Funding higher education through waqf: a lesson from Pakistan

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Abstract

Purpose – This paper aims to study waqf practice in Pakistan with regard to its utilisation in funding for higher educational institutions (HEIs) and investigates waqf raising, waqf management and waqf income utilisation.

Design/methodology/approach – The paper is based on the views of 11 participants who are actively involved in the waqf, its raising, management and income utilisation, and is divided into three subcategories: personnel of higher educational waqf institution, personnel of waqf regulatory bodies and Shari'ah and legal experts as well as archival records, documents and library sources.

Findings – In Pakistan, both public and private awqaf are existing, but the role of private awqaf is greater in higher education funding. However, due to lack of legal supervision private awqaf is considered as a part of the not-for-profit sector and legitimately registered as a society, foundation, trust or a private limited company. Waqf in Pakistan is more focusing on internal financial sources and waqf income. In terms of waqf management, they have firm guidelines for investing in real estate, the Islamic financial sector and various halal businesses. Waqf uses the income for developmental and operational expenditure, and supports academic activities for students and staff. Waqfs are also supporting some other HEIs and research agencies. Thus, it can be revealed that a waqf can cater a sufficient amount for funding higher educational institutions.

Research limitations/implications – In Pakistan, both public and private awqaf are equally serving society in different sectors, but the role of private awqaf is much greater in funding higher education. Nevertheless, the government treats private awqaf as a part of not-for-profit sector in the absence of a specific legal framework and registers such organisations as society, foundation, trust or private limited company. The waqf in Pakistan mostly relies on internal financial resources and income from waqf assets. As the waqf managers have over the time evolved firm guidelines for investment in real estate, Islamic financial sector and various other halal businesses, and utilisation of waqf income on developmental and operational expenditures, academic activities of students and educational staff, other HEIs and research agencies, it can be proved that the waqf can potentially generate sufficient amount for funding HEIs.

Practical implications – The study presents the waqf as a social finance institution and the best alternative fiscal instrument for funding works of public good, including higher education, with the help of three selected waqf cases. Hence, the paper’s findings offer some generalisations, both for the ummah at large and Pakistan.

Social implications – The paper makes several policy recommendations for policymakers, legislators and academicians, especially the government. As an Islamic social finance institution, the waqf can help finance

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higher education anywhere around the world in view of the fact that most countries grapple with huge fiscal deficits and are hence financially constrained to meet growing needs of HEIs.

**Originality/value** – The study confirms that the *waqf* can be an alternative source for funding higher education institutions whether it is managed by the government or is privately controlled.

**Keywords** Waqf, Waqf-raising, Waqf-management, Waqf-income, Higher educational institutions, Pakistan

**Paper type** Research paper

1. Introduction

Colleges and universities play a pivotal role in a nation’s progress and development. It is, therefore, inevitable to ensure these institutions continue to function in a smooth and efficient manner. There are various factors that contribute to sustainability of an educational institution and perhaps the most important among them is constant flow of funds that higher educational institutions (HEIs) receive from external sources or generate from their own sources. It has become all the more important these days when most national economies face recession and budget deficits which ultimately lead to massive cuts in funds for HEIs.

In the global perspective, technological advancement and current widespread global financial crises (2007–2008), the cost of higher education (to be referred to as higher education in following pages) is constantly on the increase. Moreover, transition towards knowledge-based economy has raised demand for higher education. Until the 20th century, HE had never been in much demand, but now every nation has realised that it is key to sustaining the world economy and essential for becoming a developed nation. Consequently, it has increased global demand for higher education (Johnstone, 2004; Lebeau, 2012). From the local perspective, social, political, economic and demographic changes, too, are having an impact on higher education.

The demand for higher education is on a constant rise as nations compete with each other for attaining their national goals for social development. In pursuit of this objective, many countries run into huge public debts that inflate fiscal deficit (Michael, 1996). Likewise, fiscal constraints, budgeting formula and HEIs funding have become politically sensitive and have serious implications for public funding (Longden, 2001; Wangenge-Ouma, 2008). Consequently, HE is switching from public funding to market system and this transition is mostly driven by resource allocation within the higher education system (Barr, 2009). Barr (2005) in his study on HE in the perspective of economic theory stated: “The days of central planning have gone”. In view of depletion of public funding, colleges and universities can seek help from the *waqf* to meet their financial needs, a situation which makes the *waqf* a significant alternative to public funding.

*Waqf* (plural: *awqaf*) permits an individual or an organisation to donate his/her assets for an indefinite period for enabling welfare activities in Muslim communities and extending economic support to individuals and institutions. As a result, the *waqf* becomes public property invested with characteristic of perpetuity that means it cannot be sold, mortgaged and inherited. From the very outset, *waqf* has been benefiting a significant segment of society and contributing to several public welfare works (Abdul Shukor *et al.*, 2019; Abdullah, 2020; Asni *et al.*, 2020; Laallam *et al.*, 2020; Mohd Thas Thaker Mohamed Asmy, 2018). Throughout Islamic history, the *waqf* has played a pivotal role in social well-being and financial development of welfare institutions. It directs charities to eternal and continuous benefits and facilitates all non-active participants to become active players in an economic activity. It is one of the earliest models of an endowment, which offers to meet all essential needs such as religious, social, economic and educational (Asni *et al.*, 2020; Azrai
Thus, the beneficiaries of waqf may comprise individuals and organisations such as hospitals, religious institutions, schools, colleges and universities. Up to the present time, a significant number of waqf HEIs have firmly established themselves in several countries and maintained academic activities. In the Muslim world, besides Al-Azhar University, there are many other universities that benefited from the waqf, such as the University of Al-Qarawiyyin in Fez, Morocco; the University of Al-Muntasiriyah, Iraq; the University of Qurtubah, Spain; the King Abdul Aziz University, UAE; and the Islamic University of Indonesia in Yogyakarta, Indonesia. It is important to note that Turkey leads all countries with 68 waqf-funded universities and the number continues to increase (Asni et al., 2020).

In the context of Pakistan, the study aims to explore waqf practice in terms of waqf raising, waqf management and waqf income utilisation. The first part of the paper introduces historical development along with current practices of waqf development in HEIs. In the second part, the paper discusses waqf; its raising, management and income utilisation and the last section concludes the study with a discussion on findings, conclusion and recommendations for future.

1.1 Brief history of waqf development in Pakistan

The East India Company, precursor of British colonial rule, which had occupied the Indian subcontinent by the 18th century, had in the beginning allowed Muslims full freedom of practicing their beliefs and following religious laws without any restrictions. But as the company gained more political power, it took full control of each and every sphere of government and society and the rulers started interfering with Muslim religious laws. They also made significant amendments to the Islamic laws on waqf and charities (Arif, 1994).

In Islam, there are two main types of waqf: awqaf al-khairi (charity) and awqaf al-ahli (family waqf). The former is devoted to works of common good and wellbeing of deserving people, but the latter is exclusively dedicated to the benefit of family members and relatives of a deceased. The British rulers kept the former intact but abolished the latter. The interference in the waqf law first started in 1838 when a court declared that the Islamic concept of family waqf/trust was against the British law. Again in 1873, the Bombay court gave an identical verdict, followed by many such decisions [1]. The verdict was based on the argument that under British rule, charity was exclusively for the poor and the needy, and whatever one gave to his family or relatives would not be considered charity. Hence, it declared null and void the Islamic provision for the family waqf. Justice Travelin remarked during hearing of a case that “I understand the word khairāt, which is equivalent to charity in English and the word is used in this meaning. [But] I was expected to understand the meaning of the word in the light of Muslims’ viewpoint on the issue and its use in vernacular”.

The British court’s decision clearly ran counter to Muslims’ religious law and infringed upon their religious freedom. In August 1947, the subcontinent of India was partitioned and resulted in the formation of two new independent states, Republic of India and the Islamic Republic of Pakistan. In July 1947, barely a month before the partition, a pact was signed between All India Muslim League, All India Congress, and representatives of Sikh community, which declared that all communities would honour and ensure protection of civil and religious rights of all citizens irrespective of caste, creed and religion. It ensured that in issues related to religious rights, no one was allowed to resort to tit-for-tat actions.
Likewise, the British Government made legislation in the light of the aspirations spelt out by the major stakeholders at the time of partition [2].

Using the framework provided under the British laws, the government of Pakistan created ministries of religious affairs at federal and provincial levels which looked after and managed affairs of awqaf. The ministries took over old mosques, shrines, religious places and charitable organisations as well as all such waqfs whose founders or even nominated patrons had died, provided that they were not family waqfs.

The ministries, through the department of awqaf, were not only managing waqf’s affairs but were also responsible for the upkeep and maintenance of the waqf assets. The department headed by a chief administrator is taking care of thousands of mosques, shrines and charitable organisations (Ewing, 1983). In addition, many religious and welfare organisations are also working under the department which include ulama academy, hospices at several shrines, libraries and a host of charitable organisations but no HEI.

Despite having annual budget running into millions of Pakistani rupees, the awqaf department does not play any significant role in the provision and sponsoring of higher education in the country, and it appears this responsibility has been voluntarily undertaken by private waqf, which has set many precedents in this regard.

1.2 Legal framework for waqf

The waqf assets that are controlled and centralised by the government are considered to be public waqf, while the awqaf managed by a private individual or organisation is referred to as private or decentralised waqf (Ambrose et al., 2015; Çizakça, 2000). In Pakistan, the not-for-profit sector encompasses many diverse organisations engaged in works of public good. It includes traditional waqf institutions, which are similar to non-governmental organisations (NGOs) and community-based organisations registered as societies or welfare institutions, yet a large portion of the not-for-profit sector still remains informal. Hence, many waqf or welfare institutions remain unregistered.

Legally speaking, the private awqaf in Pakistan is treated as a non-profit organisation (NPO) with 65.4% of waqf and charity institutions registered under the Societies Registration Act, 14.6% as divergent and the rest of 20% remain unregistered (Vardag, 2012). Besides the Societies Act, there are two other legal options available for waqf registration, the Trust Act, 1982, and Section 42 of the Companies’ Act, 1984, of the Securities and Exchange Commission of Pakistan (SECP). The SECP is a regulatory agency whose original objective is to help develop an efficient corporate sector in the country, but additionally it registers all not-for-profit charity organisations including waqfs as well.

1.2.1 Tax exemption for waqf institutions. Waqf institutions are entitled to collect donations and avail themselves of a certain level of tax exemptions. Only donations are potentially exempted from taxes provided that the funds are used solely in the furtherance of the charity’s objectives. No exemption is granted on the waqf income such as property, capital gains and waqf proceeds. An organisation has to apply directly to the ministry of finance to claim an exemption [3]. For a waqf institution to be able to take advantage of these benefits, it must register itself with the Federal Board of Revenue (FBR), Government of Pakistan. The ministry then accords a provisional approval for tax exemption for three years only; henceforth, the institution has to apply again after the end of that period. The approval is conditional with a certificate issued by the Pakistan Centre for Philanthropy (PCP), which:

[...]

conducts performance evaluation of NPOs including private waqf institutions on behalf of FBR and certifies that either (or not) the waqf institution meets the desired requirements of certification standards (notified by FBR) in the areas of internal governance, financial management, and program delivery.
The PCP was established by the FBR in 2001 as the only body authorised to issue certificates to NPOs and waqf institutions. Hence, all the waqf institutions need to register with the SECP and get a certificate from the PCP as well to be able to avail themselves of FBR’s tax exemptions. Without registering with the SECP, a waqf institution cannot get a certificate from the PCP and without this certificate, it cannot avail itself of tax exemptions.

1.3 Methods

The research paper has used qualitative research method and used open-ended interviews with selected private waqf institutions as a primary source of data in addition to archival records, documents and library sources. Using purposive sampling, only the awqaf for HEIs (Table 1) have been selected which are registered as a waqf.

This paper is based on the views of 11 participants who are actively involved in waqf, its raising, management and income utilisation, and is divided into three subcategories:

1. higher educational waqf institution personnel;
2. personnel of waqf regulatory bodies; and
3. Shari’ah and legal experts.

The interviews with three waqf Mutawallis, three waqf managers, two personnel of Ministry of Awqaf and three waqf practitioners were conducted between July and October 2016 and used a semi-structured (open-ended) protocol.

All participants were found to have a strong passion for waqf and were thereby fully capable of providing useful insights and explanations. Prior to the interview, a copy of the interview guidelines with synopsis of the research was mailed to the participants. The interviews were conducted in a congenial atmosphere. Every interview session was started after taking consent from the participant concerned and lasted 1–2 hours each. All the interviews were conducted face-to-face and a digital recorder (Sony IC recorder ICD-PX440), was used to help corroborate accuracy as well as interview transcription, coding and analysis. Furthermore, various verification strategies were used to check accuracy of the data and information collected including “member checking” and “multiple data sources” which determined the accuracy and credibility of research findings gained from multiple collections of evidence (Creswell, 2012). The process continued with analysis of transcripts and data using manual coding and re-coding by the researchers. The interviewees are coded as P1-P3 (Mutawallis), P4-P6 (Managers),

<table>
<thead>
<tr>
<th>Waqif</th>
<th>HEIs</th>
<th>Waqf entity</th>
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<tbody>
<tr>
<td>Hakim Mohammed Said</td>
<td>Madinat al-Hikmah</td>
<td>Hamdard Laboratories waqf, Pakistan</td>
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<tr>
<td>(Shaheed)</td>
<td>Hamdard University</td>
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<td></td>
<td>And various other HEIs</td>
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<tr>
<td>Mr Ebrahim Ahmed Bawany</td>
<td>Aisha Bawany Degree College</td>
<td>Begum Aisha Bawany</td>
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<td></td>
<td>and Aisha Bawany Academy</td>
<td>Educational and Welfare Waqf</td>
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<td></td>
<td>And various HEIs</td>
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<tr>
<td>Maulana Tufail Ahmed</td>
<td>Tabligh College</td>
<td>Darul Tasnif (private) Limited</td>
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<tr>
<td>Farooqi</td>
<td>Nursing School</td>
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<td></td>
<td>Law College</td>
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<td>Murshid Hospital</td>
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Table 1. Selected waqf cases

Source: Compiled by researchers
P7-P8 (Personnel of Ministry of Awqaf) and P9-P11 (waqf practitioners), to represent the opinion of the participants.

As discussed earlier, public awqaf does not make any significant contribution to higher education; therefore, this paper focuses on private awqaf in Pakistan as illustrated by P7 who stated:

To date, the ministry of awqaf does not involve itself in any university or HEI development programme. However, they have been supporting a few Madrassahs (seminaries) under Pakistan Madrassah Education Board since 2001. Besides, the ministry is also responsible for pilgrimage beyond Pakistan, such as Umrah and Hajj, etc.

Contrary to public awqaf, the role of private awqaf is much greater in HEIs funding. Hence, all three cases involve private awqaf and are declared as waqf. As this study is qualitative, it is more focused on narrative and description style using thematic analysis and does not stress statistical information in selected cases. The findings reported in this paper in the following section have been gleaned from the three selected waqf case studies carried out in Karachi, Pakistan.

1.4 Higher educational waqf institutions in Pakistan
The Government of Pakistan had been fully cognizant of the important role the waqf and charity institutions played in society since the inception of the country in 1947. The government, therefore, invited this sector to help it in provision of health care, education and other facilities to public during the initial difficult years of the nascent country. According to P4:

When Pakistan came into being, the fledgling government made a special appeal to 22 wealthy families and business tycoons to lend it a helping hand by establishing waqf and charities in health and education sector as the new country suffered serious financial constraints and could not provide such facilities at that time. To encourage philanthropy, the government facilitated individuals and organisations and allotted them real estate properties.

Though the government’s appeal was directed to the richest families of the country, but gradually many religious leaders, politicians, businessmen, visionaries, alumni and entrepreneurs also came forward and generously and devotedly contributed to this sector. The government finally designed structure and framed laws for the waqf for HEIs taking inspiration from formal well established waqf institutions of India such as Aligarh Muslim University, Darul Uloom Nadwatul Ulama (Islamic University) and Darul Uloom Deoband.

The Pakistan Government used the Societies Act, the Trust Act and the Companies Ordinance to register and regularise the private waqf institutions. Hence, Hakim Mohammed Said declared his Hamdard Laboratories Pakistan as waqf in 1953 and registered the entity as Hamdard Foundation Pakistan under Societies Act, 1860, on 23rd October 1969; Begum Aisha Bawany Educational and Welfare Waqf was registered under the Trust Act, 1882, in 1953, and Darul Tasnif (private) Limited and Indus Hospital were registered under the Companies Ordinance, 1984 (Section 42).

The three laws – Trust Law, Societies Act, Companies Ordinance – offer different advantages and disadvantages for the waqf institutions. Though, in prevailing conditions, P8 contended that waqf should be registered under Section 42 of Companies Ordinance. The waqf institutions like Darul Tasnif (private) Limited and Indus Hospital, Karachi, are registered under Section 42 of the Companies Ordinance and work as independent organisations. This law is beneficial for the institution that wants to take its own decisions and make its rules and regulations by itself. The law declares the waqf as an autonomous
body either held publically or privately. P8 says the Section 42 of the Companies Ordinance ensures:

The assets cannot be diverted to any other object. Enactments are not perpetual but the Section 42 of the Companies Ordinance ensures perpetuity, independence, and sustainability.

The other most important advantage this law offers, as pointed out by P9, is that in case the government decides to nationalise or centralise a private *waqf* or charity institution registered under Section 42 for any particular reason, it cannot divert the use of its funds or assets to any other objective than the one they are originally meant for.

1.4.1 *Hamdard laboratories waqf, Pakistan*. The founder of Hamdard University, Hafiz Hakim Mohammed Said Shaheed, migrated from India to Pakistan in 1947 and soon made friends with the likes of Jamshed Nusserwanjee Mehta, the first elected mayor of Karachi, Syed Miran Mohammad Shah, then speaker of the Sindh Assembly, who shared his passion for philanthropy. P1 illustrated that Hakim Said as he was always called in his life used to say that he just needed moral support from people in his welfare works. He established Hamdard Dawakhana in 1948 inside a small shop in Karachi. It was initially only a herbal clinic but gradually grew to become a fully fledged herbal medicine industry called Hamdard Laboratories Pakistan that was later declared as *waqf* by Hakim Said and renamed as Hamdard Laboratories (Waqf) Pakistan in 1953. Hamdard Laboratories offers services in healthcare and produces herbal medicines. It has more than 500 herbal drugs (syrups, semi-solids and solids) which are manufactured in line with principles of the Greco-Arab system of medicine which is commonly called Unani. Hamdard has a team of over 1,500 employees across the country, including physicians, doctors, scientists, pharmacists, technicians and other skilled and unskilled personnel (*Brand Management, 2014*). P4 says that majority of the profit earned by Hamdard Laboratories is called “Qaumi Income” and goes to the Hamdard Foundation Pakistan (HFP) which uses it in sectors of education, health care and other works of public good. “Hamdard” is a compound of two Persian words; Hum and Dard. The prefix “Hum” stands for “those who share”, and the suffix “Dard” means pain. Taken together, Hamdard means someone who shares somebody’s pain. For example, if you share my pain, you are my Hamdard.

The Hamdard Laboratories initiated and successfully run a great many charitable projects from 1953 to 1968. These activities were administratively separated from Hamdard Laboratories on 1st January 1964 after the establishment of Hamdard Foundation Pakistan (HFP) (*Hayat and Naeem, 2014*). Since then, the Hamdard Foundation has been involved in various charitable activities, which are expanding rapidly and systematically by each day. The body i.e. HFP was, however, registered under the Societies’ Act XXI of 1860 on 23rd October 1969. P1 added:

We have been working for last more than one hundred years on *waqf*.

Hakim Mohammed Said purchased a 350-acre tract of land and donated it to the Madinat al-Hikma (A City of Education, Science, and Culture), which was a culmination of the dream he cherished all his life. Madinat al-Hikma is called a city because it comprises a Hamdard Village School, Hamdard School, Hamdard College, Hamdard University and various research institutes under one roof. Being a major beneficiary of *waqf* income, Hamdard University along with various other HEIs and research centers have been developed from funds generated by Hamdard Laboratories (Waqf) Pakistan. P4 points out that the developmental cost of Hamdard University was borne by Hamdard Laboratories (Waqf) Pakistan through the Hamdard Foundation, while the university is self-sufficient in operational expenses.

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Funding higher education through *waqf*
1.4.2 Begum Aisha Bawany educational and welfare waqf. Besides individual contribution to waqf like that of Hakim Said, there are a number of communities and wealthy families who have also generously donated to the HEIs. Among them, the Memon community is at the forefront. Majority of the members of this community are in various trades and businesses, and they live their lives according to the community’s motto “earn to give”. This is a genuinely charitable community, which is further divided into many castes and sub-castes. Adamjee, Lakhani, Dadabhoy and Bawany are some of the famous castes in the larger Memon community because of the great role they have played in HEIs development (A Hameed Tayyab Suriya, 2011). Perhaps Bawany is the most generous among them looking at the size of the contribution this family has made to the waqf development. The name Bawany means “of or belonging to” Bawa, an honorific title bestowed on the head of the family in recognition of his honesty and hard-work when the family lived in Jetpur, India. After partition, the family moved to Pakistan. The Bawany family was among the 22 wealthy dynasties to which the government had initially appealed for cooperation, and it had established a waqf institution for educational purposes. As P4 states that:

Begum Aisha Bawany Waqf was established in 1953 in memory of (Late) Mrs. Aisha Ahmed Bawany, for serving the noble cause of Islam in various fields of human welfare, including higher education. Mr. Ibrahim Bawany, the father of a present Trustee/Mutawalli initiated the waqf and named it after his mother. It is a family waqf and doesn’t receive any donations.

The Bawany family has major stakes in various businesses such as sugar, leather, textiles, jute, particle board, oxygen, garments, cables and tanneries. They are considered as business tycoons and one of the richest families of Pakistan having various firms including Latif Jute Mills, Bawany Sugar Mill, Farhan Sugar Mill, Pioneer Cables, Bawany Air Products Limited, Al-Noor Textile and Bawany Metals. The charitable family has devoted 10% of its profits to waqf institutions in the name of Allah. The total annual expenditure of these businesses comes to approximately two million PKR (Rifat Ahmed, 2016). P4 explained that zakat and other kinds of charities are also donated to the waqf institution, but these are distributed only among the recipients who are legally entitled to zakat.

The Bawany family established the Aisha Bawany Academy in 1960, which initially comprised only primary and secondary schools for boys and girls. In 1962, a degree college was also added to the academy. To some extent, P5 says, the Aisha Bawany Waqf also helped establish several prestigious HEIs across Pakistan. Hence, despite being only a family waqf, Bawany Waqf Institution contributes to many HEIs (A Hameed Tayyab Suriya, 2011). Following are some remarkable examples of the family’s generosity:

- Aisha Bawany Academy;
- Ahmed Bawany Academy;
- Hussain Ebrahim Jamal Institute of Chemistry-Karachi University;
- Dawood Engineering College;
- Rounaq-e-Islam Girls College;
- Usman Institute of Technology;
- Hashmani Post Graduate Eye Institute;
- Memon Institute of Data Processing; and
- Adamjee Institute of Information Technology.

In addition to contribution to HEIs, the Bawany Waqf extends monetary help to the poor and provides financial assistance for the construction of mosques, various religious, social,
cultural and educational institutions, establishment of special units in hospitals and community welfare centres across Pakistan. P5 mentioned that in times of natural calamities and national emergency, the waqf provides all possible assistance to the afflicted. Bawany Waqf has distributed thousands of copies of the Holy Qur’an and a substantial quantity of clothes, medicines and other material among the deserving and the needy across the country. The last but not the least of the Bawany Waqf’s welfare activities is its role in the propagation of Islam all over the world. To play its part in the noble cause, the waqf disseminates Islamic literature free of cost in various languages. It has published more than 50 books containing a treasure trove of knowledge on Islam for Muslim as well as non-Muslim audience by presenting a comparative study of the religion. The waqf institution is also publishing a monthly magazine “Muslim News International” for about 15 years which has a wide circulation in Pakistan and abroad.

1.4.3 Darul Tasnif Waqf. Maulana Tufail Ahmed Farooqi, founder/waqif of Darul Tasnif, who claimed his descent from the second rightly guided caliph Hazrat Umar bin Khattab (may Allah be pleased with him), migrated to new homeland of Muslims, Pakistan, after its creation in 1947, and applied to the government in 1950 for allotment of property in compensation for whatever he had left behind in Saharanpur, India. Fortunately, the government allotted to him a small piece of land, and the moment he took possession of it, he donated it to his institute, Darul Tasnif, and established a waqf to run its affairs.

According to P6, Tasnif means “writing” and “composing” and the word is also used to refer to the act of compiling different facts on a subject. It was then decided that the newly established waqf institute would be named as Darul Tasnif, he said. This was a unique experience, a waqf as well as a company, which offered welfare services in health care, education and works of public good. Under this institute, the founder first brought out a magazine ‘Al Yaqeen’ and undertook translation of the Qur’an as well as its rendering in roman Arabic. The objective of rendering the Arabic in roman was to enable modern educated persons, who found it difficult to read Arabic text, to read the Qur’an with the help of roman alphabet. He accomplished the task in 1951.

The interesting fact about the establishment of the institute is that the founder had originally wanted to get his magazine registered with the authorities concerned, and for this purpose, he had first established an institute. He convened a meeting of his disciples and explained to them that he was about to receive a piece of land and planned to declare it as waqf for the institute, which was at that time in gestation stage. P3 said:

He said that the envisaged institute would be a laboratory of Islam where students would be taught how to practice Islam without compromising its essentials and losing its spirit. The institute would produce scholars who would be well versed in both traditional Islamic knowledge and modern sciences.

For that reason, he gathered his disciples and informed them about the salient features and objectives of the proposed institute and offered the disciples to become shareholders in the proposed waqf company. He then established the institute and had it registered with the SECP as a “private limited company”. As pointed out by P6, SECP believed it was the first of its kind waqf institute in the country which was welfare and charitable organisation as well as a private company. The SECP had advised to get the institute registered as a “trust” with the SECP, but the founder (waqif) did not agree to the idea as he had very strong arguments against it. Once when PCP officials objected to the SECP’s issuing tax exemption certificates to a private waqf company, the SECP chairman gave them an answer, which recognised the good work the institute was engaged in. P3 quoted him as saying:
You are just looking at a pile of papers which say that it is a private company but we have been examining their accounts for decades and we, therefore, know they are doing a noble work as a waqf institution.

To remove any ambiguities which may have arisen in future as well, the SECP chairman issued an official letter for the institute with this note that despite “being a public company Darul Tasnif can work as a charitable and waqf organisation”. P6 further explains that the law allows a private limited company to work as a waqf provided that its directors do not draw salary from the company’s earnings, which will be exclusively spent on the organisation. Darul Tasnif has various charity ventures besides HEIs such as Murshid Hospital with Nursing School, Law College, and a technical college. The Murshid Hospital has a little different structure from the college’s, though it too comes under the waqf institute. The hospital has a separate board of governors which takes care of its affairs and run the facility on the basis of no profit no loss. It spends whatever it earns and charges only the fee that is spent on patients’ treatment.

1.5 Waqf raising

Based on findings of the research the waqf-raising can be divided into two broad categories. Internal sources, which means the funds are raised internally, i.e. inside the waqf institution, and external sources; that means the funds are received from outside the waqf institution. Both the sources are important for making the institution self-sufficient and help it meet its operating expenses.

Table 2 demonstrates waqf-raising sources in selected cases. These awqaf are meeting their needs from waqf income to a large extent. The waqf for HEIs in Pakistan has evolved over seven decades with many individuals, religious leaders, business tycoons or business families putting in their share. The waqf mostly generates income from various business ventures such as Hamdard Laboratories Waqf Pakistan, Bawany family businesses and Jaffar Group Limited and contributes to HEIs, health care and well-being of society. Thus, their internal sources are large enough to bear operational and developmental expenses. However, Table 2, further exhibits that Darul Tasnif Waqf limited received support from the government in 1984 in the development of Nursing School and health-care centre. Otherwise, the waqf institutions are self-sufficient to meet their own expenses. These waqf institutions are independent and contributing significantly to HEIs funding.

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<tr>
<th>Case studies</th>
<th>Internal sources</th>
<th>External sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hamdard Waqf</td>
<td>• Hamdard Laboratories (Waqf) Pakistan’s Income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rental</td>
<td>• NA</td>
</tr>
<tr>
<td>Aisha Bawany Waqf</td>
<td>• Bawany Family businesses’ Income</td>
<td>• NA</td>
</tr>
<tr>
<td></td>
<td>• Advertising services income</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rental</td>
<td></td>
</tr>
<tr>
<td>Darul Tasnif Waqf</td>
<td>• Jaffer Group Limited</td>
<td>• Government support 1984 4m PKR</td>
</tr>
<tr>
<td></td>
<td>• Annual fund from BoD</td>
<td>• Cooperatives: CSR funding</td>
</tr>
<tr>
<td></td>
<td>• Rental</td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Waqf raising sources Source: Compiled by researchers
1.6 Waqf management

Table 3 displays the waqf management in selected cases for HEIs in which waqf owns vast pieces of land; commercial, residential and real estate. In financial assets, they have prudent investment strategies to invest in securities, stocks, Sukuk and long-term fixed deposits. To a certain extent, they also develop hospitals and provide health-care services. Most importantly, they have some business ventures in the form of herbal products manufacturing and advertising services, etc. The table illustrates that internal sources and business ventures are very crucial for a waqf institution’s sustainable development.

Table 4 represents waqf income utilisation in the selected cases. The facts and figures show that the selected cases are successfully catering to developmental and operational costs of their HEIs from the waqf income including Madinat al-Hikmah, Hamdard University, Bait al-Hikmah Library, Aisha Bawany Degree College and Academy, Tablighi College, Darul Tasnif Law College, Murshid Hospital and Nursing School. Furthermore, the waqf also supports academic activities with merit-based and need-based scholarships, grants for projects and other HEIs. Darul Tasnif, in addition, is also providing accommodation, transportation and daily meal as well as medical facility to its students as well as underprivileged people of society.

1.7 Discussion and policy implications

It has been ascertained that waqf is one of the successful Islamic social finance institutions for financing HEIs in Pakistan. The study confirms that the waqf can prove to be an alternative source for funding HEIs whether it is centralised under government or is privately held. Waqf assets mostly comprise real estate properties though in today’s age, cash waqf is more beneficial and flexible in utilisation for undertaking any venture like building universities. It has been noted that the cash waqf has not so far received the attention it deserved in Pakistan. However, the waqf has been financing different goods and services in different countries without depending on government’s budget (Haneef Mohamed et al., 2015; Ismail Abdel Mohsin, 2013; Shabbir Malik, 2018). Traditionally, Al-Azhar, Dār al-Hikmah and Al-Nizāmīyah offer shining examples of waqf HEIs (Mahamood and Ab Rahman, 2015). These HEIs’ were receiving operational and developmental expenses from the income of various waqf properties and played a significant role in the socio-economic development of Muslims (Mohd Thas Thaker and Allah Pitchay, 2018).

<table>
<thead>
<tr>
<th>Case studies</th>
<th>Real estate assets</th>
<th>Financial assets</th>
<th>Businesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pakistan</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hamdard Waqf</td>
<td>• 350-acre land</td>
<td>• Fixed long-term deposits</td>
<td>• 500 herbal products</td>
</tr>
<tr>
<td></td>
<td>• Commercial buildings</td>
<td>• Securities and stocks</td>
<td>• Hamdard hospitals</td>
</tr>
<tr>
<td></td>
<td>• Herbal farms</td>
<td>• Sukuk</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Royalty</td>
<td></td>
</tr>
<tr>
<td>Aisha Bawany Waqf</td>
<td>• Multipurpose 12-storey building</td>
<td>• No</td>
<td>• Advertising services</td>
</tr>
<tr>
<td></td>
<td>• Commercial buildings</td>
<td></td>
<td>• Publishing house</td>
</tr>
<tr>
<td></td>
<td>• Residential buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Darul Tasnif Waqf</td>
<td>• 34-acre land</td>
<td>• NIT investment fund</td>
<td>• Murshid Hospital</td>
</tr>
<tr>
<td></td>
<td>• Fuel station</td>
<td>• Fixed deposit in IFIs</td>
<td>• Publication house</td>
</tr>
<tr>
<td></td>
<td>• Residential buildings</td>
<td></td>
<td>• Farming</td>
</tr>
<tr>
<td></td>
<td>• Commercial buildings</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3. Waqf assets management
Hence, it is proved the waqf is an Islamic social finance institution that provides the best features as an alternative fiscal instrument to provide public goods, including HEIs.

Therefore, this research recommends that waqf as an Islamic social finance and social security institution requires proper regulations and management to avoid risks of inefficiency and mismanagement. Therefore, a country’s robust laws and regulatory framework are imperative for public and private waqf management, separately (Kader Sharifah Zubaidah Syed and Mohamad Nor, 2019; Nik Ahmad Nik et al., 2019). The waqf institution should be exempted from all forms of taxes to ensure expansion of the waqf institutions for socio-economic development. Currently in Pakistan, tax rebate is allowed only on donations, which should instead be given on overall income and expenses of the waqf institution, i.e. utilities, real assets and business activities. The waqf institutions and their different departments have to be integrated with new information technologies (IT) as clients (waqf institutions) have to transfer information from one institution to another manually. Hence, IT can help improve efficiency and reliability and create an easily manageable and secure database. Public officers should be aware of the concept of waqf and be supportive in enforcing and regulating laws that facilitate waqf institutions’ noble cause.

There is a greater need today to take effective measures through all media platforms to create awareness about the waqf and its welfare activities in society and introduce waqf as part of the third sector in educational curriculum at primary and secondary levels.

1.8 Conclusion
The research concludes that in Pakistan, both public and private awqaf are viable but the role of private awqaf is greater and is therefore considered as a part of the not-for-profit sector. As
the country has no specific legislation and regulatory authority for private waqf, the privately held awqaf have to turn to other legal frameworks to get recognised as legitimate entities. They are thus registered as a society, trust, foundation or a limited company. Initially, these waqf institutions were established by humanitarians, educationists and religious leaders. Thereafter, business tycoons and communities that are less dependent on external sources played an important role in the development of waqf. The waqf institutions mostly focus on internal sources and waqf income to meet their expenses and have firm guidelines at their disposal for investing in real estate, financial sector and various other businesses. Waqf uses the income on developmental and operational expenditures, and support academic activities of students and staff. It also supports other HEIs and research agencies. It is, therefore, a forgone conclusion that for an established waqf institution’s sustainable development, perpetual waqf income and business ventures are extremely crucial.

1.9 Future research directions
The study makes some recommendations for future research as given below:

- From Sharī‘ah’s perspective, the role of waqf institution as a legal entity needs to be explored further and understood.
- From the society’s perspective, a study can be conducted to investigate and explore how to create awareness among people about waqf institution. What are the factors that may help encourage society to contribute to waqf HEIs?
- Unlike Islamic banking, many scholars consider waqf as a secondary issue; thus, the research and development on waqf have not received the attention it deserves. Therefore, studies should be conducted on waqf financing, management and development in other countries to learn from their experiences and broaden perspective on waqf.
- The study’s findings point out to research gaps regarding waqf regulations in Pakistan. Therefore, there is a need to fill in the lacunas and decide how a legal framework can be developed to regulate different waqf entities in line with Sharī‘ah and legal requirements of the country.

Notes
1. Muhammadan Law-Waqf-Settlement on a Man and His Descendants-Perpetuity-Aulad Dar Aulad-Warrasan, Bombay Court, 1873 (10), BHCR 007 Abdul Ganme Kasam and others v Hussen Miya Rahimtula and others (1873).

References


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