The study focuses also on students' achievement in general comprehension as well as text understanding. Moral sense development is broadly defined as the process in which an individual attains the ability to distinguish between right and wrong and internalizes in his/her behaviour all those values, rules and principles, which are given importance and value by the society. The study was experimental in nature. The data for the study was collected from sample of 9th grade students through the administration of DIT (defining issues test) pretest/ and DIT posttest and two kinds of teacher-made (posttests) achievement tests. The researcher delimited the study to assess students' moral sense development from their comprehension and reasoning level and not from their behaviour. Six hypotheses were formulated for the study. Applying statistical techniques through SPSS software tested hypotheses. Conclusions based on the results of statistical analysis showed the significant differences and students taught through modular teaching approach gained higher mean score in DIT posttest and both kinds of teacher made tests than those students who were taught through traditional teaching approach. Students taught through modular approach straightaway reached to the postconventional level of moral sense development. The rapid change in moral sense development of students' occurred due to the factor that the study was conducted in an Islamic culture and with reference to the teaching of Islamiat through modular approach unlike Kohlberg's study conducted in a European culture and with reference to general ethics. Major findings of the study indicated differential influences of modular and traditional approaches in moral sense development and achievement where students taught through modular approach showed better results than students taught through traditional approach. Findings encountered no significant gender difference in moral sense development and textual understanding. A significant difference in gender was found in general comprehension where male proved better than female.