On December 30 1906, the annual meeting of Muhammadan Educational Conference was held at Dhaka under the chairmanship of Nawab Viqar-ul-Mulk. Almost 3,000 delegates attended the session making it the largest-ever representative gathering of Muslim India. For the first time the conference lifted its ban on political discussion, when Nawab Salim Ullah Khan presented a proposal for establish a political party to safeguard the interests of the Muslims; the All India Muslim League.

The headquarters of the All India Muslim League was established in Lucknow, and Sir Aga Khan was elected as its first president. Also elected were six vice-presidents, a secretary and two joint secretaries for a term of three years. The initial membership was 400, with members hailing proportionately from all provinces. Maulana Muhammad Ali Jouhar wrote the constitution of the League, known as the "Green Book". Branches were also setup in other provinces. Syed Ameer Ali established a branch of the League in London in 1908, supporting the same objectives.

Following were the objectives of the Muslim League:

- To inculcate among Muslims a feeling of loyalty to the government and to disabuse their minds of misunderstandings and misconceptions of its actions and intentions.
- To protect and advance the political rights and interests of the Muslims of India and to represent their needs and aspirations to the government from time to time.
- To prevent the growth of ill will between Muslims and other nationalities without compromising to it's own purposes.