CHAPTER II

LITERATURE REVIEW

A. Theoretical Basis

1. Gross Domestic Product (GDP)

   a. Definition of Gross Domestic Product (GDP)

Gross Domestic Product (GDP) can be interpreted as a country's ability to provide economic goods and services in the long term to its population; this progress grows based on the progress of the factors of production itself including the advancement of its technology and the necessary institutional and ideological adjustments.

GDP is one indicator that can describe the movement of economic conditions in a country in a certain period which is calculated by the variable economic factors that result from the added value of the production process is often greater than the actual increase in production. Thus the development of the economy is slower than its potential(Sukirno, 2011).

GDP is also a process of developing physical policies that produce economic goods and services, such as the growth and production of industrial goods, the addition of educational facilities such as schools, the development of infrastructure, the production of service sectors, and the production of capital goods. Seeing and assessing the picture of economic growth achieved in a country, an appropriate indicator is used is the level of real national income obtained(Sukirno, 2011).

GDP is economic growth into a priority by the government that aims to prosper the community, as well as improve the quality of quality human virgin resources. For this reason, import-export activities become a policy target in growing a country's economy. GDP is also a process of increasing per capita output in the long run (Boediono, 1999).

Economic growth is an increase in the long-term capacity of the country concerned to provide various economic goods to its population. The increase in capacity itself is determined or made possible by the progress or dissemination of technology, institutions and ideologies against the various guidelines that exist. Each of the three main components of this definition is very important to know, namely:

1) Continuous increase in output is manifestation or realization rather than what is referred to as economic growth, while the ability to supply various types of goods itself is a sign of economic maturity in a given country,
2) Technological development is the basis of preconditions for the implementation of continuous economic growth, thiscondition areneeded and it is still not enough.
3) To realize the growth potential in new technology, it is necessary to have a series of institutions, attitudes, and ideology.

According to Jones (2003) in macro analysis to measure economic growth, economists use data on Gross Domestic Product (GDP). GDP measures the flow of opinion and expenditure in the economy over some time. Economic growth is related to the process of increasing the production of goods and services in the economic activities of the community. To measure economic growth, the value of GDP used is GDP based on constant prices (real GDP) so that the resulting growth rate is real growth that occurs due to additional production.

According to Susanto & Abdullah Taman (2004) economic growth is the process of increasing per capita output that is continuous in the long run. Economic growth is one indicator of the success of the development. The higher economic growth is usually the higher the welfare of the people, although there are other indicators such as income distribution.

According to Kuznet (1955) economic growth is an increase in the long-term capacity of the country concerned to provide various economic goods to its population. The increase in the capacity itself is determined or made possible by progress or technological, institutional and ideological adjustments to the various demands of the existing situation.

The value of real GDP is often used to measure economic growth, namely the value of GDP calculated based on constant prices.

This is because the effect of price changes has been eliminated, so that even if the numbers that appear are the total value of money output of goods and services, changes in the value of GDP also show changes in the number of goods and services produced during the observation period. The way to calculate the rate of economic growth is as follows:

$$Gt = \frac{(GDP_t - GDP_{t-1})}{GDP_{-t}} x\ 100\%$$

Where:

Gt = Economic Growth on period t (quarterly or annually)

GDP(t) = Gross Domestic Product on period t (based on constant price)

GDP(t-1) = Previous Period Gross Domestic Product

GDP is defined as the total production of final goods and services. The final product is one that is produced and sold for consumption and investment. Real GDP is calculated at constant prices or variants (where the public measures the number of goods multiplied by the new price in a given year).

If the time interval is more than one period, then the calculation of economic growth is as follows:

$$GDP1 = GDP0\ (1 + R)^1$$

Where:

GDP(t) = Gross Domestic Product on period t

GDP(0) = Gross Domestic Product first period

R = rate growth

T = period distance

b. Modern Theory of Economic Growth

Bruyn (2000)the definition of a country's economic growth is the increase in long-term capacity of the country concerned to provide various economic goods to its population. The increase in capacity was made possible by the existence of technological, institutional and ideological advances in the various demands of the existing situation. Professor Kuznets stated that 6 characteristics or characteristics of the economic growth process that can be found in almost all countries are,

1) The rate of growth of output per capita and high population growth.
2) High level of increase in total factor productivity.
3) High level of structural transformation.
4) A high level of social and ideological transformation.
5) There is a tendency for countries that have started or have advanced their economies to try to explore other parts of the world as new marketing and source of raw materials.
6) Limited distribution of economic growth which only reaches about one-third of the world's population.

c. Classical Theory of Economic Growth

There are two main aspects of economic growth according to Adam Smith, namely:

1) Total output growth there are three main elements in a country's production system, namely, available natural resources and human resources (population).
2) Population growth, the prevailing wage rate higher than the subsistence wage rate will increase the population. The prevailing wage rate is determined by the attraction between the strength of labour demand and supply. Meanwhile, the demand for labour is determined by the stock of capital and the level of output of the community. Therefore demand growth will be determined by the growth rate of the capital stock and the growth rate of output.

d. Measurement of Economics Growth

Measuring the progress of an economy requires the right measurement tools, some economic measurement tools, among others, namely:

1) Gross Domestic Product (GDP)

Gross Domestic Product (GDP), is the number of final goods and services produced by an economy in one year expressed in market prices. Both GDP and GRDP are global physical measures and not economic measurement tools. Right, because it cannot yet be reflected in the real health of the population, in terms of the real health that must be enjoyed by every resident of the country or region concerned.

2) Gross Regional Domestic Product (GRDP) per capita

Per capita Gross Regional Domestic Product (GRDP) on a regional scale can be used as a measure of better economic growth because it more quickly reflects the welfare of the population in a country than the GDP or GRDP value, domestic product is capita both national and regional GDP divided by population in any country in the area concerned, or it can be referred to as average GDP or GRDP.

2. Zakat

a. Definition of *Zakat*

In terms of language, according to the Arabic people, the word *Zakat* is the basic word of *Zakat* which means holy, blessing, growing, and praiseworthy, all these meanings are used in translating the *Quran* and *Hadith*.

According to Sharia terminology, *Zakat* is a name for several certain assets that have reached certain conditions required by Allah to be issued and given to those entitled to receive them with certain conditions.

Zakat is one of the pillars in Islam, and teaching one of the main elements for the establishment of Islamic law. It was confirmed in a *Hadith* from Ibn Umar, that the Prophet mentioned that "Islam was built on five main pillars, namely the testimony that there is no god but Allah and Prophet Muhammad, establishing prayers, performing *Zakat*, fasting during the month of Ramadhan, and making the pilgrimage for those Therefore, the *Zakat* law is mandatory for every Muslim who has fulfilled certain conditions Abdullah Abdullah Mas'ud RA said: "All of you are ordered to uphold prayer and pay *Zakat*. Who does not issue *Zakat*, and then the prayer is not accepted. *Zakat* is included in the category of worship such as prayer, Hajj, and fasting which has been arranged in detail based on the *Quran*and Sunnah. *Zakat* is also a social and humanitarian activity that can develop according to human development everywhere.

Zakat is divided into two types, namely: *Zakat* Al-Fitr is a *Zakat* that must be issued by Muslims ahead of Eid al-Fitr during the holy month of Ramadan. The amount of *Zakat* is equivalent to 3.5 litres (2.7 kilograms) of staple food in the area. And *Zakat* maal (wealth) is a *Zakat* issued by a Muslim which includes the results of commerce, agriculture, mining, marine products, livestock products, treasure, gold and silver. Each type has its calculations.

Based on the Law of the Republic of Indonesia Number 23 Year 2011 concerning the management of *Zakat* article 1 paragraph 2, the definition of *Zakat* is a property that must be issued by a Muslim or business entity to be given to those entitled to receive it under Islamic sharia. The word *Zakat* in the form of *ma'rifah* is called 30 times in the *Quran*, among 27 times mentioned in one verse with prayer, and only 1 time mentioned in the same context as prayer but not in the same verse. When examined the 30 times the *Zakat* is mentioned that eight are in the surah that descended on Mecca and the reminder in the Surah that descended on Medina.

The link between the meaning of language and this term is very closely related, namely that every asset that has been spent on *Zakat* will be holy, clean, good, blessing, grow and develop. In addition to wealth, growth and the sacred are attributed to the soul of the person who performs *Zakat*. *Zakat* will purify the person who issued it and grew its reward. Whereas in economic terms, *Zakat* is an act of transferring wealth from wealthy groups to non-possessed groups.

Productive *Zakat* is the *Zakat* given to *Mustahik* as capital to carry out an economic activity, namely to develop the economic level and potential productivity of *Mustahik*.

b. Distribution of *Zakat* Fund

According to Amir & Nasution (2018)in fact if Muslims already know and carry out the distribution of *Zakat* which the government recommends, the distribution of *Zakat* is not difficult and complicated, because it is clear the place of distribution or *AmilZakat* is very necessary, because there are people who do not want to show their helplessness and also those who intentionally show their poverty by begging. If the leader of the amen does not accurately distribute the *Zakat*, then someone who is missed does not get the *Zakat* portion. The group of people entitled to receive *Zakat* in the *Quran* Surah At-Taubah verse 9:60:

اِنَّمَا الصَّدَقٰتُ لِلْفُقَرَآءِ وَ الْمَسٰكِيْنِ وَ الْعٰمِلِيْنَ عَلَيْهَا وَ الْمُؤَلَّفَةِ قُلُوْبُهُمْ وَ فِى الرِّقَابِ وَ

الْغٰرِمِيْنَ وَ فِىْ سَبِيْلِ اللّٰهِ وَ ابْنِ السَّبِيْلِ ۗ فَرِيْضَةً مِّنَ اللّٰهِ ۗ وَ اللّٰهُ عَلِيْمٌ حَكِيْمٌ

Meaning:*"Verily the Zakat is only for the needy, the poor, the administrators of Zakat, the mu'allaf who are persuaded by their hearts, to (liberate) slaves, those who are in debt, for the path of Allah and for them that is on the way, as an ordinance that is required by Allah, and Allah is Knower, Wise."* - QS. 9:60 (Kementrian.RI).

According to Wulandari, Rostandi, & Kosasih (2017)the verse explains the distribution of *Zakat* is an obligation that has been set and the stipulation also determined by Him. The Apostle is only tasked with carrying out the obligations that have been determined by the distribution of Allah SWT. So, this *Zakat* is taken from rich people as an obligation from Allah. And compared to poor people as a provision from God. This *Zakat* is limited to the distribution of certain groups of people as stipulated in the *Quran*, not the distribution of it to anyone determines it, including the Apostle.

There are eight parties who are entitled to receive *Zakat*, listed in Surah at-Taubah verse 60 namely:

1) *Fakir*: Those who have almost nothing and are unable to fulfil their basic needs. According to Buya Hamka, the word fakir comes from the meaning of "bending the backbone", a term for people who have been bent over carrying the heavy burden of life.

2) Poor: Those who have assets but not enough to meet basic needs for life. Linguistically, the poor come from the word سُكُوْنٌ (*sukūn*), meaning that there is no change in his life, still so, resisting the suffering of life.
3) *Amil*: Those who collect and distribute *Zakat*. Of course in collecting this *Zakat*, there are officers who take it. They are also entitled to *Zakat*. However, Buya Hamka notes, that if the management or employee takes part of his property that has been collected for himself, this is imposed on corruption/*ghulūl* (غُلُوْلٌ). Therefore according to him, may just hold a committee in the framework of *Zakat* collection.
4) *Mu'allaf*: Those who have just converted to Islam and need help to adjust to their new situation.
5) Servant is dangerous - Slave who wants to free himself.
6) *Gharimin*: Those who are indebted to the needs that are lawful and unable to fulfil them.
7) *Fisabilillah:* Those who fight in the way of Allah, for example: preaching, war and so on.
8) *IbnusSabil*: Those who run out of expenses on the trip.

And some are forbidden to receive *Zakat*, namely:

1) Rich people and people who still have energy, slave servants who still earn a living or dependents from their masters, descendants of the Prophet Muhammad (*ahlul bait*).

2) People who are dependent on people who commit tithe, for example children and wives.

c. *Zakat* in the Economy

Zakat in economic terms, *Zakat* is an act of transferring the treasure from wealthy groups to non-possessed groups. *Zakat* is a religious order that must be carried out by Muslims who are able to carry it out. Found in the *Quran* surah Al-Baqarah, (2): 43) which has been explained based on the law of *Zakat*, then with *Zakat* it can also be carried out cooperation and mutual assistance in society, where poor people need help from the rich and vice versa, even the rich need help from the poor. In this connection the Messenger of Allah said: "Believers against other believers do not obedient like a building, each part mutually reinforcing" (H.R. Bukhari and Muslim)

The point is that they enter the congregation of the Muslims and to establish prayer as they do it. So this verse recommends establishing prayer with a congregation which is a blend of souls in the midst of worshiping Allah and fostering close relations between fellow believers and because in the congregation opportunity they can also hold discussions after worship, to negotiate the efforts they will make, both to get something good, and to stem the calamity that will befall it. In this connection, the Prophet also said: "Praying congregation is more important than praying alone with a different 27 degrees higher than praying alone" (H.R. Bukhari and Muslim).

According to Ryandono (2018) islam forbids his people to hoard treasures and leave them unproductive. Property must always rotate in order to give more benefit to the owner's own, to other people and to the environment, thus the property does not only revolve among rich people. The obligatory *Zakat* in Islam has a function, one of which is as an instrument to encourage and even be used to force someone to make his property always productive. On the other hand *Zakat* will make the economy spin. With the spinning of assets in the economy, it will increase the output of economic growth, employment, income and welfare of the community. In other words, *Zakat* can be used to control and encourage economic growth.

According to Skousen (2017) *Zakat* contributes to economic growth through both aggregate demand and aggregate supply lines. The positive impact of *Zakat* on consumption and investment will clearly increase aggregate demand in the economy.

According to Pantas, Ryandono, Munir, & Wahyudi (2019) *Zakat* has the ability to boost the economy both in the short and long term depending on how it is managed. If the management only collects and then is distributed to those who have the right to receive it, it will only provide impetus in the short term or temporary.*Zakat* is not only to meet consumer shortages but *Zakat* is used to deceive the recipient's economy so that income will increase in the future even it is expected that the status will increase to M*uzzaki*then it will provide impetus in the long run.

The influence of *Zakat* on the economy, including:

1) *Zakat* encourages capital owners to manage their assets. *Zakat* mal is imposed on the silent assets owned by a person after one year, productive assets are not subject to *Zakat*. So, if someone invests his property, then he is not subject to the obligation of *Zakat* mal. This is seen as encouraging productivity, because money is always circulated in the community, eventually the circulation of money supply increases. Finally, the economy of a country will run better.
2) Improve business ethics. The obligation of *Zakat* is imposed on assets obtained in a lawful manner. *Zakat* is indeed a cleanser of property, but it does not clean up the assets acquired by vanity. So this will encourage businesses to pay attention to business ethics.
3) Equitable income. Good management of *Zakat* and the right allocation will lead to equal distribution of income. This is what can solve the main problems of the Indonesian people. Poverty in Indonesia does not occur due to lack of food sources, but the distribution of food is not evenly distributed, so many people do not have equal access to food. With *Zakat*, the distribution of income will be more evenly distributed and each person will have more access to income distribution.

4) Development of the real sector. One way of distributing *Zakat* can be done by providing business capital assistance to *Mustahik*. The distribution of *Zakat* in this way will provide two effects, namely increasing income *Mustahik*and also will have an impact on the macroeconomic. The business carried out is in an effort to increase the real sector, driving growth and economic activity. This is very closely related to the competitive and comparative competitiveness of a nation. The size of a nation's productivity can be seen from the ability of its real sector in the face of increasingly fierce competition.

3. Inflation

a. Definition of Inflation

Inflation is defined as the tendency for general price increases. The intended trend is that the increase does not occur for a moment and not only the price increase of one type of goods, for example in the holiday season, ticket prices rise because only the ticket price rises, it is not called inflation.

Inflation can be considered as a monetary phenomenon of a commodity. Meanwhile modern economists define it as a comprehensive increase in the amount of money that must be paid or the value of a monetary calculation unit for goods or commodities. The opposite of inflation is called deflation, which is the tendency for a general and continuous decline in prices (Mahmudah & Naf'an2014).

According to Saraswati, Kumar, & Alhaider (2013) reflecting on this experience, our government through Bank Indonesia then directed monetary policy as part of macroeconomic policies to maintain inflation stability. In accordance with Law No. 3 of 2004 Indonesian monetary policy is directed at achieving a single target, namely inflation or better known as the Inflation Targeting Framework (ITF). The Inflation Targeting Framework is an analytical policy framework by determining a single goal. In this case Bank Indonesian as the central bank of Indonesia set an inflation target that will be achieved in the next few periods, which is indicated by the announcement to the target public. Explicitly stated that low and stable inflation is the main objective of monetary policy.

b. The Islamic Inflation Perspective Concept

According to Mahmudah & Naf'an (2014) Islam unrecognized of inflation because the currency is stable with the use of Dinars and Dirham's. The decline in value is still possible, namely when the value of gold that sustains the nominal value of the dinar has decreased, including the discovery of gold in large quantities, but this situation is very unlikely. SheikhAn Nabbhani gives several reasons why dinars and dirham's are the appropriate currencies. Some of them are:

1) Islam has linked gold and silver to standard and unchanging laws.
2) Prophet Muhammad SAW set of gold and silver as currencies and he made only gold and silver as standard currencies.

3) When Allah SWT requires *Zakat* of money, in otherwise Allah SWT has obliged the *Zakat* to be gold and silver.
4) Laws concerning currency exchange that occur in transactions that are only carried out with gold and silver as well as transactions which are only expressed in gold and silver. The decline in the value of gold and silver is still possible, among them due to the discovery of large amounts of gold, but this situation is very unlikely.

c. Relationship between Inflation and GDP

Inflation is important for economic growth and vice versa inflation is detrimental to the process of economic growth. The relationship between inflation and economic growth has become an important issue. Basic macroeconomic indicators can be used as an illustration of a country's economic conditions to measure price stability in that country. In general, the inflation rate can be used to measure price stability in the economy (Abdullah, 2010).

With inflation, if inflation increase it will impact to economic growth but if it last in the long term, it will worsen the economy. The higher inflation rate will cause domestic goods to be relatively more expensive compared to the prices of imported goods.

4. Export

a. Definition of Export

Exports are sales of goods abroad using quantity, quality, payment systems, other sales conditions that have been approved by exporters and importers. Export demand is the amount of goods or services requested to be exported from a country to another country (Sukirno, 2010).

According to T.J.P. et al. (2006) "Exports are the issuance of goods from within the Indonesian customs area by complying with applicable regulations. According to Mohandas et al. (1992) the notion of exports is "goods (including services) that are sold to residents of other countries, coupled with services provided to residents of that country in the form of transportation of capital and other matters that assist the export. Exports are various kinds of goods and services produced domestic allyand sold abroad (Mankiw, 2013).

Export is an important factor in stimulating a country's economic growth. Export will enlarge the consumption capacity of a country, increase world output and provide access to resources that are steps and potential international markets for various export products without these products, poor countries will not be able to develop activities and national economic life Bhattacharya (1993).

Export is one of the economic indicators that play an important role through market expansion between several countries which can carry out market expansion in the industrial sector, thus encouraging in other industrial sectors, further encouraging other sectors and the economy.

b. Benefits of Exports

According toSukirno (2010), the benefits of export activities are:

1) Expanding the Market for Indonesian Products. Export activities are one way to market Indonesian products abroad. For example, batik clothing is one of Indonesia's products that is becoming known by the world community. If demand for Indonesian-made batik clothing is increasing, the income of batik producers is getting bigger. Thus, batik production activities in Indonesia will continue to grow.
2) Increasing the country's foreign exchange. Trade between countries allows Indonesian exporters to sell goods to foreign communities. This transaction can increase the country's foreign exchange earnings. Thus, the country's wealth increases because foreign exchange is one source of state revenue.
3) Expanding Employment. Export activities will open employment opportunities for the community. With the expanding market for Indonesian products, domestic production activities will increase. More and more labouris needed so that employment is increasingly widespread.

The type of export in Mankiw (2013)explains that export activities are divided into two, namely:

1) Direct export, direct exports are ways to sell goods or services through intermediaries / exporters located in other countries or export

destination countries. Sales are made through distributors and company sales representatives. The advantage, centralized production in the country of origin and control of distribution is better. The disadvantage is that transportation costs are higher for large-scale products and there are trade barriers and protectionism.

2) Indirect exports, indirect exports are techniques where goods are sold through intermediaries/exporters of the country of origin then sold by the intermediary. Through, export management companies and export trading companies. The advantage is that production resources are concentrated and do not need to handle export directly. The disadvantage is that control over distribution is lacking and knowledge of operations in other countries is lacking.

c. Relationship between Export and GDP

To promote economic growth and development in general, each country needs to formulate and determine outward-oriented international policies. In all cases, independence that is based on isolation that is both full and will only remain fully economic will be of higher value than participation in world trade that is truly free without any conditions or assistance (Shirazi and Abdul Manap, 2004).

5. Import

a. Definition of Import

Import is the activity of entering goods into the customs area. Import transactions are trade by entering goods from abroad into the

Indonesian customs area by complying with prevailing regulations on labour laws (Tandjung, 2011).

Imports can be interpreted as activities to enter goods from a country into the customs area of another country. This understanding means that import activities mean involving two countries. In this case it can be represented by the interests of two companies between the two countries, which are different, and certainly also regulations and act as suppliers and the other acts as the recipient country.

Imports are buying goods from abroad in accordance with government regulations paid by using foreign exchange. The legal basis for regulations regarding Import Management is regulated in the Decree of the Director General of Customs and Excise Number KEP-07 / BC / 2003. About instructions for implementation. Customs Procedure in the field of import and Decree of the Minister of Finance No. 453 / KMK.04 / 2002 concerning Customs Procedures in the field of import.

Purba (1983)describes commodities that are included in free circulation within the (domestic), which are brought from outside the customs area (abroad) subject to import duties unless released or given exemption. In other words, a person or business entity that is designated as an importer must pay import duty and tax as determined by the government.

Thus it can be concluded that imports are international trade activities by entering goods into the Indonesian customs area carried out by individuals or companies engaged in export import by complying with the applicable laws and regulations subject to import duties.

b. Classification of Imported Goods

The classification system of imported goods is determined based on the regulation of the Minister of Finance of the Republic of Indonesia Number 110 / PMK.010 / 2006 dated 15 November 2006. The imposition of import duty tariffs on imported goods is determined based on the regulation of the Minister of Finance of the Republic of Indonesia Number 110 / PMK.010 / 2006 dated 15 November 2006 Whereas the imposition of import duty on imported goods in the framework of the Common Effective Prefential Tariff (CEPT) scheme for AFTA is determined based on the regulation of the Minister of Finance of the Republic of Indonesia Number 125 / PMK.010 / 2006 dated November 15, 2006.

Harmonize System (HS) is a system of description of the classification of goods, namely with numbering, for each item that is harmonized and can be used for various interests of foreign trade. By giving the numbering it becomes clear between the types of goods one with the other items. In one group of goods can also be distinguished in quality, or size or how to process it. Items are given numbers according to their type, and then each type is distinguished specifically, about the model or its use or how to process it. Back to the definition of Law

Number 10 Year 1995 which is directly related to goods that can be classified by giving numbers.

The number is closely related to the levy rates for importing goods and the export tax rate for exported goods. The HS number of each item by the Customs and Excise officers will be matched with the documents reported by the Importer. In the event that there are doubts and / or suspicions, Customs and Excise officers selectively inspect the imported goods physically. By deciphering the meaning of goods, it becomes clear that part of the meaning of import according to the Act. The Act confirms that the object imported is goods, because it is directly related to the import duty rate with HS number. The HS number is contained in import documents by exporters abroad.

c. Relationship between Imports and GDP

Many import activities provide benefits for a country involved in it. Through imports the country can meet domestic needs that cannot be produced domestically or utilize a comparative advantage pattern so that the costs incurred for a product of goods and services will be cheaper.

The more demand for goods from abroad, the production will increase. It will affect demand for labour so that it can minimize unemployment. If the community works, the purchasing power of the people will increase and the turnover of the consumption level will be better and finally the goals in economic growth will be achieved. Devi's

(2010) study shows that the import variable is significantly statistically affecting the LnPDB variable in the long run. The import variable affects LnPDB negatively at 0.632985. This means that if a 1% increase in imports will reduce LnPDB by 0.632985 percent.

B. Previous Studies

To find out more clearly about this research, it is very important to explore prior research with problems that are close to the focus of the discussion in the title of this thesis.

Table 2.1. Previous Studies

Author (Year)	Title	Analysis	Result
Aribatul, (2015)	The influence of the distribution of *Zakat*, Infaq and alms (ZIS) funds and LKS to the GRDP	Structural Equation Model (SEM) with Least Square (PLS) based Dependent variable: PDRB Independent variable: ZIS and LKS	Independent variable ZIS and LKS have a positive and significant effect on the dependent variable
Surya, (2016)	The effect of exports and foreign direct investment on Indonesia's GDP	Multiple Linier Regression Dependent variable: PDB Independent variable: Eksportand FDI	Export and FDI have a positive and significant effect on GDP
Setyanungrum, (2012)	The effect of capitas of local revenue, labour, unemployment rate and inflation towards the economics growth of special region of Yogyakarta in 2010-2015	Fixed Effect Dependent variable: GDP Independent variable: local revenue, labour, unemployment, inflation	Local revenue and unemployment have a positive and significant on GDP Laborand inflation has no positive and significant on GDP

Author (Year)	Title	Analysis	Result
Larasati, (2018)	The influence of inflation, export and labour on the gross domestic product (GDP)	Cross- section and time series (data panel) Dependent variable: GDP Independent variable: inflation, export, labour	Inflation has no positive impact and significant on GDP Export and labour have a positive and significant ton GDP
Karlina, (2017)	Effect of inflation rate, consumer price index on GDP in Indonesia 2011-2015	Multiple regression Dependent variable: GDP Independent variable: inflation and consumer price index	Inflation have a positive and significant on GDP Consumer price index has no positive and significant on GDP
Gunawan, (2016)	The influence of export , import and total population on GDP (1969-2016)	Generalized Least Square (GLS) Dependent variable: GDP Independent variable: export, import total population	Export and import have a positive and significant on GDP Total population negative and significant effect on GDP
Eko suprayitno, (2013)	The impact of *Zakat* on aggregate consumption in Malaysia	Fixed effect model Dependent variable: aggregate consumption Independent variable: *Zakat* distribution	The study finds that *Zakat* distribution has a positive impact on aggregate consumption. However, the impact is small and short run.
Sarea, (2012)	*Zakat* as a benchmark to evaluate economic growth: an alternative approach	The theoretical result	*Zakat* as benchmark could estimate the economic growth and contribute in economic development in terms of poverty alleviation, reducing of the rate inflations.

Author (Year)	Title	Analysis	Result
Rmadhan, (2018)	Affecting factors of economic growth in Indonesia 1986-2016	Error correction model Dependent variable: GDP Independent variable: export, manuacture industry	Export negative impact but significant on GDP Manufacture industry have a positive and significant on GDP
Hart, (2013)	The Influence of the `Tourism Sector on the GDP of ASEAN Countries 2000-2010	Pooling data regression analysis Dependent variable: GDP Independent variable: reception from international tourists	There is a positive effect of international tourist revenues on GDP

C. Analysis Hypotheses and Models

1. Research Framework

Gross Domestic Product (GDP) is an increase in real national income in the long run that causes the goods and services produced in the society to grow and the prosperity of the people to be measured as measured by GDP. Various types of expenditure on economic indicators contribute positively to Gross Domestic Product (GDP).

Economic growth is influenced by several factors including the distribution of *Zakat* funds, inflation, exports and imports. If the distribution of *Zakat* funds in a country is managed and distributed well, it will increase economic growth. The inflation rate occurred in Indonesia, If the inflation are higher it will reduce the economic growth and visa verca. Same withexports and imports, with a lot of exporting goods and services abroad, the more of income Indonesia can get and with less imported goodsand services from outside the country, it will create jobs for Indonesia andit can increase Indonesia's economic growth as well.

This study uses multiple linear analyses with classical assumption and hypothesis testing. Based on this, the research framework in this study can be described as follows on the next page:

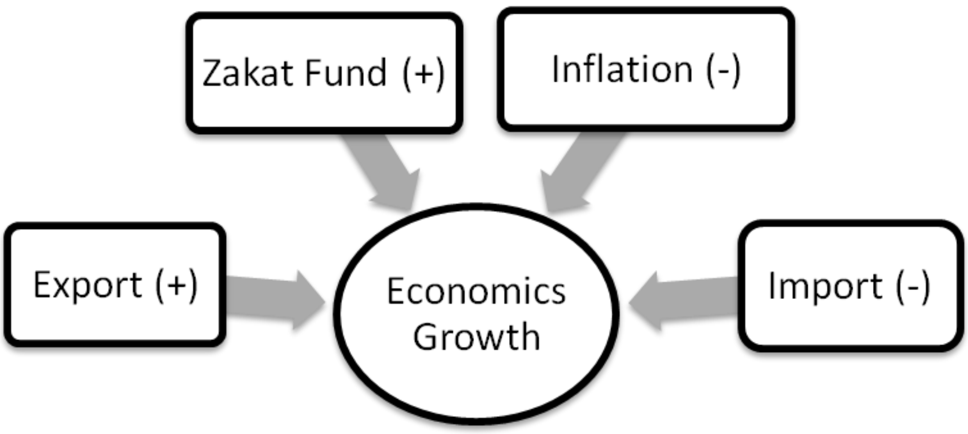

Figure 2.1. Research Framework

2. Hypothesis

Based on the theoretical foundation, the hypothesis in this study is formulated as follows:

H1 : *Zakat* has positive and significant effect on Gross Domestic Product (GDP) in Indonesia 2010-2018period.

H2 : Inflation has negative and insignificant effect on Gross Domestic Product (GDP) in Indonesia 2010-2018 period.

H3 : Export has positive and significant effect on Gross Domestic Product (GDP) in Indonesia 2010-2018 period.

H4 : Import has negative and significant effect on Gross Domestic Product (GDP) in Indonesia 2010-2018 period.

3. Analysis Model

In this analysis, it will be carried out on the effect of *Zakat* funds, inflation, export and import on economic growth. Then the analytical model is arranged as follows:

$$y = (Z, Inf, E, I)$$

Where:

Y = Economics Growth (dependent variable)

Z = *Zakat* Fund (independent variable)

Inf = Inflation (independent variable)

E = Export (independent variable)

I = Import (independent variable)