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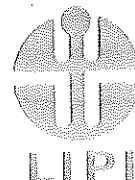
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INTRODUCING WAQF BASED TAKAFUL MODEL IN INDIA

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Abstract

Waqfs a unique feature of the socioeconomic system of Islam in a multi- religious and developing country like India. India is a rich country with *waqf* assets and the history of *waqf* in India can be traced back to 800 years ago. Most of the researchers, suggest how *waqf* can be used a tool to mitigate the poverty of Muslims. India has the third highest Muslim population after Indonesia and Pakistan. However, the majority of Muslims belong to the low income group and they are in need of help. It is believed that *waqf* can be utilized for the betterment of Indian Muslim community. Among the available uses of *waqf* assets, this paper focuses on how *waqf* can help Indian poor Muslims through *takaful*. Therefore, this paper is proposing to introduce *waqf* based *takaful* model in India. In addition, how this proposed model can be adopted in India is highlighted. It is believed that this proposal will be the interests of Muslim community, insurance operators and regulators.

Key words: Waqf, Takaful, Muslim and India

1. INTRODUCTION

Risks are everywhere and they are always associated with human life in which most of their daily activities are exposed and not free from risk. It may affect any life, property or even a business organization, often risk creates lot of hurdles and wounds the lives of many in society. This question makes us to think how to assist these unfortunate people. The only way to tackle such situation is through insurance. The foremost objective of insurance is to distribute liability among the concern parties through mutual co-operation and understanding. By this the uncertain risks can be avoided and a victim can be saved from such dangers.

Actually, there was a steady improvement of the thought and philosophy of assurance in various states. Even the Muslim educated society felt the need for insurance. This sector consequently looks towards *Ulama's* for guidance. But keeping with religious principles and beliefs, they discuss the matter and declare a "*Fatwa*" as insurance is un-Islamic (Billah, 2007).

Keeping an account consequential Muslim population all over worldwide and especially India need for *Shari'ah* based insurance has become more urgent and this will affect huge business capacity. Islamic finance gave a birth to a new term in trade and commerce that is known as "*Takaful*". *Takaful* is an Arabic term it means "guaranteeing each other" or joint guarantee. The very idea of *Tabarru* is the core of *Takaful* system which is purely without the elements of uncertainty and gambling (Nasser & Jamil, 2011).

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