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Certificate

This is to certify that the project work titled “An Analysis of functions performed by Islamic bank with special reference to Islamic Welfare Society, Bhatkal ” is an original record of field work done by Ms. Aysha Nida with Registration No. 18C011204 in a partial fulfillment of the award of degree of **Master of Commerce** of the **Karnatak University, Dharwad** during 2019-20. The project satisfies the academic requirements in respect of project work prescribed for the Degree of Master of Commerce and is a record of her own independent work.

This project is based on the studies carried out by her, has not submitted to any other University or Institution for the award of any degree or diploma.

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Allah Hath Permitted Trade and Forbidden Usury

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Date:

CERTIFICATE

This is to certify that **Miss. Aysha Nida** bearing **Register No. 18C011204**, **M.Com** student of **Anjuman Arts, Science & Commerce College and P.G. Centre, Bhatkal** has satisfactorily completed the project in Islamic Welfare Society on "**An analysis of functions performed by Islamic bank with special reference to ISLAMIC WELFARE SOCIETY, BHATKAL**" for partial fulfilment of her Degree in Masters in Commerce under Karnatak University Dharwad, Karnataka.

The effort put in by her in collecting the data and the overall participation during the completion of project deserves highest appreciation.

We congratulate her and wish her all the success in her future endeavors.



Place: BHATKAL

Date: 22-09-2020

Mr. Kadir Meeran Patel

Secretary,

Islamic Welfare Society Bhatkal

ISLAMIC WELFARE SOCIETY Bhatkal

Kadir Meeran Patel
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CHAPTER I

INTRODUCTION

Islamic banking and finance system distinguish from the conventional financial system is based on a comprehensive system of ethics and moral values stemming from the Islamic religion. Islamic banking is the fastest growing field in financial services, and abounds. The main focus of Islamic finance is on transparency, cooperative ventures, risk sharing and ethical investing which attracts a wide range of both Muslims and non-Muslims alike. Today, Islamic banking has become one of the fastest growing segments of the international banking and capital markets. Islamic banking is found in most parts of the world. Islamic Banking has a huge market potential in India as India is the third largest Muslim populated country in the world. Islamic banking is a system of banking with Sharia laws, which is against the collection or payment of interest, commonly called 'riba'. Islamic law also prohibits investing in business that are considered unlawful or Haram. The basic principle of Islamic banking is based on risk sharing, which is a component of trade rather than risk-transfer which is seen in conventional banking.

Islamic banking is the banking activity that follows the principles of Islamic law (Sharia) and its practical application through the development of Islamic economics. Islamic banking is also known as interest free banking which promotes profit sharing. Sharia (Islamic Law) prohibits the charging and paying of interest which is Haram (forbidden) in Islam. It is very interesting that sharia banking is working without interest and is still flourishing. They are not only profitable but are also growing at an astonishing rate in sense of capital, assets and consumers.

It is expanding not only in nations with majority Muslim populations, but also in other countries where Muslims are a minority. As a concept Islamic banking has gained momentum world over and in India over the past few years. Several foreign banks operating in India, like Citibank, Standard Chartered Bank, HBSC are operating interest-free windows in some of the West Asian countries, Europe, and The USA. The IMF has shown great interest in bringing about macroeconomic and financial stability for its members who have adopted Islamic banking. There

Conclusion

Islamic Welfare Society came up with the objective of serving society by providing Interest-free loan and deposits, re-distribution of Zakats, Sadqats, Khairats etc., based on the Principles of Islamic Shariyah and other social activities to help people around. Their prime Purpose is to safeguard the humanity from the dirt of Riba. The society is striving best to take a positive move towards ensuring social and economical equity and Justice.

The deposits of various institutions and Masjids in Bhatkal and the amount collected Through Rozana Bachat scheme facilitates to lend interest-free loans. Society is Serving not Only the Muslim community; about 25% of their customers include brothers and sisters of Other religions.

Society has their limited operations with limited products to offer hence its area of execution of work seems to be narrow. As it has limited Services for the Awaam(customers) of the town there is all scope for IWS to expand and express its reason for being and reach people and serve them. If it could able to do so it is really a success in real sense for the society.

Now, it is time for IWS to come out of the shell, to look around i.e., the Islamic Banks operating in various countries and to pick out the reasons of their profitability. It's time for IWS to uphold the principles of Islamic banking and practice the same. There is need to up grade technology to develop and equip itself to withstand the competition and frame its existence very strongly for the service of its customers.