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## EVOLUTION OF PADDY ZAKAT MANAGEMENT IN THE STATE OF KEDAH

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### Abstract:

The fundamental tenet of Islam's social structure is the mandatory almsgiving, or zakat. The challenges and suffering of the impoverished are supposed to be lessened with the proper and sufficient execution of zakat institutions and management. Kedah is known as the largest paddy cultivator in Malaysia and has a long history in zakat management by the Kedah State Zakat Board (LZKN) back in 1935. This paper intends to examine the evolution and management of paddy zakat, starting from its existing management, technological integration, and future orientation. The introductory reviews are based on previous and relevant research on the management of paddy zakat collection and distribution in the state of Kedah, with a focus on the shift from traditional methods to the integration of digital technologies. Apart from that, a few prospects have been investigated to improve Kedah's paddy zakat management, such as special educational awareness programs, agriculture institution collaboration, and special projects for income generation. Information and data searches were collected via library searches and searching databases. With an eye on maximising social impact and guaranteeing adherence to Islamic law, the modernisation of zakat institutions throughout Malaysia is reflected in the development of paddy zakat management in Kedah

**Keywords:**

Agriculture, Digital Technologies, Paddy, Zakat Management

**Overview Of Zakat Management**

Zakat, one of the five pillars of Islam, is an obligatory practice of paying alms that serves to cleanse riches and provide aid to the less fortunate. Zakat is obligatory for Muslims who meet the minimum wealth threshold, known as nisab. Prophet Muhammad first initiated the practice of zakat by declaring that it was the second year of Hijrah. The practice of zakat is divided into two phases: the Mecca phase and the Medina phase (Qardhawi, 2007). Furthermore, the Qur'an emphasises the notion of zakat 30 times, underlining its importance alongside prayers, which are mentioned 27 times (Manurung, 2014).

“Alms-tax is only for the poor and the needy, for those employed to administer it, for those whose hearts are attracted to the faith, for freeing slaves, for those in debt, for Allah’s cause, and needy travellers. This is an obligation from Allah. And Allah is All-Knowing, All-Wise”: At-Tawbah verse 60, (The Clear Quran, 2015),

**The Arrival Of Islam And Position Of Zakat At The Earlier Period In Kedah**

The religion of Islam was officially accepted in Kedah in 1136 AD, following its introduction in the 9th century AD (Othman, 2006). According to Winstedt (1920), Kedah was a significant destination for traders and merchants from Arabia, Persia, and India, who not only traded but also played a critical role in the dissemination of Islam to the regions they visited. Historians assert that Kedah officially embraced Islam around 1136 AD, which aligns with 531 Hijri, under the reign of Maharaja Derbar Raja II (Ismail, 2015). After converting to Islam, the king chose the name Sultan Muzaffar Shah. Meanwhile, Sheikh Abdullah fulfilled the role of Sultan Muzaffar Shah's religious instructor and held the position of advisor in matters of religion, law, and state affairs in Kedah. Moreover, as recorded in the Hikayat Merong Mahawangsa, Sultan Muzaffar Shah instructed the people of Kedah to diligently observe their prayers and accomplish their duty of giving zakat fitrah, which is a specific form of mandatory alms (Gallop, 2021).

The Kedah State Zakat Board (LZKN) serves as the custodian for Ulil Amri, the Sultan of Kedah. LZKN is a regulatory entity responsible for the collection and distribution of zakat in the state of Kedah, Malaysia. The management of zakat is typically entrusted to Islamic institutions that ensure its proper collection and distribution according to Shariah principles. Established on September 5, 1936, as indicated in the Notice Advising the Relevant Regulations concerning zakat transactions (Zaki, Sulong & Ghani, 2020). In 1955, the law and regulation of zakat in Kedah state, known as Zakat Enactment 1374 (1955), was implemented with the permission of His Majesty Sultan Badlishah Ibni Sultan Abdul Hamid Halim Shah (Haji-Othman, Mohamed Fisol, & Sheh Yusuff, 2019). In line with that, to ensure the successful implementation of the Kedah State Zakat Board (LZKN), its vision and mission serve as a foundation for action. The primary objective is to facilitate the efficient collection and distribution of zakat while also aiding the impoverished recipients (asnaf) population in Kedah in overcoming poverty (Lembaga Zakat Negeri Kedah, 2024). The state of Kedah is interchangeably referred to as a paddy granary. It became one of the provinces that produced

staple food for Malaysians. Consequently, paddy zakat is one of the nine categories of zakat that are overseen and regulated by LZNK.

The management of zakat in the state of Kedah, particularly paddy zakat, underwent a gradual evolution and improvement from that point forward. This study fills a gap in the literature regarding the chronology of zakat paddy in Malaysia, specifically in Kedah State. To the best of the authors' knowledge, this paper may showcase the evolution of zakat paddy management before and after the period of independence.

### **Current Management Of Paddy Zakat**

An essential component of Islam is agricultural zakat, which is both a benefit to Muslims' lives and an act of devotion that shows loyalty to Allah. Enhancing Muslims' socioeconomic standing, maintaining the flow of income within the community, and helping those in need, especially the impoverished and needy, are just a few advantages of strengthening and empowering agricultural zakat (Azhar & Hussain, 2017). Significant zakat collections enable a larger distribution, which benefits a higher number of qualified asnaf. However, the irregularities in zakat payments and collections are partly caused by demographic characteristics within Malaysian zakat organisations (Ibrahim, 2016).

The Kedah State Zakat Board (LZNK) is vital in overseeing paddy zakat management within the state. Created to improve zakat administration, LZNK has introduced several initiatives to enhance both collection and distribution processes. To improve the efficiency of paddy zakat management governance, LZNK used a structured method to determine the zakat that is due to farmers. Due to the assessment of zakat obligation, the process includes evaluating the amount of paddy produced by the farmers to calculate their zakat obligations. A standard calculation for an organised collection process includes considering the nisab and applicable rates (Mohamad Zaki, Sulong, & Nik Abdul Ghani, 2020). In order to guarantee adherence to zakat requirements, LZNK keeps a close eye on farmers, confirming that the zakat is computed and paid correctly. Additionally, LZNK engages with the community to offer guidance and assistance, helping farmers grasp their zakat responsibilities and properly comply with the regulations. In order to guarantee that receivers of zakat are genuinely qualified to benefit from it and, therefore, accomplish the primary goals of LZNK, a methodical process for zakat collection is followed, beginning with the identification of those who are required to pay zakat. This procedure entails figuring out which farmers must pay zakat since their paddy yields are higher than the nisab criterion.

The distribution of paddy zakat by LZNK is intended to support more general objectives of socioeconomic development and poverty eradication. Zakat proceeds are carefully allocated to help the underprivileged and poor, with an emphasis on rural areas that are strongly dependent on agriculture. This focused assistance not only satisfies the zakat commitment as required by Islam, but it also advances the goals of sustainable development. By lowering economic inequality and poverty, LZNK contributes to the development of a more just society. Zakat distribution gives vital resources to those who are most in need while also significantly contributing to greater wealth equality. Additionally, food security is greatly impacted by LZNK's efforts to guarantee that farmers receive the support they require to stabilise food output. This strategy promotes the community's general well-being and the long-term viability of regional agriculture (Abdul Wahab, 2019). In summary, the distribution of paddy zakat by LZNK is a holistic approach that not only meets immediate needs but also advances wider socio-economic and developmental objectives. By concentrating on rural, agriculturally

orientated populations, zakat contributions are more efficiently utilised to raise living standards and encourage long-term development in Kedah.

**Table 1: Paddy Zakat Collection**

Year	Total Collection (RM)
2021	5,326,933.64
2020	5,173,191.83
2019	4,442,086.77
2018	3,760,222.28
2017	4,209,824.62
2016	5,163,003.33
2015	4,650,469.48
2014	5,199,732.75
2013	4,469,391.08
2012	4,073,990.93

Source: The Kedah State Zakat Board (n.d)

Table 1 shows the trends in paddy zakat collection in Kedah from 2011 to 2021, revealing a dynamic pattern characterised by both increases and decreases over the ten years. Collection from 2012 to 2014 marks a significant upward trend in the zakat collection, culminating in a peak collection of 5,199,731.95 in 2014. This increase could be indicative of improved agricultural output. An increase was observed in 2019, followed by a substantial rise in 2020 and 2021. This resurgence may be attributable to targeted interventions by LZNK, such as enhanced zakat awareness campaigns, improved collection systems, or government support measures aimed at revitalising agricultural productivity in the state. This provides valuable insights into the evolution of paddy zakat management and collection within the state.

### Future Directions For Paddy Zakat Management

As the management of paddy zakat in Kedah continues to evolve, several key areas emerge that are crucial for future development and optimization. This section explores recommendations for enhancing the efficiency, transparency, and impact of paddy zakat management in the state.

Firstly, the integration of digital technologies into zakat management systems has shown significant improvements in efficiency and transparency (Ismail, Ismail, Musa & Chong, 2023). In 2017, the LZNK began efforts to digitise its operations, aiming to improve the efficiency and effectiveness of zakat management in the state. This initiative included the implementation of digital platforms and tools to streamline the processes of zakat collection, distribution, and reporting. LZNK included several key components, such as the introduction of “JomZakat” as an online zakat calculator, payment gateways, Zakat on Touch mobile applications, and other streamlined zakat payments, especially for those in remote areas. The digitisation also enhanced data management and analytics, allowing for more accurate tracking and allocation of zakat funds to various asnaf categories. Furthermore, transparency and accountability were improved as donors could easily monitor their contributions and the utilisation of funds, which fostered greater trust in the institution. Additionally, digital platforms were employed to boost community engagement through better communication and interaction with zakat payers and recipients (Mahadia & Md Bashir, 2021; Meerangani, Mad Sharipp, Abdul Hamid, Hashim, P.Rameli, & Rosele, 2022).

Secondly, the importance of educating the community about zakat and strengthening the credibility of zakat management institutions is crucial for increasing zakat fund collections (Cokrohadisumarto, Zaenudin, Santoso & Sumiati, 2019). One of the primary challenges in paddy zakat management is the lack of awareness among farmers regarding their obligations. Therefore, LZNK conducts regular talks at mosques across the state as part of ongoing efforts to raise awareness about the obligation of paying zakat, especially paddy zakat. These talks are held regularly throughout the year to ensure that the importance of zakat remains a key focus for the community, particularly among farmers. These initiatives by LZNK have significantly increased awareness among farmers about the importance of zakat, leading to higher compliance and a more equitable distribution of wealth in the community. Through ongoing education and engagement, LZNK continues to foster a culture of zakat that not only fulfils religious duties but also strengthens the economic and social fabric of rural communities in Kedah.

Additionally, strengthening ties between LZNK and agricultural institutions, the Muda Agricultural Development Authority (MADA), is crucial for enhancing zakat collection and distribution in the paddy sector. This collaboration can significantly improve agricultural productivity and increase zakat contributions. Collaboration with agricultural research institutions can improve paddy cultivation techniques, potentially increasing zakat yields. For instance, MARDI's research has led to new paddy varieties that can increase yields (Mohd Zainol, Ashri, Mohd Rosmi, & Ibrahim, 2023). Integrating zakat management strategies with Kedah's broader agricultural development plans, such as those implemented by the National Farmers Organisation (NAFAS), can create synergies benefiting both sectors (Adnan, Nordin, & Anwar, 2020; Mohammad Naim, Baharum, Zarifah, Zakirah, Fikriyah, & Jamaly Juwardy, 2024). This integrated approach can address challenges faced by paddy farmers, like rising input costs and market volatility, as highlighted in the SMART SBBA project (Mohamad Naim et al., 2024), ultimately supporting farmers and enhancing the paddy sector's overall productivity. Furthermore, the recent implementation of the Asnafs' Large-Scale SMART Paddy Field (SMART SBBA) project by the LZNK provides valuable insights into potential future directions.

The innovative project, the SMART SBBA, aimed at improving the socio-economic status of zakat recipients through paddy cultivation (Mohamad Naim et al., 2024). Covering 200 hectares and involving 65 asnafs, the project offers various land package options and focuses on job creation, economic ecosystem development, and improving the economic cycle among recipients. SMART SBBA incorporates human capital management, skills training, and marketing support. Despite facing challenges such as high input costs and field management issues, the project represents a progressive approach by LZNK to utilise zakat funds for sustainable economic development in Kedah's agricultural sector, potentially shaping future zakat management strategies in the region. The ultimate goal is to create a self-sustaining economic model that empowers asnaf to become agricultural entrepreneurs and reduce reliance on external aid.

## Conclusion

As the agricultural landscape of Kedah evolves, so does the management of paddy zakat to ensure its continued relevance and effectiveness. This paper implores the initiatives being done by the Kedah state regarding paddy zakat in order to mine the many benefits of its implementation to ummah. During the implementation of the zakat from its inception until today, the management transition is vital in order to plan and execute the distribution properly



in an orderly manner. Examining the management style already in place, digital assimilations are essential for public compliance and awareness as well as an important tool for more efficient decision-making. The suggestions for improving the state's paddy zakat management for effectiveness, openness, and impact were also presented in terms of community education, liaising with agricultural institutions, as well as the launching of a few innovative projects such as SMART SBBA. This work provides the foundation for a comprehensive analysis of the evolution and trends in paddy zakat management.

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