
THE ECONOMIC VALUE OF WAQF ASSETS IN INDIA: A STUDY OF THE SACHAR COMMITTEE'S REPORT

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ABSTRACT

Waqf, a charitable endowment mechanism, plays a significant role in the socio-economic development of the Muslim community in India. This research paper investigates the economic value of waqf assets in India, with a specific focus on the findings of the Sachar Committee's Report (2006). The paper provides an overview of the historical evolution of waqf in India, highlighting the substantial number of waqf properties and their expansive land holdings. The paper critically analyzes the disparities between the book value and market value of waqf properties and underscores the potential for enhanced revenue through efficient management and commercial development. The study underscores the need for strategic initiatives to optimize the economic potential of waqf assets, aiming to uplift the socio-economic status of the Muslim community in India. In this context, the paper will employ a mixed-methods approach, integrating both qualitative and quantitative research methodologies to provide a comprehensive analysis of the economic value of waqf assets in India, with a specific emphasis on the findings of the Sachar Committee's Report (2006). A detailed analysis of the Sachar Committee's Report pertaining to waqf will be conducted, which will involve examining the data presented in the document regarding the number, distribution, and economic value of waqf properties.

KEYWORDS: Waqf, Sachar Committee Report, Perpetual, Irrevocable, Inalienable

INTRODUCTION

Waqf is a charitable endowment mechanism wherein a donor allocates a property to provide ongoing benefits while preserving the original asset; the benefits generated from this property are distributed among designated beneficiaries¹. To ensure the validity of a waqf, the endowed property must possess essential attributes, including perpetuity, which guarantees the endowment's continuous existence; irrevocability, which precludes any alteration or retraction by the donor; and inalienability, which prohibits the sale or transfer of the endowed asset². The structure of a waqf encompasses four fundamental components: the founder, who formally establishes the waqf by dedicating the property for the benefit of specific beneficiaries; the beneficiaries, who are the recipients of the benefits derived from the waqf; the administrator, who is responsible for managing the waqf in accordance with the founder's instructions; and the subject matter, which refers to the property or asset that constitutes the waqf³.

The organizational structure of this paper is methodically designed to address the economic value of waqf assets in India through a focused analysis of the Sachar Committee's Report. It

¹ Dallh,M.(2023).Accumulate but Distribute: Islamic Emphasis on the Establishment of Waqf. *Religion and Development*, 2, pp.21-40.

² Abbasi, M.Z. (2012). The Classical Islamic Law of *Waqf* : A Concise Introduction. *Arab Law Quarterly*,26(2),pp.121-153.

³ Abdullah,M. (2020). Reflection of Maqāsid al-Sharī'ah in the classical Fiqh al-Awqāf, *Islamic Economic Studies*,27(2),pp. 79-90.

begins with an introduction to the waqf institution, outlining its historical evolution and current legislative framework. The second section delves into the comprehensive review of the Sachar Committee's findings, detailing the distribution, valuation discrepancies, and income generation of waqf properties. The third section provides a critical analysis of these findings, highlighting the significant economic potential and current inefficiencies. Finally, the conclusion synthesizes these insights, emphasizing the need for strategic reforms to optimize the management and development of waqf assets, thus enhancing their socio-economic impact.

THE EVOLUTION OF WAQF IN INDIA: FROM EARLY ISLAMIC RULE TO MODERN LEGISLATION

India is home to hundreds of thousands of waqf properties distributed throughout the nation, underscoring the critical necessity for a comprehensive examination of the waqf management framework within the country. Remarkably, waqf constitutes the third largest landholding entity in India, following the Armed Forces and Indian Railways. Furthermore, India possesses the highest number of waqf assets globally, surpassing even that of Muslim-majority countries⁴.

The history of waqf in India began in the 8th century C.E. with the advent of Muslim rule, starting with the Umayyad conquest of Sind⁵. The establishment of the Delhi Sultanate saw a rapid increase in awqaf (plural of waqf) in the form of public places like mosques, tombs, madaris (Islamic religious schools), and graveyards. This trend continued during the Mughal era⁶, where waqf assets played a crucial role in sustaining religious establishments and financing communal facilities such as hospitals, libraries, and water infrastructure⁷. Despite the expansion of philanthropic waqf under the Mughals, there was no centralized waqf management system⁸, and waqfs were regulated mainly through customs and practices. Donors typically acted as administrators themselves, reducing the chances of mismanagement⁹. During the medieval period, waqf management was largely informal, with endowments often declared verbally to local religious figures or noble individuals¹⁰.

Following India's independence, the Parliament enacted several legislative measures to streamline and regulate awqaf in the country. The first significant legislation was the Waqf Act of 1954, which marked the inaugural effort of free India to address the administration of waqf properties. This Act has undergone multiple amendments, notably in 1959, 1964, and 1969, reflecting the evolving needs and challenges in waqf management. By 1984, it became evident that the existing waqf boards were not performing satisfactorily, failing to achieve their intended objectives. Consequently, comprehensive amendments were introduced to

⁴ Government of India, *Press Information Bureau*, Accessed on 4 September, 2024. <https://pib.gov.in/newsite/printrelease.aspx?relid=102795>

⁵ Kader.S.A.(2008).*The Law of Waqfs: An Analytical and Critical Study*, Kolkata: Eastern Law House,p.6.

⁶ Faizi, A.A.A.(n.d). *Waqf Record Management In India*,Centre For Rural Studies Lal Bahadur Shastri National Academy Of Administration Mussoorie,pp.14-18.

⁷ Wani, Athar Shahbaz.(2023). Upliftment of the Marginalized in India: A Study of the Muslim Empowerment Through Islamic Social Finance, *Journal of Muslim Minority Affairs*,Vol.42(3),pp.369-386.

⁸ Faizi, A.A.A.*Op.Cit.*,p.20.

⁹ Hussain, Munawar .(2021). *Muslim Endowments, Waqf Law and Judicial Response in India*, London: Routledge,p.XV.

¹⁰ Faizi, A.A.A. *Op.Cit.*, p.19.

enhance their functionality and accountability. Despite these efforts, persistent issues necessitated further reforms. In 1995, the Indian Central Legislature passed the Waqf Act of 1995, incorporating various amendments from the 1984 Act. This legislation aimed to consolidate and amend previous laws to ensure better administration of waqfs. It provided a more robust framework for the management of waqf properties, addressing connected and incidental matters to enhance the overall governance and effectiveness of waqf institutions in India¹¹.

SACHAR COMMITTEE REPORT

India has implemented various initiatives to streamline the management of waqf properties. These initiatives include legislative reforms, institutional strengthening, and technological advancements, all aimed at enhancing transparency, efficiency, and accountability within the waqf management system. These efforts demonstrate India's commitment to optimizing the administration of waqf assets to maximize their socio-economic impact and benefit the Muslim community. A notable example is the "Prime Minister's High-Level Committee for Preparation of Report on Social, Economic and Educational Status of the Muslim Community of India, 2006," commonly known as the Sachar Committee Report, 2006. The report highlights the potential of waqf in India, emphasizing key findings and recommendations to unlock its economic and social value. The major highlights of the report regarding the potential of waqf in India are outlined below:

"There are more than 4.9 lakh registered waqfs spread over different states and union territories of India. A large concentration of the waqf properties is found in West Bengal (148,200), followed by Uttar Pradesh (122,839). Other states with a sizeable number of Waqfs are Kerala, Karnataka and Andhra Pradesh. The total area under waqf properties all over India is estimated at 6 lakh acres, and the book value at about Rs 6,000 crores. However, the market value of these properties will be higher manifold. For instance, a recent estimate of the current value of waqf properties in Delhi alone is in excess of Rs. 6,000 Crores (Rs. 60 billion). A good number of the waqf properties in urban areas are found to be located in city centres where the current value is many times more than the book value. However, the current annual income from these properties is only about Rs. 163 crores, which amounts to a meagre rate of return of 2.7 per cent. Of this amount, the waqf Boards are entitled to receive a share at the rate of 7%, which is used for the working expenses of the waqf Boards. The remaining amount is expected to be spent on the stated objectives of the respective waqfs. As the book values of the Waqfs properties are about half a century old, the current value can safely be estimated to be several times higher, and the market value of the waqf properties can be put at Rs. 1.2 lakh crores (1,200 billion). If these properties are put to an efficient and marketable use, they can generate at least a minimum return of 10 per cent, which is about Rs. 12,000 crores per annum. It has emerged that wherever the waqf lands have been put to efficient use, they have generated an average return of about 20 per cent. It is obvious, therefore, that if some of these waqf properties situated in prime locations across the country are

¹¹ Kader.S.A. *Op.Cit.*,p.12.

developed and put to commercial use, their market value and annual income will shoot up^{3,12}.

ANALYSIS OF THE REPORT ON WAQF PROPERTIES IN INDIA

The report presents a comprehensive overview of the status and potential of waqf properties in India, emphasizing the significant economic implications and the need for improved management practices. Key points from the report include:

1. **Distribution and Concentration of Waqf Properties:**

- There are over 4.9 lakh (490,000) registered waqf properties across India.
- The highest concentrations of these properties are in West Bengal (148,200) and Uttar Pradesh (122,839), with significant numbers also found in Kerala, Karnataka, and Andhra Pradesh.

2. **Valuation and Economic Discrepancies:**

- The total area covered by waqf properties is approximately 6 lakh acres.
- The book value of these properties is estimated at Rs 6,000 crores (60 billion rupees).
- However, the market value of these properties is substantially higher. For instance, waqf properties in Delhi alone are valued at over Rs 6,000 crores.
- Urban waqf properties, often located in city centres, have market values that far exceed their book values.

3. **Income Generation and Utilization:**

- The annual income from waqf properties is currently about Rs 163 crores, yielding a modest return of 2.7%.
- Waqf Boards receive 7% of this income for their operating expenses, with the remainder intended for the specified objectives of each waqf.
- The outdated book values, being around half a century old, significantly underrepresent the current market value, which is estimated at Rs 1.2 lakh crores (1,200 billion rupees).

4. **Potential for Enhanced Revenue:**

- If managed efficiently and commercially developed, waqf properties could generate a minimum return of 10%, amounting to Rs 12,000 crores annually.
- Some waqf lands, when put to efficient use, have already shown returns of approximately 20%.

5. **Implications and Recommendations:**

- The report highlights the vast underutilization of waqf properties, especially given their prime locations and potential market value.
- It suggests that developing these properties for commercial use could significantly increase their market value and income.

¹²

Sachar committee report,2006,p.219.https://www.minorityaffairs.gov.in/sites/default/files/sachar_comm.pdf (accessed 15 April,2024)

- There is a clear need for modern management practices and strategic initiatives to optimize the economic potential of waqf assets.

CONCLUSION

The report highlights the substantial economic potential of waqf properties in India, which if effectively managed and commercially developed, could yield significant benefits. Currently, these properties, despite their widespread distribution and prominent urban presence, produce meagre returns due to inefficient management practices. This situation underscores the urgent need for comprehensive reforms and strategic development to optimize their economic value. By capitalizing on the high market values of waqf assets, particularly in urban centres, India can enhance the socio-economic impact of these properties, benefiting both the Muslim community and the nation as a whole. Strategic initiatives are crucial to unlock this potential and address existing management inefficiencies.