

# Analysis Of Cash Fund Generation Through *Istibdal* Method On Waqf Land: A Case Study In The State Of Johor

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Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

## 1. INTRODUCTION

In waqf property management activities, especially waqf lands, the State Islamic Religious Council (MAIN) faces significant constraints in terms of funds. This is because the majority of waqf lands are donated with special waqf, in which the waqf giver has required a development on the land. However, the majority of waqf givers only donate land without providing capital or funds to MAIN to carry out development activities as required on the land. This problem has been the cause of the waqf lands being abandoned and unable to be developed.

To overcome this problem, the method of *istibdal* suggested by scholars as a medium to generate waqf funds can be studied. According to Mat Rani (2012), waqf fund generation can be implemented in various forms. One form of waqf fund generation is through the concept of *istibdal*. The same opinion can also be seen in the debate on the empowerment of waqf instruments in economic development. A study by Bahari (2012), he has stated that the concept of *istibdal* can be a fund generator for waqf property development.

Therefore, the researchers would like to analyze the implementation of waqf land *istibdal* in the State of Johor to see the implementation of this method, especially from the aspect of development and replacement on the waqf land involved, analyze cash fund generation to MAIJ and identify implementation models that contribute to cash fund generation.

### Literature Review

Studies or writings related to the implementation of *istibdal* waqf property have been done by many scholars in Malaysia. Among them, the study of Mahamood (2000) who conducted a study in the Federal Territory of Kuala Lumpur, Yusop (2003) conducted a study in the State of Melaka, Abd Malik (2007) conducted a study in the State of Selangor, Perak and Kedah, Abdul Rahman & Abdullah (2008) writing about *istibdal* in Penang, Ismail (2010)

conducted a study in the State of Selangor, Perak and Terengganu, Mohammed Noor (2011) conducted a study in the State of Kedah, Abdul Aziz (2012) conducted a study on *istibdal* waqf property (study in general), Hamat (2014) conducted a study in the State of Kelantan and Mohd Afendi (2015) conducted a study on *istibdal* related to the acquisition of waqf land by state authorities. The results of the analysis of the literature review found that the study and writing stated did not show and analyze about the generation of cash funds through the method of *istibdal* waqf property in Malaysia, especially in the State of Johor.

## 1. Research Methodology

This study consists of two main methods, namely data collection method and data analysis method. The researchers began this study with data collection methods. To collect data, all information related to the implementation of the waqf property *istibdal* was obtained through interview methods and document analysis methods. Researchers conducted interviews with MAIJ and analyzed documents such as MAIJ waqf files. The documents or files were analyzed through content analysis methods to obtain the necessary data based on the objectives of the study.

## 2. Analysis of the Implementation of *Istibdal* Waqf Land in the State of Johor DarulTakzim

The implementation of waqf land *istibdal* in the State of Johor occurs due to several factors. One of them is the Kampung Tersusun development project implemented in Kampung Paya, Mukim Layang-layang, Kluang. In the development activity, there is a lot of waqf land involved, namely PTD 5944 HS(D) 54611 covering 8.95 acres. The waqf land was endowed by the Johor State Government through waqf *irsad* for welfare purposes as an Islamic cemetery. Before the waqf land was approved for *istibdal*, the Johor Islamic Religious Council (MAIJ)

had requested views and approval from the Johor State Mufti Department for the implementation plan of the *istibdal*. After the Johor State Mufti Department conducted research from all aspects, then the Johor State Mufti Department has stated that the *istibdal* application for the Islamic cemetery on PTD 5944 Kampung Paya, Mukim Layang-layang is allowed according to Islamic law (MAIJ 2017).

However, the Johor State Mufti Department has set two conditions before the *istibdal* is implemented. The first condition is that the area of land replaced is greater or equal to the land used. The second condition is that the value of the land is higher or equal to the value of the land used. In order to complete the implementation of *istibdal* on the waqf land and comply with the fatwa decision, the waqf land involved in the development of Kampung Tersusun was replaced with a larger piece of land, namely 9.5 acres located on lot PTD 10390, in the same area, namely Kampung paya, Mukim Layang-layang, Kluang(MAIJ, 2017).

**Table 1 - *Istibdal* Waqf Property Analysis for the First Case in the State of Johor(Original Waqf Property)**

No.	Lot No. & Grant No.	Location	Type of Waqf Property
1.	PTD 5944	Kampung Paya, Mukim Layang-layang, Kluang.	Islamic Cemetery

**Table 2 - *Istibdal* Waqf Property Analysis for the First Case in the State of Johor (Replacement Property)**

No.	Lot No. & Grant No.	Location	Type of Replacement Property	Activities for Waqf Fund Generation
1.	PTD 10390	Kampung Paya, Mukim Layang-layang, Kluang.	Land	None

The analysis found that the *istibdal* method that has been implemented in this case does not generate cash funds to MAIJ because the land involved is only replaced with land without performing any activities that can generate funds to MAIJ. This is because the waqf land involved in the acquisition is the waqf land for Islamic cemeteries. Therefore, the replaced land will be utilized as the original purpose, which is the Islamic cemetery.

Next, is the *istibdal* case implemented following the acquisition of waqf land by PBN in the implementation of the Highway construction project known as the Eastern Pisperseal Link (EPL) in Johor Bahru. The waqf land involved in the acquisition is Lot 9261 HS(D) 19947 with an area of 0.3 acres. The waqf land located at Jalan Stulang Darat, Mukim Bandar, Johor Bahru was endowed by Y.B Dato Haji Mohd Eusoff bin Chin for the purpose of general waqf. In lieu of the waqf land, the Authority has paid compensation of RM 900,000.00 to MAIJ. To complete the implementation of *istibdal* with fixed assets, MAIJ has used the compensation money obtained to buy four lots of shop buildings located at Fortune Point, Taman Perindustrian Cemerlang, Nusajaya. The four lots of the shop building have been rented with a rental rate of RM 1,500.00 for each lot(MAIJ, 2017).

**Table 3 - Istibdal Waqf Property Analysis for the Second Case in the State of Johor (Original Waqf Property)**

No.	Lot No. & Grant No.	Location	Type of Waqf Property
1.	Lot 9261 HS(D) 19947	Jalan Stulang Darat, Mukim Bandar, Johor Bahru	Land

**Table 4- Istibdal Waqf Property Analysis for the Second Case in the State of Johor (Replacement Property)**

No.	Lot No. & Grant No.	Location	Type of Replacement Property	Activities for Waqf Fund Generation
1.	-	Fortune Point, Taman Perindustrian Cemerlang, Nusajaya	Shop Lot	Rent
2.	-	Fortune Point, Taman Perindustrian Cemerlang, Nusajaya	Shop Lot	Rent
3.	-	Fortune Point, Taman Perindustrian Cemerlang, Nusajaya	Shop Lot	Rent
4.	-	Fortune Point, Taman Perindustrian Cemerlang, Nusajaya	Shop Lot	Rent

**Table 5 - Cash Fund Generation from the Second Case of Istibdal Implementation in the State of Johor**

No.	Location	Type of Replacement Property	Funding / Monthly Rate
1.	Nusajaya	Business Building	RM 6,000.00

Apart from the implementation of *istibdal* following the acquisition of waqf land for new road construction projects in the State of Johor, there is also waqf land involved in the acquisition following the existing road upgrade project for the benefit of road users in the State of Johor. The waqf land involved is Lot 80923 HS(D) 520682 located in Mukim Pletong, Johor Bahru District. The waqf land covers an area of 0.1897 acres equivalent to 1897.9 square meters. Of the total waqf land area, an area of 0.04 hectares equivalent to 740 square meters has been taken by PBN to implement the Pasir Gudang Highway (FT 17) upgrade project from four lanes to make it six

lanes. As a replacement for the waqf land involved in the acquisition, PBN has paid compensation of RM 458,800.00 to MAIJ (MAIJ, 2017). Based on the analysis that the researchers have done, it was found that the *istibdal* waqf land in this case was implemented with the payment of compensation money by PBN in the amount of RM 458,800.00. However, the compensation money has not been used to purchase fixed assets to be used as waqf property. In fact, there is no information stating that the compensation money was invested. Therefore, the researchers stated that the implementation of *istibdal* in this case does not generate cash funds to the MAIJ.

**Table 6- *Istibdal* Waqf Property Analysis for the Third Case of the State of Johor (Original Waqf Property)**

No.	Lot No. & Grant No.	Location	Type of Waqf Property
1.	Part of Lot 80923 HS(D) 520682	Mukim Pletong, Daerah Johor Bahru	Land

**Table 7-*Istibdal* Waqf Property Analysis for the Third Case of the State of Johor (Replacement Property)**

No.	Lot No. & Grant No.	Location	Type of Replacement Property	Activities for Waqf Fund Generation
1.	-	-	Cash Money (RM 458,800.00)	None

Based on the analysis that the researchers have done, it was found that the *istibdal* waqf land in this case was implemented with the payment of compensation money by PBN in the amount of RM 458,800.00. However, the compensation money has not been used to purchase fixed assets to be used as waqf property. In fact, there is no information stating that the compensation money was invested. Therefore, the researchers stated that the implementation of *istibdal* in this case does not generate cash funds to the MAIJ. Apart from road construction and upgrading projects in the State of Johor, the oil & gas project implemented in the State of Johor also causes waqf land to be involved in the implementation of *istibdal*. The project was implemented in Mukim Pengerang, Kota Tinggi. In the project, there are several lots of waqf land involved with the acquisition by PBN consisting of mosques, prayer halls, religious schools and also Islamic cemeteries located in several different locations. The locations are Kampung Sungai Buntu, Kampung Langkah Baik, Kampung Bukit Buluh, Kampung Jawa, Kampung Teluk Empang and Kampung Sungai Kapal. (Ahmad Tabrani, 2017)

In Kampung Sungai Buntu, there are two lots of waqf land involved with the acquisition, namely:

- i. Lot 782 covering an area of 0.2134 acres. The land has been endowed for the purpose of building a prayer hall (*surau*).
- ii. Lot 783 with an area of 0.8643 acres. This land is also endowed with the purpose of building a prayer hall (*surau*).

In Kampung Langkah Baik, only one lot of waqf land is involved in the acquisition, namely PTD 4150. This 0.167 acre land is endowed to build a prayer hall (*surau*). In Kampung Bukit Buluh, only one lot of waqf land is involved, namely MLO 2671 with an area of 2.8687 acres. This land has also been endowed for the purpose of building a prayer hall (*surau*). Meanwhile, in Kampung Jawa, two lots of waqf land are involved, namely:

- i. Lot 225 covering an area of 2.7375 acres. This land is endowed with the purpose of being used as an Islamic cemetery.

- ii. Lot 1666. This waqf land covers an area of 2,5062 acres and is endowed for the purpose of building a mosque.

In Kampung Teluk Empang, there are three lots of waqf land involved, namely:

- i. PTD 2069. The waqf area of 0.3968 acres has been endowed as an Islamic cemetery.
- ii. PTD 2318. This waqf land covers an area of 0.1136 acres and is also endowed as an Islamic cemetery.
- iii. PTD 2350 with an area of 0.2025 acres. This land is also endowed as an Islamic cemetery.

Meanwhile, in Kampung Sungai Kapal, there are three lots of waqf land involved, namely:

- i. Lot 391. The waqf land covers an area of 3.5688 acres and is endowed for the purpose of building a mosque.
- ii. Lot 415. The waqf land with an area of 1.7243 acres is also endowed for the purpose of building a mosque.
- iii. Lot 981 covering an area of 0.4818 acres. The land is endowed for the purpose of building a religious school.

As the entire lot of waqf land has been taken for the implementation of the project, the Authority has made the replacement of waqf lands at the same location, namely in Punggai, Mukim Pantai Timur. For the entire waqf land of the mosque, a replacement has been made with two lots of land covering an area of 14.53 acres. Meanwhile, another lot covers an area of 2.25 acres. For all the waqf cemetery lots, replacement was made in the same lot, namely PTD 5942 which covers an area of 80 acres. The waqf lands for building the *surau* have also been replaced with a lot of 0.49 acres. Meanwhile, waqf land for religious schools was replaced by two separate lots with an area of 3.77 acres and 2.12 acres. (Ahmad Tabrani, 2017).

**Table 8 - *Istibdal* Waqf Property Analysis for the Fourth Case in the State of Johor (Original Waqf Property)**

No.	Lot No. & Grant No.	Location	Type of Waqf Property
1.	Lot 782	Kampung Sungai Buntu	Land & Prayer Hall
2.	Lot 783	Kampung Sungai Buntu	Land & Prayer Hall
3.	PTD 4150	Kampung Langkah Baik	Land & Prayer Hall
4.	MLO 2671	Kampung Bukit Buluh	Land & Prayer Hall
5.	Lot 225	Kampung Jawa	Islamic Cemetery
6.	Lot 1666	Kampung Jawa	Land & Mosque

7.	PTD 2069	Kampung Teluk Empang	Islamic Cemetery
8.	PTD 2318	Kampung Teluk Empang	Islamic Cemetery
9.	PTD 2350	Kampung Teluk Empang	Islamic Cemetery
10.	Lot 391	Kampung Sungai Kapal	Land & Mosque
11.	Lot 415	Kampung Sungai Kapal	Land & Mosque
12.	Lot 981	Kampung Sungai Kapal	Religious school

**Table 9 - *Istibdal* Waqf Property Analysis for the Fourth Case in the State of Johor (Replacement Property)**

No.	Lot No. & Grant No.	Location	Type of Replacement Property	Activities for Waqf Fund Generation
1.	-	Punggai, Mukim Pantai Timur	Land	None
2.	-	Punggai, Mukim Pantai Timur	Land	None
3.	PTD 5942	Punggai, Mukim Pantai Timur	Land	None
4.	-	Punggai, Mukim Pantai Timur	Land	None
5.	-	Punggai, Mukim Pantai Timur	Land	None
6.	-	Punggai, Mukim Pantai Timur	Land	None

The results of the analysis as shown in the table above found that all the waqf land lots involved have been replaced (*istibdal*) with the same type of property, namely land. The replaced land consists of six lots classified according to the purpose category of waqf. A total of two lots were replaced for the reconstruction of the mosque, one lot for the construction of the *surau*, one lot for the replacement of the Islamic cemetery and two lots for the reconstruction of the religious school and *tahfiz* school. In this case, it was also found that the generation of cash funds to MAIJ did not take place.

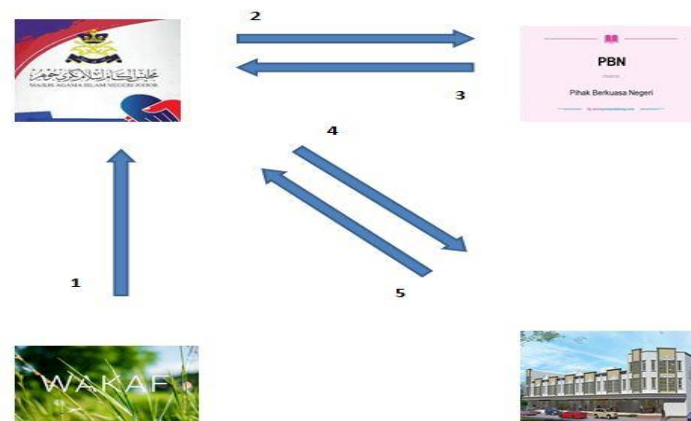
Based on the results of the analysis of all the above cases, it was found that there is a case of *istibdal* implementation on waqf property that contributes to the generation of cash funds to MAIJ. The generation of cash funds is the result of rental payments from business buildings that are used as replacement property in the implementation of *istibdal* for the case.

## 5. Results

**Table 10- Cash Fund Generation from the Second Case of *Istibdal* Implementation in the State of Johor**

No.	Location	Type of Replacement Property	Funding / Monthly Rate
1.	Nusajaya	Business Building	RM 6,000.00

Through the implementation of *istibdal* in this case, the researchers found that cash funds were generated through the following model:



**Fig. 1 - Istibdal Implementation Model That Contributes to the Generation of Cash Funds to MAIJ**

Stage 1: The waqf property involved was identified by MAIJ and MAIJ applied for a decision from the Fatwa Committee as per the prescribed procedure.

Stage 2: The Waqf property involved was handed over to PBN.

Stage 3: PBN pays compensation money to MAIJ.

Stage 4: MAIJ bought new waqf assets in the form of 4 lots of shop houses and rented out the assets.

Stage 5: MAIJ obtains rental income in cash and is used as a waqf fund.

## 6. Conclusion

From the results of this study, the *istibdal* method implemented with the replacement in the form of business building may be used as an example in the implementation of *istibdal* on waqf property in other locations in generating cash funds that can be utilized by the State Islamic Religious Council (MAIN) in developing properties which is still idle or has not been developed.

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