63	400	

Note. ZBSI = Zakat Beneficiary Satisfaction Index (expressed in percentages). Welch's ANOVA was used due to unequal variances, as indicated by Levene's test ($F(2, 397) = 5.239, p = .006$). Omega squared (ω^2) indicates the effect size.

Source: Primary Survey Data

Following the significant Welch's ANOVA result, the Games-Howell post hoc test was performed to identify specific differences among age groups. As shown in Table 5.79, beneficiaries aged up to 30 years reported significantly higher satisfaction levels compared to both the 31–50 and above-50 age groups. However, no statistically significant difference was observed between the two older groups.

Table 6.49

Games-Howell Post-Hoc Comparisons of ZBSI Scores Across Age Groups

Sl. No.	Comparison	Mean Difference	S.E.	p	95% CI [Lower, Upper]
1	Up to 30 vs. 31–50	3.794*	1.4367	.024	[0.40, 7.19]
2	Up to 30 vs. Above 50	6.519*	1.8986	.002	[2.03, 11.00]
3	31–50 vs. Above 50	2.725	1.7788	.278	[-1.48, 6.93]

Note. CI = Confidence Interval; S.E. = Standard Error. *The mean difference is significant at the 0.05 level. Source: Primary Survey Data.

The analysis reveals significant age-related disparities in satisfaction with Zakat assistance in Kerala. Younger beneficiaries perceive significantly higher satisfaction with Zakat services compared to older beneficiaries. Although all groups scored above the neutral threshold, the statistical significance and moderate effect size suggest that age may shape how beneficiaries perceive the quality and adequacy of Zakat support. These findings emphasise the need for Zakat administrators to ensure that service delivery models remain inclusive and adequately responsive to the needs of older beneficiaries to enhance overall beneficiary satisfaction.

6.3.4.3 Differences in Zakat Beneficiary Satisfaction Based on Household Size

Household size can significantly influence resource allocation and financial pressures, potentially affecting how Zakat assistance is perceived. This section compares beneficiary satisfaction between beneficiaries based on household size, which is categorised into two groups: smaller households (fewer than five members) and larger households (five or more members). An independent samples *t*-test was performed to determine whether household size significantly influences ZBSI scores.

Descriptive statistics summarised in Table 6.50 reveal that both household size categories reported high satisfaction levels, with slightly higher average scores among larger households. Skewness and kurtosis values suggest a slight tendency toward higher satisfaction scores among both groups, with no substantial deviations from normality observed.

Table 6.50
Comparison of ZBSI Scores Across Household Size

Sl. No.	Household Size	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	< 5	83.79	14.31	-1.16	1.65	119	$t = -0.646$
2	≥ 5	84.74	13.15	-0.73	-0.01	281	$df = 398$ $p = .519$
	Total	84.46	13.49	-0.88	0.63	400	$Cohen's d \approx 0.07$

Note. Household size is defined as the number of members in a household. Levene's test indicated equal variances, $F(1, 398) = 0.146, p = .703$. Cohen's *d* quantifies the effect size.

Source: Primary Survey Data

An independent samples *t*-test revealed no statistically significant difference in ZBSI scores between the two household size groups, $t(398) = -0.646, p = .519$. The calculated Cohen's *d* was -0.07 , indicating a negligible effect size. These results suggest that household size does not substantially influence satisfaction levels among Zakat beneficiaries in Kerala.

The analysis suggests that household size does not significantly affect Zakat beneficiaries' satisfaction in Kerala. Beneficiaries from smaller and larger households expressed comparable levels of satisfaction, indicating equitable perceptions of Zakat assistance regardless of household size. This finding implies that Zakat distribution strategies effectively meet beneficiaries' expectations across varying household demographics.

6.3.4.4 Educational Attainment and Zakat Beneficiary Satisfaction

Education is often associated with differences in awareness, expectations, and evaluation of public services. Educational attainment can influence beneficiaries' perceptions and satisfaction levels with welfare assistance programmes such as Zakat. This section analyses how beneficiary satisfaction with Zakat varies across three different attainment levels: primary education, higher secondary education, and undergraduate level or above.

Descriptive statistics presented in Table 5.81 show marginal variation in satisfaction levels across educational categories, with all groups reporting high satisfaction. The data distribution, as indicated by skewness and kurtosis, remains within acceptable limits, suggesting approximate normality without significant deviations.

Welch's ANOVA indicated a statistically significant difference in satisfaction among the educational groups, Welch's $F(2, 90.95) = 5.687, p = .005$. The calculated omega squared ($\omega^2 = .057$) represents a small to moderate effect size, suggesting that educational attainment has a modest but meaningful influence on beneficiary satisfaction with Zakat.

Table 6.51*Comparison of ZBSI By Educational Levels of Zakat Beneficiaries*

Highest Educational Qualification	Mean	SD	Skewness	Kurtosis	N	Welch's ANOVA Results
Up to Primary	81.85	15.30	-0.79	0.13	177	Welch's $F(2, 90.95) = 5.687$ $p = .005$ $\omega^2 = 0.057$
Up to Higher Secondary	86.47	11.55	-0.74	0.43	191	
Undergraduate & Above	86.85	11.26	-0.31	-1.17	32	
Total	84.46	13.49	-0.88	0.63	400	

Note. Welch's ANOVA was applied due to unequal variances, as confirmed by Levene's test ($F(2, 397) = 8.035, p < .001$). Omega squared (ω^2) indicates the effect size.

Source: Primary Survey Data

Given the significant ANOVA result, Games-Howell post hoc tests were performed to identify specific educational groups exhibiting significant differences in ZBSI scores.

Table 6.52 presents these pairwise comparisons.

Table 6.52*Games-Howell Post-Hoc Comparisons of ZBSI Scores Across Education Levels*

Sl. No.	Comparison	Mean Difference	S.E.	p	95% CI [Lower, Upper]
1	Primary vs. Higher Secondary	-4.624*	1.422	.004	[-7.97, -1.28]
2	Primary vs. Undergraduate & Above	-4.999	2.298	.085	[-10.54, 0.54]
3	Higher Secondary vs. Undergraduate & Above	-0.374	2.158	.984	[-5.61, 4.87]

Note. CI = Confidence Interval; S.E. = Standard Error. $p < .05$ indicates statistically significant differences.

Source: Primary Survey Data.

Beneficiaries with education up to higher secondary exhibited significantly higher satisfaction than those with only primary education. However, differences in satisfaction between the undergraduate group and both primary and higher secondary groups were statistically non-significant, implying satisfaction among graduates did not markedly differ from the other educational groups

The findings suggest that educational attainment moderately influences Zakat beneficiary satisfaction in Kerala, particularly distinguishing those with minimal education from those with higher educational levels. These findings indicate that educational background may influence how beneficiaries perceive and evaluate Zakat assistance, possibly due to differences in expectations or access to Zakat services. Nevertheless, the effect size remains modest, implying that while education matters, it is not the sole determinant of satisfaction. Zakat administrators might focus on tailoring interventions and improving communication to address the unique needs of beneficiaries with lower educational backgrounds, potentially enhancing their overall satisfaction with Zakat assistance.

6.3.4.5 Differences in Zakat Beneficiary Satisfaction by Marital Status

Marital status can potentially influence individuals' perceptions and experiences with social welfare programs, including Zakat. Beneficiaries with different family responsibilities or life circumstances may perceive and evaluate Zakat support differently. This section considers how marital status—categorised into never married, currently married, widowed, and divorced—affects beneficiaries' satisfaction with the Zakat assistance they received in Kerala. Descriptive statistics, Welch's ANOVA, and post hoc comparisons were conducted to assess these differences while accounting for unequal variances between groups.

Table 6.53 summarises the descriptive statistics of the ZBSI disaggregated by marital status. Beneficiaries from different marital groups displayed variations in their average satisfaction levels. While all groups exhibit relatively high satisfaction, never-married beneficiaries reported the highest mean satisfaction, followed by currently married individuals. At the same time, those who are widowed or divorced tend to show slightly lower average satisfaction, accompanied by higher variability. Standard deviations indicated greater response variability among widowed and divorced beneficiaries. The distribution statistics, including skewness and kurtosis, suggest that the ZBSI distributions across all groups are approximately normal. However, distributions are

slightly left-skewed in all categories, indicating a general tendency towards higher satisfaction ratings.

Table 6.53

Comparison of ZBSI Across the Marital Status of Zakat Beneficiaries

Marital Status	Mean	SD	Skewness	Kurtosis	N	Welch's ANOVA Results
Never Married	88.21	11.02	-0.59	-0.72	53	Welch's $F(3, 64.6755) = 3.472$ $P = .021$ $\omega^2 = 0.092$
Currently Married	84.80	12.69	-0.81	0.77	279	
Widow / Widower	79.08	17.02	-0.69	-0.41	46	
Divorced	82.39	17.39	-0.81	-0.54	22	
Total	84.46	13.49	-0.88	0.63	400	

Note. Welch's ANOVA was employed due to unequal variances, as evidenced by Levene's test ($F(3, 396) = 4.552, p = .004$). Omega squared (ω^2) indicates the effect size.

Source: Primary Survey Data

Levene's test indicated significant heterogeneity of variances across groups ($F(3, 396) = 4.552, p = .004$), necessitating the use of Welch's ANOVA. The Welch's ANOVA results revealed a statistically significant difference in ZBSI scores among marital status categories, Welch's $F(3, 64.68) = 3.472, p = .021$, indicating that marital status has a measurable effect on perceived satisfaction. The calculated omega squared ($\omega^2 = .092$) represents a moderate effect size, suggesting that marital status meaningfully influences beneficiary satisfaction.

Following the significant Welch's ANOVA result, post hoc pairwise comparisons using the Games-Howell test were conducted to pinpoint specific differences among marital groups (see Table 6.54). The post hoc comparisons demonstrated a significant difference only between the never-married and widowed/widower groups, with the former reporting notably higher satisfaction. No statistically significant differences were observed among the other marital status groups, suggesting relatively consistent satisfaction experiences among currently married, widowed, and divorced beneficiaries.

Table 6.54
Games-Howell Post Hoc Comparisons of ZBSI Scores Across Marital Status Categories

Sl. No.	Comparison	Mean Difference	S.E.	<i>p</i>	95% CI [Lower, Upper]
1	Never Married vs. Currently Married	3.41	1.69	.191	[-1.03, 7.85]
2	Never Married vs. Widow/Widower	9.13*	2.93	.014	[1.43, 16.83]
3	Never Married vs. Divorced	5.82	4	.478	[-5.11, 16.75]
4	Currently Married vs. Widow/Widower	5.72	2.62	.141	[-1.23, 12.67]
5	Currently Married vs. Divorced	2.41	3.78	.919	[-8.07, 12.89]
6	Widow/Widower vs. Divorced	-3.31	4.48	.881	[-15.30, 8.68]

Note. CI = Confidence interval; S.E. = Standard error. *The mean difference is significant at the 0.05 level.

Source: Primary Survey

The results demonstrate that marital status has a moderate impact on the perceived satisfaction among Zakat beneficiaries in Kerala. Specifically, widowed beneficiaries appear to experience lower satisfaction levels compared to those who have never married, possibly reflecting greater varying expectations or needs or vulnerability among this group. These insights underscore the need for Zakat administrators to consider marital status when designing and implementing assistance programmes to enhance effectiveness and responsiveness to beneficiaries' varied needs to enhance overall satisfaction and programme efficacy.

6.3.4.6 Differences in Zakat Beneficiary Satisfaction by Religious Affiliation

The religious identity of Zakat beneficiaries may influence their perceptions of satisfaction due to differences in cultural expectations, access to community-based distribution, or perceived legitimacy of receiving Zakat. In the context of Kerala, where Zakat is traditionally administered within the Muslim community, this section explores

whether satisfaction levels differ between Muslim and non-Muslim beneficiaries. Descriptive statistics, an independent samples *t*-test, and effect size analysis were conducted to assess potential variations.

Table 6.55 presents descriptive statistics summarising the ZBSI for Islamic and non-Islamic beneficiaries. Both groups demonstrated relatively high but similar mean satisfaction levels, with minimal differences in variability as indicated by the standard deviations. The skewness and kurtosis values suggest that the distributions were approximately normal, though slight deviations were observed between groups. Specifically, skewness values suggest a slight preference towards higher satisfaction levels among beneficiaries, whereas kurtosis values indicate distributions generally consistent with a normal curve. An independent samples *t*-test indicated no significant difference in ZBSI scores between the two religious groups, $t(398) = -0.182, p = .856$. Cohen's *d* showed a very small effect size (Cohen's $d = -0.02$), further supporting the absence of meaningful, practical differences in satisfaction by religious affiliation.

Table 6.55
Comparison of ZBSI Across Religious Groups

Sl. No.	Religion	Mean	SD	Skewness	Kurtosis	N	Independent Samples t-Test Results
1	Islam	84.41	13.74	-0.95	0.78	338	$t = -0.182$ $df = 398$ $p = .856$
2	Non-Islam	84.74	12.14	-0.28	-1.04	62	
	Total	84.46	13.49	-0.88	0.63	400		Cohen's $d \approx -0.025$

Note. Levene's test confirmed equal variances ($F(1, 398) = 0.129, p = .720$). Cohen's *d* indicates effect size.

Source: Primary Survey

The findings suggest that religious affiliation does not significantly influence Zakat beneficiary satisfaction in Kerala. Despite Zakat being an Islamic institution, the results indicate that non-Muslim beneficiaries who receive Zakat report levels of satisfaction comparable to their Muslim counterparts. This suggests that Zakat distribution practices in the region are inclusive and effective irrespective of religious background.

6.3.4.7 Employment Status and Zakat Beneficiary Satisfaction

Employment status is important and can shape individuals' perceptions of the support they receive. Employed and unemployed beneficiaries may have different expectations and levels of dependency on Zakat, potentially influencing their overall satisfaction. This section examines whether differences exist in ZBSI scores between employed and unemployed recipients in Kerala, using robust statistical methods to account for unequal variances between groups.

Table 6.56 presents descriptive statistics for ZBSI scores, separated by employment status, along with Welch's *t*-test results and associated effect size (Cohen's *d*). Employed beneficiaries demonstrated marginally higher satisfaction levels compared to their unemployed counterparts; the data distribution for both groups reveals slight negative skewness, indicating a higher concentration of satisfaction ratings towards the upper end of the scale. Additionally, kurtosis values suggest a relatively normal distribution without substantial deviations, signifying that both employed and unemployed respondents consistently expressed satisfaction with Zakat services.

To determine whether the observed difference in ZBSI scores is statistically significant, Welch's *t*-test was conducted, as Levene's test indicated a violation of the homogeneity of variance assumption ($F(1, 398) = 4.752, p = .030$). The results revealed no statistically significant difference, Welch's $t(397.28) = 1.611, p = .108$. The calculated Cohen's *d* was 0.16, indicating a negligible practical effect size, which further confirms that employment status does not meaningfully affect perceived satisfaction levels.

Table 6.56
Comparison of ZBSI Scores by Employment Status of Beneficiaries

Sl. No.	Employment Status	Mean	SD	Skewness	Kurtosis	N	Welch's t-Test Results
1	Employed	85.65	11.93	-0.59	-0.16	176	<i>Welch's t</i> = 1.611 <i>df</i> = 397.279 <i>p</i> = .108
2	Unemployed	83.52	14.56	-0.94	0.62	224	
	Total	84.46	13.49	-0.88	0.63	400	<i>Cohen's d</i> = 0.16

Note. Welch's *t*-test was applied due to unequal variances confirmed by Levene's test ($F(1, 398) = 4.752, p = .030$). Cohen's *d* quantifies the magnitude of the effect size.

Source: Primary Survey

These findings suggest that employment status is not a significant determinant of beneficiary satisfaction with Zakat assistance in Kerala. Both employed and unemployed beneficiaries demonstrated comparably high satisfaction levels, indicating that Zakat distribution effectively meets beneficiaries' needs irrespective of their employment conditions.

6.3.4.8 Income-Based Variations in Zakat Beneficiary Satisfaction

Income level represents a potentially significant socioeconomic factor influencing the effectiveness of welfare programmes such as Zakat. Beneficiaries with different income levels may have varying degrees of dependency on Zakat, which can affect their overall satisfaction with the support received. This section explores how beneficiaries' satisfaction with Zakat varies across different household income levels. Understanding satisfaction relative to income categories is crucial to evaluating the effectiveness and equity of Zakat distribution, as it reveals whether beneficiaries from diverse economic backgrounds perceive Zakat's utility differently.

Table 6.57 presents descriptive statistics for the ZBSI categorised by household income levels along with the results of a one-way ANOVA. The table reveals several noteworthy patterns in ZBSI scores across income categories. Overall, respondents across all income levels reported relatively high satisfaction, with mean scores showing a gradual increase corresponding with higher income brackets. The lowest income group ($\leq ₹5,000$) demonstrated slightly lower satisfaction compared to other categories, while beneficiaries in the highest income category ($> ₹10,000$) reported the most favourable perceptions. This positive relationship between income level and satisfaction scores suggests that while Zakat is generally well-received across socioeconomic strata, its perceived effectiveness may be somewhat enhanced among more affluent recipients. Standard deviations indicate that responses were most consistent among higher-income groups, while lower-income recipients showed greater variability in their assessments. Skewness and kurtosis statistics indicate slight negative skewness for all income groups, implying satisfaction scores predominantly cluster at higher values. Kurtosis values are within acceptable bounds, revealing no significant deviations from normality.

Table 6.57*Comparison of ZBSI Across Income Classes*

Income Class (₹)	Mean	SD	Skewness	Kurtosis	N	One-Way ANOVA Results
Up to 5,000	82.32	14.71	-0.78	0.18	82	$F(3, 396) = 0.876$ $p = .220$ $\eta^2 = 0.011$
5,001 - 7,000	85.42	13.84	-1.11	1.23	180	
7,001 - 10,000	83.47	12.59	-0.52	-0.03	90	
Above 10,000	86.37	11.23	-0.52	-0.54	48	
Total	84.46	13.49	-0.88	0.63	400	

Note. Levene's test confirmed the homogeneity of variances, $F(3, 396) = 1.303, p = .273$. Eta-squared (η^2) represents the effect size.

Source: Primary Survey

A one-way ANOVA was conducted to test whether the differences in ZBSI scores across income groups are statistically significant. Levene's test confirmed the assumption of homogeneity of variances, $F(3, 396) = 1.303, p = .273$, validating the use of ANOVA.

The ANOVA results indicated that the mean differences in satisfaction levels across income groups were not statistically significant, $F(3, 396) = 0.876, p = .220$. The effect size, measured using partial eta-squared ($\eta^2 = 0.011$), was very small, suggesting that income accounts for a negligible proportion of variance in ZBSI scores.

The analysis indicates that Zakat beneficiary satisfaction does not significantly vary across income levels. Beneficiaries across different income categories exhibited comparably high satisfaction, suggesting that the Zakat distribution in Kerala has achieved an equitable impact irrespective of economic background.

6.3.4.9 Beneficiary Satisfaction by Number of Zakat Assistance Types Received

The nature and variety of assistance received may influence beneficiaries' overall satisfaction with Zakat. This section examines whether beneficiaries' satisfaction with Zakat assistance in Kerala differs based on whether they received a single type or multiple types of assistance. Assessing satisfaction in this context is essential to determine whether

providing diversified Zakat assistance translates into enhanced beneficiary satisfaction or if a single, focused form of assistance sufficiently meets beneficiaries' needs.

Table 6.58 presents descriptive statistics and results of Welch's *t*-test comparing beneficiary satisfaction across individuals who received either single or multiple types of Zakat assistance. The mean ZBSI scores indicate relatively high satisfaction scores across both groups, reflecting general satisfaction among beneficiaries regardless of the number of assistance types received. At the same time, beneficiaries who received only one type of assistance reported slightly higher average satisfaction compared to those who received multiple items. Skewness values suggest a slight tendency for respondents in both groups to report higher satisfaction levels, with kurtosis values confirming a nearly normal distribution without substantial deviations. However, the group receiving multiple items exhibited greater variability in satisfaction scores, as reflected in a higher standard deviation.

Levene's test indicated a violation of variance homogeneity ($F(1, 398) = 4.276, p = .039$), warranting the use of Welch's *t*-test to assess differences in mean satisfaction scores between beneficiaries receiving single versus multiple assistance types. Results from Welch's test indicated no statistically significant difference in satisfaction levels between beneficiaries receiving single versus various forms of Zakat assistance, $t(250.82) = 1.39, p = .166$. The effect size, measured by Cohen's *d*, was 0.15, suggesting a negligible practical difference in beneficiary satisfaction based on the number of Zakat assistance types received.

Table 6.58
Comparison of ZBSI By Number of Types of Zakat Assistance Received

Sl. No.	Assistance Types	Mean	SD	Skewness	Kurtosis	N	Welch's t-Test Results
1	Single Item	85.18	12.65	-0.81	0.45	259	<i>Welch's t</i> = 1.39 <i>df</i> = 250.817 <i>p</i> = .166
2	Multiple Items	83.13	14.88	-0.90	0.55	141	
Total		84.46	13.49	-0.88	0.63	400	<i>Cohen's d</i> = 0.15

Note. Welch's *t*-test was used due to unequal variances, as evidenced by Levene's test ($F(1, 398) = 4.276, p = .039$). Cohen's *d* measures the effect size.

Source: Primary Survey

The analysis suggests that beneficiary satisfaction with Zakat in Kerala does not significantly differ between individuals receiving single or multiple types of assistance. These findings imply that the number of Zakat assistance types provided is less critical than the quality and relevance of the assistance itself in determining beneficiary satisfaction.

6.3.5 Determinants of Zakat Beneficiary Satisfaction in Kerala: A Path Analysis Approach

To address the question of determinants that affect Zakat beneficiary satisfaction (ZBSI) in Kerala, this section uses the path analysis, a type of structural equation modelling (SEM) that is appropriate in studying the relationships between observed variables (Kline, 2016), and the research hypothesis. The analysis is based on empirical evidence (Ahmed and Md Salleh, 2016; Ali and Hatta, 2014), on the one hand, and contextual evidence, on the other hand, in the field of study to test the hypotheses: socio-economic, demographic, and Zakat-related variables have a direct effect on satisfaction or an indirect effect through the perception of the impact of Zakat on beneficiaries (ZII). In particular, employment status, receiving Zakat as income-sensitive assets and age was theorized to indirectly impact beneficiary satisfaction via ZII. On the contrary, the percentage of earning household members was supposed to have both direct and indirect impacts. Moreover, socio-economic and demographic factors such as education level, marital status, gender, religion and household income were proposed as direct predictors. Originally a few additional variables were to be incorporated (e.g., household size, type of Zakat received, interaction terms) but were later, during model refinement, dropped out of the final model as they had a statistically insignificant effect and negative effect on model fit.

6.3.5.1 Hypothesized Relationships

Based on literature and field observations, the following hypotheses guided the analysis:

H₁: The perceived Zakat impact (ZII) positively influences Zakat beneficiary satisfaction (ZBSI).

H₂: Perceived impact (ZII) mediates the relationships between selected socio-economic and demographic variables (age, employment status, proportion of earning members in the household, and receiving Zakat in the form of income-generating assets) and beneficiary satisfaction (ZBSI).

H₃: Socio-economic and demographic characteristics (proportion of earning members, education, marital status, gender, religion, and household income) directly influence beneficiary satisfaction.

6.3.5.2 Methodology and Model Description

Path analysis was conducted using AMOS software (version 25), employing maximum likelihood estimation (MLE). The significance of indirect (mediation) effects was tested using bias-corrected bootstrapping procedures (5,000 resamples), which provide robust confidence intervals, especially when the normality assumption may be violated (Preacher & Hayes, 2008).

The final specified model included:

- Dependent Variable: Zakat Beneficiary Satisfaction Index (ZBSI).
- Mediator: Zakat Impact Index (ZII).
- Independent Variables:
 - Employment status (dummy: employed = 1, unemployed = 0)
 - Zakat received as income-generating asset (dummy: received = 1, not received = 0)
 - Age (years)
 - Proportion of earning household members (%)
 - Education: two dummy variables (medium and high, primary education as reference)
 - Marital status: three dummy variables (married, widowed, divorced; never-married as reference)
 - Gender (dummy: male = 1, female = 0)
 - Religion (dummy: Islam = 1, non-Islam = 0)
 - Monthly household income (Indian rupees)

6.3.5.3 Model Fit Evaluation

Multiple fit indices, summarized in Table 6.59, assessed model fit. The indices collectively indicated an excellent model fit, confirming that the hypothesised final model accurately represented the observed data.

Table 6.59
Model Fit Indices for the Path Model

Sl. No.	Fit Measure	Estimate	Threshold	Interpretation
1	CMIN/DF	1.077	Between 1 and 3	Excellent
2	CFI	0.999	>0.95	Excellent
3	SRMR	0.011	<0.08	Excellent
4	RMSEA	0.014	<0.06	Excellent

Note. CMIN/DF = Chi-square/degrees of freedom ratio; CFI = Comparative Fit Index; SRMR = Standardized Root Mean Residual; RMSEA = Root Mean Square Error of Approximation. Thresholds are based on Hu and Bentler (1999).

6.3.5.4 Results and Discussion

Table 6.60 provides standardized direct, indirect (mediation), and total effects. Figure 6.14 illustrates standardized estimates for the final path model.

Figure 6.14

Estimated Path Model Predicting Zakat Beneficiary Satisfaction (Standardised Estimates)

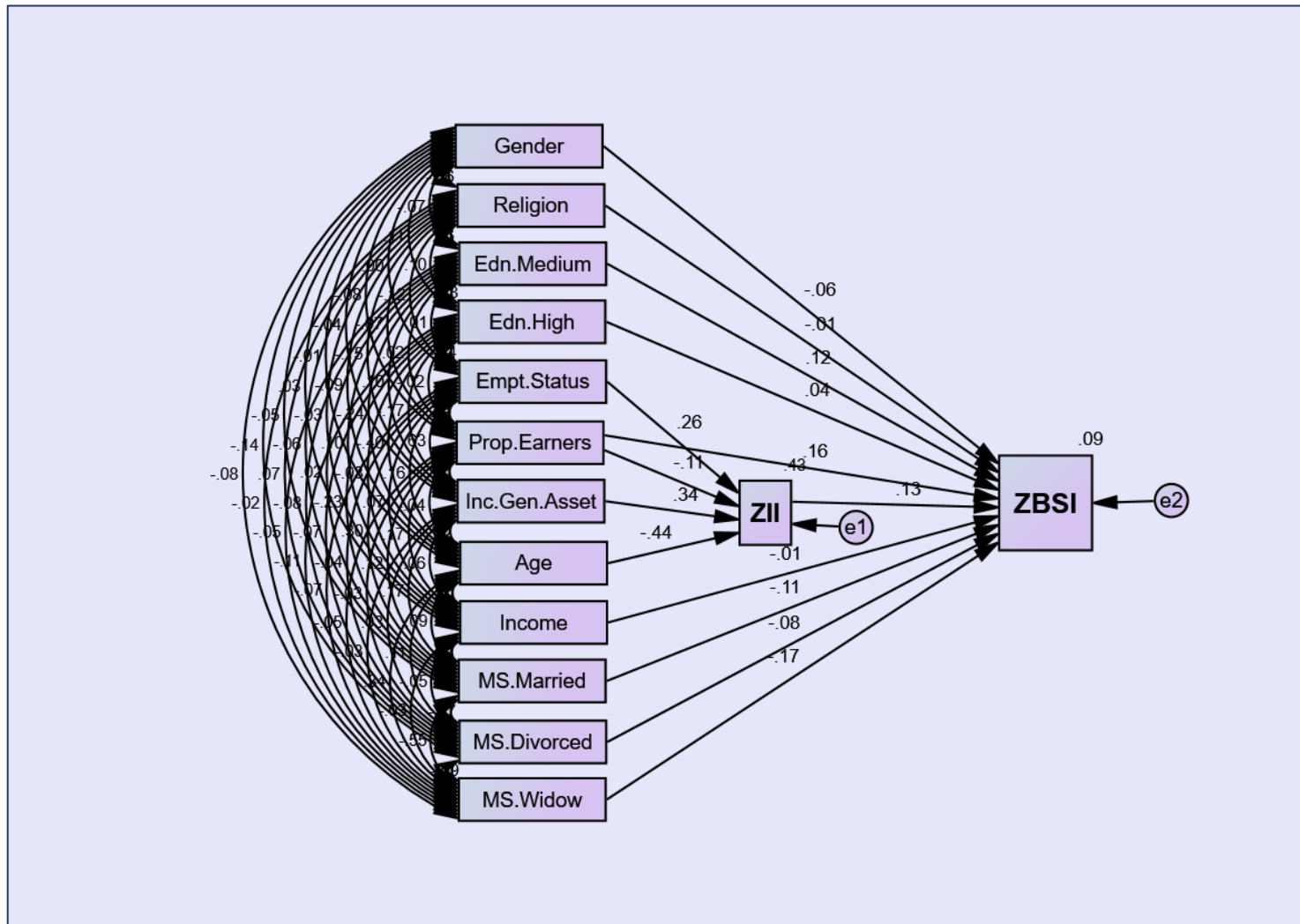


Table 6.60*Standardized Direct, Indirect, and Total Effects Predicting Zakat Beneficiary Satisfaction*

Path	Direct Effects		Indirect Effects		Total Effects	
	Estimate (β)	<i>p</i> - value	Estimate (β)	<i>p</i> - value	Estimate (β)	<i>p</i> - value
Employment Status → ZII	.264	< .001	—	—	.264	< .001
Zakat Income Asset → ZII	.336	< .001	—	—	.336	< .001
Age → ZII	-.435	< .001	—	—	-.435	< .001
Earning Members → ZII	-.113	.003	—	—	-.113	.003
ZII → ZBSI	.125	.011	—	—	.125	.011
Earning Members → ZBSI	.158	.001	-.014	.019	.143	.001
Employment Status → ZBSI	—	—	.033	.022	.033	.022
Zakat Income Asset → ZBSI	—	—	.042	.022	.042	.022
Age → ZII	—	—	-.055	.027	-.055	.027
Edn. – Med. → ZBSI	.123	.020	—	—	.123	.020
Edn. – High → ZBSI	.036	.537	—	—	.036	.537
MS. Married → ZBSI	-.106	.169	—	—	-.106	.169
MS. Divorced → ZBSI	-.076	.219	—	—	-.076	.219
MS. Widowed → ZBSI	-.169	.016	—	—	-.169	.016
Religion → ZBSI	-.010	.845	—	—	-.010	.845
Gender → ZBSI	-.056	.264	—	—	-.056	.264
Income → ZBSI	-.009	.848	—	—	-.009	.848

Note. ZII = Zakat Impact Index; ZBSI = Zakat Beneficiary Satisfaction Index. β = Standardized coefficients; Indirect effects were tested using bias-corrected bootstrapping with 5,000 resamples.

The results confirm that perceived Zakat impact (ZII) had a significant positive direct effect on beneficiary satisfaction ($\beta = .125, p = .011$), supporting H1. Employment status ($\beta = .033, p = .022$) and receiving income-generating Zakat assistance ($\beta = .042, p = .022$) indirectly and positively influenced beneficiary satisfaction through ZII. Age negatively

impacted satisfaction indirectly ($\beta = -.055, p = .027$). Since direct paths from employment status, income-generating assets, and age to ZBSI were non-significant, full mediation through perceived Zakat impact was established. The proportion of earning household members demonstrated significant direct ($\beta = .158, p = .001$) and indirect effects ($\beta = -.014, p = .019$), indicating partial mediation. These findings empirically support H2. Among socio-demographic characteristics, only medium education ($\beta = .123, p = .020$) and being widowed ($\beta = -.169, p = .016$) significantly influenced satisfaction directly. High education, gender, religion, and income were non-significant, providing partial support for H3. The non-significance of variables such as religion and gender reflects the lack of discrimination, which aligns with the inclusive ethos of Zakat distribution.

The model explained 43.3% of the variance ($R^2 = .433$) in perceived Zakat impact (ZII) and 8.9% in satisfaction (ZBSI). Although the R^2 for ZBSI was relatively modest, this does not undermine the validity of the model, given its robust fit indices and statistically significant hypothesized pathways. The lower variance in satisfaction could be attributed to the multifaceted and subjective nature of beneficiary satisfaction, influenced by other unmeasured psychological and contextual variables.

The path analysis robustly identifies perceived Zakat impact and employment status; Zakat received as income-generating assets, age, and proportion of earning members are pivotal determinants of Zakat beneficiary satisfaction. The analysis empirically validates the hypothesized relationships, highlighting perceived Zakat impact as crucial in mediating influences from socio-economic and demographic factors on beneficiary satisfaction. These findings underscore the necessity of focusing Zakat policy on enhancing perceived effectiveness to maximize beneficiary satisfaction in Kerala.

The comprehensive analysis presented in this section provides valuable insights into Zakat beneficiary satisfaction in Kerala, highlighting both general trends and detailed subgroup variations. The rigorous psychometric evaluation of the ZBS scale confirmed its reliability, validity, and suitability as a robust tool for capturing critical dimensions of beneficiary experiences, including perceived usefulness, fairness, timeliness, adequacy, staff support, and accessibility.

Findings maintain a consistent pattern that the Zakat beneficiaries in Kerala report a high level of overall levels of satisfaction with only minimal cases of dissatisfaction showing up in all dimensions of satisfaction. Significantly, the results indicate the fair satisfaction

of different socio-economic and demographic groups such as gender, religious affiliation, the employment status, household size, and income levels. Nevertheless, some significant differences were observed, depending on age, education, and marital status, and it implies that there are opportunities to target service responsiveness, especially to older, less educated, and widowed beneficiaries.

The path analysis also highlighted the main determinants of level of satisfaction with the perceived effect of Zakat assistance acting as a central mediating variable between socio-economic factors like employment, receiving income-generating assets, age, and the percentage of earning household members in total beneficiary satisfaction. This highlights the paramount importance of the perceived effectiveness of assistance in the development of beneficiary perceptions and demonstrates the significance of not only practical results but also experiences of beneficiaries in the Zakat policy practice.

On the whole, this section gives a strong indication that the existing Zakat dispensation systems in Kerala are highly responsive to the needs of beneficiaries with perceived satisfaction levels being high and absence of any indications of exclusion or dissatisfaction as well as pointing out certain areas where strategic improvements can be made. The results provide practical information to policy-makers and administrators to maintain high levels of satisfaction and increase the desired effectiveness and fairness of Zakat distribution systems to maximize the socio-economic effects of Zakat in Kerala.

Conclusion

The analysis provides robust empirical evidence regarding the socio-economic impact of Zakat and the level of beneficiary satisfaction in Kerala. The construction of the Zakat Impact Index (ZII) demonstrates that beneficiaries perceive a significant positive impact of Zakat on both economic and social dimensions. Factor analysis and regression results confirm that demographic and household characteristics such as age, marital status, employment status, household size, and type of assistance received significantly influence the magnitude of perceived impact, while variables like gender and religious affiliation show limited statistical effect.

Further, the Zakat Beneficiary Satisfaction Index (ZBSI) indicates a generally high level of satisfaction among recipients regarding adequacy, timeliness, fairness, and service responsiveness. However, satisfaction levels vary across socio-demographic categories, particularly age, education, and marital status. The path analysis results reveal that the

perceived impact of Zakat acts as a significant mediator influencing overall beneficiary satisfaction, suggesting that higher economic and social benefits translate into stronger satisfaction outcomes. Overall, the findings affirm that Zakat in Kerala functions not only as a redistributive welfare mechanism but also as a meaningful instrument of socio-economic support, though its long-term transformative potential can be enhanced through greater institutional strengthening and development-oriented allocation strategies.

CHAPTER VII

SUMMARY, FINDINGS AND CONCLUSION

7.1 Introduction

7.2 Summary of Findings

7.2.1 Findings Based on Institutional Data

7.2.2 Findings Based on Beneficiary Data

7.3 Conclusion

7.4 Recommendations

7.1 Introduction

The present chapter is the synthesis of the main findings of the empirical study made in the previous chapters. It tries to put the results in perspective and context with the greater context of the study which is the social-economic influence of Zakat in Kerala in a beneficiary-centered approach. The chapter critically analyses the Zakat contribution towards development indicators including poverty reduction, financial inclusion and social welfare. Besides this, it determines the current strengths and weaknesses in the current Zakat management system. This chapter provides a reasoning-based conclusion and provides the basis to policy recommendation and future research directions by matching the findings with the research objectives.

7.2 Summary of Findings

7.2.1 Findings Based on Institutional Data

- ❖ The researchers discovered that there is no unified or government-controlled system of Zakat management in India, whereby, the collection and distribution are decentralized and fragmented. The Zakat funds are managed independently by different private organizations, community trusts, and with different transparency, efficiency, and impact through different NGOs. Some of the institutions work in a formal structure, verified procedures, and digital platform, but a significant part of Zakat remains informal in personal networks, frequently without assessment of needs and long-term developmental objectives. This inability to provide institutional coordination and monitoring is a drawback on the potential of Zakat as a systematic instrument of poverty alleviation and socio-economic growth at the national level.

- ❖ The research discovered that the Association of Muslim Professionals (AMP) has been able to establish a well-organized and transparent Zakat management system with its centralized platform and crowdfunding portal, IndiaZakat.com. This system guarantees that Zakat funds are utilized one hundred percent with no administrative cost and backed by a robust volunteer-led system of verification and audited financial reporting and is a model that can be replicated to achieve a good administration of Zakat.

- ❖ The data reveals that Zakat collections by AMP grew significantly from ₹2.06 lakh in 2013 to ₹1.43 crore in 2023.
- ❖ The findings suggest that disbursements closely matched collections each year, indicating efficient and responsible fund utilization.
- ❖ The data shows that higher education consistently remained the top priority, with a peak of 1,262 beneficiaries in 2022.
- ❖ The findings indicate a sharp decline in both collections and beneficiaries in 2023, signaling emerging financial and outreach challenges.
- ❖ The findings also reveal that Zakat Centre India (ZCI) operates as a formal national-level institution with a comprehensive approach to poverty alleviation, covering key areas such as education, healthcare, livelihood, and legal support. Its emphasis on operational efficiency, Shariah compliance, and scalable infrastructure highlights its potential to serve as a central coordinating agency for Zakat distribution across India.
- ❖ Research found that The Safa Educational Welfare and Charitable Trust (TSEWCT) implements a data-oriented and non-partisan Zakat management strategy, in which household surveys are conducted at the baseline to determine qualified beneficiaries. Its rights-based approach targets multidimensional poverty by intervening in education, health, skill building and empowering women hence a powerful strategy of the community.
- ❖ The results were that the Zakat collections of TSEWCT exhibited high and steady growth in 2016-17 to 2020-21, with full collections increasing over four times. The largest growth was in 2018-19 when collections increased 94% over the prior year.

- ❖ TSEWCT registered a steep decrease of 63% in Zakat collections in 2021-22. This sharp decline was largely as a consequence of the financial shocks that the COVID-19 pandemic brought upon the economy, impacting the ability of the donors to give substantially.
- ❖ The Zakat collections of TSEWCT experienced large year- to- year changes, whose growth rates were between -63 to +94 with a standard deviation of 51.7. Even though collections started to recuperate in 2022-23, the recovery was still lower than those of 2020-21.
- ❖ The analysis found that the level of funding under high-value financial assistance schemes decreased consistently in the period between 2015-16 and 2020-21. There was a slight recovery in 2021-22 and 2022-23 but the general trend shows that there is less emphasis on these schemes.
- ❖ Ration scheme and pension scheme funding has been increasing steadily. This is an indication that TSEWCT is becoming more and more concerned with social security and assistance to vulnerable groups like the elderly and low-income families.
- ❖ Funding on disaster relief was greatly increased in 2019-20 and 2020-21, both being directly connected to the COVID-19 emergency. Nevertheless, allotments decreased greatly over the next years, which shows the inappropriateness of such interventions.
- ❖ Special assistance package COVID-19 The Covid-19 special assistance package, which was launched in 2019-20, reached its peak in 2021-22 and was abolished in 2022-23. This demonstrates that the program was a pandemic-specific relief program rather than a program to be sustained long term.
- ❖ The education-related funding of TSEWCT has been changing over the years, yet it significantly increased in 2022-23. It means that educational empowerment takes on new attention during the post-pandemic recovery period.

- ❖ Funding for self-employment schemes peaked in 2020-21, likely in response to widespread job losses during the pandemic. However, it declined in the following years, suggesting that the program was part of a short-term relief strategy.
- ❖ Health and medical funding reached its highest level in 2020-21, reflecting increased healthcare needs during the COVID-19 crisis. In subsequent years, the funding declined as the emergency situation subsided.
- ❖ Some schemes, like "Message of Humanity," experienced irregular funding patterns, with no allocations between 2019 and 2022. The scheme was reintroduced in 2022-23, showing changing priorities and resource allocation over time.
- ❖ The study found that the Zakat Foundation of India (ZFI) plays a significant role in institutionalizing Zakat collection and distribution with a strong focus on human development. ZFI directs a major portion of its Zakat funds towards education, particularly through its flagship program that prepares underprivileged Muslim youth for India's civil services and other competitive exams. The foundation operates with well-defined eligibility criteria, documented procedures, and a visible impact in terms of educational empowerment and leadership development. However, its focus remains primarily urban and merit-oriented, and the model is yet to expand substantially into broader poverty alleviation programs across rural and marginalized communities.
- ❖ The study revealed that Kerala exhibits a relatively more organized and community-driven model of Zakat management compared to many other Indian states. Various Islamic organizations, local Masjid committees, and charitable trusts play a significant role in mobilizing and distributing Zakat, often using systematic beneficiary identification and community-based needs assessment. Institutions in Kerala have initiated efforts to document Zakat disbursement, maintain transparency, and link assistance with sustainable goals such as education, healthcare, and livelihood.

- ❖ The study found that Baithuzzakat Kerala is the only NGO-based Zakat institution in Kerala with an organized structure. It collects and distributes Zakat through a planned system, focusing on areas like education, healthcare, housing, and livelihood.
- ❖ The data indicates that Baithuzzakat Kerala has made a significant impact by reaching over 50,000 beneficiaries through systematic and transparent Zakat management over the last 22 years.
- ❖ It is evident from the data that health and medical assistance was a top priority, benefiting 6,342 individuals and reducing the burden of medical expenses.
- ❖ The figures reflect that housing initiatives, with 6,512 new houses and thousands of repairs, played a crucial role in ensuring safe shelter for the poor.
- ❖ Educational support emerged as a key area, as shown by the provision of scholarships to 5,738 students, promoting learning opportunities for underprivileged youth.
- ❖ The analysis reveals that 3,374 individuals were supported under employment and skill development schemes, contributing to sustainable income generation.
- ❖ It can be seen that debt relief was extended to 1,877 beneficiaries, helping many families overcome financial distress.
- ❖ The records demonstrate that 1,985 households received regular ration and pension support, improving food security and welfare for the elderly.
- ❖ The implementation of 619 drinking water projects suggests a strong commitment to public health and access to clean water.

- ❖ Trends over the years show a steady increase in outreach, with beneficiaries rising from 918 in 2008 to 3,540 in 2023, reflecting organizational growth.
- ❖ Overall, the data underscores Baithuzzakat Kerala's role as a pioneering model for NGO-led Zakat management focused on holistic and long-term socio-economic development.
- ❖ The study finds that a large majority (86.7%) of Zakat institutions in Kerala are religious in nature, indicating that Zakat management is primarily handled through mosque-based or faith-oriented community organizations. Only a small proportion (13.3%) function under non-governmental organizational structures.
- ❖ The study finds that while 40% of the institutions operate within their own *mahall* (mosque-based local unit), the remaining 60% extend their services beyond the *mahall*, indicating a wider geographical outreach in addressing community needs.
- ❖ All of the surveyed institutions rely exclusively on voluntary workers, with no paid staff involved. This highlights a strong culture of volunteerism but also suggests limitations in terms of professional administration and long-term capacity building.
- ❖ As per the data, the methods of Zakat collection are diverse. Voluntary donations are the most common method (60%), followed by collections coordinated through committees (33.3%), and a very small proportion (6.7%) from business contributions. The modes of fund reception also vary, including cash, bank deposits, and cheques.
- ❖ It is observed that the average number of beneficiaries per institution falls largely within the 100–200 range (46.7%), followed by smaller numbers (0–100 in 33.3% of cases), with only 20% serving between 200–300 beneficiaries. This suggests that most institutions operate on a modest scale.

- ❖ The study finds that the selection of beneficiaries is primarily done through direct investigation (60%), ensuring localized knowledge and proximity to need. About 26.7% of the institutions use a combination of methods including community referrals and consultations with local authorities.
- ❖ Beneficiary eligibility is determined based on clearly defined vulnerability categories. According to the data, 46.7% of institutions prioritize the destitute, 33.3% target those identified as Below Poverty Line (BPL), and 20% focus on patients needing medical support.
- ❖ The study finds that assistance is provided in multiple forms. Nearly half of the institutions (46.7%) provide a combination of direct cash payments, indirect support, and tools or equipment for self-reliance. Others offer only direct financial assistance or various combinations of aid based on local needs.

7.2.2 Findings Based on Beneficiary Data

- ❖ As per the data majority of the beneficiaries belongs to female category.
- ❖ The data reveals by using chi-square goodness-of-fit tests true proportion of female Zakat beneficiaries in the population likely falls within the range of approximately 64% to 72%.
- ❖ The data reveals that Zakat assistance in Kerala predominantly supports individuals in their economically active years, with nearly two-thirds of beneficiaries aged between 31 and 60, while younger (below 30) and older (above 60) recipients make up smaller yet significant portions of the population.
- ❖ The data indicates that indicate that while the Zakat distribution predominantly serves Muslim recipients, a small proportion (approximately 13% to 19%) of beneficiaries belong to other religious communities, reflecting an inclusive distribution pattern in Kerala.

- ❖ The data reveals that a significant majority of Zakat beneficiaries have limited formal education, with nearly 80% having only primary or secondary schooling. Only a small proportion have attained higher secondary education (13.3%), and fewer than 10% hold undergraduate or postgraduate degrees, indicating limited access to advanced educational opportunities among the beneficiaries.
- ❖ As per the data more than half of the surveyed individuals are not employed (56%).
- ❖ The data show that self-employment is the most frequent form of engagement (51.7%).
- ❖ A notable proportion of households (around 45%) have either four or six members, reflecting some variation in household size. The 95% confidence interval for the mean household size (4.83 to 4.91) supports the stability of this estimate, indicating that the true mean household size in the population of Zakat beneficiaries likely falls within this range.
- ❖ As per the data the overwhelming majority of households rely on a single earning member (97%), reinforcing high financial dependency.
- ❖ The data reveal a strong concentration of beneficiaries within the lower-income brackets, with more than three-fifths of recipient households reporting monthly incomes between ₹4,000 and ₹7,000. Only a smaller segment of the sample reported incomes exceeding ₹10,000, while a few respondents indicated having no income.
- ❖ As per the analysis, income inequality is present among Zakat beneficiary households in Kerala, with moderate disparities reflected in the Gini coefficient. The p90/p10 and p75/p25 ratios both indicate that income disparities are not limited to extreme percentiles but also affect the broader middle-income group.

The Lorenz curve further validates these findings, showing a skewed distribution of income, where higher-income households hold a disproportionately large share of total income.

- ❖ The data indicate that ration support is the most commonly received form of Zakat assistance, suggesting a strong emphasis on basic sustenance and food security among beneficiaries. Skill and employment assistance represents the second most frequently received category, followed by construction/maintenance support, highlighting a degree of focus on economic empowerment and living conditions. The analysis confirms that significant differences exist in the types of Zakat assistance received by households. Food security gets the highest priority, followed by employment and housing support, whereas medical aid, debt relief, and pensions are relatively less frequent. These findings suggest that Zakat allocation in Kerala is primarily focused on immediate necessities rather than long-term financial stability measures, potentially due to resource constraints or prioritisation policies.

- ❖ As per the data the majority of households benefited from a single type of Zakat assistance (64.8%), indicating that Zakat distribution is largely targeted at addressing a single need per household. A smaller proportion received two types, and very few households benefitted from three or more types of support. The findings indicate that Zakat distribution in Kerala is targeted to the beneficiaries' immediate and primary needs rather than comprehensive, possibly due to limited resources or prioritisation criteria.

- ❖ The data reveals that there is no statistically significant relationship between gender and the type of Zakat assistance received, as indicated by the chi-square test (Table 5.17) ($\chi^2(6, N = 400) = 3.72, p = .715$) and a small effect size (Cramer's $V = .08$). This suggests that Zakat distribution in Kerala is gender-neutral, with both male and female beneficiaries receiving assistance equitably, free from gender-based bias.

- ❖ The chi-square test indicates (Table 5.18) a statistically significant association between the age group and the type of Zakat assistance received ($\chi^2 (12, N = 400) = 314.844, p < .001$), confirming that Zakat assistance distribution differs significantly across age groups. The distribution patterns suggest clear age-specific targeting of Zakat assistance. The youngest age group (up to 30 years) predominantly received education-related assistance, reflecting investment in human capital and long-term empowerment for younger beneficiaries. The middle-aged group (31–50 years) received the largest share of skill and employment support, reflecting efforts to improve economic stability within this demographic. This group also had considerable access to house construction and maintenance assistance, suggesting that housing stability is a key concern for middle-aged beneficiaries. The oldest age group (above 50 years) had the highest proportion of receiving ration assistance, debt repayment, and pensions, highlighting the increased dependency on financial aid and sustenance support among elderly recipients. The Cramer's V test result supports these findings, showing a moderate to strong effect size, reinforcing that age significantly influences the allocation of different types of Zakat assistance.

- ❖ The data reveals (Table 5.19) a statistically significant association between marital status and the type of Zakat assistance received ($\chi^2(12, N = 400) = 314.844, p < .001$), with a moderate effect size (Cramer's V = .353). This indicates that Zakat distribution in Kerala is influenced by marital status, reflecting the varying socio-economic needs of different groups—such as higher education support for the never-married, pension aid for widowed individuals, and broader support types including ration and employment aid for the currently married.

- ❖ The analysis reveals that educational status significantly influences the type of Zakat assistance received. Less educated beneficiaries tend to rely more on basic sustenance and employment support, while highly educated recipients primarily receive education-related Zakat assistance.

- ❖ The analysis reveals significant variations in the types of Zakat assistance received based on employment status. Employed beneficiaries were more likely to receive help for skills and employment and house construction and maintenance. In contrast, unemployed beneficiaries predominantly received support for ration, education, and health and medical needs.
- ❖ The data reveals that approximately one-fourth of Zakat beneficiaries receive support aimed at economic empowerment, such as income-generating assets and skill development training. While this indicates that Zakat is being used to promote self-sufficiency for some recipients, it is not the primary focus of distribution. The findings highlight the potential to enhance the impact of Zakat by expanding livelihood-oriented programmes, encouraging a shift towards more sustainable, empowerment-driven assistance.
- ❖ Zakat distribution in Kerala is predominantly structured to address immediate or short-term rather than as a sustained form of long-term support.
- ❖ The data reveals that income-generation support is the most preferred type of Zakat assistance among beneficiaries, followed by housing support. In contrast, healthcare and food security received moderate preference, while educational assistance ranked lowest. This suggests that beneficiaries prioritize immediate economic and housing needs over long-term investments like education, reflecting the urgency of securing basic livelihood and stability. The strong preference for immediate economic support suggests that beneficiaries perceive such assistance as most critical in addressing their primary financial vulnerabilities.
- ❖ The data indicates that the foremost barrier restricting access to aid is the lack of awareness about Zakat programmes, followed by insufficient information on available services and limited accessibility to Zakat centres. Logistical issues like limited accessibility to Zakat centres were of moderate concern, whereas procedural difficulties associated with the application process were deemed the least challenging. These findings highlight significant informational and

infrastructural gaps in Zakat administration, which directly impact beneficiaries' ability to engage effectively with available programmes. The statistical tests confirm that these differences are significant, but the modest level of agreement among respondents suggests variations in individual experiences. These insights highlight the importance of improving communication strategies, awareness campaigns, and community outreach. Zakat administrators should prioritise enhancing beneficiaries' knowledge of available programmes and how to access them while also addressing infrastructural limitations where feasible. Such measures could significantly improve the inclusiveness and effectiveness of Zakat as a poverty-alleviation tool in Kerala.

- ❖ As per the data Zakat assistance has a substantial and statistically significant economic impact on beneficiaries in Kerala. Improved control over personal or household financial decision and financial inclusion emerged as the areas with the strongest perceived impact, whereas employment and income generation, despite lower scores, also contributed positively. These findings confirm Zakat's role as a highly effective mechanism for economic improvement among its recipients.

- ❖ The descriptive statistics in Table 6.15 reveal that Zakat's economic impact is perceived as stronger than its social impact. The mean score for economic impact is higher than that for social impact, indicating that beneficiaries perceive Zakat as more effective in improving economic conditions than in enhancing social well-being. Although both dimensions showed moderately positive impacts, the economic dimension was comparatively higher. Both dimensions exhibit negative skewness and kurtosis, suggesting that the data are slightly left-skewed and platykurtic. However, these deviations were within acceptable ranges, indicating that no substantial deviation from normality affected the validity of the parametric analysis. The paired-samples *t*-test confirmed that the difference between perceived economic and social impacts was statistically significant, $t(399) = 13.206, p < .001$. The mean difference of 0.420 suggests that the economic impact is perceived as significantly higher than the social impact. Additionally, the calculated effect size (Cohen's $d = 0.66$) indicates a medium practical significance, suggesting that while the difference between economic and social impacts is

substantial, it is not overwhelmingly large. This finding implies that Zakat assistance is predominantly recognised for its immediate financial benefits, though social impacts, which were evident, were comparatively modest.

- ❖ The data reveals that the Zakat Impact Index (ZII) values range from 25% to 90%, with a mean indicating a moderate to high perceived positive impact among beneficiaries. The slightly negative skewness suggests that a larger share of respondents experienced higher levels of impact, while the near-zero kurtosis indicates a roughly normal distribution. These findings highlight both the overall effectiveness of Zakat assistance and the variability in its impact across different individuals.

- ❖ The analysis indicates that a substantial majority of beneficiaries perceive Zakat assistance in Kerala as delivering moderate-to-high levels of economic and social benefits.

- ❖ The data reveals that (Table 6.21) there is no statistically significant difference in Zakat Impact Index (ZII) scores between male and female beneficiaries, as indicated by the independent samples t-test ($t(398) = 0.723, p = .470$) and a negligible effect size (Cohen's $d = 0.08$). This suggests that both genders perceive the impact of Zakat assistance similarly, reflecting a gender-equitable distribution and effectiveness of Zakat in Kerala.

- ❖ As per the data (Table 6.22) the youngest age group (up to 30 years) perceived the highest Zakat impact, followed closely by the middle-aged group (31–50 years). In contrast, beneficiaries above 50 years perceived a notably lower impact of Zakat. The standard deviation increases with age, suggesting greater variability in ZII scores among older respondents. Welch's ANOVA results reveal statistically significant differences in ZII scores across age groups (Welch's $F(2, 220.536) = 32.136, p < .001$). The effect size, measured using omega squared ($\omega^2 = 0.126$), indicates that approximately 12.6% of the variance in ZII scores is attributable to age group differences. This represents a moderate effect size, underscoring the

practical significance of age in shaping the perceived impact of Zakat. In summary, perceptions of Zakat's impact vary significantly by age, with younger beneficiaries perceiving higher levels of impact compared to older recipients.

- ❖ The analysis demonstrated that household size significantly influences the perceived impact of Zakat in Kerala, with larger households perceiving a moderately greater impact from Zakat assistance compared to smaller households. However, the effect size analysis suggests that while the difference is statistically significant, the magnitude of the difference remains small. This implies that Zakat assistance benefits households of all sizes, though larger households might experience a more substantial overall benefit due to greater financial needs.

- ❖ Descriptive analysis revealed increasing trends in ZII scores with higher educational attainment, suggesting beneficiaries' educational level positively influences their perceptions regarding the effectiveness of Zakat. Distributional characteristics, including skewness and kurtosis values, imply approximate normality within groups, supporting the appropriateness of parametric analyses. The results demonstrate that educational attainment significantly influences the perceived impact of Zakat in Kerala. Beneficiaries with higher educational levels tend to perceive greater benefits, highlighting the role of education as an important demographic determinant in evaluating the effectiveness of Zakat programmes. This suggests that as education increases, individuals may have better financial planning, increased economic opportunities, and a stronger ability to leverage Zakat assistance, contributing to a higher perceived impact.

- ❖ The analysis reveals that marital status significantly influences the perceived impact of Zakat in Kerala. Widowed beneficiaries perceive the lowest impact, possibly due to greater financial struggles or reduced access to economic resources. In contrast, never-married individuals report the highest ZII scores, possibly due to lower financial burdens and increased reliance on external assistance.

- ❖ The data suggest that religious affiliation does not significantly influence the perceived impact of Zakat among beneficiaries in Kerala. While non-Muslim beneficiaries reported slightly higher ZII scores than their Muslim counterparts, this difference was neither statistically nor practically significant.
- ❖ The data indicate that employed beneficiaries reported higher ZII scores than their unemployed counterparts. The independent samples t-test revealed a statistically significant difference in ZII scores between the two groups ($t(398) = 8.399, p < .001$), suggesting employed individuals reporting significantly higher ZII scores compared to unemployed beneficiaries. The effect size ($d = 0.85$) suggests a large effect, indicating that employment status has a substantial influence on the perceived impact of Zakat in Kerala.
- ❖ This analysis demonstrates that income level does not significantly influence the perceived impact of Zakat among beneficiaries in Kerala, as evidenced by the non-significant ANOVA results and negligible effect size. The relatively consistent mean ZII scores across income groups suggest that Zakat assistance is perceived as equally beneficial, regardless of income level.
- ❖ The data suggest that beneficiaries receiving a single type of Zakat assistance perceive a slightly higher impact than those receiving multiple forms of assistance.
- ❖ The multiple linear regression analysis provides a comprehensive understanding of the key determinants influencing the perceived impact of Zakat among beneficiaries in Kerala, as measured by the Zakat Impact Index (ZII). The model, estimated using the Ordinary Least Squares (OLS) method with robust standard errors to address potential heteroskedasticity, explains approximately 45.49% of the variation in ZII ($R^2 = 0.4549$), which is notably strong for a cross-sectional dataset. The overall model is statistically significant ($F(13, 378) = 24.26, p < .001$), confirming that the selected independent variables collectively have substantial explanatory power. Among the continuous predictors, log-transformed

age emerged as a strong and statistically significant negative determinant of ZII ($B = -11.07$, $\beta = -0.351$, $p < .001$), indicating that older beneficiaries tend to perceive less benefit from Zakat assistance than younger ones, even when controlling for other variables. In contrast, log-transformed household size showed a positive and statistically significant association with ZII ($B = 9.60$, $\beta = 0.123$, $p = .004$), suggesting that individuals from larger households experience higher perceived impact, likely due to greater financial dependency and needs within such families. Interestingly, monthly household income (also log-transformed) was not a significant predictor ($B = -0.578$, $p = .636$), implying that income differences among beneficiaries do not significantly shape their perceptions of Zakat's effectiveness when other socio-economic factors are taken into account. In terms of categorical variables, employment status was found to be a significant positive predictor of ZII ($B = 5.79$, $\beta = 0.263$, $p < .001$), revealing that employed beneficiaries perceive higher levels of Zakat impact compared to their unemployed counterparts. This may be because employed individuals are more likely to effectively utilize the assistance for sustainable outcomes. The most influential predictor in the model was the receipt of Zakat in the form of income-generating assets, which had a strong positive and statistically significant effect on ZII ($B = 8.98$, $\beta = 0.359$, $p < .001$). This finding reinforces the transformative potential of Zakat when distributed as productive support, such as tools, equipment, or capital that can generate sustainable income. Other variables were not statistically significant. Gender ($B = 0.210$, $p = .838$) and religion ($B = -1.013$, $p = .373$) had no meaningful influence on ZII, suggesting that Zakat impact is perceived similarly regardless of these demographic characteristics, highlighting a degree of equity in distribution and outcomes. Likewise, the number of Zakat items received (i.e., whether single or multiple types of assistance were provided) did not significantly affect ZII ($B = 1.348$, $p = .129$), indicating that the quantity of support alone does not necessarily lead to higher perceived impact. Regarding educational attainment, neither medium ($B = -0.338$, $p = .739$) nor high education levels ($B = 1.277$, $p = .467$) had a significant effect on ZII when compared to the low-education reference group. A joint F-test for education dummy variables confirmed that educational level does not collectively influence the perceived impact of Zakat ($F(2, 378) = 0.59$, $p = .554$). Similarly, among the marital status categories, only the widowed group showed a statistically significant negative

effect on ZII ($B = -5.235$, $p = .037$), implying that widowed beneficiaries perceive a lower impact from Zakat, potentially due to heightened vulnerability or insufficient support. However, neither the married nor divorced groups showed significant differences from the never-married reference group, and a joint F-test for marital status variables was also not significant ($F(3, 378) = 1.65$, $p = .178$), indicating that marital status overall does not exert a strong collective influence. In summary, the regression findings provide robust evidence that key socio-demographic and economic variables—particularly age, household size, employment status, and the nature of Zakat assistance—significantly shape how beneficiaries perceive the impact of Zakat. These results align with earlier univariate findings, but the multivariate approach offers more reliable insights by adjusting for confounding effects.

- ❖ The data reveals that Zakat beneficiaries in Kerala exhibit strong and statistically significant satisfaction with various aspects of Zakat service delivery.
- ❖ The data reveals that the majority of beneficiaries report moderate to high satisfaction with Zakat services. Most beneficiaries fall into the higher satisfaction categories, with nearly two-thirds scoring above 80% on the ZBSI, indicating strong satisfaction.
- ❖ The findings demonstrate that there is no statistically or practically significant difference in satisfaction levels between male and female Zakat beneficiaries in Kerala. (An independent samples t-test revealed no statistically significant difference in the ZBSI scores between male and female beneficiaries, $t(398) = -0.787$, $p = .432$. The effect size, calculated using Cohen's d , was very small ($d = 0.08$), indicating that gender has a negligible practical effect on satisfaction levels). This suggests that the Zakat distribution system is perceived as equitable in its treatment of male and female recipients, reinforcing the inclusiveness of the assistance mechanisms in place.

- ❖ The analysis reveals significant age-related disparities in satisfaction with Zakat assistance in Kerala. Younger beneficiaries perceive significantly higher satisfaction with Zakat services compared to older beneficiaries.
- ❖ The data suggest that educational attainment moderately influences Zakat beneficiary satisfaction in Kerala, particularly distinguishing those with minimal education from those with higher educational levels. These findings indicate that educational background may influence how beneficiaries perceive and evaluate Zakat assistance, possibly due to differences in expectations or access to Zakat services.
- ❖ The results demonstrate that marital status has a moderate impact on the perceived satisfaction among Zakat beneficiaries in Kerala. Specifically, widowed beneficiaries appear to experience lower satisfaction levels compared to those who have never married, possibly reflecting greater varying expectations or needs or vulnerability among this group.
- ❖ The data suggest that religious affiliation, income and employment status does not significantly influence Zakat beneficiary satisfaction in Kerala.
- ❖ The path analysis, conducted using AMOS with maximum likelihood estimation and bootstrapping procedures, revealed that perceived Zakat impact (ZII) plays a central mediating role in determining Zakat beneficiary satisfaction (ZBSI). ZII had a statistically significant positive direct effect on satisfaction ($\beta = .125, p = .011$), confirming the primary hypothesis (H1). Employment status ($\beta = .033, p = .022$), receipt of income-generating Zakat assistance ($\beta = .042, p = .022$), and age ($\beta = -.055, p = .027$) had significant indirect effects through ZII, while their direct effects on ZBSI were not significant, establishing full mediation. The proportion of earning household members showed both significant direct ($\beta = .158, p = .001$) and indirect effects ($\beta = -.014, p = .019$), suggesting partial mediation and supporting H2. Among demographic characteristics, only medium education ($\beta = .123, p = .020$) and being widowed ($\beta = -.169, p = .016$) had significant direct

effects on satisfaction, whereas high education, gender, religion, and income were not significant, providing partial support for H3 and indicating equitable treatment across most demographic lines. The model explained 43.3% of the variance in ZII and 8.9% in ZBSI, with satisfactory fit indices, though the modest variance in satisfaction is likely due to the subjective and multifactorial nature of satisfaction itself. Overall, the analysis confirms that ZII is a crucial mediating variable, linking socio-economic conditions to satisfaction outcomes. The findings highlight that employment, productive Zakat support, younger age, and higher proportions of earners in households enhance perceived impact and, in turn, satisfaction. Psychometric validation of the ZBSI scale confirmed its robustness across dimensions like fairness, usefulness, adequacy, timeliness, accessibility, and staff behaviour. Beneficiaries reported generally high satisfaction levels, with minimal dissatisfaction, and results showed no significant disparities in satisfaction based on gender, religion, income, or employment. However, lower satisfaction was noted among older, less educated, and widowed individuals, suggesting the need for targeted policy responses to better address the needs of these vulnerable groups. In essence, the findings underscore that enhancing the perceived effectiveness of Zakat delivery—particularly through employment-sensitive and asset-based support—is vital for maximizing beneficiary satisfaction in Kerala.

7.3 Conclusion

As one of the five pillars of Islam, Zakat is not entrenched in its spiritual origins but is a vibrant socio-economic instrument of justice, equity and development. Based on the principles of wealth redistribution and social solidarity, Zakat is a faith-based fiscal initiative that aims to empower the impoverished, enhance economic inclusion, and community resilience. The theological imperative of Zakat is thereby integrated into wider developmental perspective which correlates with the contemporary objectives of poverty eradication, economic inclusion and sustainable development.

This study examined the socio-economic dynamics of Zakat distribution in Kerala with the objective of assessing its effectiveness as a redistributive and welfare-enhancing mechanism. Through the empirical testing of eleven hypotheses (H₁–H₁₁), the research

systematically evaluated the relationships between socio-economic characteristics, awareness, institutional transparency, procedural efficiency, adequacy of assistance, accessibility barriers, and beneficiary satisfaction. The results presented in Chapter Five and Six provides substantial empirical support for the central proposition that Zakat functions as a significant community-based instrument of redistribution and social protection.

The findings confirm that socio-economic characteristics significantly influence access to Zakat assistance. Economically vulnerable households—particularly those with low and unstable income, higher dependency ratios, and limited educational attainment—demonstrate greater reliance on Zakat support. This indicates that Zakat institutions in Kerala are broadly aligned with their redistributive mandate. However, variations in access across demographic groups suggest the presence of structural gaps in beneficiary identification and targeting mechanisms.

Awareness emerged as a critical determinant of accessibility. Beneficiaries with adequate knowledge regarding eligibility criteria and institutional procedures encountered fewer barriers in accessing assistance. This finding underscores the importance of informational equity in strengthening redistribution outcomes. Similarly, institutional transparency and procedural efficiency were found to significantly enhance beneficiary trust and satisfaction. Transparent accounting practices, timely disbursement, and simplified documentation processes contribute not only to operational effectiveness but also to institutional legitimacy.

The adequacy of assistance was identified as a decisive factor influencing socio-economic improvement. While Zakat provides measurable short-term relief in education, healthcare, and debt servicing, its long-term developmental impact remains contingent upon the sufficiency and structure of support. Fragmented and minimal transfers limit sustainable upliftment, indicating the need for a more structured and empowerment-oriented approach. Furthermore, the Structural Equation Modelling (SEM) results confirmed the multidimensional nature of the Zakat Beneficiary Satisfaction Index (ZBSI), demonstrating that satisfaction is shaped by both material and procedural dimensions. Direct and indirect relationships among socio-economic, institutional, and accessibility variables validate the conceptual framework and establish the interconnectedness of determinants influencing welfare outcomes.

Collectively, the acceptance of the majority of hypotheses substantiates the argument that Zakat in Kerala operates as a meaningful redistributive mechanism. Although it does not replace formal state welfare programmes, it complements them by addressing localized vulnerabilities and community-specific needs. However, disparities in distribution patterns and institutional practices indicate the necessity of structural reforms to enhance equity, efficiency, and sustainability.

Based on the findings of the study, it is evident that improving the effectiveness of Zakat distribution in Kerala requires strengthening institutional systems and ensuring equitable access. Zakat institutions should adopt clear and standardized criteria for beneficiary identification to ensure that assistance reaches the most deserving households. Increasing transparency through proper accounting, public reporting, and digital record-keeping can enhance trust and accountability. Awareness programmes at the community level are necessary to reduce informational barriers and improve accessibility. Simplifying procedures and reducing documentation requirements can further increase beneficiary satisfaction. Additionally, shifting from small consumption-based transfers to productive and income-generating support can improve long-term socio-economic outcomes. Overall, coordinated institutional efforts and systematic monitoring are essential to transform Zakat into a more structured and sustainable mechanism for poverty alleviation and inclusive development.

The results of this research have shown that an effectively conducted Zakat can be of tremendous transformative value in the Indian scenario especially in Kerala. Through empirical review of the lived experiences of beneficiaries, this study is able to give explicit evidence that Zakat is an important contributor to economic welfare, social mobility and enhanced well-being in disadvantaged groups. The development and testing of the indices like the Zakat Impact Index (ZII) and the Zakat Beneficiary Satisfaction Index (ZBSI) demonstrated that the beneficiaries felt that there was a concrete change in the level of income, access to health, education attainment, and employment opportunities. Notably, the information revealed that Zakat is not only a safety net but also an empowering and self-sufficient platform, which is realized in the form of self-employment programs and skills development.

The use of social-economic impacts of Zakat in Kerala, as seen using economic and social perspective, highlights the multidimensional nature of Zakat. Zakat has been discovered

to decrease income inequality especially in form of specific help to low-income families. Moreover, the sectoral investments in the area of housing, healthcare, education, and basic sustenance generated a positive ripple effect of improving the human development indicators of beneficiaries. The stability of livelihood patterns through recurrence of certain types of assistance also contributed to continuity and resilience in that there were short term weak points that were cushioned by the long-term stability.

It was also studied how Zakat management system in India is diverse in institutions and fragmented in operation. Although there is no centralized, state-owned Zakat organization in India, some prominent non-governmental organizations, including Zakat Foundation of India, Zakat Centre India and Baithuzzakath Kerala, are instrumental in the collection and distribution of Zakat. The study discovered that institutional mechanisms are also a better way of doing transparency, accountability and strategic use of Zakat funds than individual and informal practices. However, some barriers to access still exist such as bureaucratic inefficiencies, unawareness, and socio-cultural exclusions that should be considered to achieve inclusiveness and equity.

The Zakat administration model in Kerala especially via organizations such as the Baithuzzakath Kerala and Mahall based committees, is an example of a hybrid system of individual and institutional practices. These organizations have played an important role in the diversification of the nature of assistance provided, professionalization of Zakat management and outreach. Regional differences and absence of standard directions are however problems. The analysis revealed that the level and degree of satisfaction with Zakat services differed significantly between genders, age, income groups, and educational status and requires more balanced and objective distribution models.

To sum up, the study confirms that Zakat is not an act of charity but rather an effective tool of social finance that, when well used, can help to add significant value to socio-economic development. The Kerala experience provides meaningful lessons on how the decentralized, community-based and institutionally facilitated Zakat mechanisms can be used to achieve inclusive growth. This thesis proposes the incorporation of Islamic social finance principles into national development policies and suggests the strengthening of the institutions, integration of policies, and digitalization of Zakat systems in order to achieve its maximum developmental potential throughout India.

7.4 RECOMMENDATIONS

- The state-level coordination of Zakat authority has to be set up to regulate and standardize all the activities related to the Zakat system throughout Kerala to allow a sense of uniformity, accountability and strategic orientation of the different institutions.
- It should establish a centralized digital platform to handle online Zakat payments, beneficiary registration, disbursement tracking and financial reporting using a single window system available to the donors and the institutions.
- Zakat should provide considerable portion of the funds to the long-term developmental objectives like skill training, support microenterprise, and self-employment instead of reducing it to the short-term reliefs.
- To cater to the correct targeting and inclusiveness, a confirmed and regularly updated database of Zakat beneficiaries must be taken in with well-organized socio-economic surveys.
- Awareness drives ought to be carried out throughout the state of Kerala to sensitize the people on the developmental use of Zakat and the value in giving through formal, open organizations.
- The employees and volunteers working in the Zakat administration should be trained periodically on their financial accounting, digital record-keeping, outreach, and Shariah compliance.
- Zakat beneficiaries should be scheduled to attend financial literacy programs to empower them to spend received money in a wise manner, to budget and to move on to the path of financial independence with long term prospects.

- There should be enhanced institutional co-operative initiatives between Zakat institutions and development players including Kudumbashree units, SHGs, NGOs and CSR activities to share resources and reach greater program coverage.
- Independent third-party agencies or academic institutions should conduct annual impact assessment to make sure that it is objective and credible.
- Zakat initiatives must be in line with the Sustainable Development Goals (SDGs), particularly those associated with poverty eradication, quality education, gender equality and decent work and economic growth.
- It should also develop pilot projects to experiment innovative models, like blockchain-based Zakat wallets, digital micro-payments, rice ATMs or mobile Zakat platforms.

Scope for Future Research

This study opens several avenues for further research.

- ❖ Compare Zakat practices across different Indian states to identify the best models.
- ❖ Conduct longitudinal studies tracking beneficiaries' long-term economic mobility.
- ❖ Explore integration of Zakat systems with formal banking and microfinance.
- ❖ Assess the role of digital platforms in improving efficiency and transparency.
- ❖ Undertake comparative international analyses with state-led and hybrid Zakat systems.

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APPENDICES

Al-Gharimun	are people in debt who cannot repay what they owe, and they can receive help from Zakat.
Fi Sabilillah	"in the way of Allah" and refers to giving Zakat to support good causes like helping others, spreading Islam, or defending the community.
Fir-Riqab	refers to enslaved people or captives who can be freed using Zakat to help them gain their freedom.
Fuqara	are very poor people who have nothing or almost nothing and are the most deserving recipients of Zakat.
Ibn as-Sabil	a stranded traveler who has no means to return home and is eligible to receive Zakat.
Kharaj:	A land tax imposed on non-Muslim-owned agricultural land in Islamic rule.
Khumus:	A 20% tax on certain types of wealth (like war booty or treasure) paid for religious and public welfare purposes
Masakeen	are poor people who don't have enough to meet their basic needs and are eligible to receive Zakat.
Musthahiq	is a person who is eligible to receive Zakat according to Islamic guidelines.
Muzakki	is a Muslim who possesses wealth above the nisab threshold and is obligated to pay Zakat.
Nisab	is the minimum amount of wealth a Muslim must possess for a full lunar year to become liable to pay Zakat.
Riba	interest or unfair extra money taken in a loan or trade, which is forbidden in Islam.
Sadaqa	is a voluntary charity given by Muslims at any time, in any amount, for the sake of Allah.
Ushur:	A 10% tax on agricultural produce given by Muslims, especially from naturally irrigated land.
Zakat	is a mandatory form of almsgiving in Islam, calculated as a fixed portion (usually 2.5%) of a Muslim's qualifying wealth and distributed to eligible recipients.

INTERVIEW SCHEDULE

ECONOMICS OF ZAKAT IN INDIA: AN EMPIRICAL ANALYSIS WITH SPECIAL REFERENCE TO KERALA

This is conducted as part of my research project “Economics of Zakat in India: An Empirical Analysis with Special Reference to Kerala”. The aim of the study is to assess the role of Zakat in improving the socio-economic conditions of its beneficiaries in the state of Kerala. You are hereby requested to take part in this survey. All information that you furnish shall be treated with utmost confidentiality, and will only be used for academic purposes. Only aggregate data would be used in the study so your identity will not be disclosed under any situation.

Contact details: Name: Rosina Padayan Valappil Position: Research Scholar in Economics Institution: Government Arts and Science College, Calicut Email: pvrosina026@gmail.com

I. SECTION (Demographic Profile of the zakat beneficiaries)

1. What is your gender?

Male

Female

2. How old are you?.....(Years)

3. Which of the following religion is belongs to you?

Islamism

Hinduism

Christianity

Others

4. What is your current marital status?

Never Married

Currently Married

Widow/Widower

Divorced

Separated

Others

5. How many members are there in your household?

6. What is your highest educational qualification?

- No formal education
- Up to Primary level of school education
- Up to Secondary level of school education
- Higher Secondary
- Under Graduation
- Post Graduation
- Other (Specify: _____)

7. What is your current activity status?

- Employed Unemployed

8. What is your current occupational status?

- Self-Employment
- Regular salary worker
- Casual labour
- Contract labour
- Temporary Worker
- Student

9. How many individuals in your household contribute to the family income?

10. How much is your last month income?

II. SECTION (Zakat Assistance and Utilization)

11. Whether zakat is income generating asset?

- Yes No

12. How often do you receive zakat?

- Once Monthly Annually Rarely

13. In which of the following items did you receive Zakat? ()

- | | |
|--|---|
| <input type="checkbox"/> Health and Medical Assistance | <input type="checkbox"/> Education |
| <input type="checkbox"/> Skill and employment | <input type="checkbox"/> House and construction |
| <input type="checkbox"/> Ration | <input type="checkbox"/> Debt relief |
| <input type="checkbox"/> Pension | <input type="checkbox"/> Disaster relief |

14. Have you received any vocational training or skill development assistance through zakat? (use mark)

- Yes No

III. SECTION (Effectiveness and Relevance of Zakat Assistance)

15. Based on your opinion, please rank the following types of Zakat assistance in order of their importance in addressing beneficiary needs.

(Assign a rank from 1 to 5, where 1 = most important and 5 = least important. Use each rank number only once, without ties. If you feel another type of assistance is important, you may specify it under "Other" and rank it as well.)

Sl. No.	Types of Zakat Assistance	Rank (1 = Most Important, 4 = Least Important)
1	Housing Support	
2	Educational Assistance	
3	Income Generation	
4	Healthcare Support	
5	Food Security	
6	Other (Please specify): _____	

16. To better understand the difficulties in accessing Zakat assistance, please rank the following challenges based on your personal experience or perception.

(Assign a rank from 1 to 4, where 1 = most challenging and 4 = least challenging. Use each rank number only once, without ties. If you feel another challenge is significant, you may specify it under "Other" and rank it as well.)

Sl. No.	Challenge in Accessing Zakat Assistance	Rank (1 = Most challenging, 4 = Least Challenging)
1	Lack of awareness about Zakat programs	
2	Difficulty in the application process	
3	Insufficient information on available services	
4	Limited accessibility to Zakat centres	
5	Other (Please specify): _____	

17. Please rank the following areas based on how significantly Zakat assistance has impacted your life, with 1 being the most impactful and 4 the least impactful.

Sl. No.	Impact Area	Rank (1 = Most Impactful, 4 = Least Impactful)
1	Employment opportunities	
2	Education and skill development	
3	Improved housing condition	
4	Better healthcare access	
5	Others (Specify)	

IV. SECTION (Perceived Impact of Zakat Assistance)

18. Instructions:

Based on your experience, to what extent has Zakat assistance made an impact in each of the following areas of your life. Please indicate your response by selecting one of the options below:

Response Scale:

0 = No Impact 1 = Low Impact

2 = Moderate Impact 3 = High Impact

4 = Very High Impact

Sl. No.	Impact Area	Response (Circle One)				
1	Income generation	0	1	2	3	4
2	Employment generation	0	1	2	3	4
3	Poverty alleviation	0	1	2	3	4
4	Improved Control Over Personal or Household Financial Decision	0	1	2	3	4
5	Financial inclusion	0	1	2	3	4
6	Better housing conditions	0	1	2	3	4
7	Improved healthcare access	0	1	2	3	4
8	Basic needs fulfilment	0	1	2	3	4
9	Greater Involvement in Community Activities	0	1	2	3	4
10	Social harmony	0	1	2	3	4

V. SECTION (Zakat Beneficiary Satisfaction)

19. Instructions:

The following statements relate to your level of satisfaction with the Zakat assistance you have received. Please indicate your level of agreement with each statement by selecting the option that best reflects your opinion using the scale below:

Response scale:

- 0 = Strongly Disagree
- 1 = Disagree
- 2 = Neutral
- 3 = Agree
- 4 = Strongly Agree

Sl. No.	Statements	Response (0–4)
1	I am satisfied with the overall usefulness of Zakat support in areas like education, healthcare, and basic needs.	
2	I am satisfied with the fairness and transparency of the Zakat distribution process.	
3	I am satisfied with how quickly Zakat assistance was provided when needed.	
4	I am satisfied with the amount of Zakat assistance I received.	
5	I am satisfied with the behaviour and support provided by Zakat staff or volunteers.	
6	I am satisfied with how easy it was to access Zakat assistance when I needed it.	

INTERVIEW SCHEDULE

ECONOMICS OF ZAKAT IN INDIA: AN EMPIRICAL ANALYSIS WITH SPECIAL REFERENCE TO KERALA

This is conducted as part of my research project “Economics of Zakat in India: An Empirical Analysis with Special Reference to Kerala”. The aim of the study is to assess the role of Zakat in improving the socio-economic conditions of its beneficiaries in the state of Kerala. As part of the research, data is being collected from selected institutions that play a role in the administration or facilitation of Zakat. You are kindly requested to support this academic effort by providing the required information. Please be assured that all data shared will be kept strictly confidential and will be used only for research purposes.

Contact details: Name: Rosina Padayan Valappil Position: Research Scholar in Economics Institution: Government Arts and Science College, Calicut Email: pvrosina026@gmail.com

I. SECTION: (Institutional Information)

1. Name of the institution:
2. Address:
3. Type of institution: (use \surd mark)
 Government Religious
 Non-Govt Organization Others: _____
4. Area of operation
5. Year of establishment
6. No of branches
7. How long the institution has been doing Zakat operations
 Within one year 1-5 year
 6-10 years More than 10
8. How many employees with regards to zakat administration?

9. Details of employees

10. Nature of employees

Paid

Voluntary

II. SECTION: (Zakat Collection and Administration)

11. How does your institution collect zakat? (use \surd mark)

Voluntary donation

contribution through the committee

Business contribution

Others: _____

12. Average number of zakat beneficiaries per year. (use \surd mark)

0-100

100-200

200-300

300-400

400-500

Above 500

13. Total number of beneficiaries till date: _____

14. Average number of zakat donors per year: _____

15. Average amount of Zakat collection per year? INR _____

16. Total amount of Zakat collected till date? INR _____

17. What percentage of the Zakat fund is allocated for administrative costs/ operating expenses of this institution? _____

18. Does your institution have any cooperation with other organizations or businesses for the Zakat collection? (use \surd mark)

Yes

No

III. SECTION:

19. How does the institution identify the Zakat beneficiaries? (use \surd mark)

Direct investigation

Community Survey

Local authority

others: _____

20. Which criteria are used to identify the eligible beneficiaries for Zakath assistance? (use \surd mark)

V. SECTION:

25. Growth assessment

Growth	Significant increase	Moderate increase	Slight increase	Decrease	No change
a. Number of Zakat beneficiaries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Number of donors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Average growth in collection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Average growth in distribution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Number of zakat activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

26. Sector-wise growth

Growth	Significant increase	Moderate increase	Slight increase	Decrease	No change
a. Education	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Health and medical assessment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Employment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. House and construction	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Assistance to needy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Debt relief	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

27. Growth in the Zakat fund and number of beneficiaries in the last 10 years (2013-2023)

Sl. No	Year	No of beneficiaries	No of donors	Zakat collection	Zakat distribution	Zakat activities
1	2013-14					
2	2014-15					
3	2015-16					
4	2016-17					
5	2017-18					
6	2018-19					
7	2019-20					
8	2020-21					
9	2021-22					
10	2022-23					
	Total					

28. Rank the following factors based on their perceived impact on the economic empowerment of Zakat beneficiaries (1= Most significant impact, 6= least significant impact)

S No	Impact Area	Rank
1	Education and scholarship	
2	House	
3	Healthcare assistance	
4	Skill development program	
5	Microfinance and entrepreneurship support	
6	Others	

29. Rank the following future initiatives in terms of their potential impact on the socioeconomic well-being of zakat beneficiaries (1=most. 3=least)

S No	New Initiatives	Rank
1	Expanding educational support programs	
2	Introducing new SSI	
3	Investing in sustainable development projects	
4	Others	

30. Are there any specific programs targeting economic development or entrepreneurship?

(Yes/ No): _____

31. If yes, mention those programs:

32. Rank the following challenges faced by your institution in operations (1=most, 4=least)

S No	Problems and Challenges	Rank
1	Lack of public awareness about zakat	
2	Difficulty in identifying eligible beneficiaries	
3	Insufficient fund collected	
4	Inadequate infrastructure for fund distribution	
5	Others	

33. Please mention the suggestions if any to improve the collection and disbursement of Zakat fund:







TRANSFORMING LIVES

One home at a time

1,058
People made
self-reliant with
Livelihood
Projects

As per our policy, last year too we focused the most on livelihood projects. Around 69% of Zakat was used in **helping people become self-reliant**.

From a simple road side shop to a fully functional salon. Our beneficiaries earn their livelihood with dignity.



FEW SUCCESS STORIES

Names changed to safeguard their privacy



From humble beginning to successful Entrepreneur

Two years back Zakat Center provided 2 thread machine to a seamstress who adapted quickly to this new trade. Her enthusiasm caught up with neighbourhood women who also took to this activity. Later Zakat Center India extended sewing machines to other trained women. There has been a tremendous boost in income.

Women with 5 thread machines now earn 23-25 thousand rupees every month and others earn 8-10 thousand rupees monthly, What commenced with one woman has empowered so many of them and the locality has become a hub of self-dependant women entrepreneurs.



The ability to overcome handicap

This is a unique story of husband and wife complementing each other in the grocery business. They were victims of the covid-19 wave which affected their business and depleted their capital. Zakat Centre replenished its capital and they have been able to put their business back into action. The wife is also engaged in tailoring where she has a sizable income. The story demonstrates that even small charities can empower the vulnerable and transform their lives.



50000+ Beneficiaries from

22 years of Baithuzzakath Kerala's exemplary model that demonstrates the impact, that can be made through the proper utilization of collective Zakat.

4643

Financial assistance
for medical expenses

1332

Complete coverage
for full housing project

300

Drinking water
projects

3025

Student scholarships

1918

Debt relief

3553

House Repairing and
completion of houses

2434

Employment schemes

2193

Family ration
and pension

The End