

T.R.
ISTANBUL SABAHATTIN ZAIM UNIVERSITY
GRADUATE EDUCATION INSTITUTE
DEPARTMENT OF ISLAMIC ECONOMICS AND FINANCE

**FINANCING MUSLIM EDUCATION IN INDIA:
PROSPECTS FOR ISLAMIC FINANCE**

MA THESIS

Saad ALI

Istanbul

February-2024

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Supervisor

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Istanbul
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THESIS APPROVAL

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DECLARATION OF SCIENTIFIC ETHICS AND ORIGINALITY

This is to certify that this MA thesis titled “Financing Muslim Education in India: Prospects for Islamic Finance” is my own work and I have acted according to scientific ethics and academic rules while producing it. I have collected and used all information and data according to scientific ethics and guidelines on thesis writing of Istanbul Sabahattin Zaim University. I have fully referenced, in both the text and bibliography, all direct and indirect quotations and all sources I have used in this work.

Saad ALI

Istanbul, February 2024

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Saad ALI

Istanbul, February 2024

ABSTRACT

FINANCING MUSLIM EDUCATION IN INDIA: PROSPECTS OF ISLAMIC FINANCE

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Education financing is an important item of Fiscal Budget of every nation. Every nation is endeavoring to achieve high literacy rate. The World Bank Report on Education has suggested that there is direct relationship between level of education and level of pay. The annual economic and social cost of illiteracy for India is estimated to be \$ 53.56 Billion. Many steps have been taken to educate every citizen of India such as The Right to Education Act 2009 etc., yet the India's aim of universal education is still a dream. India houses 37% of global illiterates. With this, the state of Muslim literacy (68.54%) is far below the national average (72.98%). The major Muslim literates are concentrated in below primary and primary education. If we do not consider the below primary level as level of education, the revised illiteracy rate among Indian Muslims stands at 52.07%. On the other hand, the Islamic schools cover a very small section of Muslim children. The official data says only 4% Muslims, in their age of schooling, attend Islamic schools. Such a low rate of educational attainment with high drop-out rate is inspired by various factors. One major factor is lack of sufficient resources and inadequate education financing options with Muslims of India. Further, considering the unique Islamic view of education, the existing educational resources are insufficient to meet the education needs of Muslims.

This study aims to identify and analyze existing financing modes and financing sources of Muslim education institutions in India. An effort has been made to explore new mode as an alternate mode of financing of Muslim education. For this purpose, the

study covers a wide range of topics related to state of Muslims in education, and existing financing patterns of Muslim education. The theme of chapter one revolves around Muslims in India and their education. Chapter two analyses the education resource availability to Muslims and their existing modes of financing education. The last chapter explores some new models of financing education that are feasible in the present Indian legal and financial framework.

A blend of qualitative and quantitative analysis of data and information has been used to reach at the conclusions. The quantitative analysis is intentionally kept simple to make this study useful to large users. The Population Census-2021 has been further postponed until the 2024 national elections, so the latest population data related to the size of Muslim population, the literacy rate etc., is not available. Hence, Census 2011 is generally referred, and various other primary references have been deployed to make the study more up to date. Various previous studies have been considered during the present study. It is important to note that, except for a few, no studies have analyzed the existing financing patterns of Muslim education in India. For the sufficiency of data, the analysis of financial statements of Muslim education institutions, conduct of semi-structured survey, etc., have been used for collection of relevant information.

The study concludes that the Muslim education resource requirements and the actual resource availability with modes of financing are greatly at odds. There is a need to identify some alternate modes of financing for Muslim Education. Islamic finance can do good as there exists an observable gulf between the Indian financial system and Muslim participation. Considering the India's target of an all-inclusive growth and a five trillion US Dollar economy, the size of Muslim population and the Indo-Arab trade relations justify the introduction of Islamic finance in India.

Key Terms: Muslim Education in India, Educational Resource Availability, Existing Modes of Financing Education, New Education Financing Options, Islamic Finance in India

ÖZET

HİNDİSTAN'DA MÜSLÜMANLARIN EĞİTİMİNİN FİNANSMANI: İSLAMİ FİNANS İÇİN BEKLENTİLER

Saad ALI

Yüksek Lisans, İslam Ekonomisi ve Finans

Tez Danışmanı: Prof. Dr. Monzer KAHF

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Eğitim finansmanı her ulusun Mali Bütçesinin önemli bir kalemidir. Her ulus yüksek okuryazarlık oranına ulaşmak için çabılıyor. Eğitim düzeyi ile ücret düzeyi arasında doğrudan bir ilişki olduğu ileri sürülmüştür. Okuma yazma bilmemenin Hindistan'a yıllık ekonomik ve sosyal maliyeti 53,56 Milyar Dolar. Hindistan'ın her vatandaşını eğitmek için Eğitim Hakkı Yasası, 2009 gibi pek çok adım atıldı, ancak Hindistan'ın evrensel eğitim hedefi hâlâ bir hayal. Hindistan küresel okuma yazma bilmeyenlerin %37'sine ev sahipliği yapıyor. Ayrıca Müslüman okur-yazarlık durumu (%68,54) ulusal ortalamanın (%72,98) çok altındadır. Eğitimli Müslümanların çoğunluğu ilkokul ve ilköğretimin altında yoğunlaşmıştır. Eğitim düzeyi olarak yalnızca ilköğretim altı düzeyini dikkate almazsak, Hintli Müslümanlar arasında revize edilen okuma yazma bilmeme oranı %52,07'dir. Bir diğer yandan, İslami okullar Müslüman çocukların çok küçük bir bölümünü kapsamaktadır. Resmi veriler, eğitim çağındaki Müslümanların yalnızca %4'ünün İslami okullara gittiğini söylüyor. Eğitime katılım oranının bu kadar düşük olması ve okuldan ayrılma oranının yüksek olması çeşitli faktörlerden kaynaklanmaktadır. Önemli faktörlerden biri, Hindistan Müslümanları için yeterli kaynak eksikliği ve yetersiz eğitim finansmanı seçenekleridir. Daha öte, İslam'ın kendine özgü eğitim anlayışı göz önüne alındığında, mevcut eğitim kaynakları Müslümanların eğitim ihtiyaçlarını karşılamada yetersiz kalmaktadır.

Bu çalışma, mevcut Müslüman eğitim kurumlarının nasıl finanse edildiğini tespit

etmeyi ve analiz etmeyi amaçlamaktadır. Müslüman eğitiminin alternatif bir finansmanı olarak her türlü yeni yöntemin araştırılması için çaba sarf edilmiştir. Bu amaç için, Çalışma, Müslümanların eğitimdeki durumu ve Müslüman eğitiminin mevcut finansman modelleri ile ilgili geniş bir yelpazedeki konuları kapsıyor. Birinci bölümün teması Hindistan'daki Müslümanlar ve onların eğitimi etrafında dönüyor. İkinci Bölüm, Müslümanların eğitim kaynaklarının kullanılabilirliğini ve mevcut eğitim finansman şekillerini analiz etmektedir. Son olarak üçüncü bölüm, Hindistan'ın mevcut yasal ve mali çerçevesinde mümkün olan bazı yeni eğitim finansmanı modellerini araştırıyor.

Sonuçlara ulaşmak için veri ve bilgilerin niteliksel ve niceliksel analizinin bir karışımı kullanılmıştır. Bu çalışmayı büyük kullanıcılar için faydalı kılmak amacıyla niceliksel analiz kasıtlı olarak basit tutulmuştur. 2021 Nüfus Sayımı 2024 genel seçimlerine kadar ertelendi, Dolayısıyla, Müslüman nüfusun büyüklüğü, okuma-yazma oranı ile ilgili en son nüfus verileri mevcut değil. Genel olarak 2011 Nüfus Sayımı'na atıfta bulunulmuştur ve çalışmayı daha güncel hale getirmek için çeşitli diğer birincil referanslar kullanılmıştır. Bu çalışma sırasında daha önce yapılan çeşitli çalışmalar dikkate alınmıştır. Şunu vurgulamakta yarar var, birkaçı hariç, Hindistan'da Müslüman eğitiminin mevcut finansman modellerini analiz eden hiçbir çalışma yok. Verilerin yeterliliği için Müslüman eğitim kurumlarının mali tablolarının analizi, yarı yapılandırılmış anket yapılması vb. yöntemlerden yararlanılmıştır.

Çalışma, Müslüman eğitim kaynak gereksinimleri ile finansman modları ile gerçek kaynak mevcudiyetinin büyük ölçüde çelişkili olduğu sonucuna varıyor. Müslüman Eğitimi için bazı alternatif finansman türlerinin belirlenmesine ihtiyaç vardır.

Anahtar Sözcükler: Hindistan'da Müslüman Eğitimi, Eğitim Kaynağı Kullanılabilirliği, Eğitimin Mevcut Finansman Şekilleri, Yeni Eğitim Finansmanı Seçenekleri, Hindistan'da İslami Finans

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ABBREVIATIONS

A.D	----- -	Anno Domini
A.H	----- -	After Hijrah (After Migration to Madinah)
AIF	----- -	Alternative Investment Fund
ASI	----- -	The Archeological Survey of India
BAZNAS	----- -	National Zakat Board, Indonesia
BBC	----- -	British Broadcasting Corporation
CBSE	----- -	Central Board of Secondary Education, India
FCRA	----- -	The Foreign Contribution Regulation Act 2010
FDI	----- -	Foreign Direct Investment
FIIs	----- -	Foreign Institutional Investors
GCC	----- -	Gulf Cooperation Council
GDP	----- -	Gross Domestic Products
GIFT City	----- -	Gujarat International Finance Tec-City

GST	----- -	The Goods and Services Tax (Act), India
IDMI	----- -	Infrastructure Development of Minority Institutes Scheme, India
IFSC	----- -	International Financial Service Centre
IMF	----- -	International Monetary Fund
INR	----- -	Indian Rupee
InvIT	----- -	Infrastructure Investment Trusts
IRDA	----- -	The Insurance Regulatory and Development Authority of India
IsDB	----- -	Islamic Development Bank
ITR	----- -	Income Tax Return
MPCE	----- -	Monthly Per Capita Expenditure
NBFC	----- -	Non-Banking Financial Company
NCM	----- -	National Commission for Minorities
NCPCR	----- -	National Commission for Protection of Child Rights
NEP	----- -	New Education Policy

NES	----- -	National Education Standard
NGO	----- -	Non-Governmental Organization
NMDFC	----- -	National Minorities Development and Finance Corporation
NSSO	----- -	National Statistical Survey Office
RBI	----- -	Reserve Bank of India
REITs	----- -	Real Estate Investment Trusts
RTE	----- -	Right of Children to Free and Compulsory Education Act, 2009
RTI	----- -	Right to Information
SANZAF	----- -	South African National Zakah Fund
SC	----- -	Supreme Court of India
SCs	----- -	Scheduled Castes
SEBI	----- -	The Securities Exchange Board of India
SEZ	----- -	Special Economic Zone
SMEs	----- -	Small & Medium Enterprises

SPQEM -----
- Scheme for Providing Quality Education in Madrasah

SWOT -----
- Strengths, Weaknesses, Opportunities, & Threats

UAE -----
- United Arab Emirates

UN -----
- United Nations

UNESCO -----
- United Nations Educational Scientific and Cultural
Organization

USD -----
- United States Dollar

CHAPTER I

INTRODUCTION

1.1. Thesis Subject

This study is an analysis of Muslim Education Financing in India. The writer attempts to conduct a concise yet sufficient analysis of the challenges Muslims face in India. This analysis underscores the educational status of Muslims as of vital importance that require multi-dimensional solutions to empower the Muslim community of India. He recognizes that there are obviously issues which require urgent considerations. As the author understands, working on Muslim education in India will answer many problems. A solution to Muslim education will relocate their lost identity, strengthen their voices, improve their economic condition, empower their political representation and so on. Hence broadly, Muslim education financing in India is a subject of this study.

1.2. The Purpose of the Thesis

The purpose of this study is to identify practicable solutions for financing Muslim Education in India. The author aims to explore how Muslim education in India can be financed sufficiently in given circumstances. How can the existing financing models be strengthened to provide stable means of finance? Are there other possible means of financing education in India. Can Islamic finance contribute in any ways in the education of Muslim masses in India. Hence, the purpose is very clear that is the identification of sufficient financing sources among the existing modes of finance as well as the possible new means of financing.

1.3. The Scope and Content of the Thesis

As Muslim education is a multi-dimensional topic that cover areas such as the Islamic view of education, Muslim orientation of education, educational framework, laws and

regulations for education, economics of education, and the financing Muslim education. To limit our study, it is needful to demarcate that our major problem area is lack of financing options for Muslim Education in India. The purpose has already been mentioned above as how existing and new financing means can contribute to enhance Muslim education. While keeping other considerable issues as constant, Muslim institutes suffer generally from lack of stable financing options for expanding their educational objectives. Thousands of traditional institutes run solely on public donations which is of course not a stable source. Further, if we calculate student: resource ratio, then results are very alarming leading to compromise with the quality of education. On the other hand, the convent schools see education as an opportunity for economic investment.

It is to be noted that the majority of Muslims in India do not consider education necessary for their children. The most reasonable answer to their attitude is they prefer immediate earning on education. The severe poverty presses lower-class households to focus on more hands for income than more people for expenses.

No sufficient efforts of pervasive nature have generally been made to identify the possible financing options to achieve quality education for all Muslims. There is a state of stagnation for identifying and devising new financing models for Muslim education. Yet we have some examples where some individuals or institutions exhibited extraordinary skills to identify and utilize new financing sources for education that will form part of main study.

The educational perception also widens this problem. The general attitude of traditional educational model is that a focus on identifying a stable financial source is against the belief of Tawakkul (Abdullah Muhammad, 2011). On the other hand, the convent Muslim schools work as a pure capitalist model of education. Where school is a business profit center, students are customers, and education is a supply of service. Corporatization of education has also increased a decisive competition between the business rivals leading to more difficulty in imparting quality education to all. An increase in the cost of education is obvious as presently the quality education is restricted only to those who can afford its high price. Also, whether such quality

education serves the Islamic purpose of education also needs due analysis. Yet, Some Muslims have endeavored to introduce a unified model for Muslim education integrating Islamic and conventional education, but it also suffers from high price.

If we consider Waqfs, then Indian Muslims have inherited a sizeable number of waqf properties. If waqfs are utilized in a purposive manner, it would be a great source of relief for the Muslim economic sufferings. Waqfs can hugely contribute to financing Muslim education needs. Unfortunately, there are practical complexities ranging from regulatory constraints, lack of political will to empower waqfs, and ignorance of the Muslim masses to the potential of the waqfs. A detailed discussion on waqfs in India in main chapters of this thesis will elaborate the problems and possible course of action for the same.

If we consider Islamic financial framework as a possible source of financing education, then it is worthy to note that the Indian financial system is also not so welcoming to it (Reserve Bank of India, 2017) . Without a clarity in regulatory requirements and a potent framework, some serious scams have secured headlines in dailies (Swamy, 2019) . Also, the foreseeable future shows no signs of political will to introduce any such regulations (Pandey, 2023).

Hence, the above discussion suffices to merit a critical examination of our problem statement "Lack of Financing Options for Muslim Education in India".

The problem statement can be broken down and grouped into simple questions to organize the possible flow of this study. Answering the questions will determine the results of this study. Some of the questions at this initial stage may be:

- i. What are the broad factors for Muslim sufferings in India?
- ii. What is the state of Muslim education in India?
- iii. What are factors causing high illiteracy rate among Indian Muslims?
- iv. What are the existing financing options for Muslim Education in India?
- v. How to strengthen the existing financing modes for a quality education?
- vi. Is there any innovative financing model for Muslim Education in India?
- vii. Can Islamic finance contribute to Muslim education in India?

Hence, based upon the discussion as followed above, we can propose a hypothesis for our study as:

Muslims are suffering educationally because of lack of sufficient finances and Islamic finance can do some good to this problem.

1.4. The Importance and Original Contribution of the Thesis Subject

Education is the bloodline for any civilization to prosper. The last Islamic revelation began with the importance of education. There are hundreds of Quranic verses and Prophetic traditions emphasizing the importance and value of education. Some verses are direct supplications to ask for an increase in knowledge. In fact, the minimum basic education is a duty both individual and collective for Muslims. The secular minds have confined their knowledge to material, whereas, some Muslims are advocates of only spiritual knowledge. However, Islam gives due respect to the needs of body and soul. The verse of (Al-Baqarah Verse 201) can be well quoted "*Our Lord, give us in this world [that which is] good and in the Hereafter [that which is] good and protect us from the punishment of the Fire*". Hence, the importance of education is well decided.

How is this thesis important? This thesis attempts to extend the mission of education by analyzing and exploring the finance for education. The financing of education is linked to the very survival of Muslim minds. (Qaradawi, n.d.) states that "a devout worshiper is not eligible for Zakah merely for his excessive indulgence in worships, but a student of knowledge is eligible for Zakah as he is working for collective mission of Ummah". Given due credit, the exploration for financing education will be a humble service to all humans in general and Muslims in particular.

It would contribute to the existing knowledge by multifold ways. It will compile existing ideas and practices at one place. It will try to find out ways to strengthen the existing modes of finance. Finally, this study will try to propose a suitable model for financing Muslim education in India. These contributions would suffice for their originality. There are various studies conducted to focus on other aspects of Muslim education in India. Very few talks about possible financing options for Muslim education in India.

1.5. The Research Method of the Thesis

To answer the above questions in the scope of Thesis section, the writer preliminarily thinks that a mixed approach of qualitative and simple quantitative methods will be suitable. There are various primary studies available on the statistics of Muslim education in India. Various Indian ministries and independent organizations conduct educational and financial surveys based on community data. As our focus is not to conduct a primary study to find out more problems, rather, it is a study to answer suitably the existing problems of financing Muslim education in India. Hence, A reference to such studies will save us from replication of the same processes. However, for some data, there might arise a need for small field-based study by conducting surveys. The author has a plan for such questionnaire surveys; however, their deployment majorly depends on the need and availability of time.

The primary object of this study is to make it useful to the people working in various fields such as the policy makers, academicians, institution managements, financiers, students, and public. Hence, the study would deliberately be kept simple and conclusive by avoiding technical jargons and high use of analytical tools.

This is to be noted that Muslim educational backwardness involves various factors, both internal and external, causing such a detriment to culminate. Our present study primarily focusses on two of those factors namely, lack of a pervasive and unified educational model for fulfilling Muslim educational needs and lack of stable financing options to finance Muslim education. We can call these two factors as direct factors for our study and will be handled in detail in the upcoming chapters.

Beside these direct factors, there are various other factors which contribute equally to Muslim educational backwardness. As the purpose of this study is to provide some realistic solution to the question of Muslim education, the writer has, for the sake of intended users, discussed a brief politico-historical background of Muslims in India. Such an analysis is necessary for connecting the dots of present Muslim state of education in India. Such an analysis would also be necessary because the possible solution to our direct factors cannot be designed in ignorance of other factors. When we say a solution to a problem, it must be a viable solution in all respects. Hence, the

writer underscores in the beginning that a certain degree of analysis of laws, regulations, politics, and history would make an inevitable part of introduction.

1.6. Literature Review

The writer has conducted a thorough review of literature. He has identified various resources useful for current study. It is needful to mention that in case of present study, the process of review is to be carried out on a continuous basis. Hence, the final section on review of literature would get completed simultaneously with the completion of this study. For the purpose of this study, a theme based literature review is given below. Four broad categories have been defined namely, the studies related to Indian financial system, the studies related to Muslim backwardness in education, the studies related to education financing, and the studies related to an ideal and cost effective educational model.

1.6.1 Indian Financial System

- i. (Bhatia, 2023) argues that the governments are taking more pro-active role in the functioning of their economies post Covid-19 Pandemic. The fiscal federalism of India is transitioning to meet suitably with the emerging fiscal challenges. In first part, he discusses in detail the theory of public finance. What are the components of public finance. How finance budgets affect the economies. Tax is the major source of public revenue as the budgeted tax collection for the year 2022-2023 was 87.76%. The budgeted expenditure for the year 2023-2024 is Rs. 45030.97 billion. The proportion of education expenditure is only 2.51%. It is useful in this study to analyse the working of Indian fiscal federalism in education sector. A reference to such study is helpful in gaining an insight on how the Indian Public finance works. His study is a general study of public finance, and we will refer it for our specific purpose of financing education.
- ii. (Pathak, 2018) and (Khan M Y, 2018) provides a comprehensive overview of how Indian financial system works. (Pathak, 2018) has covered nearly all components and markets of Indian financial system. She has discussed extensively on the generally traded market instruments in the Indian money

market or capital market. She has based her whole writing on the discussion of six components of Indian Financial System. These are financial institutions, financial markets, financial instruments, financial services, financial regulations and the interaction among all these components. An inquiry to identify a suitable legal form from out of the existing financial persona would help us to examine the prospects of financing Muslim education from Islamic financial system in India.

- iii. (Saif Qasim, 2022) has argued that, generally, the studies on prospects of Islamic finance suggest that it would only be possible in India if the existing banking regulations are amended to accommodate the Islamic banking operate in India. It is true that banks cannot operate or open a Islamic window without regulations from the Reserve Bank of India (RBI). However, other forms of corporates can operate as Islamic finance model up until they do not surpass the exclusive area for banking businesses in India. For example the Taqwa Co-operative Society is a co-operative society established for the purpose of Islamic Micro Finance.

1.6.2 Muslim Backwardness in Education

- iv. (Siddiqui, 2004) suggests that a solution to Muslim education would empower the Indian Muslims in multiple dimensions. He claims that the inclusion of Muslims in education would pave the way to all-round national development. It is to be noted that throughout the study, his emphasize is education as only means of economic prosperity. He has suggested various untapped opportunities that Indian Muslims have for long ignored. For example, various government schemes especially initiated for minorities have not received required community response. The present study also attempts to identify how financing of education would be a building stone to Muslim empowerment in India.
- v. (Sachar, 2006) is a very important and groundbreaking official report. In 2006, the erstwhile government of India set up a commission to analyse the multi-dimensional state of Muslims minorities in India. The report was submitted to

the parliament in 2008. It highlighted officially, the severe condition of Muslim masses. Lack of social and educational infrastructure to Muslim populated villages, government encroachment to high value waqf properties, high level of illiteracy among Muslim communities, mass financial exclusion of Muslim community are some of the highlights of this report. This report suggested various ways and means to fund Muslim education, to empower waqf system, to move towards social inclusiveness of all. Sadly, most of the recommendations are queuing for action in the waiting list. No similar commission has been set up so far to analyse the current state of Muslims after nearly sixteen years.

1.6.3 Financing Education

- vi. (Patel & Hassan, 2023) have conducted an empirical study to identify the sources of financing generally available to Islamic schools. For this purpose, they analysed sixty three Islamic schools, but only seven of such schools allowed access to their three-year financial statements. Their findings suggest that Zakah is a stable and major source of revenue and food and salaries are the major expenses in any category of Islamic school. However, other desirable charities are insufficient to fund the activities of these institutions. Out of all institutions, very few have income from other than public donations such as waqfs, rental income, share market investments, etc.
The writer holds the view that their research is limited but it is quite unique. Generally, no such previous studies have been found. It is because of the fact that financial results of any school are not publically available. The present study has also collected the financial results of some Muslim-run schools and Madrasahs for analysing the trend of their financing.
- vii. (Razzack, 2013) conducted an evaluative study of the government of India launched scheme 'Scheme for Providing Quality Education in Madrasah (SPQEM)'. This scheme is an optional scheme for modernization of Islamic institutions. The government aimed to provide financial assistance to Islamic institution if they wish to benefit. The criteria for eligibility is to include some

modern subjects in madrasah curriculum to meet the national education standard (NES). The above research was conducted to analyse the impact post-implementation of the scheme. Overall, the result was positive with complaints in delay in disbursement of funds to no objective methodology for eligibility criteria scrutiny. The general application of funds was for purchasing books, education learning material, and payment of salaries to staff. This empirical study concluded with an overall positive impact of public financing of Muslim education through SPQEM. It is to be noted that this research was conducted in 2013 almost ten years ago. Hence, it would be appropriate to analyse its performance again in 2023.

- viii. (Kahf, 1997) suggests some alternative ways of financing public utilities. He argues that the production and distribution of public utilities is continuously increasing the financial burden on the state exchequer. The same is true for our study also, as the number of government run or aided schools are increasing dramatically in India. India is also striving hard to achieve its dream of universal elementary education. His main contribution by this write-up is to propose a financing model based on the Ijarah concept 'usufruct bond' to fund public utilities whether by government or private parties. For financing education through his model, the repayment of Education Bond will be in the form of educational service to be delivered by the obligor on a deferred basis depending on the way of amortizing the bond. He suggests that the bond will be transferrable and subject to the prevailing market price of the education service at any given point in time. It seems that the bond will lose gradually its market value as it approaches to maturity because there is no residual value. An inquiry on whether such a concept of financing education will work in our case would be done.

1.7. Design of the Thesis

The aim is to arrange this thesis in a thematic order. Firstly, it would be suitable to discuss in detail yet precisely the problems and factors giving rise to a need for such

study. Hence, a multi-dimensional analysis of various social, political, legal, and economic factors should make the introductory part of this study.

After introduction, chapter II should be devoted to the problem specific to our study i.e., lack of sufficient financing sources for Muslim education in India. It should discuss the factors causing Muslim exclusion from mainstream financial system to fund their educational needs. A special focus should be given to some sources related to public finance, mainstream financial system, and waqfs.

In chapter III, existing modes of finance should be analyzed on SWOT. What are their limitations? How could these be strengthened for our educational model? Is there any possibility to utilize existing waqf resources for our objectives? A special focus on feasibility, stability, regeneration of income, capital/revenue expenditure funding should be given.

Chapter IV should be our last chapter. It should discuss the possibility of introducing some new modes of financing Muslim education in India. How can Islamic finance contribute to Muslim education? If it can, then how to introduce it in existing financial system in India.

The conclusion would analyze our success rate in answering the questions set in the beginning of this study.

1.8. Schedule of the Thesis Study

The study will be carried out for a period of three months. Now, some basic primary studies will be conducted to analyze their results with our purpose of the study. The writer is very optimistic to complete the whole study from the stage of planning the course of study, collecting relevant data, organizing the study, and finally presenting the results to answer our problem statement. A precise schedule can be summarized in following table:

Particular	Date of Submission
Literature Review	Simultaneously through-out the course of Study. It would continue until December 14, 2023.
Collection of Data	Already Done
Chapter One	October 19, 2023
Chapter Two	October 19, 2023
Chapter Three, Four and Conclusion	December 18, 2023
Reporting of Complete study	December 18, 2023

CHAPTER II

MUSLIMS IN INDIA AND THEIR EDUCATION

This is a study to identify the possible financing options to finance the Education of Muslims in India. The History, politics, sociology etc., are not subjects of this study. However, based upon the methodology adopted and keeping into consideration the intended users, the writer deems it correct to make a very brief multi-dimensional analysis of various highly inter-twined socio-economic and politico-legal factors influencing financing decisions of Muslim education in India.

India is home to 197 million Muslims (Economic Times, 2023), comprising roughly around 9.85% of total Muslim population in the world (World Population Review, n.d.). Muslims in India failed to design any widely recognized educational model for educating their masses that would, at one time, preserve their unique world view, and simultaneously, provide for their conventional needs of latest educational developments. It has been seventy-six years since India got its independence, but Muslim masses are far deprived of their educational needs worse than other classes of societies (Rahman, 2019). Education is only one parameter of Muslim backwardness, otherwise, Muslims in India are factually deprived in all facets of public life. Strengthening education would be a revolutionary attempt for Muslims to escape from such sufferings. There is a long historical background of the present sufferings. Indian land and its social customs also played a decisive role in sidelining all weak sections of societies.

There is no doubt to claim that the Wealth and resources have been concentrated and occupied by some denying their rightful distribution to others. In 2021, top 1% Indian had 40.5% of total National wealth, while a vast number of Indian populations is living below poverty line is unable to get even the basic necessities of life (Oxfam India,

2021). (Himanshu, 2022) reports that it would take 941 years for minimum wage earner to earn what a top executive in a big garment company earn in a year. Hence, finding a solution from only an economic perspective seems halfway since the multi-facet roles of individuals and communities influence each other. Economy is influenced by politics, politics is influenced by sociology and geography, law is influenced by social perception etc. Hence, no department is in isolation. The modern political design seems failing to provide just and equal treatment to various differing factions of societies around the world.

2.1.India in History

India has been witnessing an oppressive caste-based system claimed to be rooted in religious text since long time in history (Sawant P. B., 2020). Its impact on education and economy of Indian population is deeply rooted and widespread (Munshi, 2019) . The Indian Muslim community is not an exception to this apartheid system. It is true that the Islamic teachings have narrowed their impact, yet Muslims in India could not free themselves completely from such evil (Falahi, 2007). The relationship among caste-based system directed the destiny of future India in terms of education, economy, and politics. Later centuries witnessed many uprisings and revolts against this fractional law, but the cleavers were able to de-route and suppress these resistances (Najibabadi, n.d.).

History recorded some heinous oppressions and crimes against deprived castes for demanding and accessing their rights. They were denied from changing their trade or business. Anybody born in a sweeper's family would have no right to establish any other business to further his means of living. The whole lineage would remain sweeper (Theertha, 1992). Persecutions were directed towards lower castes reciting religious texts by cutting their tongues (Scripture - Sakanda Purana - Hinduism Stack Exchange, n.d.) .

The independent India still bears its dark legacy of denial and suppression of individual and collective rights based on caste and religion (Shepherd, 2023). This can be easily proved by studying the size of population based on caste and their representation in statecraft as policy makers and legislative assembly representatives. A recent state-

sponsored caste-based survey in the region of Bihar has proved this ground reality. It is revealed that top-notch positions of state, bureaucracy, and legislative assemblies has proportionate representation based on the caste or religion of the population (State Government of Bihar, 2023). Various reservations to uplift and emancipate the under-privileged sections seems mere art of paperwork. It is important to note that around 70.60% of Indian population form the under-privileged castes. (Calderon, 2021)'s study on multi-dimensional poverty index-2021 presents a picture of India that does not match with the spirit of Indian Constitution.

2.1.1. Muslims in India

Muslims first entered India during the first century of Islam. The early arrivers were traders as Indo-Arab trade relations existed for hundreds of years before the emergence of Islam in Arabian Peninsula (S. S. Nadwi, 1984). The Yemenite and Omani annual trade fairs were commonly participated by Indian traders mainly for selling spices and agricultural produce (Hamidullah, 2004) . The first military campaign to India was led by the Commander Muhammad bin Qasim on order of Umayyad Caliph Walid bin Abd Al Malik in 8th century (Ali, 1899). However, a sovereign Muslim state could only be established in India in 12th century A.D by a slave of Muhammad bin Shahab of Ghor, Qutb ud-Din Aibak, the first ruler of Delhi Sultanate (Bosworth, 1996).

The Indians were generous to this new faith and acceptance and allegiance to Islam was common among the Indians. One more factor that contributed to the mass acceptance of Islam in India was the existence of an age-long very rigorous and abusive caste system (McNeill, 1991).¹ Although, the majority of Indians during Muslim rule remained non-Muslim but a large size of society embarrassed Islamic faith. The general Indian masses considered Islamic faith as a Savior from oppression. They whole-heartedly bowed before its natural and universal principles of Human, god and their relationship. It is sad to mention that Muslim rulers did very less to nothing to end this caste system (Falahi, 2007). For concentration of power, they adopted a policy of non-interference in these matters.

The last Muslim rule in India was reigned by Mughals for around 331 years when finally in 1857, Muslim rule came to an end with the rise of the British imperialism in Indian Dominion (The United India) The British arrived in India in seventeenth century during the time of Mughal Emperor Jahangir simply for cross border trade. The Indians were not interested in their goods except gold. The gold trade gave the Britishers an opportunity to infiltrate deeply in the Indian society (Matthews, 2014). A very sophisticated London based Joint Stock Company named “The East India Company” was hosting this trade entourage. Within 100 years or so, this corporate entity turned into a state power posing serious threats to the sovereignty of Mughals on Indian lands. This Corporate entity finally proved a predator to Muslim rule in India (Dalrymple, 2019). With the rise of British influence in India, the 18th century marked the early clashes and enmities between Hindu Muslim populace of India based on religion. Their tactic of ‘Divide and Rule’ to govern worked very well in India.

2.1.2. Education and its Financing under Muslim Rule

The first revelation on Prophet Muhammad instructed him *‘Read, ‘O Prophet, ‘ in the Name of your Lord Who created’*. (Hamidullah, 2004) states that, early days of Islam, for teaching faith and practice, many houses in Makkah were designated as educational centers. After migration to Madinah, Prophet Muhammad established various early masjids for providing for the collective and congregational activities of new Muslim society. The famous place of Suffah in Masjid e Nabawi was a day boarding as well as residential school for many students. These masjids served numerous purposes, such as the place of worship, place of education, place of meeting, etc., and so on. The financing for these establishment and its activities were sourced from state fund (war bounties and Zakah, etc.), other charities, business and occupational activities of the students enrolled. Hence in the early days of Islam, we do not find any special building or structure exclusively for the purpose of education. Rather, a single structure of masjid was sufficient for multiple collective needs of the society. In fact, the world’s oldest and continuing University is Al-Karaouine University, established in Fez, Morocco in 859 A.D. (SAKAY, 2020).

In Indian Islamic history also, early centuries bare no marks of separate establishments for education, rather masjids and other existing spaces like shrines and tombs of rulers and Sufis were utilized for the purpose of education. The Masjid architecture was built in a way to accommodate the residential dwelling needs of students who had arrived from far off places to seek knowledge. According to Hasan Nizami Nishapuri, Muhammad bin Shahabuddin was the first Muslim ruler who built Islamic schools in the Indian city of Ajmer. It was the beginning of thirteenth century and after that we witness a continuing increase in the number of Muslim schools in various parts of India. The 15th century medieval encyclopedist Al-Qalqashandi in his fourteen-volume work *Ṣubḥ al-A‘shá fī Ṣinā‘at al-Inshā’*, while discussing the Tughlaq rule in India, states that there were at least one thousand educational institutions in the capital Delhi (Abul Hasanat Nadwi, 1922).

Under Muslim rule, such educational institutes were built by the ruler or other affluent class of nobles. In early history of Islam, we witness innumerable examples of scholars who had occupation or artisanship for their economic affairs (Mubarakpuri, 2009). Even many students at Suffah during the era of Prophet Muhammad had businesses or other economic engagements. With the passage of time and increasing state financing from Muslim emperors, the Muslim schools became dependent solely on public donations and state financing. Education under Muslim rule was free, and state was responsible for arrangement of educational infrastructure and human resource needs of the people. Muslim waqfs are good example of Muslim contribution to education in medieval period. However, with the collapse of Islamic rule in India, the state funding to educational institutions came to a long halt. (Nair, 2009) states that, in 1828, by a legal decree, the East India Company acquired all waqfs of education. Further, under the impression of religious neutrality, the graduates of these institutions were forbidden from employment opportunities by a decree passed by Lord Harding in 1844.

2.2.Muslims in Independent India

India proclaimed its independence on August 15, 1947 by defining itself a Socialist Secular Democratic Republic with a federal parliamentary system of government (The

Constitution of India, 1949). Nearly half the Muslim population decided to stay in India. The new Indian leadership dreamt a peaceful, plural, and co-existent India. It endeavored to give their people an all-inclusive Constitution. The Indian population comprised of various communities having sharp differences in religion, culture, and language throughout India. The biggest challenge was inserting such Articles that would protect the unique identity, education, and culture of various minorities. The Constituent Assembly Debates show huge differences among the assembly members on such articles. Finally, some exclusive educational rights of the minorities were protected under Article 30 of the Constitution (Yaqeen A, 2002). Initially, a provision was inserted as a directive principle for the state to endeavor for education to all. The Constitution of India was amended by 86th Amendment to insert Article No. 21-A to provide free and compulsory education to all children in the age group of 6-14 years. Empowered by this Article, The Right to Elementary Education Act, 2009 was passed.

2.2.1. Muslim Population and Demography in India

The 2021 population census was initially delayed due to the unprecedented Covid-19 pandemic and has been postponed further until 2024 National elections. Therefore, no exact population size of Indian Muslim community is determinable. In 2022, Indian population is estimated to be around 1.42 billion making it the world's most populous country (Population, Total - India | Data, 2022). The religious minorities comprise around 22.54% of total Indian population. Of the total population, Muslims are estimated to be 14.2%. The union minister for the ministry of minority affairs has recently answered in the parliament that Muslims are 14.2% of total population or 197 million in number (The Economic Times, July 2023). In 2011, the census results reported the same figure as 14.2% of the total is the Muslim population. Therefore, the minority affairs ministry has maintained the same percentage for projecting the Muslims in 2023. Such an approximation may not be reliable unless a population survey is conducted. Also, the current ruling party is afraid of the increasing Muslim population size in India.

Table 2.1: Population Data

Religion	Total Population					
	All	%	Male	%	Female	%
All Religion	1,210,854,977.00	100	623,270,258.00	51.47	587,584,719.00	48.53
Hindu	966,257,353.00	79.80	498,306,968.00	51.57	467,950,385.00	48.43
Muslim	172,245,158.00	14.23	88,273,945.00	51.25	83,971,213.00	48.75
Christian	27,819,588.00	2.30	13,751,031.00	49.43	14,068,557.00	50.57
Sikh	20,833,116.00	1.72	10,948,431.00	52.55	9,884,685.00	47.45
Buddhist	8,442,972.00	0.70	4,296,010.00	50.88	4,146,962.00	49.12
Jain	4,451,753.00	0.37	2,278,097.00	51.17	2,173,656.00	48.83
Other religions	7,937,734.00	0.66	3,952,064.00	49.79	3,985,670.00	50.21

Source: (Population Finder | Government of India, 2011)

The above table is designed based on the National Census 2011. As per National Commission for Minorities (NCM) Act, 1992, there are six notified religious minority communities (Press Information Bureau, 2022) . The total minority population is

20.20% to 22%. While the Hindu makes the majority of the population, Muslims are 14.23%.

The Muslim demography in India is also dispersed. They form Majority only in the states of erstwhile Jammu & Kashmir and Lakshadweep. After the abrogation of article 35A and 370 of the Constitution, concerns are raised that the ruling government wishes to disturb the Muslim demography in Kashmir. The demography map based on the Census 2011, is reproduced here:

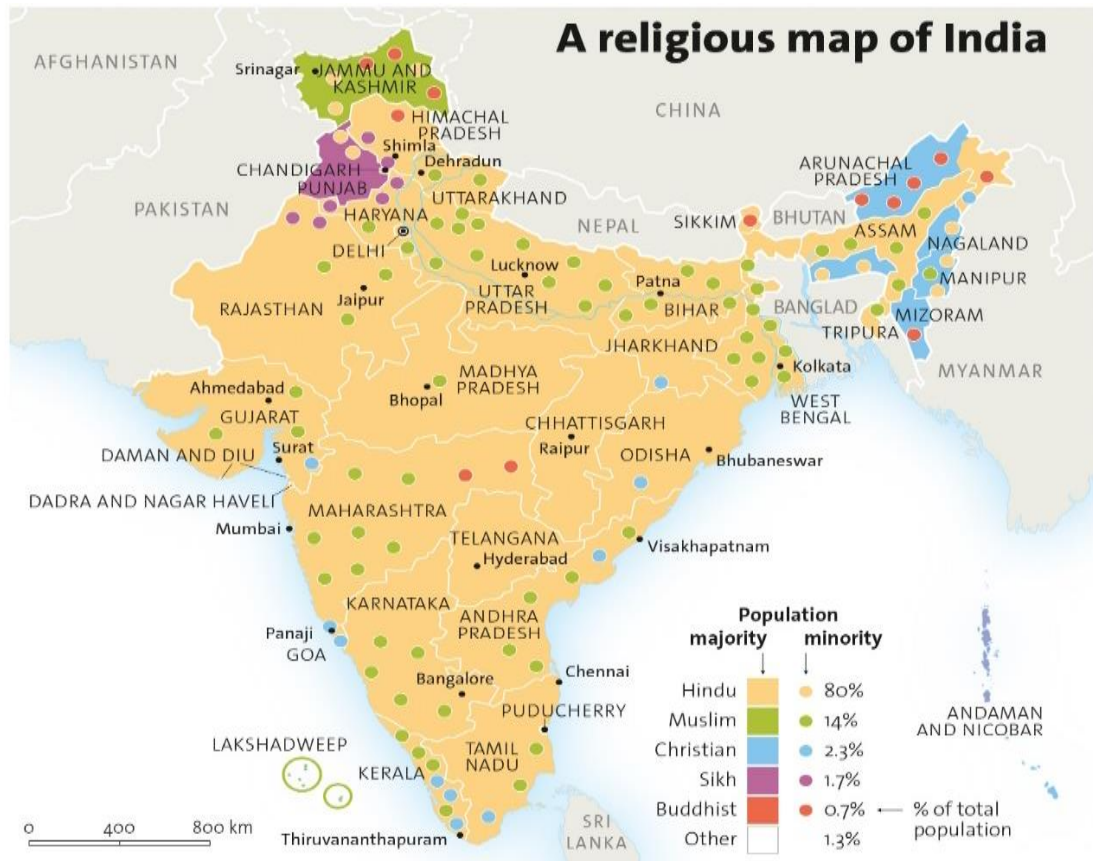


Chart 2.1 Demography of India

Source: (Le Monde Diplomatique - 2019)

The above map of India shows the Muslim population with green circle. The Muslim concentrated population is only found in Kashmir and Lakshadweep. The center of Indian geographical area has very less traces of Muslims. They are dispersed around all the border sides of India except Rajasthan and Arunachal Pradesh. Hence such a

demographical view of Muslims would help us identify an educational solution for a widely dispersed population.

2.2.2. Muslims and Political Representation

Since Independence, there is a sharp decline in Muslim representation in parliament and various state legislative assemblies. (Salam, 2023) states that the Muslim population size and their parliamentary representation are greatly at odds. Resultingly, laws and policies are drafted and enacted without consultation to the affected classes. (RAKSHIT, 2023) reports that, with the removal of last Muslim Union minister, currently there is no Muslim in the Union Council of Ministers.

2.2.2.1. How does it affect Indian Muslims Financially?

In 2014 national election, a popular slogan of the currently ruling party for its prime ministerial candidate, Mr. Narendra Modi, was “*Vote to Modi means Life to the cow*” (Reese et al., 2017). After coming into power, the government made the existing laws on cow protection more stringent. These Cow Protection Laws are instrumental to targeting Muslim animal traders which sometimes lead to severe lynching or death of the trader (BBC News, 2015). Various voluntary right-wing organizations have been given permission to keep arms and ammunition for attacking suspects of cow slaughters. This state-sponsored mob culture has increased tensions between the two communities. Such laws have detrimental effect on Muslim economy also. The once very flourishing business of leather industry, contributing widely to financing Muslim educational institutions by selling animal hide on Eid al Adha has been ruined severely. (Akbar, 2019) reports that an estimated thirty million animals are sacrificed on Eid ul Adha. An animal hide is generally sold for USD 5, however, on Eid days, the leather cartel has pulled the to 37 Cents. These instances have created a bread-and-butter question for Muslim minorities and lower-caste Hindus and other community members who work in leather industry (Wilkes & Bhardwaj, 2017).

There are examples of laws enacted by the government where the authorities have been given unnecessary powers leading to biased treatment with different communities. Some laws as mentioned earlier clearly violate the fundamental provisions of The Constitution in terms of equality and freedom. Various laws have been drafted in a

very intelligent way without any hint to targeting any community, yet, in practice minorities especially the Muslims suffer from unjust treatment by authorities with excessive powers.

For example, another central Act, The Foreign Contribution Regulation Act (FCRA) 2010, has been amended widely to put the minority institutions receiving foreign contributions at the mercy of state authorities such as the ministry of home affairs (MHA). Various provisions like (Section 12) *“If on receipt of an application for grant of certificate or giving prior permission and after making such inquiry as the Central Government deems fit, it is of the opinion that the conditions specified in sub-section (4) are satisfied, it may, register such person and grant him a certificate or give him prior permission”* are very subjective which gives the state extraordinary powers to exercise discretion in giving licenses. In 2021, 5,968 FCRA licenses were cancelled on various grounds (Tripathi & Nag, 2022).

2.2.3. Constitutional Commitments and Muslims

The Indian Constitution was adopted by the Constituent Assembly on November 26, 1949 and came into effect on January 26, 1950. The preamble of the Constitution promises to provide Justice, Liberty, Equality and Fraternity to all the citizens (The Constitution of India, 1949). Although, it makes no reference of any particular community owing to the secular nature of state, yet, all minorities² whether based on region, religion or linguistic have been provided special guarantee for safeguarding their unique identity in the objective resolution of the Constitution. The constitution provokes many protective provisions such as:

- a) **Freedom of Conscience [Article 25]:** Every citizen is guaranteed freedom to choose, practice and propagate its religion.
- b) **Right to Protect Culture and Establish Educational Institutions [Article 30]:** This vital Article enshrines the minorities with protecting and preserving their culture, language, script etc. This also provides freedom of establishing

minority institutes with free choice. Yet, Indian Muslims are among the most backward communities in terms of education (Kurrien, 2021).

This is a brief overview of The Indian Constitution related to minorities right to establish and administer their own educational institutions. There is still hope for these provisions if implemented fairly in their spirit would lead to the far-reaching impact on deprived communities.

2.3.Muslims and Indian Economy

India has always remained an agrarian economy owing to its large planes of cultivable lands, the common economic activity revolves around agricultural and agricultural produce. In the medieval period Muslim economies were confined to sea and coastal areas. Also, the majorly Muslim populated areas were the border areas and very few city hearts were inhabited by Muslims. This was because early Muslim merchants settled at the entrance of India. They contributed less to central economy. Their own economic activities were concentrated in the corners of India. Some Muslim business houses in India are generally those who were ancestrally businessmen before accepting Islam (Khalidi, 2006). He further states that Muslims in general were better off in economic terms before independence. This statement can be substantiated by the study of famous economic historian (Maddison, 2003). He provides the statistics of Indian economy during the time of Mughal Emperor Aurangzeb. According to him, during his reign, India had 24% global share of economy. Until the 18th century, India had been producing 28% of the World's Industrial output (Matthews, 2014).

The Independence with partition grossly affected Muslims as the natural and human resources were divided geographically between the Muslims of India and Pakistan. The most affected were those whose properties were encroached by settlers during migration. This partition also affected artisans and other skilled laborers directly dependent on landlords. As on both sides of the borders, lands were encroached by newcomers and the original owners were migrating to the country of their religion. This land ownership change caused a severe economic blow to the tillers and farmers. This is important to note that, Indian land ownership structure also represented a type of feudalism until The Land Ceiling Act was passed by the parliament in 1973. (R. S.

Sharma, 1980) contributed extensively on history of Indian feudalism until the independence of India.

In 2013, National Statistical Survey Office (NSSO) conducted a survey on employment level of different religion. The survey reports the monthly per capita expenditure by various religious groups. Similarly, the 2019-2021 survey by the ministry of health and family affairs reports on religion-wise population in wealth percentiles. provides statistics of employment situation among various religious groups of India. The relevant data is presented below in table:

Table 2.2 : Religion-wise Monthly Per Capita Expenditure and Wealth Level.

Religious Group	Year	
	2013	2022
	Source: (National Sample Survey Office (NSSO), 2013)	Source: (Government of India, 2021)
	Monthly Per Capita Expenditure (MPCE)	Wealth Level
All India Average	\$ 20.76	-
Sikh	\$ 30.53	I
Christian	\$ 28.43	II
Hindu	\$ 20.70	III
Muslim	\$ 18.04	IV
	A reference rate of USD/INR Rs. 54.3303/USD as on 31-03-2013 is considered.	

(Khalidi, 2006) suggests the state of economic stratification among Muslims as a very small size in trade, a slightly larger in military and bureaucracy, a more-large portion of Muslim population as artisans, and the largest numbers are landless peasants.

There are some shining points also like artisan skills in Muslim artists, Muslim foreign expatriates in Gulf region and other developed countries. (Khalidi, 2006) concludes that these groups have exhibited better economic performance. (UN Migration Report, 2022) as of 2020, Indians are the largest emigrants around the world with nearly 18 million Indians living abroad, with India-UAE the third largest international migration corridor in 2020. Further, India was the top remittance recipient country with total inward remittances exceeding \$83 billion. As per the (Government of India, 2023) report, there are total 32.29 million Indians living abroad. Out of these, nearly 38% Indians are concentrated in Muslim majority countries with gulf absorbing 74% out of all Muslim majority countries.

However, (Subhani et al., 2018) considers this trend particularly for Muslim migration from India to other developed countries a brain drain. It is because most of the Muslim immigrants are those who are highly skilled and qualified. They determine that the reason for this Muslim human resource flight is the existence of push-factors from home country and some pull-factors from the host countries. These trends are not pervasive in all the states of India. Generally, the Muslims from the states of Uttar Pradesh, Bihar, and Kerala are the highest among the overseas Indians.

As per the survey conducted by (Gallup Survey, 2011) on a sample of 9,518 individuals, around 31% of the Indian Muslims live below poverty line. Quoting the Census 2011, (Haq, 2016) states that 25% of the beggars on Indian street are Muslims. On this turmoil, riots and pogroms add fuel to Muslim economic sufferings.

2.3.1. Indian Financial System and Muslims

A financial system is an interference between those with surplus funds and those who require funds. A sound financial system depends on various factors such as regulatory environment, market structure, market participants, inclusiveness, etc. Indian financial system can be categorized as formal or organized sector and the unorganized sector. The organized sector is regulated by the ministry of finance, the reserve bank of India

(RBI), the securities exchange board of India (SEBI), the insurance regulatory and development authority of India (IRDA) and some other regulators. While the unorganized sector is composed of individuals and other non-corporates with investment and financing as their operating activity. Financial institutions may be categorized on various basis. For example, one categorization may be on creators of funds, purveyors of funds. The categorization may be based on specialization units such as industrial development banks, SMEs development bank, export-oriented banks, etc. In comparison to banking sector, other sectors such as security markets, are generally not accessed by general masses because of complex procedures, volatile nature of the market, and availability of information.

The RBI has formulated a financial Inclusion Index based on 97 indicators such as availability, ease, financial literacy, availability of information, and so on. This index is based on three dimensions i.e., access, quality and usage. On a scale of 0 – 100, the national level index is quoted as 53.9 (A. K. Sharma & Sengupta, 2021). As India is endeavoring to widen, deepen its financial network, it is important to analyze the Muslim participation in Indian financial system.

It is a well-known fact that around the globe, the involvement of interest/Riba in banking and other components of a financial system is a major enabler of Muslim financial exclusion. The ex-governor RBI, Dr. Raghuram G Rajan has highlighted the impact of faith on financial inclusion in these words, ‘Certain faiths prohibit the use of financial instruments that pay interest. The non-availability of interest-free banking products results in some Indians, including those in the economically disadvantaged strata of society, not being able to access banking products and services due to reasons of faith’ (Government of India, 2009).

As per the right to information (RTI) petition, Muslims gets only 2% of the public sector loans (Wajihuddin, 2016). As no official data is available to analyze, directly, the size of Muslim financial exclusion. However, (Narayana & Shagishna, 2020), conducted a quantitative analysis of Muslim financial inclusion by using Census-2011 data for population banking data from RBI. Financial inclusion was analyzed on two factors, financial access and availment of basic banking facilities such as bank account

and financial deepening in the form of bank credits and loans. These findings suggest that it is a reality that faith impact participation in financial system. The states with sizeable population of Muslims showed lower rate of bank accounts as compared to those states with low Muslim population. National Minorities Development and Finance Corporation (NMDFC) was set up in 1994 for the purpose of more minority inclusiveness in financial system. It provides term loans and micro finance to minority communities. It has also not received a very welcoming gesture from Muslims because of involvement of low-rate interest. Similarly, complaints have been received that the applications of Muslims for seeking loans are prima facie rejected (Rahman, 2019). (Sachar, 2006) was informed by many licensed banks that they practice a negative zone declaration or redlining of areas, whereby, some areas are excluded from extension of financial services based on actual or perceived fear of non-payment.

For Muslim inclusion in Financial system, various Muslims and non-Muslim experts have recommended the introduction of Interest Free Banking window, however, the Reserve Bank of India has rejected any such proposal on the ground of equal opportunity to all (Sarna, 2017).

2.3.2. Indian Economy and Education

In modern capitalist economies, there is direct relationship between education and economic wellbeing. Although, increasing concerns over climate decay, environmental problems, social dissatisfaction, and increased mental and psychological disorders have proved that only economic accomplishment cannot be regarded as development of human societies. (Murad Khurram, 1989) says that only concerning to establish Muslim educational institution would not be considered as an ultimate solution to Muslim education. In fact, the current centers of education are natural result of the capitalist civilisation where standard certification requirement for training and competence would be maintained by these institutions to support the monetary aims of modern civilisation.

However, the current trend around the world is a more focus on education as a means of economic achievement. The edification part of education does not receive due consideration from educational institutions. (Ganguly Subrata, 2014) finds that Except

for the employment and economic incentives, the enrolled and the graduates find no direct relationship between their long educational journey and their practical life.

According to (World Bank on Education, 2023), each additional year of education increases an average 9% hourly earnings. Similarly, increasing the average years of schooling by one year can increase a country's GDP growth by 0.37%. Increasing the literacy rate by 1% can increase a country's GDP growth by 0.3%. (Bansal, 2023) states with the enactment of Right to Education Act in 2010 and the implementation of New Education Policy (NEP) 2020, a policy framework shift is aimed. Also, considering the inadequacy of social and educational infrastructure, the Union Budget 2023 set aside INR 1.12 Lakh Cr for education – the highest ever and an increase of around 8.2% to what was allocated in 2022. It is sad to mention that, for the upliftment of minorities, the budget allocation for the ministry of minority affairs has been reduced by 38% for the financial year 2023-24 as compared to the year 2022-23.

2.4. Education and Indian Muslims

“It shows that Muslims are at a double disadvantage with low levels of education combined with low quality education; their deprivation increases manifold as the level of education rises. In some instances, the relative share for Muslims is lower than even the SCs (scheduled castes) who are victims of a long-standing caste system.” (Sachar, 2006)

The educational attainment of Muslims is the least among all other communities in India. In urban areas, the number of male Muslim postgraduates is as low as 15 per 1,000. This number is about four times lower than that of other communities, including Hindus, Christians and Sikhs (National Sample Survey Office (NSSO), 2013).

Muslims face various challenges in aligning and streamlining their education with the main-stream educational system in India. The challenge of Muslim education is multi-dimensional. Here, the Indian Muslims are more responsible for their plight and suffering than the role of the government. It would be right to broadly underline some of the deterring factors causing mass negligence towards education:

- a) Muslims own ambiguous educational perspective,

- b) The deliberate saffronisation of educational curriculum by government in the name of Indian culture. The New Educational Policy (NEP) 2020 passed by the government has raised concerns for government's Hindu Nationalistic Agenda (Athreya & Haafteen, 2020). If fears and concerns of the critics proved right, it will severely affect the minorities.
- c) Non-availability of required resources and finances etc.

These challenges range from operating their own educational institutions to joining state-run institutes.

2.4.1. Indian Muslims and Educational Perspective

The rise of British Imperialism in India opened new challenges of Education for Muslim masses. Until then, the Muslim education system was primarily based on religious teachings. Although, a battle between logic and divine text has been waging since the Abbasid Caliphate on Islamic lands (A. H. A. Nadwi, 1971). However, there was no separation of education into two tight compartments of worldly education and Shari education. As the Muslim Ummah moved farther from the prophetic and rightly guided Caliphs era, the Islamic objectives of education faded with time. For centuries, many great Muslim minds directed their energies towards unnecessary debates on attributes of Allah ﷻ. The easy teachings of prophet Muhammad ﷺ on divine beliefs became more complicated day by day. The Muslim education system during Muslim rule in India, with all its brilliance, suffered greatly with sectarian teachings of Islam (Gilani, 1976). In present time also, most of the energy of Muslims masses is exhausted on battling within themselves. India was and is no other case.

In 1835, when the British were reigning India practically and the great Mughals were confined to the administrative matters of Red Fort, Lord T.B Macaulay the law member of British Governor General of India, presented his lengthy minutes on Education of Indians. He clearly stated the wish of imperial power as:

“Through English education our government wishes to bring a class of persons, Indian in blood and color, but English in taste, in opinions, in morals and intellect.”
(Aggarwal, 2010)

Interestingly, he advocated such education reserved only for the upper castes in India. This unprecedented western challenge put the Muslim intellectuals on backfoot and segregated them into two halves. A search for a new system of education began with the establishment of Aligarh, Deoband, Nadwa, etc. For detail refer, (Maududi, 2010; A. H. A. Nadwi, 1969).

2.4.2. Muslim Education and The Constitution of India

The Constitution of India was drafted after due considerations to the minority rights vis-à-vis religion, culture, education and language. For drafting the Constitution, The Constituent Assembly Debates were held between 1945 and 1950. The bitter experience of partition deeply influenced the debates and drafting of provisions on minority rights. Many resolutions on protection of minorities were dismissed either on the presumption that such implicit rights need not be drafted separately or on the ground that such an insertion would adversely affect the majority rights or the national integrity. The issue of official language also played a catalyst role in igniting the debates. Although, some educational rights of the minorities were given protection under the Article 30, however any genuine endeavor from state to protect such rights were not given adequate safeguards. For example, the demand in Constituent Assembly Debates to provide the right to primary education in the mother tongue, when applied so by a substantial number of students as a fundamental right was dismissed (Summarized from Ansari, 2002).

Although, the right of minorities to establish and administer the educational institutions, of their choice, to protect and safeguard their culture, religion, language, was admitted as a fundamental right under Article No. 30 of the Constitution, however, Clause No. 2 of Article 29 created anomaly as it prohibits the state-run or state-aided institutions to deny admission to any citizen of India merely on the basis of his/her caste, culture, religion, language, etc. Although, it widened the scope of availability of education to all the citizens of India, but it, unintentionally, restricted the exclusive minority institutions from receiving government aid to run the institutions (Yaqeen A, 2002). What constitutes 'administer' is explained by the erstwhile Chief Justice of India A.N Roy as (Scaria, 2014., p. 123):

- a) Right to choose management and the governing body
- b) Right to choose teachers and requisite staff
- c) Right to admit students of minorities of its choice based on the qualification
- d) Right to benefit from the assets and the properties of the institutions for its purposes
- e) Right to choose its own medium of instruction. Any denial by any university, to admit the students of such institutions would violate Article No. 30.

The determination that whether an institution be regarded a minority institution on the basis of religion also requires certain criteria to be fulfilled. Such criteria include the founder/s should be from minority community, institute is run for the benefit of such community, and the institution is managed by the same community. For this purpose, a certification is issued by the concerned authority. (Scaria, 2014)

In 2009, The Right to Compulsory Education Act was passed making elementary education (only secular education) compulsory and a fundamental right of children between the age of 6 and 14. The parents and the nearby schools covered by this Act are charged with a legal responsibility to endeavor for providing education to those children. Initially, such an Act created a wide-spread confusion on whether the covered age-group students can study at minority institutions imparting exclusive religious or cultural education. For example, whether a student of age 7 could memorize Quran or he is bound to attend a secular school. The Supreme court (SC) clarified that minority institutions are outside the purview of this Act as Article 30 empowers them with a fundamental right.

Further, according to the provisions and the SC decision, the private institutions set up within the purview of Article 19(1)(g) are required to reserve at least 25% of the total admissions exclusively for children from weaker sections of the society. Each such institute is required to fulfill this requirement within its area of establishment on the principle of social inclusiveness. However, the minority institutes whether aided or un-aided are kept out of the purview of this Act for this quota purpose also (Scaria, p. 205). The wisdom expressed by the SC in the case of *Pramati Institution vs Union of India, 2014* emphasizes the preservation of minority objectives of the institute.

However, (NCPCR Report, 2021, p. 12) argues that such an exemption to the minority institutes has narrowed the scope of RTE, as many students who would have, for being educationally and financially backward, received government aid for school fee, uniform, books, midday meal, scholarship, etc., have remained dis-advantageous. It is suggested that an amendment may be made in the Act to apply the RTE quota requirement on minority institutes only for such community students only.

Finally, we can say that any minority, whether of religion, culture or language, is free to establish and administer its own educational institutions. It is also free to decide the fees, admission criteria, its own curriculum, recruitment of competent staff and management of its choice. The RTE Act with its purposes is not applicable on minority institutions and the students studying at those institutions. However, there is no state-aid available to exclusive Muslim educational institutions.

2.4.3. Curriculum and Recognition Criteria

The issue of educational curriculum is of paramount importance. It is so because curriculum decides the future mindset and thought orientation of students. A tradition of Prophet Muhammad ﷺ makes it obligatory on all Muslims to obtain minimum knowledge of Islam (Mishkat al-Masabih 218).

As stated earlier, Article 29 and 30 of The Constitution of India were inserted to safeguard the minorities' right to establish and administer their own educational institutions. However, the affiliation and recognition criteria, as set by the state or by a university under any law, shall remain common for all institutions, whether of minority or otherwise, for maintaining a common standard for all degree and professional qualifications. Important to note that, the supreme court (SC) has clarified in the case of St. Xavier School that any affiliation on terms, which would violate or abridge the fundamental right under Article No. 30, will do un-justice to the spirit of the Constitution (Scaria, 2014) Similarly, in the case of D.A.V School, the SC has clarified specifically that the affiliation by state or by any university cannot be denied merely because of the medium of instruction opted by the minority institution.

Hence, we may conclude that the exclusive Islamic educational institutions will not be granted affiliation for university degree. The standard curriculum criteria is required

to be fulfilled to qualify for the affiliation benefits, such as furtherance of education by minority institute students in colleges and universities, jobs that require qualification, other amenities and facilities conditional on curriculum qualification. However, this problem still remains vital to be answered because a unified curriculum is needed for meeting both the objectives of Islamic way of life and modern educational and other skill-based requirements.

In addition to the curriculum, the recognition criteria involve conditions such as, a competent and qualified staff, availability of infrastructural, instructional and teaching resources, availability of adequate funds to support its activities, etc., (Pamecha, 2020). Generally, Muslim-run institutions fail to meet these criteria. This can be substantiated by the writer's own experience in his locality. For example, the Muslim populated areas of Old Delhi, Jafarabad, Jamia Nagar, etc., in the national capital Delhi do not generally have the state affiliated Muslim educational institutions. These areas are home to either some purely Islamic institutes for religious teachings or some limited number of un-affiliated Muslim-run secular schools. The common reason for non-affiliation is non-satisfaction of recognition criteria. This problem compels the masses to head to either Government-run institutions or privately-run institutions by other communities. The government run institutes generally lack quality education and remain secular to Islamic needs of upbringing. The privately-run institutes impart education according to their objectives and perception. Hence, in all cases, Muslim masses are sandwiched between un-affiliated schools or schools not meeting with their educational needs.

The advocates of only the traditional teachings at one side and the attorneys of majorly secular education on the other. Acting in defensive mode, these circumstances never let the intellects make reasonable decisions with their free will about Muslim education in India. India got independence; however, this legacy is continued as the sacred ancestral heritage at the cost of Muslim's needs for a just and balanced educational system.

The general opinion of traditional educationists is very conservative not welcoming any new idea irrespective of its compatibility with Islamic principles. This hyper-

cautious attitude has led to the rejection of all forms of modern education whether in theory or in practice. The criterion for acceptance or rejection is not generally the inquiry into right or wrong rather it is the old is gold and new is impure. This group exercises great influence on daily life affairs of Muslim masses, yet the irony is, the general public is compelled to pursue secular education. It is because, ultimately in present day capital world, no education means no money.

(Qamar, 2022), only 2.3% of Muslims send their children to traditional institutions. It is important to distinguish here between part-time Islamic maktab and a full-time school. The percentage quoted above relates to full-time Islamic schools. On an enquiry, the impact of such education rightly results into the preservation of fundamentals of Islam and continuance of availability of experts of Islamic knowledge, yet there are some severe ill-effects of this trend. The principle of fundamental (Islamic) knowledge for all remains a dream in such educational model as most of the Muslims compromise their duty of Islamic upbringing and send their infants to secular schools. It is because they fear that sending to only traditional school would severely affect their child's worldly career. Also, the general graduates (not all) of this educational model lack knowledge of current happenings of the world and as a result fail to play a comprehensive role in Muslim societies. It is because they possess Islamic knowledge but are not aware of how to apply Islamic teachings on changing scenarios and circumstances. Also, most of their endeavors are directed for the cause of sect they belong to and not for the whole of Muslim Ummah. With all due respect to their pure intentions, it is inevitable to accept that existing traditional schools fail to educate Muslim masses in India.

The attorneys of purely secular education seem defying their own faith. Empirical research has well proved that there is an inverse relationship between religiosity and secular education on women (Cesur & Mocan, 2014). The west influenced minds have created a sense of chaos among a cohesive Islamic society (Daniel Haqiqatjou, 2020). A collective freedom of Muslim conscience has been snatched by these professional intellectual invaders.

2.4.4. State-run Institutions and Saffron Education

(World Bank Report, 2009) states that India lacks an effective quality assurance mechanism at the secondary level, for government, aided, and unaided schools. (Education for All, 2023b) states that, according to the Education Ministry of India, only 4.8 percent of all government schools in India have adequate infrastructure, including classrooms, libraries, and computer labs. (Education for All Report, 2023) says lack of infrastructure and other facilities such as clean water, electricity, are among various factors contributing to low quality school education in India. The other issue equally common to government or non-Muslim run private institutes is their sheer contrast with Islamic view of education. states that the New Education Policy (NEP) 2020, has been criticized by many educationists for transgressing the secular boundaries of state's power for educating the masses. With the rise of Hindu nationalism in India, the government is making every effort to cleverly saffronise the educational curriculum. (Narayanan & Dhar, 2022) points out that NEP is silent on modern aspects of education. It discusses and admires only the Hindu past of India. They fear that such a policy would also increase the sufferings of educationally backward communities of India. As for government, it is easy to implement any educational policy in state-run institutions or government aided schools, the non-Hindu communities are not very welcoming to such a move. For Half the century, Muslims suffered from liberal education and now a new challenge is pressing them hard.

As stated earlier, Indian higher education system follows a standard recognition and affiliation criteria for the purpose of maintaining the quality of education, professional competence, and degree requirements. In a move to integrate the Islamic institutions with main-stream education, The Central Madrasah Board Act, 2009 was passed. The registration under the Act is optional. The Act, however, could not achieve its target because of lack of a sense of trust between Islamic schools and the governments (Alam, 2017). Generally, the Islamic schools showed no interest in registration because of threat of undue interference from the government. Also. if we talk about

state financing of Muslim institutions, then this has raised serious challenges such as deliberate delays in payments and increased regulatory compliances (Razzack, 2013).

2.5.Conclusion

We could say that the state of Muslim education in India has not received due consideration by the policy makers, educationists, Muslim scholars and so on. There are hundreds of researches available on the plight of Muslim masses in terms of education, yet, no pervasive and wide-spread course of action has been framed to resolve these complex issues. It is true that The Constitution of India is aimed to protect the rights of Muslims for education, yet no concrete framework has been formulated to uplift this under-privileged community.

Many discussions remain in the limelight to modernize the Islamic Institutions, however, there is no clarity as to the kind of modernization the government and policy makers aim at. Any policy without securing the confidence of the affected parties would only add to the suffering of the people(Alam, 2017). The reports clearly evidence discrimination in providing educational and social infrastructure based on religion. How then only government assistance would suffice the needs of Muslim education.

The issue of educational perspective is also causing great damage to the genuine efforts to uplift Muslim masses. No doubt, any solution at the compromise of Islamic faith and practices shall never undo the problems. Such a solution shall never be accepted by the Muslim masses. It should be remembered that the sufferings of a community could only be healed when such community itself realizes a need for treatment. Indeed, Allah will not change the condition of a people until they change what is in themselves (Ar-Ra'd [13] : 11). No other community can resolve the Muslim educational issues. So, it would be of great importance for the Muslim masses to direct their efforts on right direction. Only a pure Islamic perspective in creed and practice could solve the educational dilemma of Muslims.

Yet, it is worth acknowledging that the self-made hindrances to quality education of any kind should be eliminated. There is great need to re-align our perspective with the

true spirit of Quran and Sunnah. Hence, humble efforts of those truly willing to contribute to the solutions need to be welcomed.

The financing of Muslim-run educational institutions differs significantly based on the nature of school i.e., secular or religious. None of the types of institutions are able to discharge their educational responsibility. The number of Muslim institutions in comparison to the size of the population is greatly at odds. The NCPCR report says that total minority institutes of all religion only cater to 8% of the total minority children (The Wire, 2021). The community which is obligated with the mission of preaching of truth is in fact unable to protect the faith of its own children.

There is generally no educational research available nor any efforts have been witnessed to identify new ways of financing the Muslim education in the current economic state of India. The traditional institute rely majorly on public donations (Patel & Hassan, 2023), and as such there is no scope of expansion unless a regenerative income model is adopted. On the other hand, the Muslim-run secular schools operate as a business model, and in such case, access to education is available to rich class. Also, none of the institutions can serve in spirit the true Islamic perspective of education. The chapters Two and Three would elaborate on financing issues further.

CHAPTER III

MUSLIM EDUCATION AND FINANCING

“Please, forgive me, I have been writing against madrasas all this while, but I had never been to a madrasa before. I’ve now seen for myself the contribution that you are making, with your meager resources, for promoting education in this area.”

[A Hindu journalist who made a surprise visit to an Islamic school located in the Barmer, Rajasthan India. The views were expressed while addressing madrasa students. When he stood on the podium to speak, his hands were folded and tears were streaming down his face.](Rahman, 2019)

This chapter is devoted to analyzing three dimensions of Muslim education viz. Muslim needs of financial resources for education, actual resource availability to Muslims, and existing financing options to fund education. The first two dimensions are analyzed in Section One of this chapter and third dimension is analyzed in Section Two and Three. Keeping other factors constant, the writer has concluded that lack of sufficient financing is a problem that needs due consideration from all possible sources of financing. The existing financing options have been analyzed on SWOT to underscore positive and negative aspects and potential of each of the sources. The analysis in Section One is not possible unless a reference is made to Muslim population as covered in sub-section 2.2.1 of the Chapter One. Similarly, when we claim that Muslims are far deprived in education than other communities in India, it becomes necessary to make a comparative analysis between Indian Muslims and other communities on educational resource availability and accessibility. This approach would help us to get a deeper understanding of the nuances of Muslim backwardness. The second section of this chapter would inquire about the existing financing sources of Muslim education. How these institutions are managing their financial needs vis-à-vis quality education to all. Whether such institutions can benefit from Indian financial

system viz. the public financing and the modern modes of activity or project funding. What is the status of waqfs, zakah, Sadaqat in supporting such institutions?

For this purpose, we have applied a mixed approach after duly considering the availability of sufficient and appropriate research data, the time constraints of the study, and the writer's own competence for such a study. The method of study would be further detailed at relevant place.

Hence, the above analysis in sections One and Two would help us to elaborate our problem statement more precisely, so that the upcoming Chapter Four could be designed for finding a practicable solution to our problem statement.

3.1.Educational Resource Availability to Indian Muslims

3.1.1. Literacy Rate in India and Muslims

As per The Legatum Prosperity Index 2023, India stood at 106th place in terms of education (Rankings :: 2023). For 2022, the world average literacy rate is suggested to be 87%, and the same for India is 76% (Literacy Rate, | Data, 2022). According to (Oxfam India, 2015), India contributes 37% global illiterates. This has also been reported by UNESCO in its Global Education Report 2004. Further, (Cree et al., 2022), 2022 in The Economic & Social Cost of Illiteracy Report, underscores that illiteracy costs India \$ 53 Billion per year.

There is no latest official data on minority-wise literacy rate. The non-availability of official data on Muslim Education has also been complained by Dr. John Kurien. He has complained that the authorities, by not issuing the Muslim educational status separately, are causing the disparity to deepen more (Hindustan Times, 2021). Hence, the researchers are compelled to rely on old data i.e., Census 2011 to project the current state of Muslim education in India.

Table 3.1: Religion-wise Literacy Rate

Religion	Literate					
	All	%	Male	%	Female	%
All Religion	763,638,812.00	72.98	434,763,622.00	80.88	328,875,190.00	64.63
Hindu	614,579,292.00	73.27	352,653,991.00	81.69	261,925,301.00	64.34
Muslim	98,658,922.00	68.54	55,084,929.00	74.73	43,573,993.00	62.04
Christian	20,681,633.00	84.53	10,557,143.00	87.70	10,124,490.00	81.46
Sikh	14,064,080.00	75.39	7,808,341.00	80.02	6,255,739.00	70.31
Buddhist	6,064,783.00	81.29	3,345,185.00	88.31	2,719,598.00	74.04
Jain	3,847,591.00	94.88	2,001,519.00	96.78	1,846,072.00	92.91

Source: (Population Finder | Government of India, 2011)

As per Census 2011, the total Muslim population is 172.24 Million. This table suggests that out of the total Muslim population of 143.94 Million (excluding children of the age 0-6 years), only 98.66 million Muslims are literate. As the national average is 72.98% which is mainly driven by Hindu population which constitute 77.46% of the total Indian population. If we delve deeper, only 13.15 million Muslims continue their post- secondary education across all ages which is roughly 9.14% of total Muslim

population of 143.94 Million (excluding children of the age 0-6 years). All other notified minorities are literate above the national average, while Muslims are the only minority group that is far below the national average literacy rate. That means across all religious groups, Muslims have the lowest literacy rate.

Table 3.2: Muslim Literacy Analysis Across Different Age Groups (in Million)

Religion	Total Population	% of Total Population	Age Group	Particulars	Total Population	Illiterate	Literate									
							Educational level									
							Pre-Secondary and Secondary				Post Secondary					
							All	Literate without educational level	Below Primary	Primary	Middle	Matric / Secondary	Higher secondary / Intermediate	Non-technical diploma	Technical diploma or certificate	Graduate & above
Muslim	172.25	83.57	Above 6	Population in Numbers	143.95	45.29	98.66	5.00	24.66	27.70	16.76	10.90	7.64	0.29	0.47	4.75
				As % of Total Population above	100.00	31.46	68.54	3.47	17.13	19.24	11.64	7.57	5.31	0.20	0.32	3.30

				e 6 years Age													
				As % of Total Liter ates in Age Grou p	-	-	100.0 0	5.07	24.9 9	28.0 7	16.9 9	11.0 5	7.74	0.30	0.47	4.82	
				Popu lation in Num bers	49.98	8.86	41.12	1.05	16.5 8	12.5 1	6.54	3.43	0.79	0.02	0.03	-	
				As % of Total Popu lation betw een 7 - 18 years Age	100.00	17.73	82.27	2.10	33.1 6	25.0 4	13.0 9	6.85	1.59	0.04	0.06	0.00	
				As % of Total Liter ates in Age Grou p	-	-	100.0 0	2.55	40.3 1	30.4 3	15.9 1	8.33	1.93	0.04	0.07	0.00	
			29.02	7 - 18													

Source: (Self prepared based on Census-2011 Information)

Part one of the table i.e., age group above 6 comprises 83.57% of the total Muslim population. The above table reflects that general education level among the literate Muslims is up to Middle schooling as it comprises 70.06% of the total literate class of the Muslims. Of this, more concentration is witnessed in below primary and primary education. Further, if we do not consider the below primary level as literacy criteria, then total illiterate Muslims would be 52.07% and re-calculated literacy rate would be only 47.93% across all age except 0 – 6 years.

Part two of the table i.e., age group from 7 – 18 years comprises 29.30% of the total Muslim population. Here also, the same pattern of concentration is witnessed as above. Further, this age group includes only education age Muslims, however, as the level of education increases, the number of Muslim enrolments falls. The total Muslims in the age group 16 – 18 years are 11.845 Million i.e., 23.70% of 7 – 18 years Muslims, however, their contribution to the literacy rate of this group is only 3.35%. This clearly shows that there exists a high drop-out rate among Indian Muslims.

3.1.2. Drop-Outs and Muslim Education

(Sachar Committee Report, 2006), states that there are around 25% of the Muslim population between the age group of 6-14 years who either leave school before matriculation, or who never enroll in any school in their childhood (our current estimate suggested 30%). The report further emphasizes that most of the Muslim students fail in matriculation exam. As India's main-stream educational system is directly linked to employment opportunities, without matriculation employment is difficult. The report suggested that there is a need to establish Technical education centers for non-matriculants. (Rahman, 2019) refers to an educational survey in Pune city of Maharashtra. This study concludes that the drop-out rate is 29% in Urdu Medium schools (i.e., Muslim-run schools), while it is only 6% in case of regional Marathi schools.

There are various factors as reported by the educationists and researchers for this high drop-out rate in Muslim community. Generally, severe poverty, etc., are some reasons among the Muslims that cause early drop-out as families are not ready to wait so long for education-based earnings. Generally, the researchers point out the financial

constraints as one big enabling factor for Muslim educational backwardness Tabassum & Sachar Committee. For example, General Muslim families in Old Delhi do not easily welcome the educational developments. There is an ancestral attachment to family-owned businesses and artisanship. As for example, old Delhi is a Muslim populated city where majority of Muslims earn their livelihood based on manual or semi-automatic artisanship. These artisans possess great skills, but the advanced technology is shaking their economy badly. Still, the general mindset of Muslims of old Delhi is to continue this age-old artistic legacy without observing a need for technological or educational upgradation. The children of school age make a considerable size of labor force for such artisan profession.

The writer's personal experience with his friends is worth referring. Mohammad Shamim was forced to leave higher secondary school without appearing for exam, because, during his education at senior secondary level, his father's financial condition deteriorated, and the school denied any support to his education. Similarly, Imran passed the higher secondary exam with good marks but as his tuition fee debts were not settled, the school denied issuance of the certificate of passing unless the fee is paid. It has been ten years since he passed the exam and still, he could not get back his certificate because he had no choice but to support his family financially.

Muslim educational perspective is also responsible for this high-dropout rate. As discussed in Chapter Two, there is no doubt that the existing Muslim-run institutions whether secular or Islamic, are incapable to support the Islamic view of education. Yet, the general masses are in dilemma as the Islamic scholars, and the Muslim educationists & professionals are unsuccessful to provide such a pervasive system of education which would be capable of meeting the demands of time and, at the same time, is able to preserve the true teachings and practices of Islam in Indian Muslim masses.

The same (Sachar Committee Report, 2006) further states that the poor students generally populate the purely Islamic institutions. This is very alarming in the sense that the upper-class and upper-middle-class Muslims consider Islamic education unnecessary for their children. Ignoring the curriculum problem with the Islamic

schools for once, this is also one of the reasons why the graduates of Islamic institutions generally do not receive community support for their worldly needs. The Islamic graduates do not receive adequate economic opportunities in their post-graduate life. No mechanism is sought yet to empower the graduates of Islamic institutions for their economic matters. They are under-paid for their services. There are still numerous examples from villages and towns where the Imam or Muazzin of a Masjid is paid only 72 USD as monthly remuneration.

3.1.3. Educational Infrastructure and Muslims

As per (Sachar, 2006), 88% of the villages with low Muslim population have educational facilities. The report also states that, there is an inverse correlation with the educational facilities and size of Muslim population. The report says only 69%, instead of 88%, of villages have educational facilities where there is a substantial size of Muslim population.

Further, reports state a sharp increase in ghettoization of Muslim populations in India. In many states, the government has followed a strategy to disassociate the Muslim localities from social and physical infrastructure. For example, The Memorandum report submitted by a Gujrat based NGO to the Sachar Committee in 2006 states that, as compared to other cities, there is sharp decline, in physical and social infrastructure related to health, education, and transportation, in cities majorly concentrated by Muslim population (Rahman, 2019) .

There are around 1.489 million schools in India (Scroll Report, Nov 2022). For the academic year 2016-2017, The (Government of India, 2019) reported this figure as 1.54 million. The closure of 50,000 schools over the period of five years is drastic. As India is endeavoring to spend more on the social and infra-structure needs of the education, the closure would impact the education cost severely. It is to be noted that these numbers only belong to the convent secular schools. For minority institutions, the National Commission for Protection of Child Rights (NCPCR) conducted a survey to calculate the total number of minority-run institutions. As per the survey result, there are total 23,487 minority-run schools. it is further found that the Christian community, being only 11.54% of the total religious minority population (minorities are 22.54%

of total Indian population), owns 71.96% of total minority educational institutes. On the other hand, the Muslims, being the biggest religious minority comprising 69.18% of the total minority population, only have 22.75% minority schools (NCPCR Report, 2021, p. 11).

It is to be noted again that these studies have not taken into consideration the purely Islamic educational institutions. As per the definition of education, only the formal education is considered for literacy rate. There is no exact data available regarding Islamic institutions. There are many reasons for non-availability of information. One major reason is that Islamic institutions avoid, intentionally, to register with the government with the fear that such a registration would enable the government for unnecessary interference (Salam Z, Arshad Madni, 2022). However, the ministry of minority affairs has reported a total of 24,010 exclusive Islamic Institutions (Kidwai & Wani, 2021). While, Brill's Encyclopedia of Islam reports that there are around 35000 exclusive Islamic institutions in India (Pervez Ansari & Farooqui, 2021).

Similarly, no recent official study is available to determine the number of Muslims receiving only exclusive Islamic education. The National Council for Applied Economic Research New Delhi, an independent think tank, has reported in 2006, that there are only 4% of total Muslims students in their age of schooling who attend exclusive Islamic education. While National Council for Educational Research and Training, a national body for setting school curriculum has stated only 2.3% (Qamar, 2022).

The following discussion will give an insight into the plight of Muslims in terms of resource availability for education. It would be suitable to present all the above inputs at one place to get meaningful information for our purpose. The table on next page compiles all the relevant data from above discussion to substantiate that the Muslim education in India is inadequate.

Table 3.3: Summary of Population and Education Data to Project the State of Muslim Education in 2023

Particulars	2011 (Actual)	2023 (Estimated)	Adjusting Factor	Adjusted Estimated Values for 2023
Total Muslim Population	172.5 mn (<i>a</i>)	197 mn (<i>b</i>)	N.A	197 mn
Total Literate Muslims (Secular Schools)	98.65 mn (<i>a</i>)	112.66 mn (<i>c</i>)	1.69% (<i>d</i>)	114.56 mn (<i>e</i>)
Total Muslims Having Post-Secondary Education	13.15 mn (<i>a</i>)	N.A	N.A	N.A
Total Muslims in School Age	49.98 mn (<i>a</i>)	57.08 mn (<i>f</i>)	N.A	57.08 mn
Total Muslim Enrolments (Secular)	31.56 mn (<i>g</i>)	36.59 mn (<i>g</i>)	1.69% (<i>d</i>)	37.21 mn (<i>e</i>)
Muslim-Run Secular Schools	N.A	5343 (<i>h</i>)	N.A	5343
National Average	N.A	400 students per School (<i>i</i>)	N.A	400

Enrolment per School				
Muslim Students at Muslim-run Schools	N.A	2.14 mn (<i>j</i>)	N.A	2.14 mn
Total Islamic Schools	N.A	35000 (<i>k</i>)	N.A	35000
Total Student in Islamic Schools	N.A	2.28 mn (<i>l</i>)	N.A	2.28 mn
Muslim Student Enrolment at Other than Muslim-run Schools	N.A	34.45 mn (<i>m</i>)	N.A	35.07 mn (<i>m</i>)
Muslim Students not receiving any education in school age (illiterate)	N.A	18.21 mn (<i>n</i>)	N.A	17.59 mn

Source: (Author's own rendering based on Census Data 2011)

N.A = Not Applicable or Not available as the case may be ; mn = Million

a) From Census 2011

b) As per the union minister announcement as stated in above discussion.

- c) The percentage of Muslim literate in 2011 is 57. Applying the same % on estimated total Muslim population in 2023.
- d) Data extracted from (Education for All in India, n.d.). The simple average of percentage change in Muslim student enrolment in the years 2012-2022. The simple average change comes out to be 1.69%. Date should be 2023
- e) Increasing the 2023 estimate by 1.69%.
- f) The total Muslims in School age in 2011 is 29% of total Muslim population. The same percentage is applied on estimated total Muslim population for 2023. It is to be noted that for the purpose of this table age up to 18 years is considered as the school age.
- g) From (Education For All, 2023) Date should be 2023
- h) As per NCPCR survey (discussed earlier), the total minority institutes are 23,487. Out of these, Muslims own 22.74% or 5,343 institutes.
- i) From (Education for All in India, 2022). It provides information about category wise total number of schools and total students enrolled in these schools for 2022. The writer has calculated Simple average for National school occupancy. It comes out to be 400 students per school.
- j) The national average school occupancy of students as calculated above in (i) is multiplied with the approximate number of Muslim schools as calculated in (h) above.
- k) The writer has preferred the figures given by Brill's Encyclopedia of Islam to avoid possible understatement of the expected results.
- l) It is calculated by multiplying the percent of Muslims student enrolling in the Islamic schools with the estimated students in school age for 2023.
- m) It is calculated by subtracting (j) and (l) from (g).
- n) It is calculated by subtracting (j), (k), and (l) from (f).

From the above available statistical data, we can say that the availability of Muslim educational institutions, proportionate to the size of Muslim population, is inadequate. The Muslims are far deprived of educational resources even in 2023. As per table 1.3, the total expected school age Muslim students are 57.08 million. While, Muslims-run secular schools only cater to 2.14 million students which is only 3.75% of the total

school age Muslim students. The purely Islamic schools absorb further 2.28 million students i.e., only 4%. The expected number of Muslim students receiving education from other than the Muslim-run schools would be 35.07 million i.e., 61.44%. The rest 17.59 million students which makes around 30.82% of total expected School-age Muslim students have no access to education.

This analysis raises the following fundamental questions:

- a) As 61.44% Muslim students are receiving education in a purely secular environment, hence, on a collective basis, whether the Muslim masses are satisfactorily taking care of Muslim child's upbringing:

عَنْ عَبْدِ اللَّهِ بْنِ عُمَرَ - رَضِيَ اللَّهُ عَنْهُمَا - أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ " أَلَا كُلُّكُمْ رَاعٍ، وَكُلُّكُمْ مَسْنُونٌ عَنْ رَعِيَّتِهِ، فَإِلِمَامُ الَّذِي عَلَى النَّاسِ رَاعٍ وَهُوَ مَسْنُونٌ عَنْ رَعِيَّتِهِ، وَالرَّجُلُ رَاعٍ عَلَى أَهْلِ بَيْتِهِ وَهُوَ مَسْنُونٌ عَنْ رَعِيَّتِهِ، وَالْمَرْأَةُ رَاعِيَةٌ عَلَى أَهْلِ بَيْتِ زَوْجِهَا وَوَالِدِهِ وَهِيَ مَسْنُولَةٌ عَنْهُمْ، وَعَبْدُ الرَّجُلِ رَاعٍ عَلَى مَالِ سَيِّدِهِ وَهُوَ مَسْنُونٌ عَنْهُ، أَلَا فَكُلُّكُمْ رَاعٍ وَكُلُّكُمْ مَسْنُونٌ عَنْ رَعِيَّتِهِ "

Narrated `Abdullah bin `Umar:

Allah's Messenger (ﷺ) said, "Surely! Every one of you is a guardian and is responsible for his charges: The Imam (ruler) of the people is a guardian and is responsible for his subjects; a man is the guardian of his family (household) and is responsible for his subjects; a woman is the guardian of her husband's home and of his children and is responsible for them; and the slave of a man is a guardian of his master's property and is responsible for it. Surely, every one of you is a guardian and responsible for his charges."(Sahih Al-Bukhari 7138 (صلى الله عليه وسلم)).

- b) The Islamic schools are imparting Islamic education to only 4% of the Muslim students. Therefore, the traditional scholars who strictly oppose any sort of modern education should consider again, whether, the instance taken by them is serving the cause of Islam. Only giving a narrative that 'do not send your children in a secular environment, it will steal their faith in Islam' is true in all

senses but not sufficient, unless, some concrete steps are taken in theory and practice to develop an alternative for this plight.

- c) Who will take care of those Muslim students, making 30.82% of total, not receiving any kind of education?
- d) If the state policy is unfavorable to the Muslim Community, then what should the alternative to change the status quo.

Finally, we conclude here that given the due consideration to the Muslim population and their demography, Muslim educational institutes lack sufficient educational resources to satisfactorily cater to the educational demand of Muslim students. Therefore, most Muslim students turn their heads to other-than Muslim institutions. Further, only the exclusive Islamic institutions are not sufficient in number to satisfy the Islamic educational needs of Indian Muslims. Hence, there is a great need to find out an alternate solution that can cater the Islamic and conventional needs of Muslim masses. The non-availability of Muslim-run Schools is also one of the major reasons for Muslim backwardness.

3.2.Muslim Educational Institutions and their Finances

The previous section has dealt with the educational resource availability to Muslim population. This section would be a general discussion on the condition of Muslim educational institutions in terms of fund availability for the infrastructure needs, capital investment, instructional resources, revenue expenses, regulatory compliance related costs, etc. Most of the previous researches discuss the social and educational issues of Islamic schools. Many researches such as (Sachar Committee Report, 2006), (Tabassum, 2021), (Rahman, 2019), etc., rightly point out that the lack of proper financial management in Muslim-run Schools is also a factor causing Muslim educational backwardness. It is because the wastage of financial resources would exclude some weaker section of the community from receiving education. It is, however, more rightly to state that no fundamental researches have been carried out to know the state of problem, in respect of financial issues of purely Islamic institutions, so that a suitable course of action could be designed. In case of Muslim-run secular schools, their revenues majorly depend on fee collection from students. Below is given

some insight into financing sources of purely Islamic schools and Muslim-run secular schools. Each of the type of school would be discussed under separate heading.

3.2.1. Number and Nature of Muslim-run Institutions

This is important to note that for the purpose of this study, only the schools are considered. The higher education institutions run and managed by Muslims are out of the scope of present study. The latest data on actual number of Muslim run institutions is not available, (Kurrien, 2021). However, as highlighted in table 2.3, the number of Muslim secular schools can be calculated as 5,343. The Islamic madrasah are around 35,000 as per Brills encyclopedia. The number of students who enroll at Islamic schools and the Secular schools have been given in section 2.1.3. It is suggested that a reference to that section would be useful to for the following discussion.

3.2.2. Financing Issues of Muslim-run Institutions

The traditional Muslim-run institutional model it is one of the greatest voluntary educational movements in India which finances most of its needs from public donations. However, it is needful to say that, after giving due consideration to the modern requirements of society, if we desire to revolutionize Muslim education in terms of width and depth of its reach, then it is necessary to find out some more sources of financing.

On expenditure side of any educational institutions, the major expense heads are salaries, purchase, construction or renovation of infrastructure, food expenses (if day boarding or residential), and other ancillary expenses. Inadequate finances or improper financial management directly affects the quality of education. For example, if good remuneration policy is not adopted, the institution will fail to attract qualified staff and in turn affects the quality of education. If capital expenditure is not financed timely, it will impact the expansion of educational mission of the institute as availability of education would be constrained by lack of infrastructure. There are numerous financing sources available to educational institutions. Government grant-in-aid, full-fledged public financing, tuition fee structure, public donations, securitization of educational activities, etc. In following lines, we are going to analyze how the existing financing sources are used by Muslim-run education institution.

3.2.2.1. For-Profit Model of Financing Education

We shall discuss the pattern of financing of for-profit educational institutions. These institutions fund their activities primarily from tuition fees and government grants. In this case, the writer would take four case study-based examples of schools running for profit. The aim is not to identify the sources of financing but to inquire about, how these institutes fund their activities and whether the adequacy of finance and availability of education to all is achieved. Each of the schools will be described one by one in terms of mode of financing, and resource availability.

a) Case Study One

This case study describes the funding method of a very popular Muslim-run school in Delhi. It is based on the annual financial statements of the school for the three preceding financial years. The writer himself has experience as an assistant auditor for statutory audit of this school for several years. This school is recognized by the government as all the necessary conditions for recognition such as infrastructure, curriculum, and availability of qualified staff are met. The identity is kept confidential for compliance with the professional requirements of audit.

This school was established some 36 years ago. Initial activities and resources were funded by the trustees. The land for school building was leased from waqf board. With continuing efforts, this school became a big name in the domain of Muslim-run schools.

For our purpose, we have used the average of three-year data. The average annual total receipts are 90.81 million. Of this, an average 64.16% is received by way of tuition fee, 27.28% from transportation, 2.23% from bank interest, and 5% from other miscellaneous fees. All these four sources constitute an annual average 98.70% of total revenue for these three years.

The average annual expenditure is 81.19 million. Hence, an annual average surplus margin for the three-year period comes out to be 10.59% of revenue. The major expenditure heads are salary 74.10% (three-year average), Vehicle running and maintenance 5.27%, printing plus repair plus electricity 4.97%, and depreciation

4.58%. These major heads comprise an average 88.92% of total expenditure for any year.

By analyzing the financial statements, there is no receipts by way of public donations. Also, the average surplus prima facie suggests that their activities are for profit making. This can be proved by the following table:

Table 3.4: Analysis of Net Savings/Deficit from Major Sources of Revenue and Activities of Muslim-run School

Command	Particulars	Figures in Rs. Million		
		Year 1	Year 2	Year 3
	Net Surplus each year	14.91	9.82	4.13
	Total Tuition Fee Receipts	50.89	54.05	70.54
(-)	Salaries	51.27	54.412	74.56164
	Saving/(Deficit)	-0.38	- 0.36	- 4.02
(+)	Transportation Fee	23.34	24.16	26.36
(-)	Vehicle Expenses	3.83	4.08	4.75
	Saving/(Deficit)	19.13	19.72	17.58

Source: Self rendered from financial statements

This table shows that there is generally no savings from tuition fees as whatever is collected from students is expended as salaries to staff. However, the revenue from transportation fee is sufficient to cover the shortfall of tuition fee. The average annual expenses on vehicle running and maintenance is only 17.11% of the total revenue collected in the form of transportation fee. The surplus transportation fee is sufficient

to cover remaining expenses as well. Hence, this is a profit-based school model. Although, such schools are capable of imparting education with all educational resources available at their disposal, yet, access to this model is limited only to those who can afford high price of this education. This model is insufficient to educate Muslim masses, unless, there is determination by the management to use excess collections for supporting the education of deprived classes of Muslim population. Further, as per section 11, 12, 13 of the Income Tax Act, 1961 with simultaneous reading of various judicial case laws, any net income or surplus of a charitable institution may not be considered as profit, if it is earned from primary charitable activities or activities incidental to such charitable activities, provided, this surplus is used for furtherance of charitable activities and not for distribution as profit between the owners of the institute.

b) Case Study Two

This case study is based on questionnaire-based interview conducted primary survey to study the pattern of financing pattern of Muslim education. The school was asked to provide necessary information as required for the purpose of our study. A summary of answers is given below in a descriptive manner.

The school was established in 2001 with owned funds for initial investments. The objective of the school is for-profit. The school is built on 418 sqm land area with three-floor building. The average Student: Teacher ratio is 10:1. This school fund its activities from fees. However, this institution is not affiliated with any educational board. This means their degrees do not provide proof of educational attainment. When inquired, why have not you applied for recognition? They replied we do not have necessary infrastructure to and other educational resources to meet the affiliation criteria. It was further inquired; how do you think to fund your infrastructure requirements? They said we think that a membership system of voluntary periodic contribution would be helpful to fund the requirements of the institutions.

Hence, this case study suggests that lack of infrastructure resources is one of the reasons to run the institution without affiliation.

c) Case Study Three

Similarly, we interviewed another school to inquire about how they finance their activities. The school was established in 2018 on a rental property as there were no funds to invest in the purchase of infrastructure. It is a three-floor building on 167 sqm land area. The student teacher ratio is 25:1. This institution is also not recognized by the government. They said because of non-availability of funds and required infrastructure; we cannot apply for recognition. They funded the initial investments with their own capital and the school activities are sourced from fee receipts from students. When inquired about any new way to finance the school requirements, they also underscored raising membership for voluntary donations.

Here also, we can say that lack of resources is constraining the free flow of education.

d) Case Study Four

This is last case study in this category. The school was built and started its activities in 2018 on 418 sqm land area with a four-floor building. The initial infrastructure and other resources were self-financed by the owner of the school. The student: teacher ratio is 13:1. It is a recognized school with the Central Board of Secondary Education up to matriculation. Their main revenue source is fee receipts from students.

They were asked for any innovative way of financing the education. Their replies were detailed and productive. They pointed out several ways of financing education. Firstly, the government grants and various other schemes run by the government should be explored. Secondly, Local businesses should be encouraged to sponsor education of children as a social responsibility move and they should be sought for donations. Thirdly, the schools should organize various community-based fund-raising events where importance of education must be highlighted, and innovative fund-raising campaign should be run simultaneously. Finally, the alumni of the schools should be organized and once they start earning, they should support their school.

Hence, this school is performing well financially. However, their fee structure is not easily affordable by general masses. Until, we have a model of education, that not only

costs for those who can afford it, but also extends its educational services for those who cannot afford such high-cost education.

3.2.2.2. Aided Model of Financing Education

For this sub-section, this study will analyze the existing sources of financing of Muslim-run institutions generally financed by aids from community or the government. For this analysis, various methodologies have been adopted. Firstly, we are going to refer to a study conducted by (Patel & Hassan, 2023). Secondly, we are going to analyze the financial statements of eight educational institutions for a period of three years. Finally, a questionnaire survey of twelve educational institutions will be summarized for the purpose of this sub-section.

i. Method One: Financial System of Madrasah in Gujrat

It is to be noted that the writer could find out only one very related research to our current study. They conducted this study of sixty-three institutions. Their findings are equally useful for us as the research is related to analyzing the financing sources of aided-Muslim-run educational institutions. (Patel & Hassan, 2023), conducted research on how these institutions manage their finances in the state of Gujrat. They categorized the Islamic schools in groups from A to G based on the total number of enrolments. Their findings suggest that, in most cases, the primary sources of income for these schools are Zakah, Sadaqat, and other alms by public. The major expenses for running an Islamic institution are salaries of staff and food & dining expenses. There are other expenses also that are common for all yet their share to total expenses is generally negligible. It is observed that there are no other sources of finance available to these schools. Very few of them have income by way of rent from institute owned properties, dividend by way of investment in share market, government grants, etc. The important conclusions in this study for our purpose are as follows:

- a) Irrespective of the number of sources available to any category of Islamic institutions, the research concludes that nearly 80% of income is derived from Zakah in all cases. This also raises serious questions as Muslims more tend to pay the obligatory alms and less interested in paying the other desirable charities. In (Ali 'Imran Verse 92 | 3:92), Allah says, "Never will you attain

the good [reward] until you spend [in the way of Allah] from that which you love. And whatever you spend – indeed, Allah is Knowing of it.” Also, it is observed in many cases that, in times of insufficiency of funds, many schools were compelled to pay salaries from Zakah. Whether salaries can be paid from Zakah fund is a matter of juristic consideration. The general Hanafī view prevalent in most of the parts of India is that Zakah can only be considered as discharged once it comes in the ownership of the person eligible for accepting Zakah.

- b)* Except for a few rare cases, no traces are generally found that waqf resources are available to such institutions. Also, there are no endeavors seen, generally, from these schools, to widely benefit from modern sources of financing and funding the educational and infrastructure needs of them.
- c)* The research also substantiates in some cases that expenses were incurred but the source of income for meeting those expenses could not be traced. This means, proper accounting and bookkeeping is also an issue that requires consideration.
- d)* One more thing that is observed by analyzing the charts prepared based on three-year data for all those categories of the Islamic schools is worth mentioning. Nearly all the sources of income have shown a stable trend in revenue collection over the period in research.

Hence, this unique research highlights that the major sources of income for these institutions generally flow from voluntary public donations and that also only from zakah. It is a question that, how many Muslims do pay zakah? There are no exact figures and probably, there could not be so until an organized and collective zakah system is established to cater the complex needs of Muslims. But yes, it proves the potential of zakah in eliminating the economic and educational hardships of Muslims in India if utilized in a rightful manner.

ii. Method Two: An Analysis of Financial Statements of Six Aided Institutions

Here, the study was conducted by examining the financial statements of six aided institutions. For this purpose, the financial statements for a period of three years were considered for this inquiry. These Madrasah are situated in different parts of India. Our findings for the same could be presented in the table below.

As per our analysis of the financial statement of these institutions, some of the conclusions as relevant for our current study may be summarized as below:

- a) Public Funding by way of donations is the primary source of income for these institutions.
- b) Zakah and Sadaqat are the most common sub-heads of public funding
- c) Fee is the second most preferred source of financing.
- d) Food, Salaries, and Construction are the major expense heads
- e) In case of deficit that is observed in 50% of the data, retained funds are utilized for meeting the expenses
- f) Only one institution out of all has waqf income.

iii. Method Three: Questionnaire-Based Survey

For this sub-section, we conducted a survey of thirty aided institutions. These institutions were selected on random basis. A semi-structured questionnaire with twenty-five questions was prepared for this survey. The summarized interpretation of the data is presented in following table.

Table 3.5: Analysis of Source of Financing and Student Resource Availability

Sample No.	Students	Student Teacher Ratio	L&B (sqm)	Floor: Student Ratio	Aided Students	Financing Source of Establishment					Financing Source of Education Activities							
						D	W	-	-	-	F	D	W	-	-	-	-	
1	300	21	500	1.67	50%	D	W	-	-	-	-	F	D	W	-	-	-	-
2	-	-	8281	0.00	0%	D	W	IFL	-	-	-	-	D	-	-	-	-	-

3	750	16	185	0.25	3%	D	-	-	-	-	-	F	D	-	IF L	-	-	-
4	200	40	828	4.14	50%	D	W	IF L	-	-	-	-	D	W	IF L	-	-	-
5	120	12	1656	13.80	42%	D	W	-	-	-	-	F	D	-	-	-	-	-
6	780	22	1656	2.12	58%	D	-	-	-	-	-	-	D	-	-	-	-	-
7	470	31	1200	2.55	43%	D	-	-	-	-	-	-	D	-	-	-	-	-
8	470	59	700	1.49	32%	D	-	-	-	-	-	-	D	-	-	-	-	-
9	98	7	166	1.69	26%	-	-	-	OC	-	-	F	-	-	-	-	-	-
10	650	43	1242	1.91	38%	D	-	-	-	-	-	-	D	-	-	-	-	-
11	400	57	224	0.56	25%	D	W	-	-	-	-	F	D	W	-	-	-	-
12	350	58	662	1.89	0%	D	-	-	-	-	-	-	D	-	-	-	-	-
13	120	13	167	1.39	0%	D	-	-	-	-	-	-	D	-	-	-	-	-
14	46	15	30	0.65	65%	-	-	-	OC	-	-	F	-	-	-	-	-	-
15	573	-	0	0.00	0%	-	-	-	-	-	-	F	D	-	IF L	-	R	-
16	456	91	828. 1	1.82	34%	D	W	IF L	-	G	-	F	D	W	IF L	-	B	-
17	150	30	3975	26.50	33%	D	W	IF L	-	-	-	F	D	W	IF L	-	-	-
18	350	58	5300	15.14	14%	D	W	IF L	-	-	-	F	D	W	IF L	-	-	-
19	400	50	1656 2	41.41	100%	D	W	IF L	-	G	-	F	D	W	IF L	-	-	-
20	200	40	497	2.49	0%	D	W	IF L	-	G	-	-	D	W	IF L	G	-	-
21	500	42	2484	4.97		D	-	BL	-	G	-	F	-	-	-	G	B	-
22	150	38	200	1.33		D	W	-	OC	-	-	F	D	W	-	-	-	-

23	250	50	1656	6.62	0%	D	W	BL	-	G	-	-	D	W	-	-	-	-
24	400	40	6625	16.56	0%	D	W	IF L	-	-	-	-	D	W	IF L	-	B	-
25	200	40	248	1.24	25%	D	W	IF L	-	-	F C	-	D	W	IF L	-	-	F C
26	535	36	1500	2.80	28%	D	-	-	-	-	-	F	-	-	-	-	-	-
27	200	40	580	2.90	0%	-	-	-	OC	-	-	F	-	-	-	-	-	-
28	500	26	1200	2.40	60%	D	-	-	-	-	-	-	D	-	-	-	-	-
29	470	59	93	0.20	42%	D	-	-	-	-	-	-	D	-	-	-	-	-
30	800	50	500	0.63	0%	D	-	-	-	-	-	F	-	-	-	-	-	-
31	500	20	1600	3.20	60%	D	-	-	-	-	-	-	D	-	-	-	-	-
32	400	40	139	0.35	25%	D	-	-	-	-	-	-	D	-	-	-	-	-
33	1100	24	93	0.08	73%	D	-	-	-	-	-	F	-	-	-	-	-	-
34	100	10	125	1.25	0%	-	-	-	OC	-	-	F	-	-	-	-	-	-
35	80	10	167	2.09	0%	-	-	-	OC	-	-	F	-	-	-	-	-	-
Average	384	36	1767	4.80	28%	83 %	40 %	31 %	17 %	14 %	3 %	54 %	74 %	34 %	29 %	6 %	11 %	3 %
Standard Deviation	-	18	3202	8.52	0.27	-	-	-	-	-	-	-	-	-	-	-	-	-

L&B – Land & Building, D – Donation, W – Waqf, IL – Interest Free Loan, BL – Bank Loan, O – Owned Capital, G – Government, FC – Foreign Contribution, F – Fee, R – Rental, B – Business,

Standard Ratio; Student: Teacher Ratio = 30:1, Floor Area: Student = 1m². (Central Board of Secondary Education, 2023)

Interpretation

- a) The average Student: Teacher Ratio is 36 with a standard deviation of 18. It is worse as it is higher than the CBSE standard. Further, the standard deviation is high that simply suggest non-uniformity in sample inputs. if we interpret the standard deviation, the lower side of standard deviation suggests wastage of human resource as in the cases of sample number 1, 3, 5, 9, 13, 14, 34, 35. Similarly, on the right side, it suggests poor quality of education as less teachers for more students.
- b) The average of students on institutional aid is 28% with a standard deviation of 27%. As the data is primary, one thing needs due consideration, as many institutions (46%) run their activities solely on aids with no fees, why then average aided students are only 28% with a standard deviation of 27%.
- c) The average floor to student ratio is 4.8m^2 with a standard deviation of 8.52m^2 . The CBSE standard ratio is 1m^2 . The cases below 1m^2 suggests negative impact on quality education and lack of infrastructure. Similarly, the cases above 1m^2 suggest idle infrastructure resources i.e., mismanagement of capital resources. Our sample results show on an average the wastage of resources because average student floor area is high. However, the standard deviation of 8.52 suggests lack of resource availability to many institutions.
- d) Initial establishment cost is majorly financed by donations with an average of 83%. For running the educational activities also, public donations stand the major source of funding with an average of 74%. The major sub-head for donations which is common in all cases of donations is zakah and Sadaqat. Financing from other sources is very limited and uncommon. The study observed that, those who have established the institution from their own capital, do not accept donation with an exception of case number 22.
- e) It is also observed that the availment of government grants-in-aid for establishment or for running the institutions is uncommon.

Finally, it is concluded that all the three methods referred under this section underscore public donations as the most common source of financing education. Also, no innovative way of financing is observed generally, except a few as highlighted by Patel and Hasan or by our questionnaire-based survey. Still, the receipts from traditional sources of financing i.e., zakah, Sadaqat, and other charities is unmatched and the most stable source of finance.

3.3. Analysis of Existing Models of Financing Muslim Education in India.

Section 3.1 presents a comparative analysis of education resource availability to Muslims and other communities. Section 3.2 identified the existing sources of finance available to these schools. The present section is designed to analyze the existing financing sources. The analysis will be descriptive based on the SWOT analysis.

3.3.1. Waqf a Potential Source of Education Financing

India has around 8,70,000 registered waqfs with the government excluding innumerable number of Family waqfs (Waqf-alal-Awlaad) and unregistered waqfs (Pandit, 2023). As per the (Sachar, 2006), the total land area covered by waqfs is 3,804 square km. This size is around 2.5 times the size of the national capital of India, Delhi. A rough estimate of present value of total registered waqfs in 2019 comes out to be \$ 1,71,000 million. If an annual return is calculated at 10%, then it comes out as \$ 17,100 million (P. S. M. Hussain, 2021).³ According to an estimate, the Waqf Boards are the third largest landlords in India (Rahman, 2019). However, their rental receipts suffer from non-payment to minimal payments. For example, as per 2019 report, the Delhi Waqf Board earned only 2.7 per cent on its total waqf value of \$ 855.80 Million (P. S. M. Hussain, 2021). Similarly, Delhi Waqf Board has not paid salaries to Imams and Mu'azzins for past five months (Deccan Herald, 2023).

³ Please note that these fair values are derived based on the Cost Inflation Index (CII) 2019, USD/INR @ ₹ 70.16/\$. Also, the number of waqfs and total land area used for these calculations were based on the (Sachar, 2006). The Sachar Committee reported total 4,90,000 waqfs with 2428 sq.km land area. The report further stated the book value as ₹ 60,000 Million, and the estimated market value in 2006 as ₹ 12,00,000 Million. In 2023, the registered waqfs have become 1.78 times the figures in 2006.

However, the ground reality is that as per the news report, the employees of Delhi Waqf Board have not been paid salaries for past nine months (Times of India, 2023b). Many waqfs were illegally acquired by people during migration due to partition of India (Khalidi, 2006).

Government encroachment of waqfs is also very common in India. A 40,468.56 sqm of waqf land area was acquired by the government of national capital Delhi to build a public park. The Archeological Survey of India (ASI) has encroached at least 11 waqf graveyards only in Delhi. 1,000s of sqm of waqf land has been allotted secretly by governments to various MNCs (Rahman, 2019). The airport in the state of Telangana is built on a land area of 22,237.50 thousand sqm. Out of this, 4,451.50 thousand land is illegally acquired from waqf properties (Aghwan, 2021). The Waqf management bodies are suffering from deliberate stagnation at the will of governments since independence. Many states even do not have Waqf Acts and some have Acts without rules (Rahman, 2019). Similarly, 123 high value waqf properties in the national capital Territory of Delhi have been acquired by the central government, the case is pending for hearing before Delhi High Court (Times of India, 2023a)

3.3.1.1.SWOT Analysis of Waqfs

- a) **Strengths:** Waqfs in India are sizeable with very high value. These properties can be an alternate financing model for education and various other needs. The depth and width of waqfs in India is all reaching as the waqfs are scattered and found throughout the country. For example, the national capital Delhi, which is only 1483 km² has 1047 immovable waqf properties (Press Information Bureau (PIB), 2022) The waqfs have great potential of regeneration of income. By constructing various public utility structures on waqf properties, a huge revenue could be sourced in the form of rents and profits. Also, the regeneration of income from waqfs is very stable as, Islamically and from the Indian legal perspective, waqfs and trusts & other endowments are different.
- b) **Weakness:** As discussed above, the waqfs are highly mismanaged by the existing Waqf Boards. As for example, the first central waqf Act was passed in independent India in 1954. However, until now many states do not have

waqf boards to manage waqf properties. Similarly, the Waqf rules were delayed that caused severe damage to the practical implementation of waqf Act. There is lack of awareness among general Muslim masses about the potential of waqf in eradicating the social evil. Similarly, many waqf properties are encroached by tenants dwelling at these properties for decades. Hence, these encumbrances and encroachments require huge human and financial resources.

- c) **Opportunities:** If pressure groups are established by organizing mass awareness programs of role of waqfs, then it is hoped that a suitable legal and regulatory framework for waqf management could be designed. Similarly, the educational infrastructure can easily be financed by waqf properties. Another area is issuance of monetary or other support to weaker sections by utilizing waqf properties for better generation of revenues. Corporatization of waqfs can also play a decisive role in the income regeneration. This means the waqf owned corporates and businesses should be established where the revenues generated by the waqf properties are utilized for covering the costs of business and for the benefits of the society at large. This can also be a source of employment for unemployed youths as idle resources would be invested for economic objectives.
- d) **Threats:** One major problem with waqfs is high government intervention. As every waqf is required to be registered under the applicable central or state waqf board, then autonomy of small groups is subdued to the board. Similarly, the revamp of waqfs require huge initial investment for payment of cost of litigations, construction of public utility infrastructure, etc. Hence, for revamping the waqfs, a new source of financing would be required to fund the cost of revamping. Also, as seen in the analysis in sub-section 3.2.2.2, only 33% of the institutions surveyed used waqfs for establishment of educational institution. This percentage is only 20 for use of waqfs for funding the activities of the institutes (results might change with change in sample size). In past, educational infrastructures were majorly funded by waqfs, but presently waqfs are not utilized by the institutions and hence, these are lying idle.

3.3.2. Public Donations

The analysis above in sub-section 3.2.2.2 viz. Aided model of financing education, underscored public donations as the major existing source of financing education. 87% of the institutes depend on one or more types of public donations. The most common among all types are zakah and Sadaqat. This channel is very potential but unorganized. Also, there is no uniformity in receipts of donations unless a membership-based model is adopted for regular flow of donations. As we have observed in method two in the said sub-section, 50% of the items in the sample show current period deficit. For offsetting this deficit, past retained funds were used. It can be said that the flow of this source of financing is not uniform and hence, the risk of going out of money persists.

As public donations include numerous methods of financing. Some of the ways can be highlighted below for ready reference:

- i. General Charities (Imdaad)
- ii. Zakah
- iii. Sadaqat
- iv. Sponsorship of the educational infrastructure or the activity
- v. Sponsorship of students by individuals, organizations, etc.
- vi. Crowd Funding
- vii. Fundraising events
- viii. Alumni contributions
- ix. Membership-based donations

As can be seen, there are various ways to use this source of funding. The unorganized sector of public donation, such as Sadaqat or general charities, is highly potent as a high participation rate could be achieved even by small-small donations. Yet, this does not vouch for the stability of the source because the actual collection cannot be predicted precisely as no trend in collection is observed. Similarly, the organized sector such as the membership-based model can overcome the problem of stability of unorganized sector, but the number of participants would be limited and hence it poses the challenge of inadequacy of funds collected. As per section 135 of the Companies

Act 2013, the applicability of Corporate Social Responsibility may be directed to our purpose.

To condense this analysis, the study aims to conduct a SWOT analysis of zakah only. It is because zakah is the most common source (87%) as per our survey results.

3.3.3. Zakah and Education Financing

The term zakah is referred to one of the five pillars of Islam. It is an obligatory monetary worship as assigned by Allah on rich classes to remit a part of their wealth to those eligible to receive it. The Meccan verses in The Quran uses the term Zakah (Al-Mu'minun [23] : 4) or its synonyms (Al-An'am [6] : 141), however, it is agreed upon fact that the monetary worship (انفاق) in Makkah was only recommendary (Hamidullah, 2004). With a natural love for wealth and money, people at this transitioning phase were more receptive to the commands on moral and ethical grounds than as a legal obligation. It became a right of the state to obligate Zakah after the establishment of the Islamic state in Madinah. Generally, Zakah is viewed as only a kind monetary worship not a potential source of state revenue. However, Islam does not make a separation between state and worship rather Islamic state is a collective power to establish the worship of Allah (Al-Hajj [22]: 41). According to (Kahf, n.d.), Zakah was made obligatory in the 2 A.H. (Hamidullah, 2004) considered 9 A.H as the year of obligation. (Qaradawi, n.d.), Quoting the Hadith of Qais bin Sa'ad bin Ubadah, concludes that Zakat-al-Fitr was made obligatory along with the fast as a compensatory tool for weakness in fast in 2 A.H. He on the authority of hadith of Anas bin Malik states that Zakah was made obligatory before 5 A.H. A good trade-off between these opinions may be that Zakat-al-Fitr was obligated in 2 A.H, Zakat-al-Mal between 2 and 5 A.H. The incidence of Tha'labah whom Prophet Muhammad despatched as a Zakah collector only confirms the permissibility of sending someone with state authority or an extension of state function for collection of Zakah. This incidence took place in 9 A.H.

Throughout the history, zakah has remained a very potent source of financing collective needs of the society. Our analysis based on three methods also suggests that zakah is a primary source in funding Muslim education in India.

3.3.3.1.SWOT Analysis of Zakah

- a) **Strength:** As zakah is an obligatory monetary worship, Islamic faith provides a stable social finance framework. If zakah is paid according to the applicability of its provisions, then it will suffice to fund a large of part of society needs. As per (Patel & Hassan, 2023), the zakah receipts were observed as the most stable source of financing education. Even in the period of Global Pandemic Covid-19, the zakah receipts of the items in the sample showed a stable trend. This is because Islamic zakah follows a wealth-based payment model and not the income-based payment model. This potent feature of zakah shows its capability to circulate money in times of economic distress and recession. Similarly, new ways of utilizing zakah may also be devised. It is a matter of Islamic jurisprudence that whether the areas of zakah payments as set by (At-Tawbah [9] : 60) can be interpreted more broadly to cover the infrastructure needs of the Muslims. For example, whether zakah fund can be invested for earning income. (Islamic Fiqh Academy India, 2001) resolved that zakah can only be considered as paid and discharged if it becomes the ownership of the zakah recipient. Until the ownership is transferred to the rightful recipients, zakaht will not be considered as discharged.
- b) **Weakness:** There is no data available on the annual amount of zakah fund collected in India. It is because, zakah is an unorganised system in India. The identification of eligible recipients is not standardised as no information utility is available, and many people pay zakah in a rush without considering the eligibility of the recipients. Also, the general mentality of the zakah payers is that zakah is only for the eligible poor, needy, and destitute. Out of the eight expenditure heads of zakah, the remaining six heads are not given due regard. Many countries, such as Malaysia, have adopted a tax credit approach, whereby the zakah head is used as tax credit to set off the net tax liability of the taxpayer. However, no such system is available in India because of the secular nature of the state. (Qaradawi, n.d.) has deliberated extensively on whether zakah and modern state taxes can be considered as interchangeable items. He concluded with disagreement as because the heads of zakah are determined by the explicit

verse of The Quran. Restricting zakah in eight heads seems unfavourable, however, it is not a disadvantage in essence. The Islamic law has fixed zakah for some expenditure that are always prevalent in the society. These expenditure heads are from necessities of the society. Although, the proportion of expenditure for each head is need-based and could be increased or decreased as per the requirements of the society, but in total these eight heads are explicit. For other expenditure heads of the society, there are various other sources such as Sadaqat, and general charities, that are always available for funding them. There is no state power as such to compel the payment of zakah and hence, the collectability is severely affected because of the individual discretion exercised by the payers.

(Kandhlawi, 2015) organised three-day educational conference in 2015 in the Muzaffarnagar district of Uttar Pradesh. As per the seminar proceedings, the organiser, Noor-ul-Hasan Rashid Kandhlawi painfully underscored that a huge amount of zakah received by Muslim schools is wasted annually. He added that many educational institutions who receive zakah funds are institutions only on papers. They do not exist by their activities. Similarly, many schools do not differentiate zakah money with other moneys and this mismanagement cut the share of rightful recipients of Zakah.

- c) **Opportunities:** (Abdurraqeab, 2022) has suggested a ten-point road map to establish a collective system of zakah management. The major highlights are, engage Islamic scholars and financial professionals, incorporate zakah management as part of syllabi of Muslim schools, masjids should be used as zakah centres, and adopt internationally tested models of zakah management such as BAZNAS (Indonesia), SANZAF (South Africa), World Zakah Forum, etc. It is true that an organised zakah management system is the need of the time. Jamat e Islami Hind a socio-religious organisation in India has recently launched Zakat Centre India for collective zakah management. Zakat Foundation of India has been working in area of collective zakah management since 1997. Hence, voluntary institutionalisation of zakah system would overcome various issues of unorganised zakah system. It is to be noted that, it

is not necessary to build a national-level centralised zakah system at this early stage. A local-level zakah system would be more soluble to the zakah mismanagement.

A collective zakah management system would act as channel or bridge between the givers and the receivers. It will act as an information utility for maintaining database of zakah givers and zakah receivers. This proper management would also be helpful in complex zakah calculations. Many problems such as the fraudulent receipt of zakah would be avoided by using an effective zakah management system.

- d) **Threats:** The collective zakah management system is of great eminence, yet there are issues attached with the collective zakah system in India. Firstly, in present circumstance a government-initiated zakah management system could not be foreseen. Hence, private initiatives by societies, non-government organizations, and other social entities are more expected. However, a great need exists for mass awareness on potential of zakah. The general masses should be made aware to endeavor for a collective zakah management. The societal contribution in the collective matters of the society could only be a soluble option for eradication of social evils. Another issue that is also important is that a collective zakah system could not be able to attract affluent classes of Muslim society. It is because India does not allow any tax credit on payment of zakah. Hence payment of zakah would not lessen the tax burden of the businesses. Further, the information utility for efficient functioning would be required to maintain data of the zakah givers. This might dissociate some on the ground of income tax implications because of possible disclosure of identity of the giver. One more thing to add here, as per section 80G of the Income Tax Act 1961, the donor will not be allowed to book as expense, any donation made to a charitable or religious trust, if it is made in cash or any other mode equivalent to cash. Hence these simple provisions might affect negatively on the performance of a collective zakah system.

3.3.4. Grant in Aid and Muslim Institutions

Public finance has remained a vibrant and potent source of financing the public expenditure. In fact, one of the reasons for the emergence of state is to pool funds for mass benefits of society. As India is a federal system where some legislative powers vests only with the centre while the states have some other exclusive powers. The powers of central government are given in Union list, for state in State list, and there is a Concurrent list where both the centre and state share power. The legislative powers on Education is put in Concurrent list. The introduction of Goods and Services Tax (GST) has transformed widely the relationship of centre and states. As because many of the Acts have been subsumed that were implemented incohesively without the coordination between the centre and the states. After independence, Committee on the Ways and Means of Financing educational development was set up in 1950. It made many recommendations for a suitable course of action to be adopted by the centre and state to fulfil the educational needs of Indian masses. One of the recommendations was the state should take responsibility to provide atleast primary education to all subject to the availability of the existing educational resources. Similarly, the Right to Education Act (2009), made it the responsibility of the state to provide elementary education to all. Similarly, the agenda of the committee was to levy an education cess on income tax liability of every person liable to pay tax. The practice of cess is still continued whereby a 4% is added on tax liability for secondary and higher education financing.

The ministry of minority affairs has initiated various grant-in-aid scheme to uplift the minorities in education. For example, 'Scheme for Providing Quality Education in Madrasah (SPQEM)' is launched to extend financial support to the educational activities of minority institutions. Similarly, Infrastructure Development of Minority Institutes (IDMI), was launched support for financing the infrastructure of the minority institutons. (Razzack, 2013) conducted a post-implementation evaluative study (SPQEM)'. The overall result of the study was positive. However, various complaints were for unnecessary delays in disbursement of funds. Some others complained that the registration process is complex without any objective pattern to accept or reject the

registration applications. There are various other schemes run by the ministry such as Pre-Matric Scholarship Scheme, Molana Azad National Fellowship Scheme, Nai Udan scheme, and so on. However, it is unconvincingly true that the central budget to these schemes has been following a declining trend. The 2018-2019 Budgetary allocation was ₹ 47,000 Million and over a period of five years it has become ₹ 30,970 Million for the year 2023-2024 (Ara, 2023).

As discussed previously in the literature review section of this study, Tax is the major source of public revenue in India as the budgeted tax collection for the year 2022-2023 was 87.76%. The budgeted expenditure for the year 2023-2024 is Rs. 45030.97 billion. The major items of expenditure are interest, transport, and defence constituting 23.98%, 11.48% and 9.61%. respectively. The proportion of education is only 2.51%. Considering the need of quality education, impact of illiteracy on economy and GDP, the central government has increased the budget of education for the year 2023-2024 (Bansal, 2023).

National University of Educational Planning and Administration sponsored a research to identify and analyse the grant-in-aid status of financing secondary education in India. (Jandhyala B. G. Tilak, 2008) is a collection of those survey results. As the secondary financing is a matter to be discharged by each of the states, so obviously, the financing pattern differ from state to state. One of the contributor (Bhushan, 2008), analyses the policy and practice of Grant-in-Aid in the state of Bihar. He highlights that until 1980, the state had only 28 secondary schools. All other schools were managed by communities. The state support in the form of grant-in-aid was extended to meet various expenditures. After 1980, the state acquired the non-government schools in a move of nationalisation of schools. Now, the government manages all secondary schools from public expenditure as the state follows free education policy. The minority institutes were outside the purview of nationalisation and hence the grant-in-aid continues for them. The author highlights that the nationalisation has increased the burden of exchequer. Whereas, the grant in aid process is a time consuming process. The institutes receiving grant-in-aid cannot accept fee from students. Hence many times the non-disbursal of grant on time causes undue hardship

to staff for non-receipt of salaries. To meet the educational demand of seventy lakh students, many private schools are being established. Such private schools are accessible only by those who could afford it high price. Similar, studies by other contributors for different states of India, bring to us the method of state financing. Yet, it suffers from corrupt beaurucrats and time consuming process.

Similarly, (Mathew, 1991) conducted a study on financing pattern of Private institutions in the Indian state of Kerala. As per (National Statistics Commission, 2018), Kerala has 96.20% as compared to the the national average of 77.70%. The researcher has divided the financing sources in two categories, institutional and non-institutional. For the purpose of study, fifteen private institutions were selected running under different managements. The objective of the study was to determine the impact of financing on the quality of education. He concludes that government grants form 90% of total institutional financing. The major share of grant is spent on payment of employment remunerations. Whereas, utilisation of grants for infra-structure development such as libraries and laboratories is drastically low. It is also identified that many such institutions have a compulsory system of donation on admission of student or appointment of staff. However, this compulsory donation system has increasingly been used as a device of exploitation. Many at times, the government has illegalized the system of capitation fee. Still, various private schools sell seats in guise of donation. The recent SC judgement has allowed the private schools to collect annual fee, development fee (Times of India, 2021). He suggests to increase fee. However, increased fees exclude economically under-priviledged communities.

3.3.4.1.SWOT Analysis of Grants-in Aid

- a) **Strengths:** It is undeniable fact public finance in the form of grants and subsidies is a potential source for education financing. Without government participation, infrastructure resources cannot be achieved at optimum level. In Islamic history also, generally the schools were financed by the state. As discussed above, the Government of India has launched various schemes to fund different educational needs of the minorities. Generally, these grants cover various needs viz. infrastructure needs as well as the operational needs

of the educational institutions. Government financing is also a stable source of financing, once the application for grant is accepted by the concerned department, it is continuously received over the period of grant.

- b) Weakness:** The excessive state aids and grants directly burden the exchequer. As pointed out by the (Razzack, 2013), the general complaints were unnecessary delays in disbursement. Government grants suffer from various disadvantages such as long procedural requirement with periodic renewals. In many cases, the government makes audit, survey, or inspection a pre-condition for grant-application. Also, during the term of grant, various legal compliances may apply for fulfilling the eligibility for grant. The political instability also influences grant allocation and disbursement. Another important point is the transparency in bureaucracy framework is also an influential factor for acceptance or rejection of application, allocation and disbursement of grants.
- c) Opportunities:** As highlighted by (Tabassum, 2022) (Rahman, 2019), and (Sachar, 2006), there is lack of participation among Muslims to benefit from various government. The grant-in-aid structure can be a supportive model for funding the under-financed areas of education. The union budget 2023-2024 has increased the budgetary allocation for education, it is hoped that due regard would be given to the declining budgetary allocation to the ministry of minority affairs (Ara, 2023).
- d) Threats:** The common fear among Muslim-run institutions is undue interference. (Salam, 2022) quotes Molana Arshad Madni, the president of Jamiat Ulama e Hind a leading Muslim organization, as ‘Madrasa by ideological reasons is funded by community. Any government aid may cause undue interference in their functioning. Hence, a fear of interference is a barrier in accessing the government funding.

3.3.5. Fee-Based Education and Muslim Education

Tuition fees and other fees like development fee, annual fee, transportation fee are common sources of revenue for schools. These fee receipts support the activities of education such as staff salaries, maintenance expenses, food expenses if it is a

residential or a day-boarding school, etc. This study has analyzed the financial statements of various fee-based schools as given in sub-section 3.2.2.1 of this chapter.

3.3.5.1.SWOT Analysis of Fee-Based Education

- a) **Strengths:** These receipts are generally stable as there is periodic receipt of fee as decided in the beginning of the academic year. To attract quality staff with required caliber and expertise, fees is very potent source of funding education. The case study one above suggests that the fee in the domain of transportation was very helpful in paying for the expenses and retaining a good portion for meeting future expenditures. The expenditure on transportation resources were only 17.11% of total transportation fee received. Hence, a good fee structure is highly supportive to fund education.
- b) **Weakness:** As discussed in section on drop-out rates and Muslim education, one of the reason for high drop-out among Muslims is incapacity to afford education. This means a high fee structure narrows the coverage of education in terms of width and depth. A portion of population remains uneducated and, also those who start education, are compelled to leave education owing to financial constraints. Also, a nominal fee structure is insufficient to meet the infrastructure and other extraordinary needs of the institutions unless, very high fee is charged, or some alternate sources support the infrastructure needs.
- c) **Opportunities:** A high fee structure if it is only charged from those who can afford it, and the excessive receipts are utilized in the form of scholarships to fund the education of financially weaker section. For example, The Right to (Free and Compulsory) Education Act, 2009, aims to support the under-privileged sections by obligating a 25% quota for these sections in every government or private institution. Hence, by this way, a just system could be evolved where no one is left uneducated due to financial constraints. It is to be noted that it is a human tendency that things which has cost them a price, they tend to value it. Hence a complete free education is a deterrent to quality education, as concluded by (Thelma, 2023) on case of free education and quality of education in Zambia. It is also true that free education is not free. If

only government pays for education of all, then source the required funds, taxes and other government receipts need to be increased. Ultimately, the burden will come on households and businesses or the state-debt will increase.

Similarly, the concept of securitization of education as suggested by (Kahf, 1997) can also be explored. Here, the education bonds may be bought by the affluents and gifted to the needy sections for their educational attainment.

- d) Threats:** There is a rising concern on education sector merely functioning as an organ of capitalist economy. (Murad Khurram, 1989) has highlighted the possible threats of institutional educational model in present societies. He argues that the Islamic model of education is not limited to a building or a fixed time, rather, it is a continuous process whereby the student learns from his surroundings all the time. Similarly, various cases of capitation fee have also severed the image of private educational institutions. It is worrisome that a fee-based structure may fail to provide access to education to the poor meritorious students as students who can pay will be eligible to enroll. The laws of India consider education as a humble service to society cause, and that is why, many relaxations and exemptions are available to education sector in tax laws of India. Hence, the threat of corporatization and commercialization of education is needed to be minimized by adopting a just and fair fee structure that would match the needs and support the education of weak sections.

3.4. Conclusion

The above analysis clearly marks out that the literacy rate among the Muslims is the lowest as compared to other religious communities. There is high drop-out rate among Muslims due to lack of funds to afford the cost of education. Muslim institutions are far more inadequate in number to fulfil the educational needs of the society. Method Three survey results for aided model of financing education identified that 50% of the sample data showed current year deficit. The most stable source in case of these institutions is zakah. Yet, only zakah is insufficient to fund all the requirements of education financing. The SWOT analysis of various sources suggests that a blend of various sources should be used to fund the education.

CHAPTER IV

PROSPECTS OF ISLAMIC FINANCE AS A MODE OF FINANCING EDUCATION IN INDIA

This chapter aims to identify some alternate ways of financing Muslim education in India. This chapter is divided into two sections. Section one discusses the prospects of global Islamic financial System in providing education finance to Muslim education in India. A brief overview of possibility of launching Islamic finance in India in existing legal and regulatory framework would be part of the section. Section Two aims to analyze the prospect of any alternate financing method to fund Muslim education.

4.1. Islamic Finance

Islamic finance is sourced from the sources of Islamic Shari'ah. As the mission of Islam is to establish a just and fair system in every sphere of human life. Islamic economics and finance aim to purify the imbalances caused by the human transactions & dealings in the domain of economy. This system wishes to bring equilibrium to the human economic practices at micro, macro, and global level. The focus of Islamic economic and finance is on real economy-based transactions. It considers the disequilibrium between the real economy and the money economy as non-ideal state of economy. As money or currency in Islamic economics is not a commodity rather a medium of exchange which drives its value from real factors of production. Hence, any disequilibrium in real and money economy would disturb the production, distribution, and consumption of resources. This disequilibrium state would also cause disproportionate wealth accumulation.

4.1.1. Global Inequality in Wealth Concentration

As per (Oxfam International, 2023), the richest 1% of the world own nearly two-third of all new wealth worth \$ 43 Trillion created since 2020. Similarly, (Himanshu, 2022) states that top 10% Indian population holds 77% of all national wealth. Between 2018 – 2022, India produced seventy millionaires every day. The following chart presents a good overview of global wealth distribution.

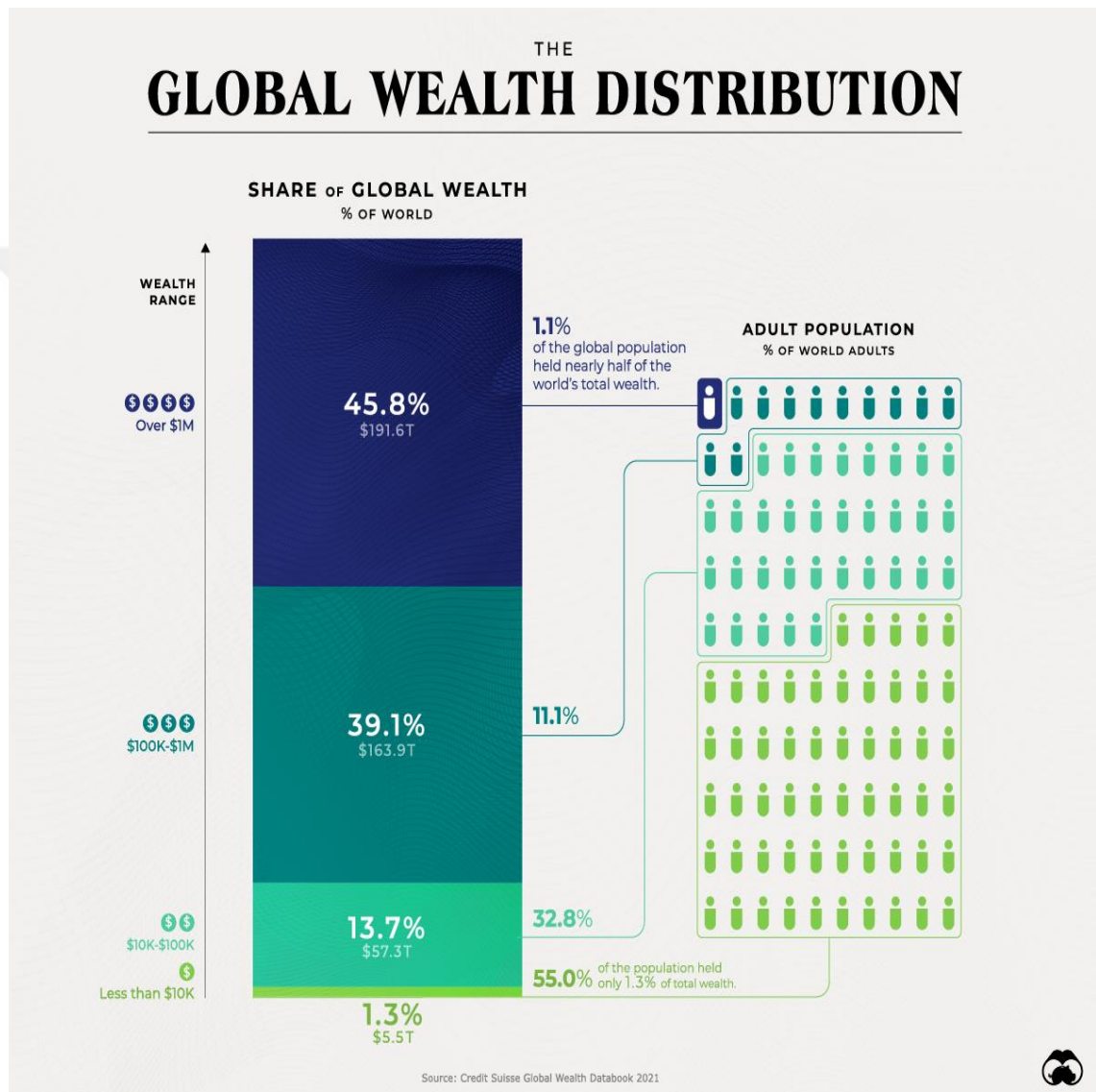


Chart 4.1: Global Wealth Distribution (Deshmukh, 2021)

Some important conclusions are:

- a) Only 1.1% global population holds 45.80% global wealth (\$ 191.60 Trillion)

b) 55% global Population holds only 1.30% global wealth (\$ 5.5 Trillion)

Some major enablers of this disequilibrium are the existence and prevalence of Riba/interest, speculation, gambling, toxic assets. With the advancement and sophistication of human society, these basic characters may adopt some more sophisticated forms, layers, and veils, but the essence would remain same. For example, a very sophisticated financial instrument derivative (Warren Buffet has described some derivatives as the weapon of mass destruction, (Emmons, 2009)) is nothing but either speculation or gambling. Hence, to maintain equilibrium, to safeguard the economic victims, and to smoothen the flow of economic resources, Islam has forbidden these enablers (Garrett, n.d.). There are other principles also related to wealth accumulation, extravagancy, and obligatory & desirable charities. However, their elaboration would deviate the flow of present study.

4.1.2. Global Performance of Islamic Financial System

The existing global financial system includes, in its essence, many Islamically non-complaint items such as Riba/interest, speculation, toxic assets, etc. With the global dominance of west, countries around the world adopted the interest-based economic system. The Muslim countries were no exception. To survive in the era of globalization, countries were required to allege with the interest-based global economy. The development of the Islamic Financial Industry in the latter half of twentieth century opened new avenues for Muslims to endeavor for establishing an Islamic-compliant financial system. As for the believers of Islam, having an Islamic Economy is both a part of their faith and a necessity for the completeness of Islam. Unfortunately, the alien legal and financial environment has been constantly posing various challenges to this industry since its inception. Such challenges are the survival, its financial product designing, proper risk management, organizational processes, financial viability, and legal compliances.

In IMF working paper, (M. Hussain et al., 2015) analyzes the performance of Islamic banks in comparison to their main-stream counterpart. They conclude that the principles of Islamic banks viz. equity, participation, and ownership are realistic. There is an annual 20% increase in global assets of this sector. Their major activities are

concentrated in some parts of the world. However, there are some organizational and modelling issues that hinder the potential of this sector. The non-existence of the lender of last resort, limited scope of short-term liquidity management, lack of short-term tradable securities, etc., are some of the issues that need consideration. They also point out that the legal and regulatory framework need to be more vibrant and cohesive in the interest of various participants.

4.2. Indian Economy, Foreign Investment, and Education Sector

The Indian economy valued at \$ 3.2 Trillion in 2021-22. The government aims to achieve a \$ 5 Trillion economy by 2026-27. As per the (parliament Speech, 2023), the minister of state for finance stated that the roadmap to such a plan includes a focus on technology, energy, and inclusive growth. (Chavan, 2022), the Indian financial service sector has a total value of \$ 500 Billion. In 2021, the service sector contributed around 53.89% to GDP, out of which, the financial service sector contributed around 22.05% to total GDP (Ministry of Statistics and Programme Implementation, 2021)

Further, as per (World Investment Report - 2021, 2021), the Indian service sector is the biggest Foreign Direct Investment (FDI) recipient among other sectors. The report also suggests that India is the third largest recipient of FDI in the world. 18.84% of total service sector FDI was channeled to financial service sector, while education sector received 13.44% out of this 18.84%. There is big opportunity for India to open its gates for Islamic finance. As the country is home to nearly 197 Million Muslims, Islamic finance window would allow the government to attain its dream of financial inclusiveness. Similarly, underscoring the friendly relationships between India and many gulf countries, Islamic finance window would be a big source of FDIs from Muslim majority countries. As currently the GCC countries are not investing in India owing to its credit-based investment options. The integration of Islamic finance in the Indian system would be a boon for Indian economy.

Gujarat International Finance Tec-City (GIFT City) was established in 2015 as the first International Financial Service Centre (IFSC) to provide the foreign institutional investors (FIIs), non-resident individuals, etc., a very robust and safe investment platform. These centers are governed by special laws such as the Special Economic

Zone (SEZ) Act, 2005, (Drishtias, 2019). The shares of companies incorporated outside India, the depository receipts, Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvIT), Alternate Investment Funds (AIF), units of Mutual Fund, etc. are some of the securities generally traded in GIFT City IFSC (International Financial Services Centres Authority, n.d.). The government is determined to increase the size of foreign investments and foreign exchange reserves by relaxing the foreign investment norms. For example, the government is giving various tax benefits on various investment schemes in IFSCs (Taxmann, 2023). Some of the tax benefits are as follows:

- a) Lesser Tax rates on capital gains arising on transfer of securities listed on recognized stock exchange located in IFSC.
- b) Lower withholding tax rates. In certain cases, the withholding tax is equivalent to the applicable tax rate. In such a case, if the withholding tax is paid, there is no other compliances required for assessment of tax and filing of income tax return (ITR).
- c) Various incomes related to investment in infrastructure development are tax exempt.

Hence, there is a win-win situation for the Indian economy and the Islamic finance industry if India opens its gates for Islamic model of financing.

4.2.1. State of Islamic Finance in India

The biggest challenge for Islamic finance in India is the lack of suitable legal and regulatory framework. Presently, the government and the central bank is not welcoming to this new initiative in Indian financial system (Sarna, 2017) and (Reserve Bank of India, 2017). The Reserve Bank of India (RBI) governs and regulates all banks in India. Some of the laws applicable to the banking sectors are the Indian Banking Regulation Act 1949, The Reserve Bank of India Act 1935, etc. The Islamic Banks cannot be accommodated in the present Indian Banking system owing to the following (Sarshar, 2011) :

- a. Section 21 of the Banking Regulation Act requires payment of interest. The banks cannot deal with money without the component of interest. As money for them is commodity that deserves a return.
- b. Section 5 & 6 of Banking Regulation Act disallows banks to enter into any profit sharing and partnership contract – The banks cannot participate in profit and risk sharing ventures.
- c. Section 9 of the Banking Regulation Act prohibits banks to own any sort of immovable property except those properties that are required for the operation of their activities.

Due to non-existence of required regulatory controls over Islamic models of financing, various scams have become headlines in recent times. Generally, these scams occurred where collective investment schemes were adopted to invest the funds of the contributors Islamically (Kader, 2019). The lower- & middle-class Muslims, especially in Southern India, are exploited many times due to the collapse of various self-proclaimed Islamic financing models (Dev, 2019). The corrupt authorities also play its role in shelling Islamic finance models by sanctions or demand for bribes (Krupa, 2019). This situation has posed a serious challenge before the advocates of Islamic finance in India to identify suitable legal environment for its proper functioning.

It is worth to mention that Indian financial system does not officially recognize Islamic finance but, some existing corporal dresses may suit well the Islamic finance to work in Indian economy. For example, Islamic bank cannot work in India as a licensed bank, but it can do so by incorporating as a Non-Banking Financial Company (NBFC) or a Co-operative society (Saif Qasim, 2022). Some individuals tried Islamic finance model in India by using other forms of entities such as the co-operative societies, non-banking financial companies, etc. There are bright examples of Islamic banks in the form of co-operative societies have performed wonderfully. (Narayana & Shagishna, 2020) presented the example of Sanghamam Multi-State Co-operative Credit Society Ltd. Within four years of its operations, the share capital doubled, the deposit size increased 17 times, and the loan assets became 11 times the first-year values. This

simply suggests that, considering the size of Muslim population and the strong framework of Islamic financing model, there is huge potential for its success. It is to note that such experiments are only restricted to the Southern and Western parts of India. The northern and Eastern India are less experimented areas of India for Islamic finance.

4.3. Islamic Finance and Education Funding

The Islamic financial products may be designed to fund education. (Diallo, 2020) an IsDB group member states that the potential of Islamic finance industry is yet to be fully untapped for financing education. The (Islamic Development Bank (IsDB), 2018) education sector financing policy document states that it has invested \$ 3.8 Billion in education sector of member countries. The investment pattern is skewed in favor of middle-income countries. Muslims in India could not receive necessary education finance support because of various reasons. The interest-based financial system of India has excluded the devote Muslims from accessibility and availability of its services. Further, India has around 197 Million Muslims, but it is not a member of IsDB. Hence, access to aid programs run by such institutions and organization is difficult for Indian Muslims. IsDB acknowledges this hardship of Muslim minorities in non-member countries and has launched various scholarship and other programs such as the IsDB Scholarship Program for Muslim Communities in Non-Member Countries (SPMC), (IsDB Scholarship Programs, 1983). However, these scholarships are very limited corresponding to the size and needs of Muslims in non-member countries.

The following financing options may well suit to finance Muslim Education in India:

4.3.1. The Ijarah (Leasing) Contracts and Education Financing

(Pfordten et al., 2021) have analyzed the possibility of financing education through Ijarah contract. In this mode, the financier and the recipient of service may enter an Ijarah/lease to hire educational services to the recipient. The bank will in turn hire the required service from the school or university. This would be the first ijarah contract between the financier and the educational institution. Afterward, the financier would enter a second Ijarah/lease contract with the recipient of educational service at a new

price. The deferred payment under the second contract would be made either in instalments or in one shot.

4.3.2. Kahf, 1997 model of financing education

(Kahf, 1997) has suggested an education financing bond. This will be like negotiable coupons. According to him, the obligor would issue the education bond for financing the infrastructure or the education activities. The subscribers to the bond would be entitled to receive education services over the duration of the bond. The bond would be transferrable at market value. However, once the bond reaches to its maturity, it will lapse. There will be no residual value as the education bond will be amortized over the term of the bond.

4.4. New Trends in Funding Education in India

Some new trends of income generation have been seen on very small scale. As for example, some institutes have started investing institutional receipts in businesses to generate more income (Personal Interview with Noor Deshmukh, 2023) & (Patel & Hassan, 2023). Similarly, some have constructed buildings on vacant land and rented it in hope for a stable source of income for payment of salaries and other recurring expenses (Personal interaction with an owner of a Muslim religious institution). In southern states, some NGOs have started a business model whereby they collect the residuals from households. Whatever income they earn from selling these residuals they sponsor education of children, pay maintenance allowance to poor widows etc., (Safa Baitul Maal cases).

The models like privatization and corporatization of education also need consideration. For example, the Christians are also a minority in India, however, they have shown great improvement in terms of education in the state of Kerala (NCPCR Report) It is true that educational perception differs and also the big funding from Christian missionaries, yet an analytical enquiry might give some adoptable ideas for Muslim education.

4.4.1. A Feasible Plan to Fund Education in India

If land could be sourced from vacant waqf properties, then a huge cost reduction could be achieved for purchase of land. The waqf boards also have similar plans, but no concrete actions are seen to implement the plan, (Mathur, 2019). Also, the community should plan the education of Muslims beforehand. This means the purchase of land should be made before ten or fifteen years in those areas where there is possibility of development. This will help to avoid the high real estate prices at present value in major cities. The Christian missionaries have web of lands in distant areas of India. They purchased these lands at very cheap prices. As the time come, the same land suffices the need of establishing a new school in that area.

For financing infrastructure, there can be two options. One is to use the existing buildings for imparting education at double shifts as some government schools run in the morning and in the afternoon. Similarly, (Abdurraqeab, 2022) suggests that the existing structure of Masjids may be used for education. This is because the masjids are generally used during the times of worship, the rest of the time, these infrastructures are underutilized. Education with an Islamic motive is also a worship, and Masjid al Nabawi was also used for the purpose of imparting education. Hence, existing community masjids can be better utilized as infrastructure for education.

Similarly, the concept of service concession contracts may be used. In these contracts, the obligor and the contractor enter into a contract, whereby, the contractor will construct the necessary infrastructure on deferred payment basis. The payment flow may be in two ways. The first one is pay in one shot as the construction completes. The second one is the contractor will enjoy the benefits of construction up to a defined period to cover its cost and the mark up of the construction. These contracts are generally used by the governments for infrastructure development.

For running the activities of education, the cost of education may be met by many ways. The local community business houses should be encouraged to sponsor students either on donation or on Qard al Hasanah. Once the student starts earning, he should pay the education debt. This is more stable way than the general community funding. Here, the zakah or other charities may also be utilized for sponsorship. Similarly, the

concept of ijarah contract as discussed above may be adopted to provide immediate fund for education. Similarly, those from well-off families must bear their cost of education. These receipts may be used for payment of recurring expenses such as salary, maintenance, etc.

Hence, not only one source, but a blend of various sources should be used to arrange finance for education.

4.5.Conclusion

We can say that although the banking sector is not yet open for the Islamic finance, however, the equity participation, profit-sharing, real-transaction based activities can still be operated in various forms. When we say Islamic finance, it is not the same orientation as the conventional banks have, rather its channelization of fund is more flexible. Similarly, the inclusive options of financing education as listed above can be deployed to fund the education. The study does not vouch for the sufficiency and adequacy of all required resources, but it hopes that these new modes may contribute well to fund Muslim education.

CONCLUSION

The study has discussed various aspects of Muslim education and its financing in India. It is correct to say that Muslims are educationally backward owing to insufficient funds for education. The Census 2011, results draw a very gloomy picture of Muslim educational attainment both in absolute terms, and in comparison, to other religious groups. The Sachar Committee report 2006, has highlighted various reasons for Muslim educational backwardness. Lack of educational and social infrastructure in Muslim concentrated areas is one reason. The committee recommended for empowerment of waqfs as a potential institute for upliftment of Muslims economically and educationally. It has been around eighteen years since the report first published, and until now, no concrete plan is in force to develop and utilize waqfs in India. Although, over the years the number of identified waqfs have been doubled but, due to various reasons they are mis-managed, encroachments have also increased, and the status quo is maintained.

The primary studies on education resource availability to Muslims also substantiate the hypothesis of this study. The studies and surveys on existing financing options available to Muslims show that the aided institutes are majorly supported by the Zakah. Other charities and sources are either non-existent, or insufficient to support the activities of education institutions. The fee-structure based education model shows a stable source of income and the potential to meet the cost of education, yet, this high price is not affordable by general masses. Hence, an effort is required to identify an education financing model that is stable, efficient, and practicable.

The Islamic finance has many potentials for Indian market. There is a win-win case for this emerging industry and the Indian economy. However, the regulators show no sign of willingness to welcome Islamic finance. There is fear that such a restrictive policy would make the dream of all-round financial inclusiveness an attainable utopia. Similarly, the cost of Muslim exclusion would also increase the burden on public

finance and the community. It is hopeful that the models of Islamic finance are still practicable in India outside the banking regime. The other forms of entities may well apply the models of Islamic finance to fund education in India.

For funding education, a mixed approach is found to be the most suitable, cost effective, and practicable. The education financing options should be chosen based on the nature of education activity viz. land financing, infrastructure financing, education activity financing. The education land financing has some options, the infrastructure financing has some other options. Hence, this study finally concludes that there are numerous alternate education financing options available at the disposal of the community. What is required is choosing the right course of action that is financially feasible, legally permissible, and practically possible.



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**APPENDIX 1. SAMPLE BALANCE SHEET OF AN
EDUCATIONAL INSTITUTION**

<u>ABC Public School</u>			
<u>XYZ, NEW DELHI, INDIA</u>			
<u>Consolidated Balance Sheet</u>			
<u>As on March 31, 2020</u>			
Liabilities	Amount	Assets	Amount
<u>Capital Fund</u>		<u>Fixed Assets</u>	22,583,934.00
As per Last Balance Sheet	42,279,666.95	(Refer Schedule III)	
Add: Surplus (Refer Schedule I)	4,134,579.20	-	
	46,414,246.15		
<u>Student Welfare Fund</u>		<u>Investment</u>	129,670.40
As per Last Balance Sheet	5,000.00	(Refer Schedule IV)	
<u>Security Refundable</u>		<u>Current Assets</u>	
		Sundry Receivable	1,212,631.48

As per Last Balance Sheet	1,750,000.00		(Refer Schedule V)	
Add: Adj. During the Year (Net)	118,000.00	1,868,000.00		
<hr/>			Loans & Advances	61,500.00
<u>Current Liabilities & Provisions</u>			(Refer Schedule VI)	
Sundry Payables (Refer Schedule II)		9,972,289.00		
			Cash	34,271,799.27
			(Refer Schedule VII)	
-		58,259,535	-	58,259,535
		<hr/>		<hr/>

(Accountant)

(Treasurer)

(General Secretary)

(President)

Auditor's Report

**As Per Our Report of
Even Date.**

For MNO & Co.

(Reg. No.)

Name of Chartered Accountant

F.C.A (Partner)

Membership No.

Date :

Place :



APPENDIX 2. SAMPLE AUDITED INCOME AND EXPENDITURE ACCOUNT OF AN EDUCATIONAL INSTITUTION

<u>ABC Public School</u>			
<u>XYZ, NEW DELHI, INDIA</u>			
<i>Schedule I</i>			
<u>Consolidated Income & Expenditure Account</u>			
<u>For the year ended March 31, 2020</u>			
Particulars	Amount	Particulars	Amount
Activity Expenses	189,239.00	Absent Fine	246,725.00
Advertisement	53,243.00	Activity Charges	189,000.00
Annual Day Function	927,446.00	Admission Fees	50,800.00
Arrears of Salary (7th Pay Commission)	4,252,106.00	Annual Charges	2,316,000.00
Audit Fee	41,890.00	Computer Fee	109,200.00
Bank Charges and Interest	40,823.26	Donation	2,000,000.00
Contractual Staff Expenses	5,661,152.00	Eco Club Fund	20,000.00

CBSE Fee	35,889.00	Form Fee	19,900.00
Extra Classes	226,795.00	Interest on Compulsory Deposit	2,572.00
Cleaning Expenses	95,756.00	Interest on F.D.R.	1,607,973.00
Computer Expenses	559,048.00	Interest on Saving Bank Account	2,584.00
Concession on Fee	572,669.00	Late Fee	866,120.00
Conveyanace Charges	59,203.00	Miscellaneous Receipt	25,140.46
Creative Fest	104,040.00	Online Service Fee	65,200.00
Depreciation	3,882,015.00	Other Charges (Fee)	131,391.00
Electricity & Water Charges	892,101.00	Re-Admission	274,000.00
Examination expenses	92,480.00	Smart Class Fees	4,470,200.00
Extra Classes	15,000.00	Transport (NHS)	22,170,656.00

Fee Written off	24,880.00	Transport 2nd Shift	4,187,500.00
Functions	48,312.00	Tuition Fees	66,074,936.00
Gardening Expenses	20,164.00		
Identity Cards	101,215.00		
Interview Exp.	8,635.00		
Khel Utsav	270,117.00		
Laboratory Exp.	111,737.00		
Legal & Professional Expenses	261,000.00		
Library	111,618.00		
Medical Exp.	21,538.00		
Meeting Expenses	11,439.00		
Miscellaneous Exp.	35,666.00		

Musical Equipments	6,755.00		
Online Service Charges	17,450.00		
Overtime	561,895.00		
PF Consultancy Charges	28,500.00		
Postage Charges	37,456.00		
Printing & Stationery Exp.	1,337,002.00		
Professional Charges	18,500.00		
Property Tax	1,215,891.00		
Rain Water Harvesting	225,000.00		
Repairs & Maintenance Exp.	2,750,879.00		
Salary including P.F. and E.S.I	70,309,533.00		
	0		

Sports Exp.	72,918.00		
Staff welfare Exp.	474,047.00		
Telephone Expenses	98,306.00		
Vehicle CNG	2,006,385.49		
Vehicle Maintenance, Insurance & Taxes	2,747,424.51		
Workshops	60,160.00		
Excess of Income over Expenditure	4,134,579.20		
	104,829,897		104,829,897

(Treasurer)

(Accountant)

(General Secretary)

(President)

Auditor's Report

**As Per Our Report of
Even Date.**

For MNO & Co..

(Reg. No.)

Name of Chartered Accountant

F.C.A (Partner)

Membership No.

Date :

Place : New Delhi

APPENDIX 3. SAMPLE QUESTIONNAIRE & RESPONSE

Questionnaire (English)
Financing Pattern and Curriculum Survey of Muslim-Run Institutions

Surveyor: Saad Ali
Purpose: Educational

1 Name of the Madrasah/School (Fill)
{Note! This Field may be skipped for Confidentiality Purposes}

2 Date of Establishment of Institution (Fill)
2003

3 Size of the Institution? (Fill)

Size of Land 150 yards

Size of Building Area 150 yards

Number of Floors? 3 Floors

4 Total No. of Teaching Staff (Fill)
10

5 Total No. of Other Staff (Fill)
6

6 Total No. of Students (Fill)
100

7 Total No. of Students on Full or Partial Support from Institution? (Fill)

0
8 Highest Level of Education (Fill)

5th standard

9 Is this Institution Registered with Government/Board ? (Tick)

No

Yes

(If Yes, Fill Name or Tick)

Any School Board:

CBSE

Any Islamic Board

No

Minority Affairs/NCMEI

No

Societies Act

No

Trust Act

Yes

Income Tax Act

Any Other Act/Board

No

10 Do You have any Affiliation from any Higher Education Institution ?

No

Yes

(If Yes, Fill Name)

From University

No

From Foreign University

No

From any Other Institution

No

11 If Answer to Point No. 9 is No, Please Give One Major Reason for Non-Affiliation

(Tick)

No Infrastructure

No Required Funds

No Instructional Resources

No Curriculum

Any Other (Name)

12 Nature of the Institute (Tick)

Not for Profit

For Profit

13 Does this institution have a Bank Account (Tick) No Yes

14 Does This Institution Own a Building or Land? (Tick) No Yes

15 How the Initial Investmets were Funded? (Tick)

Owned Funds

Public

Government

Foreign Contribution

Zakat

Sadqat

Waqfs

Interest Free Loan

Bank Loan

Any Other (Name)

16 How Do You Fund Your Educational Activities? (Tick)

Fee	<input checked="" type="checkbox"/>
Zakat	<input type="checkbox"/>
Sadqat	<input type="checkbox"/>
Other Public Donatins	<input type="checkbox"/>
Waqfs	<input type="checkbox"/>
Foreign Contribution	<input type="checkbox"/>
Investment Property/Rent	<input type="checkbox"/>
Interest Free Loan	<input type="checkbox"/>
Bank Loan	<input type="checkbox"/>
Government Aid	<input type="checkbox"/>
Any Business Activity	<input type="checkbox"/>
Any Other (Name)	<input type="checkbox"/>

17 Is There Any Other Property in Name of Institute ? (Tick) No Yes

18 If Answer to Point No. 16 is Yes, Do You Generate Any Benefit/Income from Such Property ? (Tick) No Yes

19 Are your financial statements audited? (Tick) No Yes

20 Can we get the balance Sheet, Income & Expenditure A/c, & Receipt & Payment A/c? (Tick) No Yes

(Please collect the above mentioned documents if they wish to give.)

21 Do You Have Any Suggestion to Increase the Institutional Funding? (Fill)

collaboration

22 If You are a School, Do You Impart Islamic Education/Any Islamic Subject? (Tick) No Yes

(Tick)

Hifzul Quran

Nazirah Quran Classes

Islamic Studies (Name Highest Class)

Any Other Islamic Subject

Islamic Activity Classes

Other Islamic Programmes

23 If You are a Madrasah, Do You Provide Modern Education? (Tick) No Yes

(If Yes, Tick)

NCERT or Any other Curriculum (Complete)

Or

English

Hindi

Maths

Science

Computer

Any Other Subject (Name)

24 Is Your Curriculum Islamically Compliant? (Tick) No Yes

(If Yes, Fill)

Name of Curriculum Provider

CBSE

25 Do You Have Any Suggestion to Build An Islamic Institution to Cater the Needs of Both the Islamic and the Modern Education? (Fill)

Collaboration of both the education. will lead to the empowerment of Islamization and Moderanisation.