Call for a Hybrid Model of Zakāh Disbursement in Sri Lanka

Arafath Careem Mohammed Jiffry¹, Assoc. Prof. Dr. AbdulHamid Mohammed Ali Zaroum², Dr. Ataollah Rahmani³, Dr. Mustafa Shamsuddin⁴

¹ PhD Candidate in Fiqh and Usul Fiqh at International Islamic University Malaysia
² Lecturer in the Dept of Fiqh IIUM
³ Lecturer in Commercial Law at al-Maktoum Collage of Higher Education
⁴ Lecturer at IIUM

ABSTRACT: This paper chiefly is focused on analyzing the disbursement system of Sri Lankan voluntary zakāh institutions. Although the institutionalization of zakāh has been in existence for several decades, its impact on the socio-economic condition of the Sri Lankan Muslim minority remains limited. According to some preliminary studies, the dominant consumption-oriented zakāh disbursement is a prime factor hampering the materialization of multiple socio-economic objectives of zakāh in the Sri Lankan pluralistic context. This study deployed the qualitative method along with content analysis to analyze the relevant data collected from the interviews and the existing literature on the subject. This study proposes that the current consumption-oriented distribution should be combined with the result-oriented distribution and carried out at all regional levels in a standard and well-planned manner that is capable to accommodate the investment and skill-oriented distributing systems. Such a hybrid mode of disbursement would contribute to realizing the broader objectives of zakāh for Muslim minorities in Sri Lanka.

KEYWORDS: Zakāh Institution- Sri Lankan Muslim Minority- Disbursement- Socio-Economic Well-Being

1. INTRODUCTION

Zakāh is one of the central pillars of Islam and a divinely ordained obligation commonly practiced among Muslim communities worldwide regardless of whether they represent the social category of minority or majority. Technically speaking, zakāh is a mandatory obligation requiring Muslims to donate a certain percentage of their accumulated wealth every year if it reaches a particular threshold. The Arabic term ‘zakāh’ literally means 'purification' and 'development' (ibn Qudūmah, 1987). This resonates with the main purpose of zakāh which is advocated by many scholars to be the purification of the heart and wealth of the donors from evil intentions and materialistic attitudes. zakāh cleanses the hearts of the poor and needy by eradicating their attitudes toward wealthier people (ibn Rushd, 1996).

That said, however, zakāh is not simply about consolidation of one's piety, but rather, is an obligation that has societal dimensions and implications. In this sense, zakāh can be utilized as a productive financial strategy for restoring stable socio-economic development. Having realized the strategic capability of zakāh, many Islamic scholars have broadened the objectives of zakāh to include establishing social justice, social finance, reducing poverty, enhancing social welfare, ensuring stable economic growth, and inter and intra-community relationships. (Rahmani, 2019). They routinely refer to zakāh as a socio-economic ritual (al-‘ibādah al-māliyyah al-Ijtima‘īyyah) (Yūnus, 2000). The socio-economic objective of zakāh can be traced back to al-Qur’ān where it proposes an institutionalized model which is administered by amil (administrator of Zakāh) who is a beneficiary within the list of zakāh beneficiaries. The institutionalized Zakāh model was practiced throughout the life of Prophet Mohammad (Pbuh) and after (Alfitry, 2005 & al-Qaradāwī, 2000).

Muslims in Sri Lanka have been practicing zakāh for centuries, mostly individually and sometimes collectively. However, the implementation of zakāh as a standardized model is a recent development. With the rise of Islamic awareness movements in Muslim societies around the globe since the 1950s and 60s that advocated an immediate return to the political, and socio-economic values of Islam and the publication of much literature focusing on the institutionalization of zakāh to achieve poverty alleviation.

¹ Sri Lanka is an island country in South Asia. It lies in the Indian Ocean. With approximately 22 million population, Sri Lanka is introduced as a country of multi-ethnic/religious communities living together for centuries and has owned a long documented historical background. Buddhists are the majority in the total population constituting 70.1%. The Hindus are the biggest minority constituting 12.58% of the total population. Muslims are the second minority community constituting 7.97% of the country’s population which is equal to 1.9 million. Lastly, the Christians are the third minority group with a population reaching 7.62%. (Population Census and Demography Division 2015, p. 37).
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and social development (Basher, et al., 2000 & Aiyooob Ali, 2008) Islamic scholars and Islamic colleges in Sri Lanka have taken steps to showcase the importance of the institutionalization of zakāḥ.2 These developments resulted in the introduction of many zakāḥ institutions in different parts of the Island. Today, it is estimated that more than a hundred zakāḥ institutions are working on collecting and distributing zakāḥ across Sri Lanka (Jalaldeen, 2015). Despite this noticeable presence and the application of the institutionalized zakāḥ mechanism, zakāḥ institutions have not been able to achieve the intended objectives of the institutionalized zakāḥ. The socio-economic status of Muslims in Sri Lanka has not witnessed any remarkable transformation. According to the World Bank report (2022), Sri Lanka’s Gross Domestic Product (GDP) has contracted negatively by 9.2% in 2022 and a further decline of 4.2% is expected in 2023. This negative indication of GDP plays a huge role in inclining the poverty rate of Sri Lanka. Clearly, the current zakāḥ institutions in Sri Lankan Muslim communities are failing. What caused the failure has not been investigated before. Hence, a critical examination is required to identify the causes of the ineffectiveness of zakāḥ institutions in Sri Lanka. This in turn will enable the investigator to devise and suggest an institutionalized zakāḥ scheme that can effectively remedy the situation and remarkably improve Sri Lankan Muslim’s living conditions and standards and transform their socio/economic status.

This study employed a qualitative research methodology based on the standard interpretative and exploratory approaches. This methodology has been used by many scholars in scientific research to determine the problem of the study, its dimensions, aspects, and causes (Al Amaren et al. 2020). A qualitative approach was selected for this study because this approach is beneficial for studies seeking the reflection of individual reality and enables a researcher to see how people interpret their experiences, construct the world, and associate meanings with it (Merriam, 2009). This methodology allows the researchers to explain why the current zakāḥ institutions in Sri Lankan Muslim communities are failing and how this failure can be rectified. The data is collected from both primary sources such as interviews and official documents and secondary sources such as books and articles. The thematic content analysis method is used to analyze and interpret the data. Ten leading stakeholders of zakāḥ management institutions in Sri Lanka are interviewed, four of them represent the regional branches of zakāḥ institutions.3 Also, to determine the position of Islam on the existing zakāḥ management system, six Islamic scholars who either have been actively engaged in Sri Lankan zakāḥ management or have excellent knowledge and experience in the field of administration and management with some background in zakāḥ management are interviewed. Towards its objectives, the rest of the paper divides into three sections. First, it is necessary to understand how the existing literature has addressed the issues of zakāḥ management in the context of Sri Lanka. Little research has investigated the matter. The existing research mostly focuses on describing the general theory of the institution of zakah in Islam and its objectives without linking these to the practical context of Sri Lanka. A review of the literature will provide the reader with background information and a better understanding of the main purpose of zakāḥ and the gap in knowledge that currently shadows Sri Lanka (section II). Second, the status of the institutionalized zakāḥ disbursement in Sri Lanka should be learned in order to highlight its strengths and weaknesses and in turn to be able to propose a reform, if it is flawed. zakāḥ institutions have been operating in Sri Lanka for a quite considerable time, but there have been little improvements in the socioeconomic conditions of the Sri Lankan Muslim communities. Therefore, what is the status of the institutionalized zakāḥ disbursement in Sri Lanka is a relevant question that is to be asked and addressed next (Section III). Third, the key proposition of this paper is to suggest a shift of disbursement model from a mere consumption-oriented to a results-oriented hybrid mode of disbursement that combines the systematic consumption-oriented disbursement and the investment and skill-oriented disbursement in order to materialize a twofold objective of not only alleviating the poverty but also helping the early business starters to turn into self-reliant entrepreneurs. What is the proposed model and how it works are interesting questions that will be addressed afterward (Section IV). Finally, the paper will conclude in section V.


3 Kattankudy and Sammanthurai zakāḥ institutions work in densely Muslim-populated areas of Eastern Sri Lanka and Akurana and Beruwela zakāḥ bodies operate within a highly multi-cultural context where Muslims live with the Buddhist community side by side.

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Rauff, et al., 2017; Jalaldeen, 2015; Suheera, et al., 2015). Yet, these works do not make any impactful exploration of the flaws and challenges of zakāh institutions in Sri Lanka. This is because, most of the literature focused on providing the theoretical background of zakāh, emphasizing its juristic elaboration, and socioeconomic impacts while some other literature did not concentrate on the effective disbursement in a Muslim minority like Sri Lanka that is under well-research.

3. THE CURRENT ZAKĀH DISBURSEMENT IN SRI LANKA

Disbursement constitutes an important part of the institutionalized zakāh practice and Shari‘ah-compliant distribution is key to the realization of the objectives of zakāh obligation. According to Qur‘ān, zakāh funds must be distributed as prescribed among certain groupings (sūra al-Tawbah: 60). Failure to do so is considered a sin. Disbursement determines whether a zakāh institution has been successful in delivering the zakāh objectives. A proper zakāh disbursement, however, is dependent on having a considered plan based on proper data and statistics and an advanced administration mechanism that is equipped with field experts and well-trained workers. Accordingly, due care must be taken in order to make zakāh a powerful tool for stabilizing the socio-economic condition of the community and the nation as well as to actualize broader objectives of zakāh in the pluralistic context of Sri Lanka.

Currently, zakāh disbursement practice in Sri Lanka is consumption-oriented, meaning it often covers the disbursement of basic needs such as food, shelter, and medicine. Most people who are qualified to receive zakāh are in need of urgent financial help to fulfill their basic needs. In line with the Sri Lankan context, zakāh institutions have focused attention, as a matter of priority, on solving urgent economic problems of the Muslim community. Occasionally, they make skill-oriented disbursements, provide investment capital and allocate funds for educational development purposes (Abdul Rauff, et al., 2017). The current disbursement model has contributed to some degree to the reduced level of poverty in Sri Lankan Muslim society. However, there is much more scope for contribution to eradicate poverty fully. Recent research suggests that regional zakāh institutions are underperforming due to several issues including lack of innovation and research, increased administrative costs, inadequate knowledge of the collective implementation of zakāh among the administrators and the public, disqualified and untrained members of the institutions, and poor zakāh collection (Usthaz Mansoor., et al, 2022). This is exacerbated by the fact that they often lack proper performance measurements by which they could evaluate their performance. These contributed to inefficient distribution. To eradicate poverty fully a radical reform should therefore be taken into consideration and be implemented in the sense that it systematically and in a well-planned manner combines the consumption-oriented disbursement with skills and investment-oriented distribution. By so doing, institutionalized zakāh practice can help actualize the prescribed objectives of the zakāh system in the pluralistic context of Sri Lanka. One way to achieve this is to shift away from the current consumption-oriented disbursement to a results-oriented disbursement scheme where zakāh distribution is substantially linked with its socio-economic impacts on the lives of the beneficiaries. Zakāh obligation is not satisfied by giving alone. Instead, its spiritual, and socio-economic dimensions must be realized. At present, only a few human groupings such as street beggars are frequent beneficiaries of zakāh disbursement in Sri Lanka, though the number of dependent individuals within each grouping is increasing due to the operation of a non-intelligent and unsystematic disbursement that encourages zakāh dependence.

4. RESULTS-ORIENTED-DISBURSEMENT

Results-oriented disbursement takes into consideration the socio-economic status of the Sri Lankan Muslim community and makes zakāh disbursements in a way that influences the socioeconomic well-being of the community. Result-based management is aiming at achieving prescribed objectives of zakāh such as spiritual and moral enhancement, poverty alleviation, social justice, and strengthening inter-intra relationships in the Muslim minority context of Sri Lanka. This study suggests a hybrid model of results-oriented disbursement which combines systematic consumption-oriented disbursement and investment, and skill-oriented disbursement.

4.1. Systematic Consumption-Oriented Disbursement

Systematic consumption-oriented disbursement will result in positive aggregate consumption and aggregate demand. As zakāh ideally constitutes a transfer of wealth from the rich to the poor, the recipients can receive financial assistance to meet their basic consumption needs. Through this, zakāh recipients are given extra purchasing power directly. This prompts impacts on aggregate consumption at the macro level. In theory, the marginal propensity to consume (MPC) of the poor is far greater than the marginal propensity to consume (MPC) of the rich. This means that the extra financial assistance that was gained by the poor directly would be used for the consumption of basic necessities (Superayitno, et al., 2013). As a result, it will lead to typically, a rise in the level of aggregate demand (Jedidiya, Guerboj, 2021). Eventually, this process impacts national economic growth (Chouduri, 2008).

Economists have stressed that both the average propensity to consume (APC) and the marginal propensity to consume (MPC) following zakāh distribution would be higher in the Islamic economy than in any other economy due to its direct connection to production and consumption (Muliyadi, Hamzer, 2020).

There is no doubt that a considerable portion of zakāh proceedings should be allocated and devised for consumption purposes in Sri Lanka, but consumption-oriented disbursement should be organized systematically based on comprehensive research and adequate data with short and long-term planning. We observe that some regional zakāh institutions have made initiatives on prior
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planning. For instance, a representative of a particular regional zakāh institution shared their future planning: “It was decided to develop a village under the name “Smart Village Project” during the current year 2022. In that sense, it was allocated around one million Sri Lankan rupees for the development of a Smart Village in 2022. We are requesting the wealthy people belonging to those particular villages to contribute to this noble project. We have selected poverty-stricken 12 villages out of 82 areas” (Respondent 3, 2022).

Despite some advanced efforts made in terms of consumption-oriented distribution, it should be carried out at all regional levels in a standard and well-planned manner that should result in the socio-economic well-being of the Muslim minority community. Otherwise, the traditional consumption-oriented zakāh disbursement system will create another problem in which a dependent class of society will emerge, and the main objective of eradicating poverty remains remote. The researchers suggest that regional zakāh institutions can carry out some important projects focusing on the realization of the socio-economic goals of zakāh in their own particular regions and some national-level projects and programs focusing on poverty alleviation, spiritual and moral enhancement, social justice, strengthening the unity of the Muslim community and improving the inter-relationship among Muslims and non-Muslim communities so as to create a positive perception about Islam and to strengthen positive and harmonious relations among the Sri Lankan nationals.

4.1.1. Poverty Alleviation

Poverty is considered a huge challenge in the modern world. Many people are suffering from hunger and poverty across the world. Therefore, several efforts are being carried out to eradicate this evil at the national and international levels. Experts vary in their definitions of poverty and how poverty is supposed to be measured. Poverty is not only confined to basic needs such as food, water, and shelter. Instead, it is the general deprivation of employment, infrastructure, education, health, communication, etc. Two types of poverty could be identified; one is absolute poverty which means starvation, malnutrition, and visible hardship in people’s lives. The other one is relative poverty which refers to income or consumption levels that are below a given percentage of the national average. In that sense, according to the international measures of poverty, 6.7 percent of Sri Lankans were below the poverty line of US$1 and 45.4 were below US$2 per day (Alaîma, 2007). Poverty in the Muslim community is three times higher. More than 25% of Sri Lankan Muslims suffer from abject poverty. This is equivalent to approximately 500 hundred thousand Muslim people, out of a Muslim population of two million living under the poverty line in Sri Lanka. One-fourth of Muslims are suffering from poverty and hunger according to some surveys (Abu Ahmed, 2016). Consequently, Muslims have encountered complex problems such as illiteracy, unemployment, and issues related to education and health (Rifai, 2021).

Against this background of economic hardship for the Sri Lankan Muslim minority community, existing regional zakāh institutions should work to reduce the poverty level of the community by employing efficient zakāh management (Aiyoob Ali, 2008). The potentiality of zakāh funds would be high when the zakāh is properly collected and distributed at the regional level. It will definitely result in stable economic growth for the community. This is how an educated respondent explained how a zakāh fund that is supposed to be collected in a particular area in the Eastern Province of the country could offer the potential for sustainable economic growth in a certain territory: “Muslims of the Sammanthurai region have around 25 000 acres of agricultural land. Approximately 50 bags of paddy would be harvested in one acre for a harvest season and there are two seasons for a year. In this sense, at least 25 000 bags of zakāh should be collected in a season. That means 50 0000 bags must be collected in a year. If we are able to collect this huge amount which is equal to approximately 30 crores of Sri Lankan Rupees through which we will immensely contribute to the economic situation of Muslims residing in the Sammanthurai area” (Respondent 10, 2022).

In this sense, it is obvious that regional zakāh institutions can play a vital role in the economic stabilization of a particular village by managing the zakāh mechanism in an efficient manner. al-Qaraḍāwī articulated how a regional zakāh institution can become a solution for internal socio-economic issues of the region: “The territoriality of zakāh was devised to combat and defeat poverty, to enable it to solve its respective internal problems” (al-Qaraḍāwī, 2000). It is noted that the zakāh has a major role in contributing to a prosperous and stable economic condition. Zakāh first attempts to wipe out the root causes of poverty by providing sustainable economic solutions such as providing the necessary education, and multiple types of training with the purpose of improving the skills, and providing capital equipment to those who are able to work and earn a livelihood. Further, it can offer financing to create new jobs. The zakāh disbursement should enable the poor to stand on their own two feet (Chepra, 1993). The Zakāh system also plays a vital role in fulfilling the basic needs of the poor and needy by providing infrastructure facilities. This includes building houses, renovating and fixing the shortcomings of existing shelters, and so on. Zakāh provides regular relief as well as emergency aid. In early Islamic history, Umar bin Abdul Azeez divided zakāh fund into many shares to distribute to those who are in need on a regular basis (al-Qāsīm, 2009).

Hence, regional zakāh institutions can utilize zakāh funds primarily to reduce poverty. Poverty reduction should become a priority in the agenda of zakāh institutions. For that, the first priority for each and every regional zakāh institution is to understand and reduce the poverty level of each area. Poverty here is taken in the broader sense which deals with income, consumption power, education, health, etc. Each area should be identified and diagnosed precisely before delving into action. Once they have compiled
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adequate data with regard to the existing poverty level of the community, institutions can work based on short and long-term planning in multiple ways:

1- Adopting a standard priority-scale which is called Hadul-Kifaya. This scale represents adequacy to meet individual requirements (Mahmood, 2015).

2- Providing infrastructure facilities for identified recipients within the region to contribute to reducing shelter issues. This project could help meet needs related to basic infrastructure facilities like building houses, renovating, fixing the shortcomings of existing shelters, and so on.

3- Providing monthly allowance for those who are in of zakāh assistance like widows, ill people, etc. Eligibility should be renewed on an annual basis because of the condition of those people who were eligible to receive zakāh funds improves to a healthy level. When this happens new zakāh recipients would become entitled to get zakāh in the form allowance. They can be included in the list of constant zakāh receivers. There should also be a mechanism to render zakāh for emergency situations.

4- Providing capital equipment to those who have skills to undertake self-employment with the necessary guidance and training.

5- Giving the cash to identified recipients who should have a business but don’t have sufficient capital to run the venture.

6- Forming al-qard al-hasan system which is a benevolent loan to create new business opportunities.

Initiating small-scale investment projects like garment manufacturing, poultry farms, etc. under the management of zakāh institutions.

It is suggested for regional zakāh institutions that they may collaborate with other governmental and private agencies working on alleviating poverty at the national level. Despite the several efforts carried out to alleviate poverty in Sri Lanka, poverty remains a continuing challenge (Sangieli, Mustafa, 2019). Since the independence of the country, the government of Sri Lanka has implemented poverty-focused programs. It can be identified two major projects; one is Janasavi which was inaugurated in October 1989 to alleviate poverty in Sri Lanka (Stokke, 1995). This program mainly consists of a safety net for the poor, enhancing the poor through government assistance for livelihood practices. The other one is the Samurdhi program which was launched in 1995 with the purpose of providing food stamps and midday meal programs (Damyanthi, 2014). Other than the government poverty alleviation mission in Sri Lanka, there are several non-government poverty alleviation efforts being carried out in rural areas of the country (Thanabalasingam, 2014). In addition to this, some professional poverty-focused efforts are being carried out with multiple purposes including research, and fact-finding. For instance, there is a think tank promoting a better understanding of poverty-related development issues in Sri Lanka, the Center for Poverty Analysis (CEPA). This Center was established in 2001. One of the missions of this internationally-recognized institution is engaging with local government and Civil Society Organizations (CSO) rendering humanitarian services (Broacher, CEPA). Furthermore, it is noteworthy here that the Sri Lankan Muslim community is receiving all facilities which would be provided by the government as per the population ratio. It is also working independently to make a prosperous life for community members. As such, zakāh institutions should take into account this provision while implementing poverty-alleviating projects through zakāh funds.

The whole distribution process of the institute should be managed based on research and proper short and long-term planning. In addition, there should be a proper mechanism to measure and evaluate the performance and effectiveness of the distribution. Impactful zakāh distribution should bring about a positive lifestyle for the people. This kind of systematic consumption-oriented distribution management along with investment-based disbursement management could contribute immensely to reducing poverty in the community and the nation. The researchers are not arguing that only the zakāh could alleviate the poverty of the Muslim minority community of Sri Lanka. Still, zakāh is a solid economic instrument that is considered one of the most important tools of poverty alleviation in Islam. It could contribute to reducing the poverty level in a gradual manner.

4.1.2. Spiritual and Moral Enhancement

Zakāh system is a prime tool for the advancement of the spiritual life of both contributors and recipients. This in turn contributes to relating Muslim people to God with a great sense of gratitude and humility. Also, it reminds people that wealth and health will not remain permanently but are subject to destruction. Thus, every human being must be free from lust for material things. The term zakāh itself refers to purifying the hearts and cleansing them from evils and negative thoughts. In that sense, zakāh is a great spiritual activity. It has the potential to produce spiritually qualified individuals as well as society. It can be said, wherever zakāh is performed in its original manner, the spiritual and moral values of that particular community would be great.

Hence, zakāh distribution management through the institutions can realize spiritual and moral enhancement of the community through undertaking the following strategies:

1- Raising awareness with regard to the spiritual and moral dimensions of the zakāh obligation at the community level as zakāh is enjoined with the obligation of prayer many times in the al-Qur’ān.

2- Conducting multiple special training sessions focusing on spiritual and moral enhancement to those receiving zakāh funds along with their dependents.

3- Ensuring the fulfillment of the basic needs of the people would invariably lead to spiritually sound and morally mature individuals and society.

4.1.3. Social Justice

The zakāh system in Islam provides for the distribution of wealth and redistribution that stimulates the circulation of wealth among the members of society. This contributes to social justice and the reduction of inequality. From an economic point of view, the prime
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significance of zakāh lies in effectively transferring zakāh funds to the less wealthy to prevent further accumulation of wealth in a few hands. The system makes the wealth cycle through the nooks and crannies of the social order (Zohurul Islam, 1999). The Islamic economy requires the circulation of wealth and encourages owners to involve the capital in giving alms and investment projects so that the wealth is passed to others in a useful manner. Zakāh is a major instrument in averting the excessive accumulation of wealth and helping the most vulnerable members of society. From an economic viewpoint, zakāh is a transfer earning that involves the transfer of cash or wealth from the wealthy segment of society to those who are destitute of the same (Zohurul Islam, 1999). Zakāh distribution is one of the most important factors that accelerate the distribution of income and wealth in Muslim society as stated in (Sura al-Hashr:7) “Wealth does not continue to circulate merely among rich”. Those who received the zakāh might become zakāh payers in future years if they utilize the zakāh properly. In this way, existing regional zakāh institutions could contribute to social justice and redistribution of wealth through efficient disbursement management.

4.1.4. Strengthening the Unity of the Muslim Community

One of the prime social objectives of zakāh is cultivating a sense of brotherhood, cooperation, and prosperous living. Social justice, mutual cooperation, and recognition of each other are the backbone of Islamic society. Hence, zakāh management plays an important role to strengthen brotherhood and cooperation. Zakāh is the source of mutual love and care and eventually, it results in establishing a strong society (Yusoff, 2008). The obligation of zakāh helps to stimulate the rich to care about the destitute and render financial assistance to build up their livelihood. This brings hope and happiness to them and frees them from ego-centricity (Razi, 2000). It cultivates a great sense of brotherhood among different levels of people and strengthens the bonds among them. Eventually, this unity will lead to involving all in a common platform working for the betterment of human beings. In this way, regional zakāh institutions can use zakāh funds to strengthen the bonds of social relations within the Muslim community. Sri Lankan Muslims are suffering from disparity due to several reasons (Ameer Ali, 2023). In this situation, proper zakāh management also could contribute to uniting the community to some extent. Since Muslims live in a minority community, they should unite and build up a positive mindset to protect their existence as well as to contribute together to the betterment of all communities of the country. Unity and brotherhood could be ensured by making the following steps as far as institutionalized zakāh is concerned:

1. Regional-level zakāh institutions should include contributions made by zakāh payers in their marketing materials so that worse-off people might get a positive mindset towards well-off people.
2. Coordinated efforts between nearby regional zakāh institutions could lead to strong ties among Muslim communities living in various villages.

4.1.5. Strengthening Inter-Relationship

Efficient zakāh distribution in multi-ethnic and multi-religious countries results in strengthening ties between Muslims and other communities. It also creates a strong sense of harmony. One of the prime objectives of zakāh, according to Islamic scholars, is ensuring a strong bond with neighbor communities and creating a peaceful environment by distributing a portion of zakāh to other communities. The scattered Muslim minority communities of Sri Lanka live in some areas with a dominant Sinhala Buddhist community and in other areas, especially in the Northern and Eastern provinces, with Tamil Hindu communities (Rameez, 2018). Existing regional zakāh institutions should take diversified actions in the context of the existence of several religious communities. The Muslim community in each region is surrounded by different religious groups either Buddhists or Hindus, or Christians. Accordingly, the institutions of zakāh management should plan how can the portion of Mu‘līf qulūb - those whose hearts are being reconciled - funds be used considering the multi-religious context. The following suggestions can be given in terms of utilizing zakāh funds for the harmonizing activities:

1. Regional zakāh institutions may allocate some funds from the Mu‘līf qulūb portion according to the needs of people of other faiths in order to realize peaceful coexistence with the people of other faiths who live alongside Muslim communities.
2. Regional zakāh institutions should work together, especially in strengthening the harmonious relationship among the communities with short and long-term plans.
3. Scholars and experts are expected to give proper guidance according to the different socio-political circumstances of the regions in order to restore healthy bonds among Sri Lankan citizens of all faiths.
4. Regional zakāh intuitions have to collaborate with other Muslim institutions4 which have been focusing on promoting religious harmony among the communities.

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4 There are several organizations working within the Muslim community in order to promote peace and harmony among the Sri Lankan nationals such as the Center for Islamic Studies (CIS).


Retrieved on 18 January 2023, Council for Coordination and Cooperation (CCC) which is a separate unit of ACIU.


Retrieved on 10 January 2023, Center for Islamic Studies (CIS)
5- Regional-level zakāh institutions also may collaborate with national-level institutions. Both Muslims and people of other faiths have been working on promoting inter-faith coexistence activities and peace-building efforts in the pluralistic context of Sri Lanka.

In this way, the proper application of zakāh to promote peace and harmony among Sri Lankan nationals could positively impact relationships among diverse Sri Lankan communities and create a positive mindset towards Islamic fundamental teachings of Muslim people. Eventually, a peaceful environment with religious diversity could be ensured due to the virtue of collective zakāh implementation in the face of the Sri Lankan pluralistic context.

4.2. Investment and Skill-Oriented Disbursement

In the contemporary world, we see some improved versions of investing zakāh funds in useful projects like the Mobile Entrepreneur Program (MEP) which is carried out in some states of Malaysia. The main goal of this program is to develop productive zakāh recipients into self-reliant entrepreneurs. This program is being implemented with strict criteria. Recipients should have a business but lack sufficient capital to run the venture (Hassan, Mohd Rum, 2016). Hence, zakāh institutions may adopt useful and safe investment projects from international experiences to change the status of recipients from dependent to independent. In that sense, zakāh can be integrated into the microfinance projects by giving funds as a grant or qardhasan (al-Qaradāwī, 2000) that would be used for investment purposes (Muiadi, 2020). Thus, zakāh in its broader sense contributes immensely to the investment sectors in particular as well as the total economic growth.

Institutionalized zakāh management of Sri Lanka should take into serious concern investment-oriented distribution management. Consumption-oriented zakāh management alone will not impact positively on the efficiency and productivity of institutions. Rather, institutionalized zakāh management should concentrate on the investment-oriented distributing system which would contribute to realizing the broader objectives of zakāh in a Muslim minority land like Sri Lanka. It would increase the efficiency level of the zakāh management of the institutions. According to the experts, the actualization of efficiency in investment-oriented disbursement needs three main components. These are proper planning and decision-making of the zakāh administrators, adequate capital, and efficient management. Unfortunately, most of the zakāh institutions provide the poor and needy with capital only devoid of the other two essential ingredients. Expecting success from such an investment is nothing other than a dream (Mifly, Unpublished). Based on experts’ experience, the zakāh funds can be allocated for the development projects as follows:

4.2.1. Mini Investment Projects and Multiple Investment Efforts

The existing regional zakāh institution should take into account financing a certain portion of zakāh funds in useful and safe investment projects. It is advisable to invest in mini-investment projects and multiple investment efforts in a given time. This kind of diversification ensures that should any project happen to be lost; other efforts will give safety (Mansoor, et al. 2022). Zahāf funds can be used in lawful al-Muḍārabah projects with the zakāh authority acting as the owner of the capital, and the zakāh beneficiaries as partners by contributing their works. The profit will be distributed between them on the basis of a ratio that will be determined in advance. Likewise, a loan can be provided to potential recipients who pay the money back. This kind of benevolent loan generates a new source of capital for zakāh recipients. This will allow them to finance partnership businesses and give possession of low-cost houses on the basis of rent financing (Sikandar Shah, 2013). We observe that modern zakāh institutions in many countries have adopted these advanced financing efforts which improve the socio-economic conditions of vulnerable people. Special initiatives known as entrepreneurship programs have been introduced to develop entrepreneurship skills among the poor and needy (Tuan Mahmood, 2021). The entrepreneurship program called Mobile Entrepreneur Program (MEP) was initiated to provide financial capital to rightful recipients to establish a new venture or expand an existing business. An empirical study reveals that this MEP has been successful very successful and effective in uplifting the condition of receivers with a success rate of nearly 100% (Hassan, Mohd Rum, 2016). The capital assistance was allocated to recipients based on the type of business they intended to open as well as their business capacity.

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3 There are several organizations have been promoting peaceful existence and harmony among the religions and ethnic groups in Sri Lanka such as Centre for Peacebuilding and Reconciliation (CPBR) established in 2002, Sarvodaya Shanthithena’s District Circle established in 2006, and National Peace Council (NPC) which engages religious leaders as a key actor group in addressing inter-ethnic and inter-religious issues at local level in order to build trust among the community and foster peace and reconciliation. Sulochana Peiris, An Introduction to Religious Pluralism in Sri Lanka, Handbook, (Colombo: Internex Sri Lanka, 2019), 24-34.

5 al-Muḍārabah refers to a partnership where one party provides the capital while the other provides labor and both share in the profits. Muhammad al-Zuhaylli, Mu'āammad Fi fiqh al-Shāfi‘ī, (Damascus: Dar Qalam, 2010), 3, 279.

6 Many countries such as Pakistan, India, Bangladesh, Kuwait, Saudi Arabia, and Bahrain have used zakah funds for investment and business capital aid. For instance, in April 1989 the Bait-al-Zakah in Bombay, India, collected Zakah fund in the amount of Rs. 91,891.00 directly and Rs. 175,000 through the help of a philanthropist. The fund was then distributed in the forms of scholarships, building repairs, rehabilitation, medical aid, education, debt, relief and etc. Sapirnul Manurung, (“Islamic religiosity and development of zakat institution”), Qudus International Journal of Islamic Studies, (Vol 1, Issue 2 July-December 2013), 202.

8 The MEP was introduced in 2007 in Selangor, Malaysia with the purpose of developing the productive zakah recipients to become self-reliant entrepreneur and transforming their status from zakah recipients to zakah payer. The most important criteria for this program are the recipients must have a business and unable to expand it due to financial constraints.
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4.2.2. al-qard al-ḥasan – Benevolent Loan - Financing from Zakāh Funds

_al-qard al-ḥasan_ is a kind of gratuitous loan given to needy people for a fixed period without requiring the payment of interest or profit. It would be a great alternative solution to charging interest which is fundamental to the conventional financial system but forbidden by sharī‘ah. In addition to this, in the modern world, some Muslim-majority countries extend soft loans. The loan is given to those who are able to work but need capital for establishing their own business. They are also given to people with insufficient income. These kinds of people are given loans out of the zakāh funds on the condition that they would pay back in installments (Ibrahim, 2014). In this way, this would protect vulnerable people from paying interest, which is prohibited. Hence, the portion of debt from zakāh can be used in two ways. All scholars agree that zakāh funds can be used to pay off debts outright. The second possibility is a benevolent loan, which can be obtained off an interest-bearing loan, but which is supposed to be paid back after a determined amount of time.

4.2.3. Producing Skillful Employees

Efficient distribution management of zakāh funds can produce skillful and thoughtful employees in society. This may play a significant role in tackling unemployment. Zakāh funds are being used for self-sufficiency projects, creating new jobs, and skill-training programs, producing scholars by providing training sessions and scholarships and providing free microfinance loans to enhance the economy (Muiadi, Hamzer, 2020). When the zakāh funds are used for the purpose of creating new opportunities and great alternatives for employment, they will contribute immensely to eliminating unemployment as well as underemployment and day labor. This is why zakāh institutions should concentrate on skills-oriented disbursement to transform the social phenomenon of perpetual zakāh beneficiaries into self-reliant individuals and members of society. In this way, providing capital instruments to those who have skills and providing constant training to enhance skills and competencies, and providing scholarships to develop skills and educational background may play an important role in the distribution management strategies of the institutions.

This hybrid distribution process which includes both systematic consumption-oriented disbursement and organized investment-oriented disbursement management could contribute to increasing the level of efficiency of institutionalized zakāh management. This advanced strategy could immensely contribute to reducing the poverty level of the community. In addition, this would positively impact the country's economic condition. In this way, efficient distribution management can realize the potentiality of the socio-economic obligation of zakāh in contributing to sustainable economic growth for the community and nation.

5. CONCLUSION

This study examined and analyzed the status of institutionalized zakāh disbursement in Sri Lanka and found that it is inefficient. Currently, the disbursement model that dominates the regional zakāh institutions hampers the realization of the actual goals of zakāh. This study proposed a systematic hybrid model of zakāh disbursement that combines the traditional consumption-oriented disbursement with modern result-oriented disbursement and embraces the systematic consumption-oriented disbursement and the investment and skill-oriented disbursement in order to not only alleviate poverty but also help the early business starters to turn into self-reliant entrepreneurs. Along with that, the development-oriented disbursement system is suggested for the application in an advanced manner considering modern global institutionalized practices of zakāh. It also emphasized that the result-oriented distribution definitely will result in bringing trust among the wealthy so that they could contribute their zakāh dues to the institutions. The massive zakāh proceedings would lead and guarantee the achievement of the goals of zakāh disbursement in a fruitful manner and guarantee the socio-economic well-being of the Muslim community and other communities.

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