

**SCHEME FOR GRANTS-IN-AID TO WAQF - DEVELOPMENT OF URBAN  
WAQF PROPERTIES**

**(CONTINUATION FOR THE PERIOD 2017-18 TO 2019-20)**



**सत्यमेव जयते**

**Government of India  
Ministry of Minority Affairs**

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## **Scheme for Grants-in-aid to Waqf - Development of Urban Waqf Properties 2017-18 to 2019-20**

### **1. Background**

1.1 Waqfs are permanent dedication of movable or immovable properties by any person for purposes recognized by the Muslim Law as pious, religious or charitable. Apart from their religious aspect, the waqfs are also instruments of social good as the benefits accrue to the needy in social-economic and educational fields.

1.2 For a variety of reasons, the majority of auqaf in the country have limited income. The result is that generally the Mutawallis (Managers of auqaf) find it difficult to adequately fulfill the purposes for which these auqaf are created or intended. Most of the urban waqf lands have the potential for development but the Mutawallis and even the Waqf Boards are not in a position to muster enough resources for construction of modern functional buildings on these lands.

### **2. Objective**

2.1 With a view to improving the financial position of the auqaf and the Waqf Boards and to enable them to enlarge the area of their welfare work, this scheme has been formulated with a view to protect vacant Waqf land from encroachers and to develop economically viable projects on these properties for generating more income and /or to widen welfare activities.

2.2 Under the Scheme, interest free loan is advanced to various Waqf Boards and Waqf Institutions in the country for construction of economically viable buildings on the Waqf land, such as commercial complex, marriage halls, hospitals, cold storage etc.

### **3. Need for modification/continuation of the existing scheme**

3.1 The Central Waqf Council has been implementing this Scheme since 1974-75 with the annual Grant in aid provided by the Ministry of Minority Affairs. Under the scheme, the Central Government has released a total grant-in-aid amounting to Rs.52.37 crore between September 1974 to March, 2017 and in turn the Central Waqf Council has extended interest free loan to 143 projects.

3.2 The implementation of the above Scheme was reviewed with the State Governments and State Waqf Boards on 7.1.2017. Thereafter, the Scheme was got evaluated through National Institute of Labour Economics Research & Development (NILERD), New Delhi. Among other recommendations, NILERD was of the view that the above Scheme needs to be continued at least for ten years more so that adequate number of waqf properties could be developed.

3.2 Based on the feedback received from the States and findings of the evaluation study done by NILERD on the existing Scheme, it has been decided to continue the scheme by incorporating the feedback received and recommendations made by NILERD, the details of which are given in the succeeding paras.

#### **4. Scope, Eligibility & Finance**

4.1 The Central Waqf Council (CWC) would continue to be the implementing agency of this scheme and they would extend interest free loan assistance to State Waqf Boards (SWBs) / waqf institutions for specific development projects approved by CWC. These projects involve construction or reconstruction of economically viable buildings or projects on waqf lands. The augmented income will be utilized by SWBs/ waqf institutions to strengthen their financial position and to widen the scope of their welfare and charitable activities. The whole purpose is intended to contribute to overall progress and development of the society.

4.2 Loan under this Scheme will be provided for development of a waqf property situated in an Urban area. Urban Area means a property situated in any area, which is comprised within the jurisdiction of a Municipality (whether known as Municipality, Municipal Corporation, Notified Area Committee, Town Area Committee, Town Committee or by any other name) Cantonment Board and include any area within such distance not being more than 8 kilometers from the local limits of any Municipality or Cantonment Board as the Central/State Government may, having regard to the extent or scope for urbanization of that area and other relevant consideration, specify in this behalf by notification in the Official Gazette.

4.3 All SWBs/ registered waqf institutions, which are in full possession of property to be developed and in the opinion of CWC are not insolvent or otherwise suitable, shall be eligible for interest free loan. Maximum interest free loan payable will be Rs.2.00 crore or 75% of the estimated cost of the project (excluding the value of the land) , whichever is less.

#### **5. Mode of application**

Every SWB or Mutawalli of a waqf requiring an interest free loan shall submit the proposal in the prescribed application form . CWC will also develop a Web Portal containing details of not only process of submission of online applications but also indicating details relating to status of processing of applications, details of project sanctioned, funds released, target date of completion, monitoring of project by Project Development Committee, physical progress of the project alongwith site photos/video from the inspecting team; loan installment received, etc.

#### **6. Processing of the applications and disbursement of loan:**

The procedure for processing the loan applications received by CWC will be as below :

- (i) The applications will be considered by the Waqf Development Committee of CWC and will give its recommendation on each application. The recommendations made by the Committee will be considered in the meeting of CWC and further action to be taken as per decision of CWC;
- (ii) CWC will release the approved loan amount in installments. First installment upto 50% of the loan amount will be released initially and remaining loan amount will be released in appropriate instalments after receipt of UC and satisfactory progress report from the concerned boards;
- (iii) For approved projects, SWBs/ waqf institutions will also be required to submit loan agreement. Security for obtaining loans will be furnished through memorandum of Deposit of Title Deed OR State Government Guarantee OR Bank Guarantee OR State Waqf Board Guarantee; and
- (iv) For all the approved projects, CWC will levy 8% of disbursed loan amount towards administrative processing cost and the above amount will have to be deposited in advance by SWB/ waqf institution before loan amount is released.

## **7. Release of funds**

The Ministry of Minority Affairs will release grants-in-aid to CWC in two instalments. While the first instalment of 50% will be released initially, the second instalment will be released on the basis of the approved projects for which loan of more than Rs.75.00 lakh has been sanctioned. On receipt of grants-in-aid, CWC will release loan to concerned SWBs/ waqf institutions after following due procedure and guidelines under GFRs. The Utilization Certificates will be forwarded to this Ministry by the CWC in the format provided in the GFR. For smaller projects of loan upto Rs.75.00 lakhs, CWC will release loan from their Revolving Fund.

## **8. Monitoring of approved projects**

8.1 The SWB, for its projects shall obtain the sanction of the State Govt. under Section 75 and constitute a Project Development Committee (PDC) with the approval of the State Government. For the projects of waqf institutions, PDC will be appointed with the approval of SWB with intimation to the CWC. PDC will consist of (i) a nominee of the Waqf Board; (ii) a prominent Muslim of the locality; (iii) Mutawalli of the waqf concerned; and (iv) two experts – one from the field of Architecture/Engineering and one from Finance/Administration. The meeting of the PDC shall be presided over by the Mutawalli of the waqf concerned or in the case of property under the direct control of Waqf Board, by the CEO of the Waqf Board or his nominee, as the case may be.

8.2 The amount of loan granted by the Central Waqf Council for the scheme shall be kept in a Bank account exclusively opened for this purpose in the name of the Project Development Committee. The drawing and disbursing authority would be jointly vested in two or more members of the Project Development Committee and none of whom would operate the account singly.

8.3 The CEO may replace any member of the Project Development Committee with the approval of the Board and under intimation to the CWC by nominating another in his place indicating reason for replacement.

8.4 The accounts of the Project Development Committee shall be audited at the close of the month of March every year by a qualified auditor or by a Chartered Accountant and a copy of the audited accounts shall be furnished to the Board and the CWC not later than 31st May of every year.

8.5 If any default in repayment of loan or defalcation of funds or wasteful expenditure is reported by the auditor or comes otherwise to the notice of the CWC, action as permitted under sub-conditions 10.4 and 10.5 of condition 10 will be initiated by CWC.

8.6 The CWC may at any time, if considered necessary, order an inspection of the account of the Project Development Committee or the Board or both, and may depute any member or members of the CWC or its Secretary or any other competent person to carry out such inspection or may direct the State Government to order such inspection.

8.7 The CWC may give such direction to the Project Development Committee as, in its opinion, is necessary for the proper utilization of the funds, and such direction shall be deemed to be part of the agreement.

## **9. Time for completion of project**

9.1 Every project for which a loan is advanced shall be completed within such time as may be stipulated in each case.

9.2 If the proposed project is not completed within the stipulated time, the CWC, may, if considered justified, extend the period at its discretion.

**(Explanation:** For the purpose of this condition completion of Project would mean utilization of the loan installment of loan advanced i.e., within three years from the date of release of the loan installment.)

9.3 If no time is extended, or if the extended time has also expired without the project being completed, the CWC may impose a penalty or payment of a sum of money not more than 4% per annum on the balance of the loan unpaid. CWC may also initiate action for the recovery of the loan as provided under Sub-conditions 10.4 and 10.5 of

condition 10 , provided the CWC may exempt any loanee from the levy of penalty or waive the penalty imposed if necessary depending on the circumstances of the case.

#### **10. Terms of repayment of loan**

10.1 The loan shall be ordinarily repayable to the CWC in sixteen half-yearly installments, with the moratorium of one year after the final installment of loan is disbursed.

10.2 The loanee concerned shall, as a measure of mutual regard for the furtherance of the objectives of Waqfs in general, pay administrative processing cost to the CWC @ 8% of the loan amount before it is released.

10.3 The CWC may extend the time for the payment of installment due if considered necessary in the circumstances on any case.

10.4 In case three consecutive installments of repayment of the loan fall in arrears, CWC may, after giving notice to the borrowers to pay due installment of principal amount within a period of 30 days of the date of receipt of such notice by the borrowers, declare that the entire balance amount of the principal loan due thereon has become repayable in one lump sum.

10.5 After the expiry of the period of the final notice under sub-condition 10.4, the CWC may proceed to take action for recovery of the loan amount as per the loan agreement or take such other action as it may propose for the recovery.

#### **11. Implementation of the scheme**

11.1 The Project shall be implemented strictly in accordance with the plan approved by a qualified Architect/Engineer/expert.

11.2 No deviation from the approved plan shall be made without the prior sanction of the CWC.

#### **12. Utilization of additional income accruing from the scheme**

12.1 To ensure proper utilization of the additional income from the developed Waqf property, the Mutawalli in consultation with the Board or the Board concerned as the case may be, shall prepare a scheme for such utilization and submit it to the CWC for approval.

12.2 The scheme under sub-condition 12.1 above shall be based on the following requirement:-

(i) The Mutawalli will continue to take for himself an amount equal to average amount he was getting as income from the property in the previous three years immediately before the date of the receipt of the first loan from the CWC.

(ii) The CWC may further sanction upto 50% of the additional income accruing from the developed property for being utilized for the purposes for which the Waqf was originally created.

(iii) The remaining additional income shall be spent after paying taxes, contribution, maintenance and administration charges, depreciation fund and audit fee, on such educational and social welfare activities as may be conducive to the betterment of the community.

12.3 After the scheme is approved by the CWC, it shall form part of the annual budget of the Waqf concerned till the scheme is altered or revised with the prior approval of the CWC.

### **13. Creation and utilization of revolving fund**

The loan amount received by the CWC from SWBs/ Waqf Institutions shall form a Revolving Fund, which shall be accounted for under a separate head of account under the Waqf Fund. The Revolving Fund shall be utilized for the development of Urban Waqf Properties for which loan of upto Rs.75.00 lakh is approved.

### **14. Removal of difficulties**

If any difficulty arises in giving effect to the provisions of these terms and conditions, the CWC may, with prior approval of the Ministry of Minority Affairs, by an order, make such provision not inconsistent with the purposes of these terms and conditions appear to be necessary or expedient for removing the difficulty.

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