Abstract

India being world’s second largest Muslim populated country in which > 67% population of Jammu and Kashmir State practise Islam as their religion. Islamic methods of finance have not yet been established institutionally in the country in general and the state of Jammu and Kashmir in particular. However, given the current extensive program of financial reform worldwide and the rapid growth and appeal of Islamic finance in comparable economies, there is a hope and opportunity for a system of Islamic finance to be provided throughout the state. As such, there is an earnest need for research into the prospects for Islamic methods of finance from a Service User and service provider’s aspect. Very less studies have been undertaken so far in this regard in the state of Jammu and Kashmir.

In order to fill this void, the present study first of its kind in the Indian context generally and Jammu and Kashmir state particularly is undertaken to find the stakeholders perception and attitudes towards Islamic banking system. The overall study is devised to analyse perception and attitudes towards Islamic finance with a main focus to understand how perception and attitudes towards Islamic Banking can be used for predicting and understanding the potential use of Islamic methods of finance by Jammu and Kashmir State retail consumers, business firms, bank employs, self-employed etc.

The focus of the present study is mainly on four sets of research questions: Does global awareness of Islamic methods of finance influence attitudes towards the use of Islamic finance?; Do socioeconomic, demographic and other factors influence attitudes towards Islamic finance?; What are the principal motivating factors
towards the potential use of Islamic finance? ; And finally, is religion the major influence on the likelihood of engaging in Islamic finance?

Against this backdrop, the present research aims at identifying the factors responsible for framing attitudes and perceptions of various stakeholders for establishing or not establishing the Islamic Banks in India with special reference to Jammu and Kashmir State.