Article

Islamic endowment (*Waqf*) in India: Towards poverty reduction of Muslims in the country

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Abstract: This paper aims to examine the potential role of *Waqf* (Islamic endowment or philanthropic institution) in poverty alleviation and socio-economic development of the Indian Muslim community. The paper attempts to critically analyze the structure, mechanism and legal framework of *Waqf* management in India followed by pinpointing the existing lacuna and insufficiency of the *Waqf* governance model and practices in the country. The paper finds that the institution of *Waqf* possesses a mammoth amount of financial and infrastructural resources in India, and the role of this institution can be critically important in reducing the poverty of, particularly, the Muslim community. Muslims in India are trapped in the incidence of poverty more than other communities except for Buddhists. In aggregate terms, one in every three Muslims lives below the poverty line in India. Proper utilization of *Waqf* institution can be critical in reducing the poverty of the Muslim community in the country. The paper is based on a qualitative research paradigm and it adopts a socio-legal research methodology for the analysis of the available literature. The paper concludes with some critical policy recommendations for enhancing the role of *Waqf* in reducing the poverty rate among Muslims in the country.

Keywords: poverty, endowment, *Waqf*, philanthropy, governance, charity, socio-economic empowerment.

JEL codes: H41, H55, P44

1. Introduction

Poverty and under-development are inter-linked phenomena (Sen, 1999). Though the need and demand for development are obvious on a global scale, many developing countries are struggling to minimize their national poverty ratio to erase the scar of being a poverty-ridden nation. Although poverty is a global phenomenon, the concentration of extreme poverty in India is higher than in any other country. According to World Bank data, almost 30% of the world's extreme poor were living in India in 2011 (Arvind and Megha, 2013). By 2018, it was estimated that around 176 million Indians were living in extreme poverty (World Bank, 2020).

India is the second-most populous country in the world and has a total population of approximately 1.3 billion people. The country is home to the second-largest Muslim population in the world. As per the government record, Muslims in the country constitute 14.2 % of the total population (i.e. 172 million) (GOI, 2011). As a religious group, Muslims in India are trapped in the incidence of poverty more than other communities except for Buddhists. In aggregate terms, one in every three Muslims lives below the poverty line in India (Panagariya and Mukim, 2013). This abject condition of the community can be remedied to a great extent if along with other governmental policies; the resources of Muslim philanthropic endowments (*Waqf*) are managed and deployed properly to eliminate poverty in the community.

The institution of Muslim endowments known as '*Waqf* (plural; *Awqaf*)' constitutes a non-obligatory charity in Islam, which contains a promised perpetual reward for the endower in Hereafter. The purpose of *Waqf* in *Shariah* (Islamic law) is defined as helping the poor, underprivileged, needy or other charitable causes voluntarily. *Waqf* is exercised by endowing a valuable as a charity and dedicating its revenues or usufruct for any specific individual, purpose or group of beneficiaries (Abdullah, 2020). The institution of *Waqf* in India has a long history. *Waqf* in India is believed to be as old a phenomenon as Islam itself to the country (Abdullah, 2013). A majority of *Awqaf* in India were created in the pre-colonized periods (Cizakca, 1998). Currently, the institution of *Waqf* possesses an enormous amount of financial and infrastructural resources, and the role of this institution can be critically important in reducing the poverty of, particularly, the Muslim community (ISFR, 2014).

There are approximately half a million registered *Waqf* properties in the country. The total area that *Waqf* properties in the country cover are more than six hundred thousand acres (Obaidullah, 2015). As per some estimation, the current market value of all *Waqf* properties scattered across the country is more than 1.2 trillion Indian Rupees (approximately \$16 billion). Based on recent experiences, it has been argued that efficient utilization of *Waqf* properties in some specific areas can potentially yield up to 20% return in ideal scenarios (Obaidullah, 2015). With a conservative approach, a yield of 10% can be easily generated from most of the *Waqf* properties provided an efficient management of these properties is ensured (Rashid, 2005).

Being a philanthropic institution, *Waqf* facilitates a cost-effective redistribution of wealth from the relatively affluent entities to the underprivileged ones, which is crucial towards alleviation of poverty (Abdullah, 2020). The relationship between philanthropy and poverty can be multidimensional. Philanthropy constitutes an efficient redistributive mechanism, having a direct connection with poor, poverty and economic growth of a given economy (Hasan, 2006). The *raison d'être* of different philanthropies may vary, but as a whole, philanthropic institutions act to fill the gap between the demand of the public goods and their sufficient supply (Lev, 2005). Philanthropy not only reduces the existing gap between the rich and poor in an economy, but it also facilitates development in a relatively more efficient and effective manner (Omura and Forster, 2014). The cost-effectiveness of the philanthropic goods aside, the social impact that it entails is often greater and more durable than the ones brought about by public and private sectors (Mannan, 1988). In this context, the vast amount of *Waqf*-resources in India are highly promising towards enabling poverty elimination among the country's second-largest majority at a greater pace.

Notwithstanding the massive size and scale of the existing *Awqaf* in India with an enormous potential of lifting the Muslim community out of poverty trap, so far this institution has failed to demonstrate any considerable progress in this direction. The failure of *Awqaf* in reducing poverty ratio among Muslims has been caused by a few reasons. These may include an existing lacuna in the governance of *Waqf* leading to an ineffective management of *Waqf* corpora coupled with inadequate planning and lack of proper policies towards the administration of *Waqf* properties. Besides, inefficiency in the utilization of *Waqf* resources and aimless deployment of its output are, arguably, among the main reasons for the institutional failure towards poverty reduction of the Muslim community in the country.

This paper has three main objectives. Firstly, it aims to underline the potential role of *Waqf* (Islamic endowment or philanthropic institution) in poverty alleviation and socio-economic development of the Indian Muslim community. Secondly, the paper attempts to critically analyze the structure, mechanism and legal framework of *Waqf* management in India followed by pinpointing the existing lacuna and insufficiency of the *Waqf* governance model and practices. Finally, the paper endeavors to provide some concrete recommendations on the effective application of the existing and new *Waqf* resources in the country.

The paper is based on a qualitative research paradigm and it adopts a socio-legal research methodology for the analysis of the available literature. The paper is divided into five key sections excluding the introduction and conclusion of the paper. Section two of the paper discusses the nature, structure, and mechanism of *Waqf* from a *Shariah* as well as a legal perspective. Section three captures

the information on the methods and data sources of the study. Section four dilates on the current status of *Awqaf* properties in India followed by delineating the applied mechanism of *Waqf* governance in the country. This Section attempts to underline the existing lacuna and the potential remedies in the overall *Waqf* governance methods. Section five comprises the crux of the analysis and results of the study. This section identifies the potential links and relationship between effective governance and utilization of *Waqf* towards poverty alleviation of the Indian Muslim community. Finally, the conclusion and recommendation sections provide a summary of the discussion and propose the way forward respectively.

2. Nature, structure, and mechanism of *Waqf*

Waqf (Muslim endowment) denotes a classical mechanism of perpetual Islamic charity (Abdullah, 2015). Among the major objectives of *Waqf* include helping the poor, pauper, indigents and serving charitable purposes (McChesney, 1991). Generally, for a *Waqif* (the endower) the motivation for creating a *Waqf* originates from his/her religious conviction which promises him/her of continuous spiritual reward for such a charitable giving (Kahf, 2010). *Waqf* embodies the concept of *Sadaqah Jariyah* (perpetual charity), which is unique due to the comprehensiveness of its framework. The framework of *Waqf* allows the *Waqif* (donor) to donate flexibly for a multitude of purposes with his/her stipulated guidelines. Due to the combination of its flexible nature and the associated perpetual reward in Hereafter, *Waqf* as an instrument of charity has been significantly attractive for various categories of Muslim donors (Abdullah, 2015b).

Shariah, which introduced the conceptual underpinnings of *Waqf* and promoted its institutional character, has envisioned a set of goals and objectives to be fulfilled through *Waqf* institution. A review of literature on *Waqf* reveals that *Waqf* is primarily envisaged to function in a way that its benevolent character provides a gracious coverage to all those who may have been left underprivileged or financially excluded. By spreading its wings of magnificence, *Waqf* is believed to bring about inclusive growth and prosperity. Thus, by applying *Waqf* in corroboration to its objectives, an integrated pitch for inclusive growth can be drawn and developed.

The role and contribution of *Waqf* have been critical in the development of Islamic civilization. Historical accounts are replete with the stories of how the institution of *Waqf* played a cardinal role in almost every aspect of development in Islamic societies. In other words, right from the first century after *Hijrah* (AH) to the beginning of the thirteenth century, AH, the involvement of *Waqf* has been indispensable in financing a plethora of social, religious as well as developmental needs of Muslim communities (Hennigan, 2004).

The inclusive nature of *Waqf* has always had some appeal for various stakeholders of Muslim societies. *Waqf* offers benefits to almost all strata of society. In general, potentially for every individual, there is a scope of benefitting from *Waqf* in two capacities; as an endower or as a beneficiary (Shaham, 1991). The underlying philosophy of Islamic non-obligatory charities, in general, is to ensure the supply of necessities voluntarily (Singer, 2005). The role of *Waqf* in this context is relatively more prominent (Shatzmiller, 2001). The need-oriented approach of *Waqf* makes it relevant in all contexts. The institution of *Waqf* caters to the existing socio-economic needs of individuals, families as well as the society as a whole (Kozlowski, 1983).

The governance structure of *Waqf* is determined by taking into consideration the religious as well as legal aspects of the institution. In terms of the governing conditions and regulations of a *Waqf*, the *Waqif* (endower/donor) enjoys an absolute discretionary power to set up the administrative guidelines, criteria of beneficiaries' selection and mechanism of its revenue distribution (Abdullah, 2016; Zuhayli, 1996). The structural mechanism of *Waqf* can be illustrated in Diagram 1.

Based on the given purpose of a *Waqf* deed, it can be divided into a few categories. If the purpose of a *Waqf* is to serve philanthropic causes exclusively, it is termed as a philanthropic *Waqf*. In contrast, if a *Waqf* is set for private purposes such as benefitting the family or friends of the endower, the given *Waqf* is described as family *Waqf*. Compared to these two kinds of *Waqf*, a third possibility is that a given *Waqf* is for serving both the purposes i.e. family and philanthropy (Abdullah, 2019). Such a deed

of *Waqf* can be categorized as mixed *Waqf* (Mohsin, 2009). The fourth form of *Waqf* is religious *Waqf* which is mainly to construct and maintain the places of worship. The categories of *Waqf* are further elaborated in the following Diagram 2.

Diagram 1. Structural Mechanism of *Waqf*

Source: Abdullah (2018)

Diagram 2. Categories of *Waqf*

Source: Abdullah (2018)

The contribution of *Waqf* in socio-economic as well as the religious development of communities has been ubiquitous throughout Islamic history (Lev, 2005; Hennigan, 2004). Among the Muslim societies, most often the provision of public goods has been channeled through the institutions running based on volunteerism, essentially, sponsored by the philanthropic sector which was mainly spearheaded by *Waqf* (Kuran, 2001). In essence, a myriad of public services, which are provided by governments in the current scenario, were supplied through this institution before and during the Ottoman regime (Kuran, 2001; Çizakça, 1998). Since as early as the ninth and tenth centuries, *Waqf* as an institution grew and flourished in such a great magnitude among the Muslim societies that according to Hodgson (1974), during this period the institution essentially superseded *Zakat* as the main source of financing Muslim societies.

Studies on *Waqf* demonstrate that during the medieval period, *Waqf* embodied the essential roles and functions of social enterprise (Siddiqui, 1991; Singer, 2008). This notion has been further supported by Singer (2008) in a study that was undertaken to analyze the role and impact of charities in Islamic societies. In a nutshell, the institution of *Waqf* played multi-dimensional roles (Siddiqui, 1991). In historical terms, the scope of *Awqaf* extended as wide as to encompass the welfare of birds, animals,

and the environment within its range (Singer, 2008). Precisely, the classical *Awqaf* participated in deploying funds for purposes, which may easily qualify for the modern concept of 'social finance' (ISFR, 2014; McChesney, 1991).

The efficiency and effectiveness of a *Waqf* are critically dependent on how the clauses of a *Waqf* deed are defined. The mode of endowment, methods of management and the given structure of governance of a *Waqf* deed may have serious implications for the overall effectiveness of a *Waqf* (Abdullah, 2020). Similarly, an articulated purpose, precisely determined management paradigm and categorically explained roadmap for implementation of *Waqf* objectives can play a crucial role in making a particular *Waqf* efficient and effective (Abdullah, 2015b). The subject matter of a *Waqf* may vary in form and scope. It can be a commercial building, residential house, agricultural land, cash and other non-consumable properties (Abdullah, 2018; Mohsin, 2009).

According to the jurisprudential requirement, a *Waqf* in its original construct is perpetual¹, irrevocable and inalienable. Thus, in principle, once a property is dedicated as *Waqf*, the ownership of the given property is suspended forever, and no one can become an absolute owner of such properties (Abdullah, 2019; Swaleh, 2001). The essential features of a classical *Waqf* are illustrated in the following Diagram 3:

Diagram 3. Waqf Features

Source: Abdullah (2018)

Waqf is an Islamic Philanthropic institution and it has its own set of objectives. Philanthropic institutions are generally differentiated from general charities and charitable institutions. While charities tend to be temporary, philanthropic endowments connote charity in continuity and perpetuity (Hasan, 2006). The distinction of philanthropy over charity is not limited only in terminological connotations, rather in essence and spirit as well (Raimi, Patel, and Adelopo, 2014). The size, scale, and magnitude of a charitable giving may be a defining factor of whether it is a charity or philanthropy.

Waqf represents the third sector of an ideal Islamic economy, the scope of which falls outside the public and private sectors; though complementing the two on different occasions. In facilitating long term socio-economic support systems and ensuring the visibility of the third sector's presence in the economy, philanthropic institutions play a vital role. Long term planning based on the voluntary dispensation of wealth may not be possible without the involvement of philanthropic institutions which entail permanence of cash flows generated through the perpetually endowed monetary and non-monetary resources (Hasan, 2015). At the center of all charitable and philanthropic deeds is the sense and ethos of volunteerism. This sense of volunteerism among the donors may go a long way in creating a cohesive and connected society which is critically important for reducing administrative costs in maintaining law and order. Over and above, the philanthropic dispensations have a few other advantages over public spending. For instance, the costs of collections, administration, and dispensations which are part and parcel of the public sector re-distributional schemes can be substantially reduced in the third sector (Babacan, 2011). Additionally, compared to the private sector's 'for-profit motives', in the third sector, there is no profit motive, and this helps to keep the inflationary

¹ Though, of late, the concept of temporary *Waqf* has also been accepted by the mainstream Islamic scholarship.

effects of the supply of goods in control (Islahi, 1996). Finally, the expenses of the third sector can be further cut if the workforce for philanthropic institutions is motivated by the same philosophy as the philanthropists are.

3. Data and methods

The paper is based on a qualitative research paradigm, and it adopts a socio-legal research methodology. The research has been conducted in a library mode. It utilizes secondary data and literature review approach for the analysis. The data on *the Waqf* and socio-economic status of Muslims in India are primarily deduced from the report of the Sachar Committee which was set up by the government of India to evaluate the socio-economic status of the Muslim community in the country. Data on poverty and its concentration in India is sourced from World Bank reports. The discussion on the rulings, criteria, and mechanism of *Waqf* is based on the primary and secondary sources of *Shariah*. The governance aspect of *Waqf* in India has been critically analyzed by considering the current practices and available provisions of *the Waqf* governance model in the country.

3.1 *Waqf* resources and poverty-alleviation of Muslims

The Muslim community in India is vastly trapped in poverty despite having a formidable size and worth of Islamic endowment resources, which is theoretically envisaged to counter the incidence of poverty on a priory basis. Effectively, a reduction in the rate of poverty among the second-largest community of India i.e. Muslim would automatically translate in the reduction of overall poverty rate in the country. To this end, this paper argues the stakeholders of *Awqaf* need to actively engage with the national level discussion on the long term planning of *Awqaf* management with a view on its positive implications towards poverty reduction in the country. The *Awqaf* stakeholders, which possibly include every member of the Muslim community, have a religious obligation towards rejuvenating the *Awqaf* resources because *Awqaf* constitute a *Shariah*-based philanthropic institution having its vision, mission and moral philosophy.

The quintessential application of *Waqf* in line with its spirits and objectives can be achieved only within a conducive and enabling legal environment. Though in the last couple of decades a remarkable pace of development has been witnessed in the *Waqf* jurisprudence and the related rulings, the *Waqf* laws of the many jurisdictions have not been as much accommodative to these changes in a similar speed. Since the role of the legal and regulatory framework on *Waqf* is crucial in either facilitating or inhibiting the development of *Waqf* institution, a robust rather than stagnant legal framework is vital for *Waqf* to grow and expand its outreach. In this context, purportedly to ensure the safeguard of *Waqf*-based assets against any possible dilution, India has a significant protective regime of *Waqf* provisions. However, this protective approach entails unwarranted rigidity in the clauses of the subject *Waqf* law, which in turn limits the scope of development and pragmatism in *Waqf* institution. Unless the *Waqf* related laws of the country in question evolve in parallel to the evolution of *Waqf* jurisprudence, the impact of any innovation or dynamism within the jurisprudential structure of *Waqf* and its rulings will remain insignificant and negligible.

4. Muslims, poverty, and *Waqf* in India: Status and the implications

Muslims in India is the second-largest majority after Hindus. The data on the socio-economic status of Muslims reveals that the community lags behind the majority community in almost all areas including literacy rate, higher education, participation in government jobs and financial inclusion. Poverty is one of the main reasons for the pathetic condition of the community in the country (Patel, 2006). As per the Lakdawala poverty lines, 21.7% of Muslims living in rural areas were in poverty according to the 2009-2010 surveys. The incident of poverty is more acute among the Muslims living in urban areas, as the percentage of poor Muslims in urban areas increases to 33.7%. The average combined Muslim population below the poverty line in rural and urban areas stood at 25.8% by 2009-2010 (Panagariya and Mukim, 2013). As a whole, along with being the second-largest majority in India,

Muslims also constitute the second-largest religious group in poverty after Buddhists (Bennett and Mitra, 2011).

If measured in line with the Tendulkar lines of poverty, though, there is a slight difference in the cumulative rate of poverty among the Muslims; the community remains the second-largest religious group in terms of experiencing poverty trap. According to Tendulkar lines, 36.2% and 34% of Muslims live in poverty in rural and urban areas respectively. Cumulatively, the combined rate of poverty among the Muslims in rural and urban areas makes up to 35.5% under the Tendulkar lines (Panagariya and Mukim, 2013).

In a nutshell, Muslims are trapped in abject poverty with higher poverty levels compared to Hindus and other religious groups except for Buddhists. Muslims constitute 36% of the poor population of the country. Under is the second-largest majority, it is vital to pour in concerted efforts to reduce the rate of poverty in the Muslim community to achieve any significant milestone towards eliminating poverty at a national level. To this end, coupled with the national poverty reduction schemes, the role of the existing Muslims endowments (Waqf) can be crucial. Muslim endowments which can be defined as the Islamic charitable trusts possess massive amount of resources in India, and potentially these can provide a huge support in expediting the process of poverty reduction among the Muslims.

According to the data provided by Sachar Committee, which was constituted in March 2005 by the Government of India to examine the socio-economic status of Muslims and their religious institutions in the country, there is approximately 4.9 lakh (490,000) registered Waqf properties in the country (Sachar Committee Report, 2006). The total area that the Waqf properties of the country cover are more than six hundred thousand acres and their book value is estimated to be sixty billion Indian Rupees (INR 60,000,000,000), which amounts to more than USD 800,000,000. However, the given book value of the Waqf properties represents the value of each property as estimated almost sixty years ago. As far as the current market value of these properties is concerned, unfortunately, there is no exact data available on this (SCR, 2006).

The official income from all these Waqf properties is INR 1.63 billion per annum (approximately \$21,000,000) that amounts to a meager rate of return of 2.7 percent. Interestingly, of this revenue, six percent is earmarked for the working expenses of the respective Waqf Boards, and one percent of the total revenues are to be contributed towards the expenses of Central Waqf Council (a central body constituted by the government of India to advise and supervise the functioning of the institution in the country) (SCR, 2006).

The Sachar committee report reveals that the current market value of all the Waqf properties in the country can be estimated to be worth more than 1.2 trillion Indian Rupees (approximately \$16 billion) (Obaidullah, 2015). Compared to the book value of all the Waqf properties at sixty billion rupees (approximately \$800 million), the Sachar Committee estimates that the current market value of Waqf properties only in Delhi alone is more than INR 60 billion (approximately \$800 million). According to the Report "if these properties are put to efficient and marketable use they can generate at least a minimum return of ten percent which is about 120 billion Indian Rupees per annum" (SCR, 2006:240).

However, due to the lack of a robust governance structure coupled with inefficient usage of Waqf resources, a considerable part of the institution remains either static or unresponsive towards the elimination of poverty in the Muslim community. Mismanagement along with the planning-deficits has contributed to the overall stagnation of Waqf institution in the country. The state of mismanagement of Waqf in the country could be envisaged through the fact that despite hosting nearly six hundred thousand acres of Waqf lands for more than one century, there still resides more than 30% Muslims in absolute or relative poverty'. Notably, 80% of Waqf properties are located in rural areas as against the rest of 20% which lies in urban areas and metropolitan cities (Obaidullah, 2015). A majority of these Waqf is registered in West Bengal and Uttar Pradesh as their total known numbers account for 148,200 and 122,839 respectively (SCR, 2006).

The list of the major Indian states with the largest share of Waqf properties is given Table 1.

Table 1. Waqf properties in different states

State	Acres of Waqf land	Book value (in lakhs)	Market value
Rajasthan	153180	196755	10 to 50 times
Andhra Pradesh	145512	8135	10 to 50 times
Maharashtra	92207	4185	10 to 50 times
West Bengal	59090	16000	10 to 50 times
Tamil Nadu	34388	165072	10 to 50 times
Kerala	22410	135586	10 to 50 times
Haryana	20895	1125	10 to 50 times
Uttar Pradesh	15000	15200	10 to 50 times

Source: SCR (2006, pp. 219-220).

The *Waqf* properties can provide both financial as well as infrastructural resources for the socio-economic development of the community. However, no systematic research has been conducted measuring the total impact of *Waqf* in poverty alleviation of Indian Muslims. In terms of its financial capacity, it is intriguing to note that according to some estimation, where *Waqf* properties have been utilized efficiently, they have generated approximately 20% rate of return (Obaidullah, 2015; SCR, 2006). To sum it up, the deep-rooted poverty among the Muslims in India can be substantially reduced if the available resources of *Waqf* are deployed through proper planning and efficiency. For this, the governance structure of *Waqf* must be deliberated with a more practical and constructive approach.

5. Results and discussion

The legal formation and governance structure of *Waqf* in India has been shaped and influenced by its colonial past. After independence, national *Waqf* was governed by the provisions of the 1954 *Waqf* Act, which was later superseded by the 1995 *Waqf* Act (Abdullah, 2013). Currently, *Waqf* in India is regulated and governed by the *Waqf* Amendment Act 2013. The Act that consists of 113 sections and is divided into nine chapters encapsulates the legal status of *Waqf*, its pertinent technicalities, the power and activities of the *Waqf* boards and the rights and obligations of the related authorities as well. At the beginning point, the Act necessarily requires each *Waqf* to be registered with the office of the related *Waqf* Board, and the trustees are required by law to provide the appropriate details of the total *Waqfs* lying under their management (Abdullah, 2013). The details required to be mentioned in the *Waqf* deed include the category of a *Waqf*, particulars of the *Waqf* properties, specific stipulations of the endower, classes of the beneficiaries and the name of the trustee, etc. The *Waqf* Act 1995 was passed in response to the wide criticism of the *Waqf* amendment Act of 1984, which had attracted resistance of the Muslim community due to, allegedly, being too lax in granting an excessive administrative and managerial power to the Central and State governments.

Under the *Waqf* Act of 1995, the *Waqf* board of a specific State including the Union Territory of Delhi requires to have 7 to 13 members, of which the majority are elected from amongst the Muslim members of Parliament, State Legislatures, State bar Councils and *Mutawalis* (trustee) of such *Awqaf* which have an annual income of rupees one hundred thousand or more. The nominated members of the Boards are supposed to be selected from eminent Muslim organizations of the State, recognized scholars of Muslim Theology and a representative of the state Government not below the rank of Deputy Secretary (concerning Section 14 of the 1995 Act).

The expenses incurring to the functioning of the state *Waqf* boards are meted out through the obligatory contributions of the respective *Awqaf*. The rate of each *Waqf's* contribution for this purpose is fixed as six percent of its total revenues. Remarkably, the establishment of the Central *Waqf* Council which was set up in 1965 under the now-defunct *Waqf* act of 1954, and was established for the sole purpose of advising the Central Government on *Waqf* affairs of the country, has been constantly at the receiving end of controversies and criticism from the community (Rashid, 1997). The major objections raised against its establishment include the need and purpose of its existence and the way its functioning and administrative expenses are funded. As per the official directives, the whole expenses

of the Central Council are to be funded through the collective contribution of each *Waqf* of the country; as every *Waqf* is necessarily required to contribute one percent of its total annual income for this purpose.

The *Waqf* Act 1995 was passed in response to the recommendations of the *Waqf* Inquiry Committee appointed by the government of India in 1976. The Committee had strongly suggested the Government to minimize its excessive control over the affairs of *Waqf* administration and to democratize the selection procedures and the administrative system of *Awqaf* to the best possible extent (Rashid, 1997). Arguably, for more than ten years, it had been constantly claimed that the recommendations of the Committee were already implemented. However, the Sachar Committee, which was constituted in March 2005 by the Government of India to examine the socio-economic status of Muslims and their religious institutions in the country, revealed in its final report that a major part of the legal and administrative policies related to *Waqf* are still restricted to the papers only and are far from being implemented in practice (SCR, 2006). The following Diagram 4 illustrates the *Waqf* governance hierarchy in India.

Diagram 4. *Waqf* Governance Hierarchy

Source: Obaidullah (2015)

Several aspects of *Waqf* governance practices in India need reconsideration from both legal and *Shariah* perspective. Among the existing lacuna of the current *Waqf* governance practices in India include the absence of original *Waqf* deeds for a vast number of *Awqaf* which were created during the pre-independence of India. Due to this, the objectives for which most of the *Awqaf* were created are missing. For this, what is needed in the preparation of a detailed set of *Shariah* guidelines in consultation with the *Awqaf*-stakeholders on re-defining not only the objectives of such *Awqaf* but to develop a concrete roadmap on their application in different scenarios and circumstances? The list of critical issues of *Awqaf* governance in India also comprises the lack of democratization in the process and mechanism of appointment of different *Waqf* officials. On the national level, the key stakeholders of Islamic institutions namely reputed *Ulama* (Islamic scholars) have been deliberately kept at a distance from *Awqaf*, which creates a gap between the mission of *Awqaf* and their proper application. Cumulatively, for the registered *Awqaf*, there is no comprehensive vision or strategic planning at the national level. Additionally, there is a lack of transparency in how the benefit-allocation of *Waqf* resources is made, and the process of beneficiaries-selection is not crystal clear. On the one hand, the cases of misuse of *Waqf* resources are replete; on the other, there is no roadmap for the liberation of encroached upon *Waqf* properties. A mix of political unwillingness to develop and promote the *Waqf* institution in the country and lack of awareness of the Muslim community about the *Waqf*-potentials causes the acceptance of a subdued *Waqf* performance in the country.

As a result of policy-deficit on the usage of *Waqf* and the proper allocation of its underlying benefits to the deserving section of the society, there is a considerable mismatch between the potentials of the existing *Awqaf* and their practical effects in India. For example, due to either lack of governance or misapplication, the states such as Uttar Pradesh and Bengal which harbor the greatest number of *Awqaf* properties, carry the scar of having the highest poverty rate among the Muslim community. In other words, there is a positive relationship, rather than negative, between the higher amount of *Awqaf* resources in an Indian state and the rate of poor Muslims in the same. This scenario can be reversed by reshaping the focus of *Awqaf* benefits allocation towards poverty alleviation of the community as a primary goal in different states. Simply, the remedy for this lacuna lies not only in effectively deploying the *Awqaf* but in changing the overall approach and governance paradigm.

6. Conclusions

The mechanism of charity and philanthropic endowments facilitate wealth redistribution in a relatively more efficient and effective manner than the redistributive tools and mechanism of the public and private sectors. Philanthropy relates to poverty in more than one way. In meeting the long-term objectives of poverty alleviation, the perpetual philanthropic endowments can be critically important for economies. India, which is the country of most poor in the world, hosts a massive size and amount of Muslim perpetual endowments (*Waqf*). It is estimated that the current market value of all *Waqf* properties in India exceeds worth 1.2 trillion Indian rupees (approximately \$16 billion). If governed and utilized effectively, these endowments may prove to be a catalyst for great socio-economic change for the country's largest religious minority.

Awqaf in India encompasses one of the largest corpora of *Waqf* properties in the world and has a greater potential than to be roughly estimated. Currently, *Awqaf* in India are faced with multiple challenges. These include inefficient utilization of *Waqf* properties, ineffective *Waqf* governance structure, the lack of transparency in *Waqf* management, noted lacuna in the overall vision for proper application of *Waqf* and absence of a roadmap for proper deployment of its resources. In the context of *Awqaf*'s role in poverty reduction among the Muslim community, there is hardly any proper sketch for tackling this menace through the deployment of *Waqf* resources. As a whole, along with being the second-largest majority in India, Muslims also constitute the second-largest religious group in poverty after Buddhists. This abject condition of the community can be remedied to a great extent if along with other governmental policies, the resources of *Waqf* (Islamic charitable endowments) are deployed properly with the objective of poverty mitigation in the community. India hosts a massive size and amount of *Waqf*. There is approximately 4.9 lakh (490,000) registered *Waqf* properties in the country. The total area that *Waqf* properties of the country encompass is more than six hundred thousand acres. According to some estimates if these properties are put to efficient and marketable use they can generate at least a return of ten percent annually. Being estimated at \$16 billion worth, a ten percent return of total Indian *Awqaf* should amount to \$1.6 billion per annum, which if properly deployed towards alleviating the poverty of the community can go a long way in accomplishing the objective. Thus, the role of *Waqf* institution can be critically important in reducing the poverty of, particularly, the Muslim community. However, partially due to lack of a robust governance structure and also due to rigidity of approach and misapplication coupled with political unwillingness, the institution of *Waqf* remains either static or unresponsive towards the poverty of the community.

7. Recommendations

To address and remedy the above-discussed challenges of Indian *Awqaf*, there is an urgent need for an overall shift in the governance structure and management paradigm of the institution. There is a strong demand for much-needed changes in the methodology, strategies, planning, policies, and formulae of the institution's administration. The Sachar Committee report reveals that the majority of *Awqaf* in India are lying in a state of complete disorder. In fact, due to rampant cases of misuse, disuse, mismanagement, encroachments, and ill-administration, this socio-economic and religious-cum-charitable institution has not been able to actively participate in the fight against poverty in the

country. With a positive approach and relevant policies coupled with the pro-active engagement of the stakeholders, the role and character of this institution can be revived and rejuvenated in the country. Any such development may harbingers a revolutionary change in the course of the institution in the country, entailing positive implications equally for both; the Muslim community as well as for the country as a whole.

To achieve efficiency which entails an increase in revenue, many Awqaf needs repairing and refurbishing the underlying properties. This way increases in the yields of Awqaf which are generating just a nominal-revenue due to being too old and dilapidated can be enhanced. For this purpose, funds may be raised by employing relevant Islamic financial modes and mechanisms such as by issuing Sukuk (Islamic alternative to bonds), etc. against these properties. Also, financing options may be explored through signing equity-based contracts on these properties with high net worth Muslim entities in the country. Moreover, there is also scope for Waqf Boards to arrange to finance in collaboration with some foreign sources such as the World Waqf Foundation, which is a branch of Islamic Development Bank Jeddah and is established specially to facilitate international Awqaf development programs.

Awqaf represent a religious institution compared to secular trusts and hence is envisaged to be managed in the light of Shariah guidelines. This is a distinctive line between ways and methods of managing a secular charity and a religious one. Thus, the Waqf institution needs a cadre of religiously motivated officials, having the background of proven piety along with being well-versed in the law of Shariah. To this end, it is recommended that the reigns of this religious institution be gradually handed over to the community itself in the country, and the Government shall restrict its role to supervising the process and maintaining the law and order in disputed cases only.

Finally, at the grass-roots level, leading Islamic seminaries and Madrasas of the country should involve in playing a more active role in generating awareness about Awqaf's significance in the masses in general, and in conducting frequent Mutawalis' training camps in particular. Technically, Mutawalis must be equipped with the basic essential knowledge of Fiqh (jurisprudence) of Awqaf and must be directed to abide by the stipulations of the Waqf in management of the properties and distribution of the revenues amongst the beneficiaries.

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