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Market Regulation and Microfinance in Islamic Jurisprudence: A Study of Price Control, Hoarding, and Trade Integrity

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Abstract

This article explores the legal and ethical foundations of market regulation in classical Islamic jurisprudence, focusing on the responsibility of the Islamic state to intervene in economic practices such as price fixing (taṣʿīr), hoarding (iḥtikār), and adulteration. Drawing upon Qur'anic injunctions, Prophetic traditions, and the views of renowned jurists from the four Sunni schools of thought, the study demonstrates that while Islam promotes free trade and economic autonomy, it also places a moral obligation on rulers to prevent exploitation and safeguard public welfare (maṣlaḥah).

The research critically analyzes the difference between justified and unjustified state intervention in pricing, the prohibition of monopolistic practices, and the necessity of ensuring market transparency. Through comparative insights with contemporary regulatory frameworks, particularly in modern Muslim states like Pakistan, the paper highlights how classical Islamic economic ethics remain relevant in addressing current market challenges. Ultimately, it argues that Islamic

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teachings advocate a balanced economic model neither laissez-faire nor over-regulated rooted in justice (ʿadl), trust (amānah), and social responsibility.

Keywords: Microfinance, Market, Price Control, Islamic Banking, Islamic Jurisprudence

Introduction

In macroeconomics, the economy of a country is analyzed at the aggregate level. The term *macro* is derived from the Greek word meaning "large." Macroeconomics deals with the broader economic environment and the collective behavior of consumers and producers, examining how individual actions at a societal level influence the national economy. This includes studies of national output, income, consumption, savings, investment, aggregate demand and supply, the general price level, and government revenues and expenditures.

These topics in macroeconomics can be critically examined in light of Islamic teachings and Sharī'ah principles. The classical *fuqahā'* (Islamic jurists) have discussed economic issues in depth, distinguishing between *ḥalāl* (permissible) and *ḥarām* (prohibited) economic actions based on the foundational sources of Islam. Key macroeconomic variables that influence national income include consumption, savings, investment, and interest (*ribā*).

Consumption and Savings

A nation's income is often measured in terms of its consumption expenditure. Every country, within a defined period, produces goods and services and allocates its income toward these in such a way that total spending equals total income. This state is referred to as national income equilibrium. Consumers spend money to obtain goods and services essential to their lives. The expenditure made for these necessities is termed consumption.

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Therefore, consumption expenditure within a country represents the collective spending of its people and households, which are directly, linked to individual income levels. Among the earliest theories on this relationship is that of Irving Fisher (1930), who divided human life into two distinct phases, suggesting that individuals plan their spending and saving accordingly. Later, John Maynard Keynes (1936) proposed that a nation's consumption is directly related to income, such that an increase in income results in increased consumption and savings.

One notable theory is the Life Cycle Hypothesis, for which Franco Modigliani received the Nobel Prize. Similarly, Milton Friedman received the same honor for his *Permanent Income Hypothesis*. According to Sanjy R., "People make spending decisions based on their life stage and available resources." Friedman critiqued this in 1956 and introduced the concept of permanent income, asserting that consumers base their spending more on long-term income expectations rather than temporary earnings. "People spend in proportion to their expected income," he argued[1].

These are classified among the modern theories of consumption. However, Keynes maintained that individuals do not spend all their income but strike a balance between consumption and saving. Savings, in his view, depend on income the greater the income compared to expenditure, the more a person saves.

In contemporary economics, producers place goods in the market according to consumer demand. The quantity buyers want to purchase is matched by what sellers are willing to offer. Collectively, people spend their income on acquiring goods and services, which directly reflects their needs and desires.

[1] Sanjay, R. Advanced Macroeconomics. Ventus Publishing APS, 2012, p. 48.

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From the Islamic perspective, human needs are acknowledged and fulfilling them is considered *farḍ* (obligatory). Islam stresses the importance of meeting basic necessities but also commands moderation (*iʿtidāl*) in spending. Extravagance is strongly discouraged in both the Qur'ān and Ḥadīth.

وَلَا تُسْرِفُوا إِنَّهُۥ لَا يُحِبُّ ٱلْمُسْرِفِينَ

"Do not be extravagant; indeed, Allah does not love those who are extravagant[2]."

According to this verse, *isrāf* is clearly prohibited. Linguists and jurists define it as exceeding reasonable limits in expenditure. In *at-Taʿrīfāt*, it is defined:

الإسراف: تجاوز الحد في النفقة

"Isrāf is exceeding the limit in spending." [3]

Both *isrāf* and *tabdhīr* are interpreted by scholars as unjustified spending. In *Tāj al-ʿArūs*, it is stated:

وَضْعُ الشَّيءِ فِي غَيْرِ مَوْضِعِهِ

"To place something where it does not belong," i.e., to spend wastefully. [4]

In *Tafsīr al-Ṭabarī*, Ibn Jarīr narrates:

كُنَّا أَصْحَابَ مُحَمَّدٍ ﷺ نَتَحَدَّثُ أَنَّ التَّبْذِيرَ النَّفَقَةُ فِي غَيْرِ حَقٍّ

"We, the Companions of the Prophet ﷺ used to say that tabdhīr is to spend in what is not right." [5]

[2] Qur'ān 6:141
[3] al-Jurjānī, Sayyid Sharīf b. ʿAlī b. Muḥammad. ***al-Taʿrīfāt***. Cairo: Dār al-Kutub al-ʿArabī, 2003, p. 5.
[4] al-Zabīdī, Sayyid Muḥammad Murtaḍā. ***Tāj al-ʿArūs***. Beirut: Dār Iḥyāʾ al-Turāth al-ʿArabī, 1205 AH, p. 1138.
[5] al-Ṭabarī, Muḥammad b. Jarīr. ***Jāmiʿ al-Bayān fī Tafsīr al-Qurʾān***. Beirut: Dār Iḥyāʾ al-Turāth al-ʿArabī, n.d., vol. 15, p. 86.

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In *Majmaʿ Baḥār al-Anwār*, it is similarly noted:

الإسراف والتبذير النفقة بغير حاجة أو في غير طاعة الله
"Isrāf and tabdhīr refer to spending without need or in something not for the sake of Allah." [6]

These statements confirm that expenditure beyond need falls under extravagance, which is condemned in Islamic law. The' paid close attention to human needs and provided detailed guidance. One notable jurist in this regard is al-Ḥanafī faqīh Shaykh Aḥmad ibn al-Ḥamawī al-Makkī, who taught in prestigious institutions such as the Sulaymāniyyah and Raḥmāniyyah madrasahs in Cairo. In his renowned commentary on Ibn Nujaym's *al-Ashbāh wa al-Naẓā'ir*, he classified human needs and discouraged.

He identified five categories of human needs and expenditures:

خمسة مراتب: ضرورة، حاجة، منفعة، زينة، فضول
"Five levels: necessity, need, benefit, adornment, excess…" [7]

1. Ḍarūrah (Necessity): When life is at risk, the consumption of even *ḥarām* becomes permissible.
2. Ḥājah (Need): When life is not in danger but hardship is evident; this does not permit *ḥarām*, but allows concessions like breaking fast.
3. Manfaʿah (Benefit): Desire for beneficial but non-essential goods (e.g., wheat bread or mutton).
4. Zīnah (Adornment): Seeking sweet dishes like halwa or sugar.
5. Fuḍūl (Excess): Engaging in consumption of *ḥarām* or doubtful items for luxury this is *isrāf* and *tabdhīr*.

[6] al-Fatnī, Muḥammad Ṭāhir. ***Majmaʿ Bahār al-Anwār***. Saudi Arabia: Maktabat Dār al-Īmān, n.d., vol. 3, p. 66.
[7] al-Ḥamawī, Aḥmad b. Muḥammad Kallī. ***Ghamz al-ʿUyūn al-Baṣāʾir***. Karachi: Idārat al-Qurʾān, n.d., vol. 1, p. 119.

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Following his classification, Imām Aḥmad Riḍā Khān al-Barelwī further elaborated in *al-ʿAṭāyā al-Nabawiyyah fī al-Fatāwā al-Riḍawiyyah*:

1. *Ḍarūrah* includes what sustains life (e.g., minimal food and shelter) fulfilling this is farḍ.
2. *Ḥājah* entails needs that cause difficulty if unfulfilled this is wājib or sunnah mu'akkadah.
3. *Manfaʿah* includes helpful things — sunnah ghayr mu'akkadah.
4. *Zīnah* refers to additional comforts — mustaḥabb.
5. *Fuḍūl* involves wasteful indulgence — ḥarām. [8]

Both scholars demonstrate that while human consumption is tied to income, there are ethical and legal boundaries within which this must occur. Islam does not give unchecked freedom in spending. The categorization of needs helps maintain balance.

In modern economic theory, consumption is extensively analyzed with varying views on the relationship between income and spending. Whatever income remains after consumption is termed as savings, and when invested, it contributes to further profit generation. The Sharīʿah, while supporting savings and investment, places conditions on them, emphasizing ethical boundaries and prohibiting exploitation or hoarding.

Investment: An Islamic Framework of Ethical Capital Deployment

Investment refers to the use of saved wealth for productive economic activities and is considered a cornerstone of a healthy economy. In other words, there is a direct correlation between saving and investment. According to Keynesian economics, the relationship is straightforward:

Savings = Investment.

[8] Aḥmad Riḍā Khān, al-Shaykh. ***al-ʿAṭāyā al-Nabawiyyah fī al-Fatāwā al-Riḍwiyyah***. Lahore: Riḍā Foundation, 2006, vol. 1, p. 843.

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Higher levels of savings lead to increased investments, which in turn have a significant impact on the national economy.

People typically invest their saved wealth with the aim of earning further profits. Often, these profits are reinvested into expanding business activities, thereby creating further avenues for economic growth and entrepreneurship.[9]

Islam encourages collective investment, and various forms of such partnerships were prevalent even during the Prophetic era (ʿAṣr-e-Nabawīﷺ). Among them, Sharikah (partnership) and Muḍārabah (trust-based profit-sharing) are foremost. These mechanisms were designed to create ease and accessibility for mankind in economic collaboration.

In a Muḍārabah contract, the capital is provided by one party (*Rabb al-Māl*), while the other (*Muḍārib*) contributes labor and skill. This form of business transaction is valid according to Sharīʿah and is substantiated through authentic *aḥādīth*. The Prophet ﷺ himself took the wealth of Khadījah (RA) as a Muḍārib, traveling to Syria for trade.

In *al-Taʿrīfāt*, Muḍārabah is defined as:

> "Muḍārabah is derived from the root ḍa-raba (ض.ر.ب), meaning to travel, as in traveling across the earth."[10]

The Fatāwā ʿĀlamgīriyyah, a renowned compendium in Ḥanafī fiqh, elaborates on Muḍārabah contracts. It stipulates that:

> *"Muḍārabah is only valid when the share of profit is mutually agreed upon by both parties. If one party unilaterally fixes a specific amount for itself, the contract becomes invalid."*

[9] . Hamouda, F. ***Money, Investment and Consumption***. Edward Elgar Publishing, USA, 2009, p. 59.
[10] al-Jurjānī, Sayyid Sharīf. al-Taʿrīfāt, p. 173.

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فان قال على ان لک من الربح مائة درهم اوشرط مع النصف او الثلث عشرة دراهم لاتصح المضاربة[11]

Translation:

"If one party says, 'You will receive one hundred dirhams from the profit,' or stipulates an additional ten dirhams along with a half or one-third share, then the Muḍārabah contract is invalid."

The eminent jurist ʿAlāʾ al-Dīn al-Ḥaṣkafī writes about the role of the Muḍārib:

المضاربة ايداع ابتداء وتوكيل مع العمل لتصرفه بامره و شكرة ان ربح وغصب ان خالف وان اجاز رب المال بعده واجارة فاسدة ان فسدت فلا ربح للمضارب جنيئذٍ بل له اجر مثل عمله[12]

Paraphrased Explanation:

Initially, the Muḍārib is regarded as a trustee (amīn) and, upon beginning the work, becomes an agent (wakīl) empowered by the Rabb al-Māl to carry out transactions. Sometimes, the owner grants broad discretionary powers. The Muḍārib may travel to any city for trade, merge his own wealth with the Muḍārabah capital, or include others' investments, provided there are no explicit restrictions from the capital provider. If conditions are imposed by the owner, the Muḍārib is bound to follow them. Travel expenses incurred in business under Muḍārabah are the responsibility of the capital owner.

Partnership: A Time-Tested Model of Collective Investment

Sharikah is a traditional mode of joint investment. Under this arrangement, two or more individuals participate in a business venture where profits and losses are shared equitably. The root of the word Sharīkah (ش.ر.ك) implies inclusion or

[11] Shaykh Niẓām and Jamāʿat ʿUlamāʾ-i-Hind. Fatāwā ʿĀlamgīriyyah (Hindiyyah). Peshawar: Nūrānī Kutub Khāna, n.d., vol. 4, p. 287.

[12] al-Ḥaṣkafī, al-Shaykh ʿAlāʾ al-Dīn. al-Durr al-Mukhtār ʿalā Tanwīr al-Abṣār. Delhi: Maṭbaʿ Mujtabāʾī, n.d., vol. 2, p. 146.

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making someone a partner in work or ownership. The Qur'ān mentions this concept at various places:

وَ اِن تُخَالِطُوہُم فَاِخوَانُکُم[13]

"And if you mix their affairs with yours, they are your brothers."

Another verse states:

ضَرَبَ اللهُ مَثَلًا رَّجُلًا فِيه شُرَكَآءُ مُتَشٰكِسُونَ وَ رَجُلًا سَلَمًالِّرَجُلٍ ہَل يَستَوِيٰنِ مَثَلًا اَلحَمدُ لِلّٰہِ بَل اَکثَرُہُم لَا يَعلَمُونَ[14]

"Allah presents the example of a man owned by quarreling partners and another completely owned by one master are the two equal in comparison? All praise is due to Allah, but most of them do not know."

Multiple aḥādīth also endorse this model. One narration reports:

عن أبي هريرة قال ان الله يقول أناثالث الشريكين مالم يخن أحدهما صاحبه فاذا خانه خرجت من بينهما[15]

"Abū Hurayrah (RA) narrated that the Prophet ﷺ said: Allah declares, 'I am the third partner among two, as long as one does not betray the other. If betrayal occurs, I withdraw from between them.'"

The *al-ʿAṭāyā al-Nabawiyyah fī al-Fatāwā al-Riḍawiyyah* states:

"Sharikah is a contract based on the mutual ownership of capital and profits. If a fixed amount of profit is assigned to one partner, this invalidates the partnership — as it is possible that the profit may equal the fixed sum, making the other partner's share null and void."[16]

13 Al-Qur'ān, al-Baqarah 2:220.
14 Al-Qur'ān, al-Zumar 39:29.
15 Abū Dāwūd, Sulaymān b. al-Ashʿath. Sunan Abī Dāwūd, Kitāb al-Buyūʿ, Bāb al-Sharika, ḥadīth no. 3383.
16 Aḥmad Riḍā Khān. Fatāwā. Lahore: Riḍā Foundation, 1999, vol. 17, p. 371.

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In a valid Sharikah contract, all partners contributing to the pooled capital are entitled to a proportional share of the profit. It is impermissible for one partner to pre-allocate a fixed return for himself or to monopolize the entire profit. The very essence of Sharikah is mutual risk and reward if there is loss, all must bear it; if there is gain, and all must share it.

A Precursor to Ethical Islamic Finance

This detailed discussion reveals that long before the emergence of modern economic theories, Islam had already institutionalized ethical investment mechanisms. Models like Muḍārabah and Sharikah empowered collective enterprise and equitable profit-sharing in a spiritually guided framework. These classical Islamic contracts, developed by jurists centuries ago, are now being re-applied within the scope of Islamic banking and finance, offering Shariah-compliant alternatives to interest-based systems. Contemporary Islamic financial institutions use these principles to allow the public to invest their savings in productive ventures while ensuring transparency, fairness, and moral accountability.

Interest (Ribā) and Islamic Banking

In the modern economic system, interest (ribā) occupies a central role. Individuals deposit their savings into banks and receive a predetermined interest rate in return. Loans are also acquired on interest for commercial purposes. While economists agree on the significance of interest, their views differ regarding its nature and function. Broadly speaking, three major schools of thought emerge in this discourse: the Classical, Neo-Classical, and the Keynesian perspectives.

According to the Classical school, the rate of interest is essentially the reward for savings. Savings are transformed into capital, which is then used to

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produce consumer goods. In other words, the forces of supply and demand for capital play a key role in determining the interest rate where savings constitute the supply of capital.

The Neo-Classical school views interest as the price paid for borrowing money to fulfill various needs. The supply and demand of loanable funds determine the interest rate. These loanable funds consist of bank credits, individual and business savings, investments, and reserves. Banks lend this capital at a fixed interest rate, which the borrower is obligated to repay after a specified period.

In personal savings, individuals set aside part of their income by reducing their expenses. Similarly, businesses preserve a portion of their profits as savings. As the volume of these funds increases, the supply of loanable funds also rises.

The Keynesian model, introduced by Lord Keynes, suggests that people retain part of their savings in the form of liquid cash and lend out the rest. When people prefer to hold more cash, the amount available for lending diminishes, causing the interest rate to rise.[17]

In contrast, Islam categorically prohibits any form of interest-based transactions, as established by Sharī‘ah (Islamic law). Hence, any practice involving interest-based business, loans, or profits has been thoroughly examined and refuted by scholars. Across centuries, leading ‘ulamā’ and fuqahā’ have provided decisive arguments against the permissibility of ribā.

Imām al-Marghīnānī, in his seminal legal compendium *al-Hidāyah*, writes:

> "Ribā, in Arabic, is derived from the root 'r-b-w', which denotes increase, growth, or excess."[18]

[17] Zhang, Z. Finance: Fundamental Problems and Solutions. 2013, p. 18.
[18] al-Marghīnānī, Burhān al-Dīn. al-Hidāyah, p. 304

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In Islamic jurisprudence, ribā refers to a contract that stipulates an excess on a loan, imposed as a mandatory condition without any corresponding compensation. It is not simply a general increase; rather, it is a specific, unjustified surplus linked to the time of repayment. This kind of increment is categorically ḥarām (forbidden). The Qur'ān proclaims:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا أَضْعَافًا مُّضَاعَفَةًۖ وَاتَّقُوا اللَّهَ لَعَلَّكُمْ تُفْلِحُونَ

"O you who believe! Do not consume usury, doubled and multiplied, but fear Allah so that you may be successful.[19]"

Due to this unequivocal prohibition, traditional Muslim scholars remained skeptical about the concept of banking particularly interest-based banking and consistently declared it impermissible in their writings. However, while rejecting ribā, they recognized the vital role banking plays in financial systems and subsequently laid the groundwork for a ribā-free financial model.

With the formal introduction of Islamic banking in the 1970s, the industry has witnessed gradual and significant growth. Today, the total value of Islamic banking and finance assets stands at approximately two trillion USD. Although this represents only about 1% of global financial assets (which exceed 200 trillion USD), the pace of expansion and public trust in Islamic banking is steadily increasing.

Modern Islamic banking incorporates various Shariah-compliant modes of sale (buyū') as financial products, including both cash and credit-based transactions. Prominent among these are Bay' al-Mu'ajjal (deferred sale), Istiṣnā' (commissioned manufacture), Murābaḥah (cost-plus financing), and Ijārah

[19] (Qur'ān, 3:130)

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(leasing). In addition, banks serve as the primary means for transferring funds domestically and internationally.

Historically, the only means to transfer money across distances was through the postal system, but with scientific and technological advancements, numerous new methods have emerged. Today, online banking, bank drafts, and electronic transfers dominate the landscape, making financial transactions faster, safer, and more efficient.

In summary, while the modern economic framework is deeply embedded in interest-based mechanisms, the Islamic economic vision derived from the Seerah (prophetic tradition) and Sharīʿah offers an ethical, equitable, and viable alternative, emphasizing trust (amānah), transparency (ṣidq), and justice (ʿadl) as foundational principles.

Government Oversight of Economic Affairs in Islamic Teachings

In order to foster a balanced and structured economy, Islamic governance envisions an active role for the state in supervising markets and vendors. This ensures the protection of buyers' rights and facilitates the proper development of trade systems. Among the practical mechanisms used for this purpose are price controls, restrictions on hoarding (iḥtikār), and regulations against adulteration (ghishsh). This section presents Islamic guidance on these areas to delineate the expected role of government in economic regulation.

Price Control (Taqyīd al-Asʿār)

In many countries, governments regulate the prices of essential goods to maintain affordability for consumers. Although some economists have criticized price controls, they continue to be implemented successfully in various contexts.

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"Price ceilings refer to restrictions placed by governments on the market price of goods. The objective is to keep essential commodities within the purchasing capacity of the general public. There are two primary types of price limits: a maximum price ceiling and a minimum price floor."[20]

While market prices are typically determined through buyer-seller dynamics, governments sometimes intervene based on fluctuations in supply and demand. In classical fiqh, al-Ḥaṣkafī states in *al-Durr al-Mukhtār*:

"إذا سَعَّر وخاف البائع ضرب الإمام لو نقص لا يحل للمشتري".

"If the ruler fixes the price and the seller, out of fear of punishment, reduces the price, then it is not permissible for the buyer to purchase at the lower price."[21]

This statement highlights that some jurists viewed government interference in pricing as potentially problematic. According to this view, a seller is the rightful owner of their goods and should be free to determine the price. If the state compels the seller to lower the price without their free consent, and the buyer benefits from this compulsion, it could amount to an unjust transaction which is against the Qur'anic principle forbidding consumption of others' property without consent.

Hoarding (Iḥtikār): A Condemned Practice

Hoarding, particularly of food staples and essential goods, is considered reprehensible in Islam when it causes hardship to the public. The *Fatāwā ʿĀlamgīriyyah* clearly condemns such behavior:

الاحتكار مكروه، وذلك أن يشتري طعاماً في مصر ويمتنع من بيعه، وذلك يضر بالناس.

"Hoarding is reprehensible.This refers to one purchasing food in a city and withholding it from sale, thereby harming the public." [22]

[20] [Online source] www.exonlib.org
[21] al-Ḥaṣkafī, al-Durr al-Mukhtār. Delhi: Maṭbaʿ Mujtabāʾī, 1932, vol. 2, p. 248.

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The legal position here is clear: hoarding food with the intention of selling it at inflated prices during a time of scarcity is makrūh (reprehensible) and impermissible. The ruling changes if the product is not food, or if it is brought from distant lands without harming the public by withholding its sale.

Imām Ibn ʿĀbidīn in *Radd al-Muḥtār* writes:

"أثم بانتظار الغلاء والقحط لنية السوء للمسلمين".
"One is sinful for withholding goods while anticipating price hikes or famine, due to the evil intent towards fellow Muslims."[23]

These rulings make it evident that hoarding for profit especially in times of public need is morally and legally unacceptable. Commodities such as wheat and essential food items are vital for human survival and cannot be deliberately withheld to exploit market conditions. Such practices are explicitly discouraged in the Sharīʿah to protect the vulnerable.

Adulteration: A Betrayal of Trust

In commerce, it is not uncommon for sellers to mix inferior quality goods with pure items and then present them as high quality. Often, buyers are deceived by outward appearances or verbal assurances during the transaction and are unaware of the tampering until after purchase. Al-Ḥaṣkafī writes in *al-Durr al-Mukhtār*:

"لا بأس ببيع المغشوش إذا بيّن غشه أو كان ظاهراً يَرى".
"There is no harm in selling adulterated goods if the seller discloses the defect or it is visibly apparent."[24]

[22] Shaykh Niẓām and Jamāʿat ʿUlamāʾ-i-Hind. Fatāwā ʿĀlamgīriyyah, vol. 3, p. 313.
[23] al-Shāmī, al-Shaykh Ibn ʿĀbidīn. Radd al-Muḥtār ʿalā al-Durr al-Mukhtār. Beirut: Dār Iḥyāʾ al-Turāth al-ʿArabī, vol. 5, p. 256.
[24] al-Ḥaṣkafī, al-Durr al-Mukhtār, vol. 2.

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This ruling implies that ghishsh (adulteration) is not prohibited in itself if the buyer is made aware and willingly agrees. However, if the seller conceals the defect, the sale becomes impermissible, and it is a betrayal (khiyānah). Unfortunately, in today's markets, such transparency is rarely observed. Sellers often aim solely at maximizing profit, disregarding honesty and ethical transparency a situation in direct conflict with Prophetic teachings.

The Prophet ﷺ warned explicitly:

"مَنْ غَشَّنَا فَلَيْسَ مِنَّا"

"Whoever cheats us is not one of us."

This strong ethical standard reinforces the need to ensure transparency and purity in trade.

The Ethical Role of Government in Islamic Economics

From the above discussion, it becomes clear that classical Islamic jurists did not ignore the intricacies of macroeconomic governance. In fact, their discussions on pricing, hoarding, and adulteration provide a detailed framework that parallels modern economic policy debates. Their works underscore the importance of justice (ʿadl), mutual consent (tarāḍī), and public welfare (maṣlaḥah ʿāmmah) in regulating markets.

Islamic economics does not support unregulated capitalism or unchecked market freedom. Instead, it advocates for a value-based market economy where the state plays a role in curbing exploitation and ensuring fairness for both producers and consumers.

In light of contemporary challenges including inflation, food insecurity, and unethical business practices the Islamic legal tradition offers a timeless, principled approach. It calls upon governments, institutions, and individuals to

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prioritize ethics over profit, justice over manipulation, and social accountability over greed.

Conclusion

Islamic jurisprudence provides a comprehensive and ethically grounded framework for regulating economic activity. Far from endorsing a purely laissez-faire system, classical Islamic thought supports market freedom under the supervision of moral and legal constraints. The Prophet Muhammad ﷺthrough both his teachings and administrative practices, exemplified a model where trade was encouraged but never at the cost of justice, fairness, or the welfare of the community.

The prohibition of hoarding (iḥtikār), price manipulation (taṣʿīr), and adulteration (ghishsh) stems from a higher objective the preservation of social equilibrium and prevention of economic oppression. The role of the ḥisbah system, market inspectors (muḥtasibs), and judicial intervention in the classical Islamic state illustrates that the rulers were not passive observers in the marketplace but active guardians of ethical standards.

This balance between market liberty and moral oversight is crucial even in today's economic systems, where consumer exploitation, corporate monopolies, and product adulteration are rampant. The principles enshrined in Islamic law advocate a just and transparent economic order that modern Muslim societies can still benefit from if properly understood and implemented.

Suggestions

1. Institutionalization of the Ḥisbah Model: Modern Muslim states should revive the *ḥisbah* model in a contemporary form by creating specialized market regulatory bodies grounded in Islamic ethics, with authority to inspect,

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prevent exploitation, and ensure transparency.

2. Islamic Economic Literacy: There is a dire need to promote education on Islamic economic principles among traders, policymakers, and the general public to create awareness about the moral responsibilities in trade and commerce.
3. Codification of Classical Jurisprudence: Islamic fiqh texts on commercial ethics should be codified and adapted into modern economic laws that align with both Shariah principles and state regulations.
4. Transparent Pricing Mechanisms**:** Governments should ensure that pricing mechanisms are transparent, just, and responsive to supply-demand dynamics, while also preventing hoarding and artificial inflation.
5. Stronger Legal Frameworks against Adulteration and Fraud: Inspired by the Prophet's ﷺstern warning against deception in trade, strict penalties and monitoring systems should be enforced to curb product adulteration and protect consumer rights.
6. Integration of Maṣlaḥah and Maqāṣid al-Sharīʿah in Economic Policy**:** Policymakers should frame economic policies keeping in view the higher objectives of Shariah — justice (*ʿadl*), welfare (*maṣlaḥah*), and dignity of human life.
7. Contextual Ijtihād for Contemporary Markets**:** Scholars and economists should engage in *ijtihād* (independent reasoning) to address new market phenomena such as digital monopolies, online trade manipulation, and cryptocurrency hoarding in light of classical principles.