Why do Zakah Institutions in Sri Lanka Underperform?

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Abstract

Zakah as a compulsory worship obligation of Muslims has been practiced for several decades in an institutionalized form in Sri Lanka. Although the institutionalized mechanism contributes to some improvements in socioeconomic conditions, recent research highlighted that the impact of such a model is yet below the expected level. The institutional zakah practice in Sri Lanka has remained essentially informal lacking any state recognition or zakah specific regulation. This paper examined the contemporary challenges and root causes of the zakah institutions’ underperformance in Sri Lanka. This paper took a qualitative methodology and collected primary and secondary data through official documents, interviews, and published literature. The empirical findings of the paper reveal a threefold challenge that contributes to the inefficient institutional zakah performance, namely low collection, ineffective disbursement, and external hurdles. The paper suggests that the prolonged dominant informal and individualist zakah culture of Sri Lankan Muslims fails to actualize the designated goals of zakah and this in turn has contributed to the contemporary challenges. The paper highlights the need for developing an alternative jurisprudential methodology that has the potential to offer sensible remedies to the contemporary identified challenges. The paper suggests that zakah institutions must thoroughly re-evaluate existing zakah applications to improve the effectiveness and efficiency of their zakah management systems. It is also suggested that it would be helpful to establish a National Zakah Consultative Body that can advise the government on adopting effective regulations or guidance relevant to zakah management for the Sri Lankan Muslim minority.

Keywords: Islamic Jurisprudence; Sri Lankan Muslims; Well-being; Zakah Institutions
INTRODUCTION

Zakah was traditionally understood and practiced in a rather non-organized manner with individuals taking the lead to enhance their personal relationship with God (Rahmani, 2019). This mirrors the classical approach in Islamic jurisprudence that construes zakah as a matter of personal piety. Modern scholarship on zakah, however, views the concept as an advanced economic theory and a productive instrument for economic growth (Chapra, 1993; Rahmani, 2019; Chouduri, 2021). It presents zakah as a tool for both discharging the individual Muslim’s religious tax duty and community building and or country development (Muiadi, 2020). The Arabic term 'zakah' literally denotes 'purification' and 'development' (Ibn Qudâmah, 1997; Al-Kâsâni, 2004; Al-Nawawi, 2002). In the technical sense, zakah refers to the compulsory worship (ibadat) obligation of Muslims to pay 2.5 percent of their annual savings (net income) to those in need subject to the nişâb criterion. Nişâb is the minimum amount of wealth and possessions that a Muslim must own throughout a lunar year before being obligated to pay zakah. The proceeds of zakah must be distributed within the eight categories of people outlined in the Qur’ân (9: 60). Some scholars argue that the zakah aims to purify the hearts and wealth of the donors from greed and cleanses the hearts of the poor and needy by eradicating their attitudes towards wealthier people (Ibn Rushd, 1996). Thus, zakah is an Islamic obligation with multiple spiritual and socio-economic dimensions (Mişri, 2009; Qaraḍâwî, 2000).

Corresponding to the developing scholarship of zakah, the zakah practice in the Muslim world transformed into an institutionalized system in two ways to respond to the current needs of the modern world. First, zakah management institutions, which were controlled by the state, were set up to systematically and on a centralized basis organize and streamline the zakah practice. This development is noticeable in some Muslim countries including Libya, Saudi Arabia, Pakistan, Malaysia, and Yemen (El-Ashker & Sirajul Haq, 1995). In these countries, the zakah practice relies on laws and statutory provisions that regulate the administration of zakah affairs and activities. Second, the third sector-oriented system evolved in many countries like Iran, Bangladesh, Kuwait, Bahrain, Egypt, and Iraq, operating via voluntary zakah organizations to administer zakah affairs (Kahf, 1990).

Against this background, the initialization of zakah practice in Muslim minority countries including Sri Lanka is often faced with an additional challenge, i.e., the absence of formal infrastructure. Institutional zakah management is much more important to a Muslim minority setting because minority Muslims do not have a legally recognized right to the administration of zakah funds or the enforcement of its objectives (Alam & Ahmed, 2020). In other words, there are no formal laws and regulations that govern zakah administration and enforcement. Unlike countries with a majority Muslim population, the institutional zakah practice in Sri Lanka, as a Muslim minority country, has remained essentially informal lacking any sort of state recognition or zakah-specific regulation. It operates in an Islamic regulatory vacuum. The absence of formal regulations or guidelines in Sri Lankan zakah practice
substantially relies on informal religious injunctions and fatwas. The existing Fatwas issued by the Sri Lankan Islamic Authority; i.e. All Ceylon Jammiyatul Ulama (ACJU), does not concern with zakah management/administration, rather they focus on explaining zakah and zakatable wealth as understood from the Shafi’i school of thoughts within the Islamic Jurisprudential discourse (Mansoor. Et. al., 2022). For example, a recent fatwa issued by ACJU read “zakah is not levied on fruits except grapes and dates, and it is not levied on coconut and vegetables” (ACJU/FTW/2017/06-327, 2015). Yet, the experience from notable zakah institutions operating in some other Muslim minority countries such as Thailand, India, and Singapore suggests that the minority Muslims can endeavor via institutional setup to preserve zakah obligation and achieve some of its wider objectives including enhancing spirituality, establishing social justice, reducing poverty, enhancing social welfare, ensuring stable economic growth and inter and intra-community relationships (Dorloh, et al., 2020; Rahmani, 2019).

This paper aims to address an important intellectual lacuna in current scholarship on Institutional zakah practices of Sri Lankan minority Muslim communities. Aiming to recommend pertinent solutions to enhance the performance, efficiency, and recognition by the state of zakah institutions on the Island, this paper examines the contemporary challenges and root causes of the zakah institutions’ underperformance in Sri Lanka. It traces the historical development of the phenomenon of institutionalization of zakah and its current dynamics in Sri Lanka to identify and understand the contemporary challenges faced by regional zakah institutions. It argues that the classical jurisprudence of zakah must be reformed to fit into its current application and in connection with a particular jurisdictional context to meet the present collective needs of minority Muslims living in that context. As Raslan (2018) pointed out the application of zakah in a Muslim minority context needs further reflection, critical jurisprudential understanding, and a contextual approach to its implementation. Unlike the classical understanding, this paper advocates for a modern understanding of zakah in Islam that is not only an issue of personal piety but also a collective socio-economic endeavor (Al-Qaraḍāwī, 2000).

Towards its objective, the rest of the paper is divided into five sections. First, it provides a review of the previous research and theoretical studies related to the zakah concept and its institutional application in Muslim countries generally and in Sri Lanka particularly. Second, it describes the research methodology employed by the researchers in this paper. Third, it is necessary to understand how the existing zakah framework has been developed over time in the context of Sri Lanka. Fourth, this will be dealt with in the results and discussion. This concludes the paper in the last section.
LITERATURE REVIEW

Over the past few decades, there has been a growing body of literature in Islamic finance discourse that reconsiders the concept and implementation of institutionalized zakah. This literature encompasses various perspectives from Islamic scholars, both pre-modern and modern, representing different schools of Islamic thought. Most of these works provide either a comprehensive introduction to the obligations, qualifying requirements, collection, and distribution methods of zakah (Al-Qaradawi, 2000; Zayas, 1960; Ali, 2008) or a comparative juristic analysis of zakah obligation and implementation as understood and practiced by different schools of Islamic thought (Basher, et. al., 2000; Careem, 2020; Mansoor, et. al., 2022). A common feature of all these works is to emphasize the significant capacity of zakah practice in either triggering or enhancing the socio-economic development of Muslim communities. While echoing with such great potential, a slim body of literature, however, focused attention on assessing the claimed capacity, identifying challenges faced by zakah practice, and investigating the root causes of zakah management underperformance. By way of a combined qualitative/quantitative survey conducted between the years 2010 and 2014, Suheera et. al. (2015), assessed the role of zakah in alleviating poverty in Nintavur, Sri Lanka, and found that zakah has played an important role in taking out Muslims from poverty trap in the research area, Nintavur, though they also recommend for further adaptation of zakah management institutions to respond the increasing socio-economic complexity. Similarly, AbdulRauff, et al. (2022) reiterated the significant potential role of zakah practice in the socio-economic development of Muslim communities. However, they further submitted that this potential is currently failing to realize its full capacity due to clear misadministration triggered by the shortage of professional and properly trained human resources, misuse of zakah beneficiaries from support packages, lack of beneficiary monitoring mechanism, and low community awareness on zakah obligation and practice. In the same way, Jalaldeen (2015) who investigated the impact of zakah practice in Maruthamunai, a village in Kalmunai District in Sri Lanka argued that zakah will certainly have a positive effect on poverty alleviation, economic development and the well-being of Sri Lankan poor Muslims provided that it is managed properly. Despite its institutionalized and collaborative look, zakah practice in this village falls short of optimum performance mainly due to a lack of coordination among all management institutions involved in zakah practice.

El-Ashker & SirajulHaq (1995) investigated zakah management in several Muslim countries including Libya, Saudi Arabia, Pakistan, Malaysia, and Yemen, and found that state control of zakah management had positive impacts in terms of establishing a systematic, centralized, and streamlined zakah practice in those nations. In these countries, the zakah practice relies on uniform laws and statutory provisions that regulate the administration of zakah at the national level. In contrast, Dorloh, et al. (2020) identified the problem of centralized zakah management practice in Thailand where Muslims are a minority, and advocated for localization of
zakah distribution as a conceivable solution to address the problem thereby satisfying the needs of the actual zakah stakeholders (zakah payers/recipients). Ummulkhayr et. al. (2016) on the other hand, emphasized the role of third-sector zakah organizations in society to effectuate wider objectives of zakah. They submit that while the responsibility of the zakah administration primarily rests on the state, non-governmental organizations should still play some role in the administration of zakah to enable wider outreach. Learning from the experiences of some Islamic countries such as Iran, Bangladesh, Kuwait, Bahrain, Egypt, and Iraq enforcing zakah as a religious duty via centralized laws can sometimes be extremely challenging. Kahf, (1990) advocates for a third sector-oriented zakah management system in which the voluntary sector would take the lead in running zakah operations. It is worth noting that these works do not extensively explore the flaws and challenges specific to zakah institutions in Sri Lanka. Despite the wealth of literature on the subject, there is a limited impactful exploration of zakah administration in Sri Lanka. Nonetheless, it is still possible to learn from the existing literature and experiences of other countries regarding institutionalized zakah management and application, as there are undeniable similarities between the needs and available infrastructure of Muslim minorities in Sri Lanka such as third sector lead in zakah administration, and the need for state recognition and those of other Islamic countries.

**Historical Development of Zakah Practice**

The development of zakah practice in Sri Lanka has gone through three stages throughout history. It initially started with an individualist approach which was characterized by an understanding of zakah as a matter of the personal and private relationship between individual Muslims and God. Then, with the increased mosque involvement in the provision of community support services, the processes of collection and distribution of zakah shifted from individuals to mosques throughout Muslim communities in Sri Lanka. More recently, public awareness concerning zakah obligation and its wider objectives and potentials has facilitated the emergence of independent zakah institutions that adopt a systematic and collective approach to zakah obligation and its fulfillment.

**Individualist Approach to Zakah Practice**

Sri Lankan Muslims have been paying zakah for a long period. Although Sri Lankan Muslims were conscious of the obligation of zakah, they were fulfilling the obligation only individually, so they used to make decisions personally as to whom the money was to be paid. Often zakah money was paid to the individual obligator’s relatives, friends, and locality members. The institutionalization idea had not emerged yet and the wider objectives and potentials of zakah obligation were not fully appreciated by the Sri Lankan Muslim communities. This prolonged tradition has immensely influenced zakah payers’ understanding even today (Respondent 06, 2022). The majority of zakah payers still pay zakah individually disregarding the currency of various regional zakah institutions in many parts of the country.
Several factors have contributed to the formation and persistence of the individualist zakah practice in Sri Lanka. To begin with, Sri Lankan Muslims were not educated sufficiently to realize the collective potential of zakah. While conducting prayers congregationally, they do not perform the same with zakah. Individual zakah practice is also reinforced due to the absence of state interference in the regulation of zakah collection and distribution. Furthermore, individual zakah practice has been the norm in Sri Lanka for a long period which makes it strongly persistent. The practice is known and practiced by individuals, so they may resist shifting to any new but unknown practice. This is a barrier to adopting collective zakah culture because zakah contributors used to distribute their zakah funds to individuals such as relatives, friends, neighbors, and educational institutions who are eligible to receive zakah. Finally, with individual practice, zakah contributors would immediately realize the consequences of their contribution whereas, in a mosque-mediated or institutionalized practice, they can barely see the expected outcomes.

Mosque Mediated Zakah Practice

The shortcomings of the individual zakah practice have over time given way to the development of a fairly collective model of zakah practice which was run by Sri Lankan mosques, and which made some improvements in the collection and distribution of zakah. As mosques across the country assumed social support services, they have begun to take a more leading role in the practice of zakah utilizing the capacity of the volunteer worshippers. The zakah collected by the mosque was distributed to those who were eligible to get the zakah among those residing in the surrounding area. In that sense, many mosques in Sri Lanka played a significant role in empowering the disempowered people in society by applying the collective zakah model (AbdulRauf, 2022). The mid-twentieth century witnessed the formation of the mosque-oriented practice which relied on assistance from the Muslim voluntary sectors. Well-known examples are mosque committees and da'wah movements (Jalaldeen, 2015). The model, however, has not grown extensively. It could not develop into a social norm even at the community level. Despite little growth, the innovative mindset subsequently contributed to the formation of the modern management system and institutional practice of zakah across the country.

The Institutionalized Zakah System

In Sri Lanka, institutionalized zakah is a system born out of the public awareness that the zakah must be collected by way of a systematic collective mechanism. Within the last four decades, Muslims have developed an understanding that the individual and the informal unorganized mosque-oriented zakah practices have been unable to fully improve the socio-economic conditions of Muslim minorities in the country. They realized that the broader objectives of zakah could be achieved only through a systematic, standardized zakah management system. As a result, many zakah management institutions appeared in several parts of the Island. It is quite difficult to find proper documented historical evidence to find the exact
starting point of the phenomenon in Sri Lanka. However, it is certain that the Sammanthurai zakah board, which was established in the Eastern part of Sri Lanka in 1973, is considered the oldest regional zakah institution in Sri Lanka (Jalaldeen, 2015). Some institutions have no more than two decades of practice history like the Kalutara Zakah Foundation. A few zakah institutions have started their operations quite recently like Baithuz Zakah Balangoda. Zakah institutions are working independently without any interference from authorities across the country. It is estimated that more than a hundred zakah management institutions are currently working on collecting and distributing zakah across Sri Lanka (Jalaldeen, 2015). It can be said that in present Sri Lanka, zakah obligation is performed via a hybrid zakah management system where people may choose to pay their zakah funds to zakah institutions while direct zakah payment to recipients is also common.

RESEARCH METHOD

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 Amareen 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 & Tisdell, 2015). This methodology allows the researchers to explain why the current zakah institutions in Sri Lankan Muslim communities are not performing to the expected objectives and how they may improve performance. The data is collected from both primary sources such as interviews and official documents and secondary sources such as books, research papers, and magazines.

The thematic content analysis method is used to analyze and interpret the data. It is suitable when the researcher aims to discover people’s views, opinions, knowledge, experiences, or values from a set of qualitative data such as interviews or transcripts (Braun & Clarke, 2006). By examining the data, the researcher can identify common themes with potential capacity for generalization. Ten leading stakeholders of zakah management institutions in Sri Lanka are interviewed, four of them represent the regional branches of zakah institutions. Also, to determine the position of Islam on the existing zakah management system, Islamic scholars who either have been actively engaged in Sri Lankan zakah management (four scholars) or have excellent knowledge and experience in the field of administration and management with some background in zakah management (two scholars) are interviewed. An inductive approach has been used to form three themes based on the thematic content analysis of the data from interviews. The themes are low collection, ineffective disbursement, and infrastructural hurdles that could explain the root causes of institutionalized zakah underperformance in Sri Lanka.
RESULTS AND DISCUSSION

The current zakah practice is dominated by the institutionalized setup. The setup which has been functioning in many parts of the country contributed to some improvements in the socio-economic conditions of the Sri Lankan Muslim minority community. For instance, it contributed to the fulfillment of the basic needs of vulnerable people in terms of housing, clean water, electricity facilities, food, and health care (Jalaldeen, 2015). It has also contributed immensely via financial assistance to assist farmers in undertaking their cultivation. Zakah institutions have provided considerable funding to many self-employed entrepreneurs and small businesses who needed capital to afford to purchase instruments such as sewing machines, fishing nets, and so on. They further assisted with reducing to some extent social problems within the Muslim communities. For example, previously, a large number of women went abroad for jobs due to financial crises. This brought many negative social impacts. Due to the financial support from institutions of zakah, the number of women going abroad for jobs has now reduced (Respondent 10, 2022). In addition, the collective zakah institutions helped to manage natural disasters like the 2005 tsunami that caused floods and storms. These institutions supported Muslims in the aftermath of riots targeting their communities in different periods. In these critical situations, the zakah institutions contributed to rebuilding the community and bringing it to normalcy (Respondent 07, 2022). Accordingly, due to the institutionalized practice, many Muslims who need consumption and business support or are victims of disasters or socio/economic pressures began to feel that they can rely with confidence on zakah institutions for their immediate and basic needs.

Despite the noticeable growth and impacts of the institutional mechanisms of zakah and the positive moves that have recently been taken to socialize and strengthen the institutional mechanisms, the application of the model in Sri Lanka is still at its early stage. In particular, zakah institutions in Sri Lanka will have to overcome three context-specific challenges, i.e., low collection, ineffective disbursement, and flawed infrastructure, in their path to development. These challenges will be discussed respectively below.

Low Collection

As a third-sector institution, the first and foremost target of zakah institutions is gathering a massive amount of money to stand as an effective medium to ensure stable socio-economic growth of the community and the nation. This is dependent on the high ability of the institutions to collect zakah money. Empirical evidence suggests that the institutionalized zakah collection at present is minimal and far below the expected potential from zakah collection (Mansoor, et al., 2022). Among others, the seven factors that are substantially responsible for this weak zakah collection performance are public ignorance, the persistence of an individualist approach to zakah practice, inefficient administration, the Easter Sunday attack
effect, weak governance, absence of proper coordination, and finally unnecessary jurisprudential controversy. These factors are discussed below.

**Public Ignorance**

A proper understanding of the obligation of zakah and the significance of the institutionalized zakah system for both administrators and contributors is important for a successful zakah collection. This is especially true in a minority Muslim context where there is no state involvement. It is observed that the awareness of institutionalized zakah application in its real sense among Sri Lankan Muslims is very low. The following statement from an experienced theologian in the field of zakah implementation demonstrates this:

Either zakah administrators or zakah contributors do not have proper knowledge of zakah obligation and the importance of collective zakah which results in poor zakah collection. (Respondent 06, 2022)

It is apparent that many people are not aware of zakatable wealth and are struggling to calculate zakah precisely (Respondent 04, 2022). Along with that, the carelessness of some people in performing zakah obligation also affects institutionalized zakah collection (Suheera, et. al., 2015). Hence, ignorance of the zakah system and carelessness of the people in paying zakah impact negatively the zakah collection.

**Persistence of Individualist Approach**

There is a robust culture rooted in the Muslim individuals who are obliged to pay zakah is providing the zakah funds to relatives, friends, colleagues, and localities. Likewise, many contributors give their zakah funds to Islamic educational institutes, Islamic movements, and other da’wa-related activities. A study reasoned devising the zakah to family members because traditional family bonds make people more responsive to the problems of their kith and kin. Hence, zakah money has long been used to support needy relatives due to the bonds of the extended family (Faiz, 1995). In this way, individual involvement in distributing zakah funds became a strong tradition of Sri Lankan Muslims. This affects institutionalized zakah collection.

**Inefficient Administration**

Efficient administration of zakah institutions depends on multiple factors such as quality of human resources, streamlined distribution, documentation, research, and managing zakah proceeds. The qualified, multi-talented resources that institutions consist of would help realize its potential to boost socio-economic prosperity and stability in the Muslim minority community. Quality human resources should represent the managing body, consultative body, and working committee. It is hard to find a panel consisting of qualified members encompassing various experts in regional zakah institutions. Another reason for the inefficiency of some regional zakah institutions is the heavy work commitments of the members of the institutes as most of them are government servants or involved in other commitments.
In this way, the personal workload of the members of the institutions immensely contributes to decreasing the zakah.

As for the efficient disbursement, although the consumption-oriented distribution which is currently dominated in the distribution process of zakah institutions achieved to some extent, still needs to be further improved, and well-planned investment and skill-oriented distribution which is considered a prime mechanism to actualize the designated goal of the zakah system must be incorporated. According to the experts, the actualization of efficiency in investment-oriented disbursement needs three main components that should be maintained in a given time namely; proper planning and decision-making of the zakah administrators, adequate capital, and efficient management. Unfortunately, most of the zakah institutions provide the poor and needy with capital only devoid of the other two essential ingredients. Hence, expecting success from such an investment is nothing other than a dream (Mifly, 2015). A research document articulated that zakah institutions have been manually working at the regional level and still have not adopted modern administrational systems or technological improvements. The institutions do not even have scientific data about the region and do not update the data from time to time. Therefore, they are unable to assess the achievements made throughout history and assess past activities (Mansoor, et. al., 2022).

Easter Sunday Attack

In the aftermath of the Easter Sunday Attack which occurred in April 2019 in Sri Lanka, the smooth functioning of the entire country in general, Muslims were particularly affected (Imtiyaz, 2019). The regional zakah institutions began to face numerous problems. Institutionalized zakah collection experienced a dip in the collection of zakah funds. A regional zakah institution clearly stated the negative impact of the Easter attack on the collection of zakah. However, the situation is getting better gradually.

After the Easter attack in 2019, the zakah collection went low. Some areas where Muslims are the dominant community faced critical challenges soon after the incident. Entire regions were labeled as terrorist hubs. That affected all kinds of religious-based activities. Due to this, many people fear giving zakah to institutions. They think they would be monitored by government officials negatively. (Respondent 01, 2022)

Weak Governance

The governance of zakah institutions refers to the organizational structures and mechanisms that are intended to maintain proper and accountable management of zakah collection and distribution (Wahab & AbdulRahim. 2011). Thus, the institutionalized zakah system needs a powerful governance mechanism that ensures characteristics of institutions such as transparency, Shari’ah compliance, and accountability. Regional zakah institutions in Sri Lanka lack proper governance mechanisms which is also regarded as a negative symbol that zakah institutions have.
Absence of Proper Coordination

The Sri Lankan regional zakah institutions are working as separate institutions whereas we could not find coordination or cooperation between the regional zakah institutions. Despite some initiatives targeting coordinated works among the institutions carried out did not continue. Uncoordinated regional zakah practices pose some negative impacts such as the fact that it will not allow understanding of the socioeconomic problems of the people who are near the region, impoverished villages could be affected, and the gap between the Muslim community could be increased which will impede them to think as a Muslim community of the country. The negative impacts of this type of working style of zakah institutions would not help to realize the designated objectives of the zakah system in the scattered and marginalized Muslim minority community of Sri Lanka.

Jurisprudential Controversy

Some preliminary studies reveal serious juristic issues hampered the realization of the broader objectives of zakah (Mansoor, et. al., 2022). Most regional zakah institutions rely on a particular jurisprudential school of thought to approach problems concerning zakah. Sri Lankan Muslims are deep-rooted in the Shafi’i school of thought throughout history (Marsoof, 2012). Based on the Shafi’i school of thought, several fatwa–Islamic rulings concerning the zakah had been issued by ACJU (All Ceylon Jamiyyathul Ulama). The same policy is followed by many regional zakah institutions for jurisprudential problems. However, following a single Islamic jurisprudential school would not offer practical solutions to the contemporary juristic challenges faced by regional zakah institutions. This juristic approach negatively affected the institutionalized zakah collection. The following examples show the present Shafi’i school of thought’s limitation in providing feasible solutions to existing issues.

In agriculture, only rice paddy is zakatable wealth according to the existing legal position. Zakah is not levied on vegetables and fruits other than grapes and dates. The legal ruling regarding agricultural products and fruits issued by ACJU read as “the zakah is not levied on fruits except grapes and dates, and it is not levied on coconut and vegetables” (ACJU/FTW/2017/06-327). This is consistent with the Shafi’i school of thought. According to this ruling, the farmers who cultivate vegetables coconut, or tea on a large scale do not need to calculate the zakah even if the harvest surpasses the threshold. This ruling will affect the zakah collection negatively because there are multiple agricultural products in Sri Lanka, such as coconut, black pepper, nutmeg, sugarcane, tea, cardamom, and various vegetables. Based on this ruling, these agricultural products and different kinds of fruits are exempted from the zakah. In the meantime, the notion of excluding the farmers who are cultivating coconut or tea or other crops other than rice on a large scale from zakah obligation, provided if they desire, they can give sadaqah is no doubt will create suspicions about Islamic teachings and weaken the trust in Islam because this juristic position itself implies injustice in imposing obligations on the people.
Similarly, there is another widespread opinion that professionals, doctors, engineers, lecturers, and so on who earn large amounts of salary or payments are not obliged to give zakah unless their income remains without expenditures until the end of the year. The president of a particular regional zakah institution explained the stance of theologians regarding the matter.

The council of theologians in a certain area has issued a legal ruling with regards to professionals like lawyers, doctors, lecturers, and government servants whose income or salary will not be obliged to zakah until their salary remains the whole year and attains the threshold. (Respondent 02, 2022)

Accordingly, this legal position assumes that Islam may impose zakah on a poor farmer and exempt a doctor or a professional whose daily income may equal that of the farmer for a one-year gain. Moreover, it contributed to poor zakah collection.

Ineffective Disbursement

Zakah obligation is not merely a ritual but a socio-economic obligation that is exercised to fulfill its wider spiritual and socio-economic dimensions. That is why zakah distribution should be results-oriented, and it should impact socio-economic aspects of life. However, disbursement of zakah by regional institutions has encountered issues including inadequate knowledge of the collective implementation of zakah among the administrators and the public, unqualified members of the institutions, and poor zakah collection. A large share of zakah is disbursed for consumption purposes rather than for investment and skills development.

More than 75 percent of the distributed zakah funds are targeted for consumption. (Respondent 01, 2022)

This consumption-oriented zakah disbursement management will create another problem in which a dependent class of society will emerge, and the main objective of eradicating poverty remains remote (Mifly, 2015). Effective disbursement can mean investing a massive amount of zakah funds in long-term projects. Zakah institutions did not have investment ideas until recent times. Currently, the institutions do not have access to performance measurements that could evaluate the pros and cons of the progress of their performance. In addition, the absence of female representation also contributed to the inefficiency of the institutionalized zakah mechanism in Sri Lanka. Within the present format, the institutions can't attain the objectives of zakah. Therefore, the existing regional zakah institutions have to take seriously the expectations of people and attempt to meet their needs by providing proper and systematic implementation of both consumption-oriented and investment-oriented distribution.

Jurisprudential Mandate for Deterritorialization of Zakah Management

The zakah collection and distribution are territory-specific. The existing regional zakah institutions in Sri Lanka made their geographical boundaries either
based on the *Jumma* mosques of a particular village or the government’s territorial system. Based on the territorial boundary, every regional zakah institution organizes its activities and planning. The existing geographical boundary impacts the institutionalized zakah system and its scope of work. It also creates several jurisprudential issues. These include transferring the zakah from one area to another, the range of distribution, and so on. A respondent explicitly articulated this issue, saying,

The existing regional system might impact the distribution process also. Some categories that are eligible for the zakah funds will not dwell within the so-called regional zakah boundary formed per the government’s administrational limits. For instance, the category of *mu'allafat al-qulūb*, whether they are newly converted to Islam or other faith communities, might not exist within a particular geographical boundary. When expanding the boundaries, multiple categories of zakah recipients like *mu'allafat al-qulūb*, *Fi sabīl Allāh*, and *ibn al-sabil* – the wayfarer - can be included. (Respondent 05, 2022)

Therefore, a broader jurisprudential intervention needs to be employed to find a workable solution to the issue of unjustified boundary limitation, one that could enable the zakah institutions to reach far out to Sri Lankan Muslims who live scattered in different parts of the country (Respondent 05, 2022).

**The *Mu’allafat al-qulūb* Portion**

*Mu’allafat al-qulūb* refers to a group of eligible zakah recipients who embraced Islam recently. The Sri Lankan jurisprudence has specified a specific portion of zakah money for this group. This portion can be used only for those who embraced Islam for their basic needs. More than 90% of regional zakah institutions allocate a portion of *mu’allafat al-qulūb* to converted Muslims (Respondent 01, 2022). This jurisprudential position reflects the view of the Shafi’i school of thought that advises not to include other no-Muslim communities in the list of recipients (Shirāzi, 1999; Al-Nawawi, 2007). This exclusive Muslim-oriented distributing jurisprudence and practice undermine the realization of broader objectives of zakah, such as strengthening inter-relationships among Sri Lankan communities, irrespective of their religious attachment. The current jurisprudence ignores an important objective of zakah in that it is a means through which Muslims try to encourage non-Muslims to convert to Islam. Zakah distribution should be opened to people of other faiths to make a peaceful environment. The stability and endurance of the multi-cultural Sri Lankan society call for mutual understanding among the communities and ethnic groups.

**The *Fi Sabīl Allah* Portion**

*Fi sabīl Allāh* means “in the path of Allah.” The Sri Lankan jurisprudence defines it as the class of warriors who fight for the sake of Islam. The definition is consistent with the classical juristic position (Zailagi, 2000; Al Hirshi, 1997; Al-Nawawi, 2007; Mardawi, 1997). Zakah management institutions currently do not allocate any portion of the collected zakah funds for the category of *Fi sabīl Allāh*. As
Muslims in Sri Lanka traditionally follow Shāfiʻī madhab, many Muslim scholars believe that this portion can be used only to fight in the path of Allah. In the absence of a fight, fi sabīl allāh cannot be allocated to other philanthropic activities, for instance, education, daʻwah, and so on (Respondent 07, 2022). Islamic jurisprudence, however, views fi sabīl allāh with a broader meaning embracing philanthropic activities other than mere fighting in the path of Allah. Fi sabīl Allāh can therefore be used to strengthen and empower the Muslim community or to spend for daʻwah-related activities (Al-Qaraḍāwī, 2000).

Long-Term Investment Projects

Existing regional zakah institutions have policies for using zakah funds in investment projects. However, some scholars believe that investing zakah is not allowed because zakah money must be allocated to designated individuals rather than persons who are not listed, even if they may need financial assistance. According to them,

Zakah fund cannot be invested because the al-Qurʼān used the preposition "Lām" in the verse related to whom zakah should be distributed (9: 60). The word means that zakah should be distributed. It should be handed over to qualified persons who may utilize it for their needs. Some scholars are in a dilemma about whether to allow the distribution of zakah for investment or not. (Respondent 02, 2022)

Nonetheless, the majority of scholars take a positive stance towards investing zakah funds, though in practice most zakah funds are provided for consumption rather than investment projects. A scholar stated:

Sri Lankan zakah institutions hesitate to invest zakah funds in long-term projects. (Respondent 05, 2022)

As a result, a massive amount of zakah funds is spent on consumption needs, which does not result in sustainable socio-economic development for the community and the nation. Consumption-oriented disbursement will help the creation of dependent communities.

Exclusive List of Zakah Beneficiaries

The current practice of zakah management institutions in Sri Lanka has limited the list of groups recognized as zakah beneficiaries into five categories; namely, faqir (poor), miskin (needy), muʻallaqat al-qlūb (those whose hearts are reconciled), Amīl (those employed to administer the zakah), and al-ghārimūn (debtors) (Respondent 07, 2022). In reality, most zakah funds are distributed to faqīr, miskin, and the muʻallaqat al-qlūb on the Island, and only a minor portion is allocated to debtors and Amīl. The practice, therefore, excludes beneficiaries in fi sabīl Allāh, al-riqāb (slaves), and Ibn al-sabīl categories. The practice relies on the jurisprudential argument that such categories are no longer relevant in the context of Sri Lanka. The term fi sabīl Allāh refers to the fighters for the sake of Allah only. Since Muslims live in peace liberty and harmony in modern Sri Lanka, the category is inapplicable. Similarly, as
regards to *al-riqāb*, slavery have long been abolished, so there is no slave to take a share of zakah fund in modern Sri Lanka.

Likewise, the term *ibn al-sabil* has been defined as those who embarked on a journey and are now short of money to either finish the journey or return from it (Respondent 07, 2022). According to the dominant understanding, it is now quite unlikely and rare for a traveler to become insolvent while traveling in modern Sri Lanka. These unnecessary restrictions would prevent realizing zakah’s important objectives in the Sri Lankan multi-religious circumstance. For instance, the families of Muslims who are imprisoned unjustifiably are affected substantially either financially or socially. Zakah fund can reverse the adverse consequences for such families by allocating a portion to releasing such Muslim prisoners. The current understanding also fails to accommodate people in need from other faiths.

Similarly, it does not allow the utilization of zakah funds to cover administration expenditures or the use of zakah proceeds to enhance the economic development of the country. It is, however, possible to avoid such consequences by taking a reconsidered jurisprudential understanding that justifies the enjoyment of all the eight categories of beneficiaries in the country (Respondent 05, 2022).

**Infrastructural Hurdles**

Infrastructural hurdles may contribute to the inability of zakah institutions to achieve zakah’s broader objective in the Sri Lankan pluralistic context. They concern issues that go beyond the control of zakah institutions and often include such matters as state policy and suspicious treatment, perception of other communities, financial laws and regulations, regulatory registration requirements, and the country’s ongoing economic crisis that can have a significant impact on institutional performance. Since zakah is collected and distributed through voluntary institutions, infrastructural hurdles must be taken into serious consideration. As organizations of the third sector that run great financial operations, zakah institutions are often treated under suspicion and tensely monitored by the state. This has created an environment of fear and tension within which many active members of zakah institutions would prefer to withdraw their membership and leave the institutions. They no longer want to contribute to the zakah fund. The situation has even been exacerbated following the Easter Sunday incident, as members fear that government officials may wrongfully treat them just like members of Islamic radical and terrorist groups (Respondent 09, 2022).

Similarly, many regional zakah institutions are unable to register as third-sector organizations formally authorized to collect and distribute zakah funds across the country. This causes serious problems such as poor zakah collection and financial insecurity. Registering zakah institutions in the contemporary Sri Lankan context is complicated too. The current zakah management must overcome these external challenges that are peculiar to Sri Lankan Muslim minority circumstances.
CONCLUSION

This paper investigated and analyzed the contemporary challenges of zakah institutions which hampered the realization of their wider objectives from zakah operations in the pluralistic context of Sri Lanka. By qualitative analysis of the existing literature and the interviews with professionals and jurists engaged in the zakah sector, the paper found three major challenges and issues, namely low collection, ineffective disbursement, and external hurdles. Several factors contributed to these challenges. Public ignorance of their zakah duties or reluctance in involving into any Islamic activities out of fear of terrorist attacks or being branded as Islamic radical/terrorist, the persistence of an individualist approach to payment, inefficient administration, weak governance, and coordination of zakah institutions, jurisprudential controversy over zakah collection and disbursement were pertinent factors to a low collection challenge. In terms of disbursement, the exclusive zakah beneficiary definition has hampered zakah institutions from reaching out to society at large. Infrastructural hurdles such as the state's unfriendly policy and suspicious treatment, perception of other communities, financial laws and regulations, regulatory registration requirements, and the country's ongoing economic crisis have had a significant impact on institutional performance too. The prolonged dominant individual zakah culture of Sri Lankan Muslims fails to actualize the designated goals of zakah.

The paper also highlighted the need for developing a more comprehensive, and pragmatic jurisprudential understanding. It suggests three recommendations. First, the regional zakah institutions must thoroughly re-evaluate their existing zakah application to improve the efficiency of the existing management in the Sri Lankan context. Second, it would be helpful to establish a National Zakah Consultative Body that can advise the government on adopting effective regulations or guidance relevant to zakah management and administration for Sri Lankan Muslim minority communities. Such a body should be set up at the national level with the responsibility to provide consultation, research, training, and coordination among regional zakah institutions. Such a supra-regional institution would play a significant role in restoring national unity too. Third, local zakah institutional authorities in Sri Lanka should take the experiences of zakah institutions of other Muslim minority countries into account. By doing so, they would be able to learn how those institutions have contextualized classical and modern jurisprudential approaches considering their social demands and broader objectives of zakah and mitigated administrative and other challenges.
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\textbf{Interviews}


Why do Zakah Institutions in Sri Lanka Underperform?


Ash Shaikh M.T.M Salman Acting Secretary - Fatwa Committee, Member - Executive Committee All Ceylon Jamiiyathul Ulama & Ash Shaikh M.M.M Murshid Assistant Secretary - Fatwa Committee Member - Executive Committee ACJU & Ash Shaikh Akram Abul Hasan MA Member - Fatwa Committee ACJU & Ash Shaikh A.M.M. Mafahim Chief Coordinator - Muslim Affairs and Coordinator - Fatwa Committee ACJU & Mufthi A.H.M Minhaj (BA) Senior Assistant Coordinator - Fatwa Committee ACJU - Respondent 07, Interview by author, All Ceylon Jammiathul Ulama - Head office, Colombo, 10 Aug 2022.


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