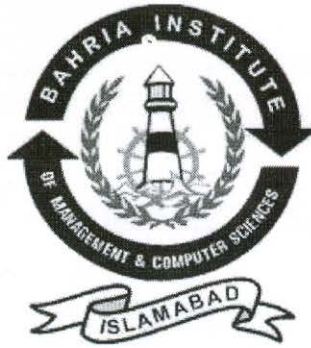


**A Study Of Financial Performance Of Shariya-
Permitted Financing Companies (Modarbas)
During 1997-2002**



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ABSTRACT

This research thesis is basically about the Modaraba Companies operating in Pakistan. The Modaraba Companies & Modaraba (Floatation & Control) Ordinance, was introduced in Pakistan in 1980 as one of the first steps taken by the Government towards establishing a financial system in coherence with the injunctions of Islam. The formation of a Modaraba is done under an arrangement made between two parties: one provides the capital (rabb-ul-Maal) and the other party, called the mudarib, contributes through his skills. A Modaraba can undertake virtually any business activity that is not repugnant to Sharia, the Islamic Law. There are two types of Modaraba i.e specific and multipurpose and they can either be for fixed period or for a perpetual period, and can be formed for either a fixed or an indefinite period. Capital is raised from the public in the form of Modaraba Certificate which are similar to shares of companies. The literature review section of the thesis involves an in-depth analysis of Modaraba Companies and their rules. It also gives the basic problems that Modaraba sector is facing.

The research methodology used in this study is descriptive. Data are basically gathered from annual reports of Modaraba companies, articles from various sources. The data is secondary and the study is basically based on facts and figures given in the annual reports of Modaraba companies. For this study, research instrument used is "Index Analysis" and analysis of percentage financial statements where income statement figures for a base year equal 100.0 (percent) and subsequent financial statements items are expressed as percentages of their values in the base year. The standardization of income

statement items as percentage of totals and indexes to a base year often gives us insight additional to those obtained from the analysis of the ratios.

In the end a set of general observations, has been given along with conclusion and recommendations based on those conclusion for a future live of action upon this study if some organization wants to do so. The annexure of this document also includes the rules is regulation of Modaraba companies.

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