

The Role of Islamic State in Determination of the Bank Deposit and Loan Interest Rates

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Abstract

One of the main issues in monetary and banking section is determining the deposit and loan interest rates. In today world, determining the deposit and loan interest rates and their notifications has a great significance for a financial system; it can also have many juridical, legal and economic effects. So, any change in this important issue can question the economic stabilization of our country. But the question here is that who should specify the deposit and loan interest rates? Is this the duty of the Islamic governor or there is no need to his intervention, and the market itself can reach the equilibrium price based on the principle of freedom? To answer this question, we need to investigate it from the Islamic jurisprudence viewpoint; then after proving that determining the deposit and loan interest rates is a kind of pricing, the results of inspecting the issue of pricing can be used for deposit and loan interest rates determination. This article, firstly, explains the Islamic jurisconsults' views on pricing, then it introduces deposit and loan interest rates determination as kinds of pricing, and uses the results of inspecting the issue of pricing which can be used for deposit and loan interest rates determination.

Keywords: Pricing, Government pricing, Market pricing, Deposit interest rates, Loan interest rates, Islam

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Introduction

After the Islamic revolution in Iran, one can witness the ever changing and imperative pricing in different economic sections due to the imperative dominance of determining the prices by government.

The imperative determination of deposit, loan and investing bond interest rates, the foreign currency rates in market and stock, the rate of wages and salaries, along with the rates of bread, water, gas, electricity, oil, patrol and gasoline in the market of services led to an imbalance between market and economy. Such an imbalance was so that its reformation is called "economic evolutionary plan".

In today's world, determining the deposit and loan interest rates in a financial system is of high importance and it can have further Juridical, legal and economic consequences. For instance, the change of bank interest rate influences the volume of deposits, a mixture of different deposits, rate of investment and inflation. Hence, any kind of change in a financial system may question the economic stability of a country. Now, one of the important challenging issues in determining the bank deposit interest rate and loan interest rate is that who is responsible to specify these rates. Is he the Islamic governor or the market itself can reach the equilibrium price by following market freedom principal? To answer this question, we must study the issues related to pricing and Islamic jurisprudence. The jurisconsults of Islam discuss the issues of pricing along with the problems such as hoarding and collusion for storing up which can help us in our final conclusion to answer the question already mentioned.

Review of the Literature

To investigate the commandments sentenced by Islam jurisconsults, Hosseinali Montazeri (1988) has found in the book "RESALAH FEL-EHTEKAR-VA-TASEER" that pricing in the normal conditions of market is not allowed. But, in the case of hoarding and storing up, the hoarder is made to offer the goods for sale; if the owner offers them at a high price, the governors makes him to sell them at the same price.

In investigating the problems of hoarding and pricing, Mostafa Mohaghegh Damad in the book "The Analysis and Review of Hoarding in Islamic Jurisprudence Viewpoint" (1983) with regard to Holly Quran, tradition and jurisconsults view has found that the hoarder has to be made to offer the goods for sale; and in case of overcharging, he has to be made to sell things at a lower price than the real price.

Seyyed Ali Shafi'ee (1998) in his book called "AL-EHTEKAR VA MA YALHAQAH VA AL-ASAR" writes about hoarding and its punishment in the view of Islam and tradition, and then he discusses the issues of pricing. He considers the disagreement between Islam jurisconsults on the necessity of pricing as a literal disagreement. He states that those who believe in banning the pricing of goods have paid their attention to the normal conditions of market; and those who believe in pricing the goods have paid their attention to the hoarders' refusal to sell at a fair price.

In his article "The Prophet and Imams' Reaction to Price Fluctuation", Ahmad Ali Yosefi (2006) points to the monetary issues in Islam's beginnings and reviews the weight relation between two units of money namely *Dirham*¹ and *Dinar*²; and then he proves the relative price fluctuation and the general level of prices by referring to historical narratives and references.

In another article "Pricing in Economy and Jurisprudence", Hoseini (2005) tries to view this issue from an interdisciplinary angle and discusses it in two areas of economy and jurisprudence. The main purpose of this article is to prove that pricing even in the time of hoarding and illegal monopoly is an unauthorized action by government. Though, he discusses the nature and the position of prices in an economic system.

Setyyed Mohammad Kazem Rajaei in his dissertation on "Pricing in Islamic Economy" introduces the principle of state's interference in economy and by referring to jurisconsults' sayings tries to review the documents that accept or reject such interference. Then, he mentions some examples of pricing in Islam which are all fair, and thereby he describes some criteria for fair prices in the market.

The difference between this study and the studies already mentioned is that after reviewing the issue of pricing in various conditions of economy by referring to legal documents, this study is to specify the deposits interest rate and loan interest rates.

Pricing

Price in its literal sense means the value of goods and currencies; and from a legal point it refers to everything that can be estimated (Dehkhoda, 1998). The word "price" in economy means the sum of money received upon selling goods or (Golriz, 2007, p. 417). Price in market means the exchange value of goods and services in the form of a monetary unit. Considering these definitions, pricing means determining a price for goods and services. Pricing is an activity that has to be repeated regularly, it is a continual and curative process. The continuous changes of environmental conditions and non-stability of market can give an account for the necessity of price stability. Among the mixed components of marketing, price is the only one that yields income. Price is also the most flexible component among the mixed components of marketing because it can be changed very quickly. For a pricing to be satisfactory and correct, one must identify and regulate the influential factors on pricing. A specialist believes three main factors are influential in decision-making on pricing:

- 1- Organizational factors: the factors related to goals and resources of the organization like: pricing in production life.
- 2- Customer factors: influential factors on pricing related to customers like: customers' interests and values, customer's natural needs.
- 3- Market factors: influential factors on pricing related to market like: environmental and competitive factors. These are grouped into two kinds:
 - Internal factors: marketing goals, marketing's mixed strategies, organizational costs and consideration.

¹ The monetary Unit of Iraq

² The monetary Unit of UAE

- External factors: the nature of demand and competition market, economy, state, brokers (Shadi & Bakhtae, 2006, p. 86).

Price position in Economic Systems

In describing how to specify the price of goods, the common theory on pricing emphasizes the influential factors on supply and demand of the goods. Whether the privilege of such a conduct is justifiable on the general level of economy and on the viewpoint of economic goals such as efficiency, optimal designation of resources and disciplinary justice is a matter to which there are two general views, each of them has some other aspects. Capitalist systems advocate price freedom and its determination by competition market, but for the cases like collective goods in which the market mechanism of supply and demand cannot afford optimal distribution of resources; whereas the socialist systems draw attention to price determination under government's direct control. Each of these views has referred to some documents to prove their position as follows (Hosseini, 2005, p. 87).

Advocates of Market Price Theory

A: the price leads the consumer and producer to a satisfactory choice. The price increase is a signal to the increase of demand over supply; this on the one hand, directs the consumers to substitute their needed goods with other goods and to reduce their use, and on the other hand leads the producers to increase their supply until the supply and demand meet the balance point. Price reduction also proves the opposite. Market price works like a car's boiling point light that gives the driver valuable information; the government's interference in determining the price of goods and services is an attempt to turn off such a light that makes a balance between supply and demand.

B: the market price is the best guide to an optimal distribution of production and investment factors. Price increase and profitability in the market of goods show that the production resources have to be allocated to that product; whereas price reduction and non-profitability of a product proves the opposite. In conditions where prices are a function of competitive market, economic institutions are made to reduce their costs to increase their profitability and competitive ability; to do so they are always engaged in finding heuristic ways to use cheaper raw material for the production of high quality products. Such a process leads to a more efficient use of production factors. On the contrary, the incorrect low prices specified by government causes the waste of products and resources, so determining prices by government will disturb the optimal distribution of production factors.

C: market price mechanism is an automatic system that defends the interests of the society at the lowest cost. Upon the state's will for price determination, they will need to establish more institutes to make sure that all enterprises observe them. These institutes themselves impose more costs on society and consumers while they have no success.

D: The prices resulted from the balance between supply and demand in the competition market will bring about the most social welfare; therefore, goods

production and consumer's welfare resulted by price adjustments will be produced at the lowest cost and highest quality (Hosseini, 2005, p. 88).

Reasoning by advocates of price determination by government:

A: Pricing system for public goods and services like civil defense services and externalities does not work well. In such cases government's intervention on pricing seems to be necessary.

B: The purchase rate of goods and services in pricing system depends on people's income, so such a system cannot afford the low-incomes interests. To support the poor and low-incomes' interests, the government must mediate in pricing.

C: The main conditions for a pricing system to be efficient are competition markets, efficiency of private sector, open market, and the absence of emergency cases like war. In the absence of such conditions, the governments' non-interference in pricing causes inflation growth and irremediable social costs. After the governments' failure on pricing in socialist systems, the idea of the state's authority on pricing no more advocated and nearly most of economists advocated the theory of market price. As the market mechanism cannot afford all the social goals, and in some cases like public goods, it cannot be economically as efficient as needed; therefore, the principle of governments' supervision on pricing and price controlling is an accepted law (Hosseini, 2005, p. 89).

Pricing in Islamic Jurisprudence View

Regarding the prohibition or permission of pricing by Islamic governor, there are many historical accounts by Shiite and Sunnite that can be divided into two groups:

A: Rejecting Accounts on Pricing

1- People asked prophet Mohammed (PBUH), we wish you mediate on pricing since the prices are not fixed. He replied: "I do not like to see God while I am being heretic and I have done something without being ordered to do. Let the people benefit from each other. (Mohammad Ibne Al-Sadooq, 1995, p. 268)

2- People asked prophet Mohammed (PBUH): "oh! Prophet! The prices are going so high, please order on pricing. He replied: "God is the real donor and taker. I hope to visit God while none of you demands me anything in his heart and soul." (Abo Davood Soleiman Ibne Ash'as, 2000, p. 268).

3- Abi Hamzeh Al-Somali has narrated from Hosein Ibne Ali: "God has foreseen an angel on prices to devise them (Al-Koleini, Mohammad Ibne Yaqoub, 1980, p. 163).

4- Abi Abdollah: "God has foreseen an angel on prices to stop their fluctuation in scarcity and affluence (AL-Tohidi, 1991, p. 389).

5- Al-Sadooq in "Man la Yahzar Al-Faqih va Al-Tohid" quotes Abi Hamzeh Al-Somali: "A man said to Imam Hosein: prices are very high, Imam said: what happens to

the one who overcharges? He will soon face the recompense, if he overcharges or undercharges (Hor Ameli, 1993, p. 57).

The problem of price costliness was introduced to Shiites' froth Imam (Sajjad), he answered: "This issue does not pertain to me, it is related to God (Shams Al-Din, 1999, p. 214).

B: Authorizing Accounts on Pricing

1- After designating Mlik Ashtar as the governor of Egypt, Imam Ali wrote a letter to him and gave him some instructions including: "ban people from hoarding, as prophet Mohammed banned it too; trading must be without difficulty and it should be fair without spoiling the seller's and the buyer's right(Nahj Al-Balagheh, n.d).

2- An account narrated from Imam Sadeq says that Imam Ali did not use to price, but he used to tell those who gave short weights:"deal with people the same way as others do, otherwise leave the Muslims market or you may sell a better quality"(Na'man Ibn Mohammad, Al-Tamimi Al-Maqrebi, 1969, p. 36).

According to this account, a seller could sell at a higher price only if he had a better quality.

3- Koleini has narrated from Abi Jafar Fazari:"once Imam Sadeq called one of his servants, Mosadef, and gave him 1000 Dinar and told him:" I have a big family and the costs of living are going high, get ready to go to Egypt for trading." The servant prepared himself and travelled to Egypt with some goods with him. While he was getting close to Egypt, he met a caravan that had left Egypt and asked them about the Egyptian's needs to see if they needed the things he had brought. They replied "your goods are needed by the Egyptian. Then Medina's traders concluded to sell the goods at an equal interest as the real price was. They did so, and got back to Medina. Mosadef, the servant, went to Imam Sadeq and gave him two bags of money equal to 2000 Dinar. He said one bag is your initial capital and the other is the interest of that. Imam answered:" This interest is so high; tell me what did you do with the goods?" the servant told the story of his contract with other traders about the high rate of interest. Imam said:" I seek refuge to God; you contracted to sell things to Muslims at a high interest rate?" then he took only one bag and said "This is my real interest and I do not need its interest. Oh! Mosadef! Battling with sword is than Halal sustenance!"(Moosavian, 2008a, p. 417).

The Jurisconsults' (Shiite & Sunni) View on Pricing

There are five views on pricing issue:

The first view: a view on total rejection of pricing

Sheikh Toosi believes in non-permission of pricing, and has proved it in the book "Disagreement". Ibne-Edris Helali has laid claim to consensus and narratives hearsay. He says: "to make the hoarder to sell his goods at a specified price is not allowed. He must sell his good at a price which is its divine fate, and I think this is the true and

strong view because there is a consensus on it, and there are many narratives from all Imams. Moreover, in obliging the people on pricing, presumption of innocence is at work; and it is a proof for the permission of pricing, a legal order that needs a legal reason. Mohaqeq Helali, Allameh Helli and Ibne-Zohreh have the same idea.

Abi Al-Qasem Jafar Ibne-Saeed Helli says: "Sheikh Toosi has denied pricing. It is true since pricing means to capture the Muslim's properties without their permission and consent which is considered illegal in Quran and Hadis. The writer of "Riaz" believes so too. Shafei also believes in illegality of pricing. Hanbali religion also believes so. Ibne Najjar Hanbali says: "pricing is illegal, and buying things on the pre-specified prices is a detested action, and if the opposition party on pricing gets threatened, shopping is illegal and trade is null.

The second view: A view on the permission of pricing upon the discretion of governor

Sheikh Mofid in the book "Al-Maqnaeh" believes in such a view. He says: "the governor can price expediently, but this pricing should not cause any harm or loss to the goods owner." Sheikh Aboo-Ali Salar says: "the governor can make the hoarder to sell the corn at a specified price, but this price should not be harmful to him." According to Allameh Helli, Malek Ibne Anas has the same belief and says: "Imam can determine the prices based on the current prices in the market." In the book "Al-Madoonah" also was written: "if the hoarders store up the foods that are of emergent need for people, Imam can order them to bring foods out from the stores and take it to the market for sale; market should buy it at its own real price, and in case that the market did not know the price, it should be bought at the price of the day it was stocked up".

But we could not find any document or reason from those who accept this view. All the documents and reasons prove the opposite of this view; the principle of "unconditional ownership", the Quran verse on "trading and the consent of the parties" and the illegality of possessing Muslims' rights and properties without their consent all prove the opposite of this second view.

Third View: the view that bases the permission and non-permission of pricing on seller's generosity and avarice. In case of seller's avarice, pricing is not permitted, and in case of his generosity pricing by him is allowed.

Seyyed Jabal Ameli has derived this belief from the books "Al-Vasileh", "Al-Mokhtalef", "Al-Izah", "Al-Doroos", "Al-Lamaeh", "Al-Mokhtasar" and "Al-Tanqih" that: "if the seller is avaricious while pricing, pricing is done for him by someone else because overpricing and overcharging causes loss to people, and the governor has declared it as unlawful".

Ibne Saeed Helli believes so too. Ibne Hamzeh says: "the hoarder is made to sell the goods without pricing them for him, but Shahid says: "pricing is not done but in case of overcharging".

Fazel Meqdadi syoori says: "pricing can be done while the seller is overcharging and he goes beyond the limits of real price; otherwise, pricing is not allowed and all the

opinions are the same on this issue. In case of overcharging, the goods are to be sold at a lower price, though the owner is reluctant to sell at that price.

Shahid Sani's opinion in "Al-Masalek Zohoor" has the same connotations. In supporting the researcher's idea on non-permission of pricing, he has stated that "the first view is more obvious" in case of overpricing; and if there is no overpricing, the order of forcing the hoarder to sell at a specified price no longer arises. Overpricing allows the hoarder to demand a price which causes loss to people and they cannot afford it. The order of discharging people from the loss imposed by the hoarder is a necessity.

Mohaqq karki has also the same opinion. Ibne Al-Qayyem believes so and says: "in summary, if people's interest cannot be secured without pricing, it must be done reasonably and without inflicting loss on anyone. If the people's interest can be secured without pricing, it is not permitted. The followers of Hanafi religion have the same idea, and they consider pricing as unlawful. In case that the stockholders command, violate or overcharge, the jurist has to price in order to support the Muslims' rights, in such a case pricing on behalf of the advisors and experts is no matter. Their reasoning is that overpricing leads to people's loss, so it is unlawful. The Quran verse "la ta'kolou amvalakom bel-baatel hata takoona tejaratan an taraz", the prophet's anecdote "people's properties are not lawful for you, but in the case of their consent", and his narrative "don't price! God is the real pricer, and he is the astringent and donor" all support and prove this view. Besides, pricing is one of the rights of conclusers, and Imam does not have the right to oppose it, but in case of a public loss (Shams Al-Din, 1999, p. 226).

After pronouncing a decree on forbidding pricing, Ayato-llah Khoei says: "yes, if the seller overcharges in pricing, the Islamic governor stops it to make the owner of the goods to sell at a price that is affordable for people. For example, if the price of a sack of wheat is 100 scale, and the seller sells 200 scale, it is clearly a kind of hoarding".

Imam Khomeini (PBUH) also says: "basically, pricing is not permitted. If the seller overcharges, he has to reduce the price. Otherwise, the Islamic governor makes him to sell his goods at the common price in the country." Therefore, the narratives of non-permission of pricing do not include such cases, as non-pricing in such cases leads to hoarding. This case is the same as the time when seller does not want to sell his goods, so he sells at a really high and unaffordable price. In such cases, the governor has the right to decide the prices and those narratives do not include such a case (Moosavian, 2008a, p. 415).

Forth View: A view on non-permission of pricing.

In this case, if the hoarder overcharges and he is avaricious, he is ordered to lower the prices. Though this can be considered as a kind of pricing, the difference is that pricing in this way is not pre-specified at a special rate.

Missi in the book "Al-Missiyeh", Shahid Sani, Mohaqeq Naraq and Javaher's writer believe so.

Shahid Sani says: "in the time of cheapness and abundance, pricing is not authorized. It is authorized in case of overcharge, but here again no price can be specified and the

hoarder is ordered to lower the prices. Though it seems to be a kind of pricing, the exact price is not determined.

To prove this view, they have appealed to the rule of loss exclusion and abolishment of making hoarder to price because it allows the hoarder to demand a price that is beyond people's purchasing power, and it causes harm to people. Therefore, the legislators' aim of such an order is to resist this loss. Narraqi has his own reasoning and says: "this is an order to goodness and to forbid the sin".

Fifth View: A view on absolutely unauthorized pricing. This view is the opposite of forth view. It not only considers pricing as unauthorized, but also considers the order on price reduction as illegal.

Javaher's writer has narrated this view from other jurisconsults which is the same as the first view. This view may be a view of Mohades Bohrani. After reasoning on the authorized aspect of pricing resulted from hoarder's overcharge, he says: "to act based on those narratives is probable." Those who believe in the view of forbidding pricing have referred to Sahiheh Abdollah Ibne Sanan who states from Aba Abollah (PBUH): "people asked Imam that a group of traders have just arrived the city and they have decided not to sell anything but at their own specified price!" Imam answered: "it is no problem." They have also appealed to a narrative by Hozayfeh who narrates from Prophet Mohammad (PBUH): "sell the goods at whatever price, do not store them up".

The objections on the fifth view are as follows:

A- The claim on the reference to narratives, as it was proved, has basically no implications on that claim. In case of accepting such a claim, the order on price reduction as a way of pricing is not considered as a common action. As we saw, if the hoarder is allowed to price, they will cause harm to people; and it is declared as illegal.

B- Sahih Ibne Sanan's narrative is irrelevant to this issue, as there is no point that the traders have stored up the goods in the time of urgent need. Supposing that it includes the hoarding of everything, we need to remedy it by referring to the principle of loss exclusion.

C- Supporting Hozayfeh's narrative as a true one from prophet, it should be perceived in a way that most traders sell their goods at a reasonable price (Shams Al-Din, 1999, p. 266).

A Summary of Jurisconsults' Viewpoints on Pricing

Before offering a summary on narratives and jurisconsults' views on pricing, I would like to mention a statement from Sheikh Sadooq in the book "Monotheism" which can be inclusive of all these views: "that inflation and cheapness which is the result of scarcity or abundance of goods is God's will and people's acquiescence and acceptance is imperative, and that inflation or cheapness which is not the result of scarcity or abundance, and it is not within people's wish, but due to some hoarders is condemned and such a pricing by some violators makes the lives hard for people." For example,

Prophet Mohammad addressed Hakim Ibne Kharam who used to buy all the imported food to Medina: "Oh! Hakim Ibne Khoram! Avoid hoarding!".

According to these viewpoints and narratives, these can generally be concluded:

A- It is supposed that no one is allowed to price goods and services under normal conditions, and pricing is done in the market by the parties' will and consent.

B- Under conditions like hoarding and collusion, the Islamic governor should adopt some policies, like making the hoarder to sell the goods, to re-establish economic conditions while he is not allowed to price.

C- The Islamic governor has the right of pricing when the hoarders and monopolists offer an unaffordable price in a way that people cannot buy goods and all the society incurs a loss.

D- The specified price must be relative to the market price, and it should not cause any loss to buyer and seller (Moosavian, 2008a, p. 416).

Are Determining the Deposit and Loan Interest Rates as Kinds of Pricing?

After addressing the problem of pricing and its consequences, it is time to prove whether the deposit and loan interest rates are considered as pricing.

Mohaqq Helli in the book "Al-Mo'tabar" states: "If the shared point between a main decree and its subordinates is lack of difference (Tanqih Manat¹), and this is quite evident, it is allowed to generalize the decree to its subordinates (Mohaqq Helli, 1985, p. 185). Therefore, we can say that by applying this rule (Tanqih Manat), determining the deposit and loan interest rates can be considered as kinds of pricing which includes the principles of pricing juridically, and the conclusions we found about pricing are applicable.

So, according to narratives and jurisconsults' viewpoints about pricing and that determining the deposit and loan interest rates are as kinds of pricing, the following results are concluded:

A- Under normal conditions, nobody has the right to specify the deposit and loan interest rates.

B- Under abnormal conditions like monopoly in monetary resources or banks conspiracy for raising the interest, the Islamic governor is responsible to adopt policies to re-establish the economic conditions, but he has no right to specify the deposit and loan interests.

¹ quality suggestion

C- In case of any misuse in determining rate of interests by banks or other financial institutes, the Islamic governor has the right to specify the deposit and loan interest rates.

D- The specified rate of interest should be relative to the market economic conditions, and it should not cause the banks, the financial institutes and customers any loss.

Determining the Deposit and Loan Interest Rate in the Current Conditions of Iran

Most economists believe that if there is a competitive condition in economic activities and there is no ground for monopoly, hoarding and conspiracy, the best option is to reach the equilibrium price and to free the rates and enterprises to reach the best level of prices by the activities of supply and demand agents. In the banking industry in case of the competitive condition, the best option is to allow the banks themselves specify the interest rates of deposits and loans. However, the current situation in which a great part of the banking activities are done by the state banks, the government decides according to its especial interests, and at its own discretion entrusts banks with different kinds of loans with specific interest rate. In such cases there is no competitive ground. The background of banking industry in Iran before and after the Islamic Revolution shows that the amount of bank interest rate has been specified in central bank by the monetary council. As a result, the sudden freedom of banks may cause economic and social problems.

Therefore, in the current situation in which there is a distance to competitive condition and one cannot free the prices to reach the equilibrium price, the prices must unavoidably be specified imperatively. But we have to apply some gradual methods to move toward equilibrium rates and possibly move very close to equilibrium rates with the least fluctuation.

To do so, the bank deposit interest rates, loan interest rates and bank marginal interests should approach the international interest rates and specially the countries in which there is competitive banking and the possibility of transferring the capital from Iran to them. To achieve this goal, we need to compare the interest rates in Iran with other countries to have a correct assess for the reduction or the increase of these rates.

It must also be noted that if the government's policies on price stabilization is successful, and the inflation rates goes down, we can reduce the nominal interest rate according to the decrease of inflation rate. But if there is the condition of inflation rate increase, we should increase the deposits' nominal interest rate according to the inflation rate increase to save the investment deposits and to consider the legal and canonical rights (Moosavian, 2008).

Conclusion

One of the main issues in any economic system is the quality of pricing the goods and services. This issue has several consequences on the parameters of investment,

employment, production total supply and the general level of prices. Most of the Islamic authorities, specially the jurisconsults, point to the legal and canonical documents on pricing and its long-run consequences, and they consider pricing as illegal and a harm to economy and ban it (Bahari Qaramaleki & moosavian, 2011, p. 131).

By using quality suggestion (Tanqih Manat) determining the bank's deposit and loan interest rates are as kinds of pricing which are legally included in the rules and laws of pricing, and all the results of pricing are applicable in this issue too. So, no one has the right to specify the deposit and loan interest rates in normal conditions. However, in abnormal conditions where the society incurs a loss, the Islamic governments are allowed to specify the deposit and loan interest rates. The current economic conditions of Iran show that there is a gap between the current situation the realization of competitive conditions, and we cannot reach the equilibrium price by freeing the prices; therefore, the prices have to be inevitably specified imperatively. By using gradual strategies we have to approach the equilibrium price and the closest rate of stabilization rates, in a way that upon the freedom of prices, they will be in their real stabilization rate with the least fluctuation.

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