In the development of UMKM, it faces a problem about the lack of society’s capital. BMT UGT Sidogiri branch Dampit offers solution preventing from moneylender hands and using Islamic law or syariah. Mudharabah budgeting which is paid by BMT is a cooperation between shahibul mall and mudharibby using profit-sharing system. This study, therefore, is purposed to know the process of mudharabah budgeting and its role on the business development and member income.

This study is conducted using descriptive qualitative design which is aimed to describe the process of mudhabarah, the role of business development and member income as well. In addition, the data is collected through observation, interview, and documentation while triangulation is used to verify the data.

The result of the study showed that the process of mudharabah budgeting is done in two ways: they are proposing then continued in realizing, and controlling. The profit-sharing system is implemented according to the arrangement of either 50:50 or 40:60. By mudharabah budgeting, the development of business runs quickly, it can be seen from the number of sales, business extension, and human resources which caused to the increase of member income.