

## **ABSTRACT**

*The Central Bureau of Statistics (2021) states that Pedan District, Klaten Regency is one of the districts that has potential in the UMKM sector. One form of UMKM business assistance in this district is through assistance to UMKM businesses through providing business capital sourced from zakat funds which aims to support the people's economy through the UMKM sector.*

*This research is intended for analyze mechanisms and influences provision of business capital zakat funds by BAZNAS Klaten Regency to UMKM incomes in Pedan Subdistrict. The approach used in this study is a quantitative approach where the data sources used in this study are primary data and secondary data. The method used in collecting data is a questionnaire method by giving several written questions or statements to respondents by online. The analysis used the method used in the analysis of this data is to use the method of quantitative description analysis. The sample used in this study was 34 respondents with purposive sampling. Data processing in this study was carried out using Eviews 12 SV application.*

*The results of the research show the providing business capital for zakat funds at the BAZNAS Klaten Regency in general has an effect on the income of UMKM in Pedan Subdistrict. With capital assistance, UMKM players in Pedan Subdistrict have positive changes an increase incomes which can be seen from the increase in average turnover of UMKM in the area. This is supported by respondent's perception obtained from the results of questionnaires and reinforced by classic assumption test which shows that the provision of zakat fund business capital to UMKM in Pedan Subdistrict is influenced by independent variables. Meanwhile, the remainder can be distributed to other variables that are not taken into account in the model.*

*Keywords : UMKM, Venture Capital, Zakat, UMKM Development*