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**Community-Led Development Initiatives through the Kerala Model of Islamic  
Economics**

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**Abstract***Purpose*

In this study, the following research questions guide the investigation of how Sadaqah-based crowdfunding supports sustainable urban development in Jamia Markaz, an innovative urban complex in Kerala, India: How does Sadaqah-based crowdfunding contribute to Kerala's financial sustainability? How does this funding model support the development of self-sustaining, community-focused urban facilities? How does the model align with Islamic principles of social welfare?

*Design/Methodology/Approach*

The paper analyses Jamia Markaz's usage of crowdfunding based on sadaqah as its main source of finance using a case study methodology. Data on how Sadaqah contributions support social services, educational initiatives, and infrastructure was gathered through financial report analysis and interviews with project leaders. Understanding how this strategy affects community involvement and financial sustainability is the main goal of the analysis.

*Findings*

According to the results, Markaz's objective of providing easily accessible educational, medical, and social services that are in line with Islamic principles is successfully supported by crowdfunding based on sadaqah. Buildings like the Fezinn Hotel, Markaz School, and medical facilities are made possible by the Sadaqah-based concept, which also promotes community involvement and lessens dependency on traditional loans. These self-financing projects promote community development and strengthen the city's financial independence. Research offering fresh perspectives on the use of crowdfunding based on sadaqah in infrastructure development, this study closes a knowledge vacuum on the contribution of Islamic financing to sustainable urban planning. Policymakers and urban planners interested in incorporating moral, community-based finance models into infrastructure development can benefit from the replicable model provided by the Markaz Knowledge City instance.

*Keywords*

Sadaqah-based crowdfunding, sustainable infrastructure development, Islamic finance, Jamia Markaz, community engagement.

## Introduction

Through online donations and micro-sponsorships in the form of commitments of modest sums of money from numerous individuals within a constrained timeframe, crowdfunding is an online funding technique that makes it possible to realise an idea.<sup>1</sup> There are four distinct forms of crowdfunding: equity, lending, reward, and donation crowdsourcing. In addition to being endorsed by values found in the Qur'an and Sunnah, all of these forms are legitimate.<sup>2</sup>

Within the microfinance industry, donation-based crowdfunding is similar to sadaqah (voluntary charity) because, in contrast to other crowdfunding models, it does not guarantee any kind of ownership. But are all crowdsourcing initiatives that rely on donations considered sadaqah? What does sadaqah mean exactly? According to Sheikh Zainuddin Makhdoom II, Fath-Hul Mu'een, sadaqah is a type of charity that can be given to the wealthy with the hope of receiving a reward in the Hereafter or to the poor with no prospect of repayment. If non-Muslims are not at war with us, it is acceptable to give them charity; if they are at peace, in a condition of security, truce, or treaty, there is no issue.<sup>3</sup> Sadaqah can only be given by Muslims, although money via donation-based crowdfunding can be contributed by anybody. This represents the primary difference between the two.

## Sadaqah based crowd funding

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<sup>1</sup> Source: Entrepreneurship Research Journal, 2017; Mokter Hossain, Crowdfunding: Motives, Definitions, Typology, and Ethical Challenges.

<sup>2</sup> Applied Science University (ASU), Manama, Kingdom of Bahrain; Marwan Abdeldayem and Saeed Aldulaimi, College of Administrative Sciences, Developing an Islamic Crowdfunding Model: A New Innovative Mechanism to Finance SMEs in the Middle East.

<sup>3</sup> Alfatawal Imam Ibn Bazi

In order to raise money from the community, it has also been discovered that crowdfunding combined with a sadaqah contract that complies with Shariah is acceptable.<sup>4</sup>

The Qur'an and the Prophet's sayings on sadaqah are filled with many verses. "Who will give Allah a decent loan that Allah will several times over? Only Allah has the power to increase and reduce riches. And you will all be given back to Him."<sup>5</sup> "Whoever donates the value of a date that he has legally earned, Allah accepts it with His Right Hand and nurtures it for him, just like one of you nurtures his mare, until it resembles a mountain," said Prophet Muhammad (saw). Muslims of both genders are able to donate sadaqah to projects, companies, and persons as they see fit. The economy and people may gain more from this sadaqah.<sup>6</sup>

During my case study of different organisations, I discovered that all of them used crowdfunding based on sadaqah. I asked about the fundraising procedures of each institution's office bearers throughout my interviews. They frequently stated that the Mubashir<sup>7</sup> on each college is in charge of gathering community donations.

Parents of students enrolled in these schools, as well as members of the local community, frequently help to achieve the objectives of the institution. For significant occasions like birthdays, wedding anniversaries, and death anniversaries, they frequently sponsor a meal for a predetermined period of time or even a whole day. All of the campuses under study followed this procedure consistently. A synopsis of every institution that is part of the case study might be given. Organisational donations, self-financing, sadaqah crowdfunding, and takaful<sup>8</sup> are the primary revenue-generating streams at the educational institutions under Markaz Knowledge City. The contribution of these techniques to the development of local infrastructure is also highlighted in this study.

## Literature review

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<sup>4</sup> Sadaqah-Based Crowdfunding Model for Microfinancing and Health Care, Muhammad Amir Lutfi, Mohd Adib Ismail, Universiti, Angsaan, Malaysia, page 31).

<sup>5</sup> Al-Baqarah 2:245.

<sup>6</sup> MUHAMMAD AMIR LUTFI & MOHD ADIB ISMAIL.

<sup>7</sup> Donation collector.

<sup>8</sup> Mutual aid.

Markaz Knowledge City is the subject of the study, which looks at the function of crowdfunding based on sadaqah in the creation of sustainable infrastructure. The potential of crowdfunding to fund community-focused projects that adhere to Islamic social welfare ideals is highlighted in the literature now in publication. Four types of crowdsourcing are identified by research by Mokter Hossain (2017) and Marwan Abdeldayem and Saeed Aldulaimi, including Sadaqah-style donation-based crowdfunding. This paper by Muhammad Amir Lutfi and Mohd Adib Ismail shows that Shariah-compliant crowdfunding is acceptable.

Research on sadaqah highlights its importance in fostering financial sustainability and communal development. The idea, which has its roots in Islamic principles, promotes selfless giving without expecting remuneration. The definition and application of sadaqah are made clear in Sheikh Zainuddin Makhdoom II's Fath-Hul Mu'een. Muhammed Shah EK's research emphasizes the importance of Yateemkhana, a social reform movement, and the sizeable youth population in India.

The success of Sadaqah-based crowdfunding in creating sustainable infrastructure is demonstrated by the Markaz Knowledge City case study. Results show that social, medical, and educational services may be successfully financed while adhering to Islamic beliefs. Similar programs, like Isra and Sayyed Madani Dargah, use crowdsourcing based on sadaqah to show both financial sustainability and community involvement. The literature review emphasizes how crowdfunding based on sadaqah can support sustainable development and community empowerment, which calls for more study into its scalability and potential uses.

### **Methodology/Design**

This qualitative case study examines how well crowdfunding based on sadaqah supports the building of sustainable infrastructure in Markaz Knowledge City. The study's design answers three main questions: How does crowdfunding based on sadaqah support the long-term viability of Markaz Knowledge City's finances? How is the development of

community-focused urban facilities supported by this funding model? How does this strategy fit into the social welfare tenets of Islam? The process of gathering data entails analyzing documents, looking through financial records, official websites, and annual reports from Markaz Knowledge City and other pertinent organizations. Semi-structured interviews with important stakeholders, such as office assistants, teachers, and project managers, yield detailed information. Literature on sustainable urban development, Islamic financing, and crowdfunding based on sadaqah are examples of secondary sources.

While thematic analysis finds patterns in interview data, content analysis is used to examine document data. The results are triangulated to guarantee validity. Markaz Knowledge City and its affiliated campuses were chosen through purposeful sampling because of their effective crowdfunding strategy based on Sadaqah. All participants are promised confidentiality, informed consent, and anonymity. The single-case research design and potential participant response bias are two major drawbacks of this study. Future research might compare various crowdfunding approaches and investigate scalable and replicable Sadaqah-based financing strategies. This study offers important insights into the efficacy and possible uses of Markaz Knowledge City's crowdfunding technique based on sadaqah in sustainable infrastructure development. By demonstrating the possibility of crowdfunding models based on sadaqah, the findings add to the body of knowledge already available on Islamic finance, crowdfunding, and sustainable urban development. By encouraging creative approaches to sustainable infrastructure development, this study seeks to uphold Islamic values while advancing the welfare of the society. The study's findings will be useful to stakeholders, lawmakers, and urban planners looking for efficient, neighborhood-focused funding methods.

### **Discussion and Analysis**

Founded by Sheikh Abubakar Ahmad, the current Grand Mufti of India, Markaz Knowledge City (MKC) is a great illustration of a sustainable green metropolis that satisfies the UN SDG principles and smart city requirements. Originally a rural location, the city has been developed into a contemporary urban environment with all the services that people need. To make sure it is environmentally sustainable, the city has waste management systems, a solar power plant, and rainwater gathering equipment. Commerce, education, culture, life,

agriculture, and health are the six distinct essentials that make up this aggregate figure. There are eighteen institutions that operate here: the Indian Grand Masjid, the Markaz Unani Medical College & Hospital, the Fezinn Hotel, the Landmark Village, the Markaz Law College, the Tigris Valley, Digital Bridge International, the M Tower, Queens Land, the Vallencia Galleria, the Alif Global School, the Habitus-the Life School, Talenmark Developers, the Malaibar Foundation, the Mihras Hospital, the Meem Virtual Learning Partner, and the WIRAS/World Institute of Research in Advanced Science.<sup>9</sup>

MKC operates in 40 villages as part of the Village Empowerment Project, which provides basic amenities like support for orphans and women's empowerment. Every visitor receives a complimentary dinner through Shurb Khana, a special food delivery facility. Furthermore, the following organisations and associations are actively engaged in the socio-economic field, with a focus on MKC:

Social sector	Economic sector
Markaz naturopathy college	Malaibar Press house LLP
	Mazra
Markaz Unani Hospital	Ecomount Builders
	HTI
Markaz Unani college	
MIHRAS Allopathy Hospital	
Malaibar Folklore studies	

<sup>9</sup> Markaz Knowledge City Official Site.



Also, it has green transportation options like electric vehicles, bicycles, and public transportation. The city is also equipped with intelligent street lighting systems, energy-efficient buildings and smart waste management systems<sup>10</sup>

Isra was established in 2010 by Sayyid Hussain Thangal Vadanappally. The Islamic Service and Research Association is referred to as Isra. Maz-harul Qur'an Hifz Academy, Imam Ghazali Model Academy, and Kulliyathu Isra On Campus, an allied campus of Jamia Madeenathunnoor, make up the main campus under Isra. Isra also runs Isra Women's College, which offers girls who have finished their SSLC (10<sup>th</sup> grade) higher Islamic education facilities.<sup>11</sup> According to data research, Isra, an organisation in the Thrissur district's Vadanappally, has had a major influence in just 13 years. Through collaborations with companies such as Nesto, Isra has supplied more than 7,500 Ramadan kits, distributed over 10,000 food kits, and created over 1,400 job opportunities.

In addition to more than 100 medical assistance packages, marriage support for over 100 couples, housing assistance for over 100 families, and more than 20 pensions, it also offers food kits to non-Muslim locals on special occasions. These initiatives demonstrate its active participation in a variety of sectors. ISRA has to pay 11 lakh rupees a month for teachers' salary, housing, food, and student education. Serving roughly 400 students and employing about 50 personnel, the school mostly depends on donations from regular people to sustain its operations. The process by which Isra collects funds has two primary components. The first is spreading the call to dawa, or pure faith. Fundraising is the second. Rather than requesting money directly, the organisation educates the public about its mission and message, urging them to donate by knowing how they may help the cause. In this way, people are pulled to the faith by becoming familiar with the institution, and the institution also gets the money it needs<sup>12</sup>

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<sup>10</sup> Nurani, Muhammed Jasim (Finance Manager, Markaz Knowledge City). (2024, September 16). Personal interview.

<sup>11</sup> Malayalam-language documentary that was posted on ISRA's official YouTube channel.

<sup>12</sup> Sayyid Hussain Thangal Vadanappally (ISRA General Secretary). (2024, September 10). Personal interview..

The Sayyed Madani Dargah in Ullal is comprised of the following important establishments: the Arabic Educational Trust, Sayyed Madani High Schools, Sayyed Madani Arabic College, Sayyed Madani Junior College, and Sayyid Madani Islamic Research Centre. 32 mosques are also under the Dargah's jurisdiction, including 26 Juma mosques, 6 Niskar mosques, 32 Madrasas, and 28 Mahallas (neighbourhoods). It oversees 16 schools in total, including 5 high schools, 2 higher secondary schools, and 9 primary schools. The Dargah also oversees a degree college, ITI, Women's College, Sharia College, Daawa College, Hifzul Qur'an Academy, and a tailoring centre.<sup>13</sup> Commercial complexes, apartments, the hospital run by the Ullal Dargah, and donations made by individuals to the Maqam Sharif are the four main ways that Sayyed Madani College and its affiliated institutions in Karnataka raise the necessary finances. The majority of these gifts are obtained via the Maqam Sharif. While some people donate to the Maqam Sharif as a token of appreciation for their benevolent intentions, others do so to commemorate the accomplishment of their objectives<sup>14</sup> (

Markaz Saquafathi Sunniyya, sometimes called Jamia Markaz, was founded in 1978 by Abubakar Ahmed Kanthapuram, also referred to as Sultanul Ulama and the Grand Mufti of India. The Markaz gradually transformed into a preeminent institution for the modern and Islamic education of Indian Muslims, with an initial emphasis on Islamic studies and orphan care. The foundation of Markaz's operations is the active Participation in philanthropic endeavours, the promotion of structured cultural values, and the development of national awareness. Serving a broad population that includes members of the impoverished, the illiterate, the ordinary people, the marginalised, and those pursuing education, the institution provides a forum for the empowerment of all facets of society.

One of the few establishments acknowledged by esteemed universities such as Hamdard University, Aligarh Muslim University, Jamia Millia Islamia Delhi, and Al-Azhar University in Cairo, Markaz has accomplished noteworthy accomplishments. Over 56,000 students are enrolled at Markaz, which has so far offered 22,083 educational assistance services. According to Markazu Saquafathi Sunniyya's official website, the institution has

<sup>13</sup> Nazim Rahman (Treasurer, Ullal Dargah Committee). (2024, September 30). Personal interview.

<sup>14</sup> BG Haneeff Haji (Ullal Dargah Committee President). (2024, September 30). Personal interview.

3,357 employees in total, including both academic and non-academic workers. As far as community outreach goes, Markaz has finished 12,834 water projects, 16,937 home building support initiatives, 225,259 food kit distributions, 16,365 medical supports, and roughly 135,000 payments for different uses. Over 35,800 women have benefited from Markaz's programs, demonstrating the organization's outstanding contributions to women's empowerment.

Established in 1978 with 25 pupils under the internationally known Jamia Markaz, Rayhan Valley cleared the path for Markaz's multifaceted social and educational growth. Sheikh Abu Bakr Ahmed came up with the idea for Rayhan Valley after realising how much the nation needed a place where kids who have given up on life can learn, grow, and live with dignity without contacting anyone. The organisation is now well-known throughout the world and is among India's top orphanages<sup>15</sup>. As to the 2011 population census, India is home to over 19% of all children worldwide. Furthermore, 440 million individuals, or one-third of India's total population, are under the age of 18. Official figures about the number of missing children in India are nonexistent. An estimated 1 million children go missing annually, according to unverified sources, meaning that a child disappears every 30 seconds<sup>16</sup>. The Mapila Rebellion of 1921 gave rise to the Yateemkhana Movement. It has now become quite well-liked by Kerala's Muslim population. Yatimkhanas emerged as a result of social reform movements spearheaded by leaders of different sects that promoted the creation of community resources for the general advancement of the Muslim community<sup>17</sup>.

The Markaz Rayhan Valley offers free home, food, clothes, medical care, and education to orphans. A system of home care has been established for children who are two or three years old, as it is difficult to accommodate youngsters who lost their mothers during pregnancy. One of the home care systems in Rayhan Valley is handled directly by them, while the other is run by the Rayhan Charitable Foundation India (RCFI). The Rayhan Valley scheme, which runs through a number of linked centres from Kashmir to Kanyakumari,

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<sup>15</sup> Official website of Markaz Rayhan Valley

<sup>16</sup> Psycho Social Problems and Resilience : A Comparative Study Among Adolescents of Broken Family and Intact Family by Muhammed Shah EK, Veer Narmad South Gujarat University.

<sup>17</sup> Yatheem Khanas and Human Development: A Study in the Context of Kerala by VP Mubashir.

provides a set amount to cover the expenditures of very young children who have lost their fathers.<sup>18</sup>

## Conclusion

This study used Markaz Knowledge City as a case study to investigate the function of crowdfunding based on sadaqah in the creation of sustainable infrastructure. The results show that Markaz Knowledge City's financial sustainability was greatly enhanced via sadaqah-based crowdfunding, which facilitated the creation of community-focused urban facilities in line with Islamic social welfare principles. Among the main conclusions are that efficient crowdfunding systems facilitate the creation of self-sufficient infrastructure, encourage community involvement and engagement, and advance social welfare and community growth.

The study adds to the body of knowledge on crowdfunding, Islamic financing, and sustainable urban development by emphasizing the potential of crowdfunding models based on sadaqah. Policymakers incorporating crowdfunding based on sadaqah into plans for infrastructure development and community-based projects implementing comparable methods are among the ramifications. Scalability and replicability in many situations should be investigated in future studies. This study provides insightful information for stakeholders looking for creative solutions by proving the feasibility of sadaqah-based crowdfunding for sustainable infrastructure development. Through investigating the possibility of crowdfunding based on sadaqah, stakeholders can create community-focused, sustainable

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<sup>18</sup> Safwan Nurani (Office Assistant) & Rasheed Saqafi (Lecturer). (2024, September 3). [Personal communication]. Markaz Rayhan Valley. Phone: +91 94473 21215 (Nurani), +91 95392 64911 (Saqafi).

infrastructure development plans. Developing policy frameworks to promote community-based crowdfunding efforts, investigating scalability, and looking into uses outside of urban development are some of the recommendations. By addressing research gaps and consequences, this study hopes to stimulate creative solutions that support community welfare and are consistent with Islamic teachings.

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