

How to Avoid Squandering Bank Resources in Rastin Banking

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Abstract

In this paper, while referring to the Holy Quran and emphasizing on this keypoint that squandering has been condemned more than usury in Quran, the ways to avoid squandering bank resources in Rastin Banking are addressed. Some points are stated regarding a better allocation of bank resources, which are based on the doctrines of ethic economics and have been derived from humanitarian and Islamic principles. If observance of these principles becomes mandatory through adoption of series of necessary rules and regulations of granting financial loans through the banks, squandering bank resources can be avoided, which is one of the main components of investment in economics.

Keywords: Squandering, Overconsumption, Wastage, Rastin Banking, Financial Resources.

Introduction

Ethic economics is an important subject, which has been less attended in new theories of economics and can have significant positive effects on human lifestyle³. In economics, squandering means to vitiate resources, which is in contrast to the principle of maximum utilization of resources. Squandering resources is a kind of wasting resources, but the term “squandering” has a more general meaning, which includes indulgence in all affairs, whereas the term “wasting” does not encompass such a conceptual variety. Squandering causes vitiation of some parts of resources.

There are many instances of squandering in behaviors of producer and consumer, some of which can be found in literatures⁴. In this paper, we address squandering and overconsumption in the field of investment. If due to any reason, allocation of resources to investment leads to shortened lifetime of installations, equipment, buildings, and machineries or in general, all the capital goods, or if their design or production are performed in such a way that their depreciation are high, or the costs of other commercial sections, which are in relation to utilization of products, are increased, or in practice, their production causes the emergence of insufficiencies, environmental degradation, disease increase, or loss of human lives, it means that we have practically provided the grounds for resource vitiation through the indulgent consumption of resources.

It must be stated that a vast majority of economic-social subjects, which have been taken by today’s human as the main topics of his strategic policies, have been already mentioned in the holy books and the Holy Quran in particular. Among these topics, sustainable development can be

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³ Following papers are in relation to ethic economics:

Bijan Bidabad, Equilibrium in ethic economics. 2010.
<http://www.bidabad.com/doc/taadol-eghtesade-akhlagh-en.pdf>

Bijan Bidabad, Mahshid Sherafati, Disposition (*Shakilah*) of Society and Ethic Economics. 2014.

<http://www.bidabad.com/doc/shakeleh-ejtema-eghtesade-akhlagh-en>

⁴ The following texts can be mentioned in this context:

Bijan Bidabad, Squandering in Ethic Economics (Consumer and Producer Behaviors Analysis). 2010.

<http://www.bidabad.com/doc/esraf-eghtesade-akhlagh-en.pdf>

Bijan Bidabad, Overconsumption in Ethic Economics and Sustainable Development. 2010.

<http://www.bidabad.com/doc/toseeh-payedar-eghtesade-akhlagh-en.pdf>

Bijan Bidabad, Global phenomenon of hunger and food squandering.

<http://www.bidabad.com/doc/Global-hunger-en.pdf>

indicated as one of the major issues, which has been discussed in international assemblies since the last decades. This subject has been stated in its theoretical and modern form in the 20th century, but its original concepts have been pointed out in ethic economics and its roots can be clearly observed in the religious and moral teachings of the Holy Quran. Among these concepts, the subjects of squandering and overconsumption can be referred⁵.

As a consequence of squandering resources in investment operations, the lifetime of capital goods is shortened and the capital replacement occurs more rapidly and such a situation means to vitiate the society's resources. In this way, more resources are consumed in order to maintain the short-term efficiency of businesses. Consumption of resources is equivalent to encountering a higher demand for resources, which leads to an increase in prices of resources, and therefore, the areas for other investments will be tightened. Consumption of more resources means to utilize more production factors and provide less leisure time for human forces. Consequently, fewer products are manufactured, more labors are hired, more production factors are consumed, more demands for production factors appear, the prices are increased, and finally, the efficiency and welfare of the society are decreased. On the other hand, if the resources are employed for the investments that cause environmental damages, decrease the average lifetime of human beings, or make people more needful for remedy and treatment; in fact, squandering resources has been shown to be materialized in a different way.

In this paper, some points regarding a better allocation of bank resources are stated, which are based on the doctrines of ethic economics and have been derived from humanitarian and Islamic principles. If observance of these principles becomes mandatory through adoption of necessary rules and regulations of granting financial loans, squandering bank resources can be avoided, which is one of the main components of investment in economics. An overview of these points has been provided in the proposed drafts of bill and executive bylaw of Rastin Banking⁶. In order to practically implement these rules, after ratification of this bill, the executive bylaw of Rastin Banking must be codified by the specialized executive administrations in the government and then, be authorized by the related authorities.

Squandering Worse than Usury

Raghib Isfahani writes in the definition of overconsumption in Arabic (*Tabzir*)⁷ that: overconsumption reflects the meaning of dispersion and it principally means sowing seeds and is used for any person, who wastes his/her property. Tabarsi defines overconsumption as dispersion of property due to squandering and says that its root refers to sowing seeds, with this difference that overconsumption is accompanied with corruption and spoilage (wastage), and if it is done towards reformation, it is not called overconsumption.⁸

Squandering and overconsumption have been clearly negated and condemned in the Holy Quran. The Holy Quran says: "**O children of Adam! Eat and drink: but waste not by excess for Allah loveth not the wasters**".⁹ And it also says: "**It is He who produceth gardens, with trellises and without, and dates, and tilth with produce of all kinds and olives and pomegranates, similar (in kind) and different (in variety): eat of their fruits when they fruit, but render the Allah's right (dues) that are proper on the day that the harvest is gathered. But waste not by excess: for**

⁵ Bijan Bidabad, Squandering in Ethic Economics (Consumer and Producer Behaviors Analysis). 2010.

<http://www.bidabad.com/doc/esraf-eghtesade-akhlagh-en.pdf>

⁶ See:

Bijan Bidabad, Azarang Amirostovar, Saeed Abdollahi, Mahmoud Allahyarifard, Eskandar Pordel, Maryam Heidari, Alireza Shafiei, Mohammad Ali Pourbehrouz, Draft of Rastin Banking Bill, Bank Mellī Iran, 2012.

<http://www.bidabad.com/doc/rastin-banking-bill.pdf>

Bijan Bidabad, Azarang Amirostovar, Saeed Abdollahi, Mahmoud Allahyarifard, Eskandar Pordel, Maryam Heidari, Alireza Shafiei, Mohammad Ali Pourbehrouz, Draft of Rastin Banking Executive Regulation, Bank Mellī Iran, 2012.

<http://www.bidabad.com/doc/rastin-banking-regulation.pdf>

⁷ Raghib Isfahani, Mu'jam Mufradat Alfāz Al-Quran, Dar-ol-Fekr Publication.

"التبذير و التفريق و أصله القاء البذر و طرحه فاستعير لكل مضيع لما له، فتبذير البذر تضييع في الظاهر لمن لم يعرف مآل مايلقيه."

⁸ Tabarsi, Majma' Al-Bayan, Vol. 2, P. 410, under Verse 26 of Surah Al-Isra.

⁹ Surah Al-A'raf, Verse 31.

يا بني آدم خذوا زينتكم عند كل مسجد و كلوا و اشربوا و لا تسرفوا إنه لا يحب المُسرفين.

Allah loveth not the wasters”.¹⁰ And it states that: “Eat of the good things We have provided for your sustenance, but commit no excess therein, lest My wrath should justly descend on you: and those on whom descends My wrath do perish indeed!”¹¹ Also, the Holy Quran states: “And render to the kindred their due rights, as (also) to those in want and to the wayfarer: but squander not in the manner of a spendthrift. Verily spendthrifts are brothers of the Satans; and the Satan is to his Lord ungrateful”.¹² It forbids: “And follow not the bidding of those who are extravagant; who make mischief in the land, and mend not (their ways)”.¹³ In the Holy Quran, we observe some verses such as “But We destroyed those who transgressed beyond bounds”¹⁴, “Truly Allah guides not one who transgresses and lies!”¹⁵, and “Transgressors will be companions of the fire!”¹⁶, which all are the implications of displeasure of God with overconsumption and squandering in general, and God in no way has permitted this action.

It must be expressed that squandering has been more condemned and is worse than usury. In the Holy Quran, it has been stated about usury: “That they took usury, though they were forbidden; and that they devoured men’s substance wrongfully; We have prepared for those among them who reject faith a grievous punishment”¹⁷. And it has been added that “O ye who believe! Devour not usury, doubled and multiplied; but fear Allah; that ye may (really) prosper. Fear the fire which is prepared for those who reject faith. And obey Allah and the Messenger; that ye may obtain mercy”.¹⁸ Moreover, it has been said that “O ye who believe! fear Allah and give up what remains of your demand for usury, if ye are indeed believers. If ye do it not, take notice of war from Allah and His Messenger: but if ye repent ye shall have your capital sums; deal not unjustly and ye shall not be dealt with unjustly. If the debtor is in a difficulty grant him time till it is easy for him to repay. But if ye remit it by way of charity, that is best for you if ye only knew”.¹⁹ The Holy Quran says: “Those who devour usury will not stand except as stands one whom the Satan by his touch hath driven to madness. That is because they say: Trade is like usury, but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companions of the fire: they will abide therein (for ever)”.²⁰

¹⁰ Surah Al-An`am, Verse 141.

وَهُوَ الَّذِي أَنْشَأَ جَنَّاتٍ مَعْرُوشَاتٍ وَغَيْرَ مَعْرُوشَاتٍ وَالتَّحْلُ وَ الزَّرْعَ مُخْتَلِفًا أَكْلُهُ وَ الرِّثْيُونَ وَ الرُّمَانَ مَتَشَابِهًا وَ غَيْرَ مُتَشَابِهٍ كُلُوا مِنْ ثَمَرِهِ إِذَا أَثْمَرَ وَ آتُوا حَقَّهُ يَوْمَ حَصَادِهِ وَ لَا تُسْرِفُوا إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ.

¹¹ Surah Taha, Verse 81.

كُلُوا مِنْ طَيِّبَاتِ مَا رَزَقْنَاكُمْ وَ لَا تَطْغَوْا فِيهِ فَيَحِلَّ عَلَيْكُمْ غَضَبِي وَ مَنْ يَحِلِّلْ عَلَيْهِ غَضَبِي فَقَدْ هَوَى.

¹² Surah Al-Isra, Verse 26-27.

وَ آتِ ذَا الْقُرْبَى حَقَّهُ وَ الْمَسْكِينِ وَ ابْنِ السَّبِيلِ وَ لَا تُبَدِّرْ بَدِيرًا إِنَّ الْمُبَدِّرِينَ كَانُوا إِخْوَانَ الشَّيَاطِينِ وَ كَانَ الشَّيْطَانُ لِرَبِّهِ كَفُورًا.

¹³ Surah A-Shuara, Verse 151-152.

وَ لَا تُطِيعُوا أَمْرَ الْمُسْرِفِينَ الَّذِينَ يُفْسِدُونَ فِي الْأَرْضِ وَ لَا يُصْلِحُونَ.

¹⁴ Surah Al-Anbya, Verse 9.

وَ أَهْلَكْنَا الْمُسْرِفِينَ.

¹⁵ Surah Ghafir, Verse 28.

إِنَّ اللَّهَ لَا يَهْدِي مَنْ هُوَ مُسْرِفٌ كَذَّابٌ.

¹⁶ Surah Ghafir, Verse 43.

وَ أَنَّ الْمُسْرِفِينَ هُمْ أَصْحَابُ النَّارِ.

¹⁷ Surah Nisa, Verse 161.

وَ أَخَذِهِمُ الرِّبَا وَ قَدْ نُهِوا عَنْهُ وَ أَكْلِهِمْ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَ أَعْتَدْنَا لِلْكَافِرِينَ مِنْهُمْ عَذَابًا أَلِيمًا.

¹⁸ Surah Al-e-Imran, Verse 130-132.

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَ ذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنتُمْ مُؤْمِنِينَ فَإِن لَّمْ تَفْعَلُوا فَأْذَنُوا بِحَرْبٍ مِنَ اللَّهِ وَ رَسُولِهِ وَإِن تُبْتُمْ فَلَكُمْ رُؤُوسُ أَمْوَالِكُمْ لَا تَظْلِمُونَ

¹⁹ Surah Baqarah, Verse 278-280.

وَ لَا تَظْلِمُونَ وَ إِن كَانَ دُوعُسْرَةٌ فَنظَرَةٌ إِلَىٰ مَيْسَرَةٍ وَ أَن تَصَدَّقُوا خَيْرٌ لَّكُمْ إِن كُنتُمْ تَعْلَمُونَ.

²⁰ Surah Baqarah, Verse 275.

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَ أَحَلَّ اللَّهُ الْبَيْعَ وَ حَرَّمَ الرِّبَا فَمَنْ جَاءَهُ

In the last above-mentioned verse, the usurer has been introduced as a person, who is in touch with the devil, but in the previously mentioned verses, the waster has been introduced as the brother of devils. Accordingly, it can be comprehended that squandering has been condemned more than usury in religion. In the mentioned verses, waster has been presented as a corrupter on the earth, but usurer has been introduced as a person, who is in the position of announcing war against Allah and his messenger. The opposition of the first one (waster) has been already converted from a potential capacity to action, while the opposition of the second one (usurer) has not yet been actualized and is still in the stage of announcement. This comparison exposes that squandering and overconsumption have been more condemned than usury. According to the presented verses, if the usurer receives his/her total lent money and returns the excess part, s/he will be excused, but such a rule does not hold true for squandering, since in the situation of squandering, the wasted object has been ruined and no longer exists. All these comparisons imply that squandering and overconsumption have been condemned more than usury as they seem true logically. In addition, from the theosophical viewpoint, the result of usury is an illegitimate transfer of one's money to another and indeed, this transfer is better than vitiation of money or property as a consequence of squandering, which inhibits other creatures from its usage.

Prohibition of Squandering in Banking Operations

In Rastin Banking²¹, banks are obliged to consider the following principles in order to reform the patterns of resource utilization, product manufacturing and investment, and also to prohibit squandering and overconsumption and prevent wastage of resources and increase efficiency, which their harmful economic and social consequences are broader than those of usury. If banks take into account the following points to reduce their operational costs and facilitate banking services to their customers, they can consequently enjoy better positions for providing more economical loans by reducing their expenses:

1. Banks are recommended to mechanize their operational systems.
2. Banks are advised to economize, modify, and secure their operational processes through reengineering, in order to lower their operational costs and risks.
3. Banks can gradually reduce the number of their physical branches and buy services mutually from other banks, for making better functioning of banking affairs for their customers and prevent the irregular multiplicity and congestion of branches.
4. Through providing a suitable context for financial services activities and offering necessary training, banks can transfer their surplus personnel to the complementary sections of banking services, in the roles of assessor, trustee, intermediary, broker, investment advisor, valuator, marketer, publisher, trader, asset manager, financing company, investment fund, ranking institute, financial data processing institute, accreditation institute, financial IT services institute, etc., in line with the operational methodologies of Rastin Banking.

Although it is highly recommended for banks to observe the abovementioned points without legal requirements by the central bank, in order to advise and guide banks, the central bank should revise the administrative regulations, obtain the approval of the Money and Credit Council, impart the regulations to banks, and make them obligated to observe these rules.

Prohibition of Squandering in Allocation of Bank Resources

“Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. It contains within it two key concepts:

- 1- The concept of 'needs', in particular the essential needs of the world's poor, to which overriding priority should be given; and
- 2- The idea of limitations imposed by the state of technology and social organization on the

مُوَعِّظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ.

²¹ Rastin Banking: A series of operational banking solutions for implementation of Islamic banking. Rastin Banking documents are accessible through <http://www.bidabad.com>

environment's ability to meet present and future needs.”²²

In practice, modifying the resource allocation method according to the principles of sustainable development means to present a pattern for using and consuming resources in banks, while human needs are obtained and natural environment is preserved in such a way that not only the needs of human beings at the present time can be satisfied, but also they can be secured in the far futures.

The main issues of sustainable development are typically discussed in the fields of sustainable production and sustainable consumption²³. Sustainable production and consumption means that while use of goods and services meet principal needs of human beings and improving the quality of life, utilization of natural resources and poisoning substances, and also production of wastes and pollutants are minimized, and the needs of the next generations are not endangered²⁴. Sustainable production and consumption engages economic activities, government, communities, and households, in order to make them consider the environmental qualities in efficient production, utilization of natural resources, minimization of wastes, and optimization of goods and services²⁵. The main emphasis of sustainable production is on the supply side and therefore, the indices of sustainable production can be generalized to allocation of bank resources for investments. Despite the efforts made at the international level for defining and applying various criteria for sustainable investment, no specific standard has been yet established for sustainable investment. However, some criteria have been presented for sustainable production and consumption²⁶. Considering this fact that the financing procedures and financial resource allocation methods are amongst the most important components of all investment projects and these measures are often actualized through banks, the concepts of sustainable investment should be attended in allocating resources. The United Nations Division for Sustainable Development²⁷ takes the following fields into account for sustainable development:

²² See:

Our Common Future, Chapter 2: Towards Sustainable Development. From A/42/427. Our Common Future: Report of the World Commission on Environment and Development. <http://www.un-documents.net/ocf-02.htm#I>
Report of the world commission on environment and development, The United Nations General Assembly Resolution 42/187, 11 December 1987, retrieved: 2007.04.12.

²³ <http://www.iisd.org/susprod/principles.htm>

²⁴ Symposium: Sustainable Consumption. Oslo, Norway, 19-20 January 1994.

²⁵ Edwin G. Falkman, Waste Management International. Sustainable Production and Consumption: A Business Perspective. WBCSD, n.d.

²⁶ International Institute for Sustainable Development. http://www.iisd.org/business/banking/sus_investment.aspx

²⁷ The United Nations Division for Sustainable Development, Documents: Sustainable Development Issues, Retrieved 2007.05.12.

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| International Law | Agriculture |
| International Cooperation for Enabling Environment | Atmosphere |
| Institutional Arrangements | Biodiversity |
| Land management | Biotechnology |
| Major Groups | Capacity-building |
| Mountains | Climate Change |
| National Sustainable Development Strategies | Consumption and Production Patterns |
| Oceans and Seas | Demographics |
| Poverty | Desertification and Drought |
| Sanitation | Disaster Reduction and Management |
| Science | Education and Awareness |
| SIDS | Energy |
| Sustainable tourism | Systems ecology |
| Technology | Finance |
| Toxic Chemicals | Forests |
| Trade and Environment | Fresh Water |
| Transport | Health |
| Waste (Hazardous) | Human Settlements |
| Waste (Radioactive) | Indicators |
| Waste (Solid) | Industry |
| Water | Information for Decision Making and Participation |
| | Integrated Decision Making |

In order to complete the above-mentioned topics, some subjects in connection with sustainable investment should be explicitly added to them, including construction and housing, infrastructure, structures, equipment, and machineries, which are among the critical subjects for bank resource allocations in investments. In order to develop and generalize the above-mentioned sustainable development criteria to the sustainable investment issues, a series of specific standards and guidelines regarding the categories and the above topics at national level is inevitable, in order to make them enforced at the time of allocating and consuming banking resources for investments. In addition to the above subjects and the proposed categorization, generally in Rastin Banking, banks are obliged²⁸ to allocate their available financial resources to those projects²⁹ that the following points have been studied in them and the operational solution has been already inserted in the proposal³⁰, in order to prevent a great amount of squandering in resources:

1. The plan must lead to a reduction in investment, production, distribution, and consumption costs.
2. The plan should lead to an increase in productivity.
3. Production lines must generate minimal wastes and defectives or below-standard products.
4. The quality of produced products in the plan must be at a level that leads to minimal destruction, disposal, and wastage.
5. Productive lifespan of the investment should be long.
6. Lifespan of durable and semi-durable products should be lengthy.
7. Lifespan of buildings, structures, equipment, and machineries must be long.
8. The standards for road construction and transportation must be defined in such a way that a better transportation capability and more traffic can be secured and the lifetime of roads, installations,

²⁸ The details have been presented in the following document:

Bijan Bidabad, Azarang Amirostovar, Saeed Abdollahi, Mahmoud Allahyarifard, Eskandar Pordel, Maryam Heidari, Alireza Shafiei, Mohammad Ali Pourbehrouz, Draft of Rastin Banking Bill, Bank Melli Iran, 2012.

<http://www.bidabad.com/doc/rastin-banking-bill.pdf>

²⁹ - Project is a collection of economic activities with specified and concrete plan with defined cost and terms for making profit through Rastin PLS banking offered to PLS bank.

³⁰ Proposal is a written document covering a collection of necessary information about the proposed project that describes analytical justification of the project from economic, technical and financial points of view, with enclosed necessary legal licenses and documents; which is submitted to Rastin PLS bank by entrepreneur. After evaluation of the bank if be approved, proposal will be a reference source against entrepreneur executive operations.

- and their constructions become lengthened.
9. The necessary considerations for optimal energy and fuel consumption in constructions, installations, machineries, and products must be observed.
 10. The plan must prevent agricultural soil erosion.
 11. The plan should reduce the death rate and increase the lifetime of human beings.
 12. The plan must cause cleaner production and decrease environmental pollutions.
 13. The plan should follow the considerations of sustainable production and consumption.
 14. The plan should consider the ecological cycles of industrial production.
 15. The plan must prevent incorrect exploitation of mines.
 16. The measures for investment future extensions must be addressed in advance and their feasibility should be considered in the initial design stage.
 17. The necessary arrangements and measures for dealing with natural disasters must be predicted and adopted in advance, i.e., in the design stage.
 18. The plan should prevent wastage of resources due to non-optimal combination of production factors.
 19. The required arrangements and provisions to protect the investment and products from any rapid or gradual corruption derived from environmental factors including temperature, natural disasters, climatic consequences, and also, from the factors such as rust and corrosion due to humidity or acidity of weather, must be predicted and applied in advance.
 20. In various systems, identical standards for connecting mechanical, electromechanical, electrical, and electronic machines, systems, parts, and devices should be employed.

In order to apply these considerations, in Rastin Profit and Loss Sharing (PLS) Banking³¹, the evaluation stages of the project proposal of each plan have been considered different from the current style. In the conventional banking, the proposals for receiving loans are formal and no commitment is forced on the credit loans applicants. However, in Rastin Banking, the proposal is a document that comprehensively addresses the justifiability of the project in terms of the economic, technical, and financial aspects, and in any case, its provisions are burdened to the entrepreneur³². Details of economic, technical, and financial assessing procedures of a project proposal are written in the executive rules and regulations of Rastin Banking. In this method, the entrepreneur should make sure the accuracy, precision, and conventionality of information, statistics and figures, calculations, predictions, and estimations in the project proposal. S/he must also present her/his supporting documents and evidences along with the proposal. The project proposal must essentially have a detailed schedule of executive operation for complete management of the plan, according to which, the assessor prepares checklists and surveillance programs to monitor all the physical development stages of the plan by trustee unit of the bank. Together with the plan's documents, the necessary authorizations along with the proposal must be presented to the assessing unit³³ by the entrepreneur and assessor must ensure that the above-mentioned points have been fully observed in order to prevent squandering bank resources.

In Rastin Banking, after assessing stage and approve of the project proposal, the trustee unit³⁴ of the bank will be responsible for monitoring entrepreneur's operations in order to prevent the him

³¹ Rastin Profit and Loss Sharing (PLS) is an activity in Rastin Banking based on participation of depositors in investment and economic activities of entrepreneur based on real yield of projects in order to land interest-free banking according to Islamic commandments and ethics.

In Rastin PLS banking, bank is a unit, which allocates resources from depositors to those who look for financing (entrepreneur) and according to specific contracts; the obtained profit or loss is divided between depositor and entrepreneur. By receiving commission (*Jol*), bank provides capital management services for depositors, and invest their resources according to their choices and in return, provides them by Rastin PLS banking Certificate. Bank has to use all his specialized potentialities to protect depositors' rights.

³² - Entrepreneur is a real person or legal entity who proposes a project to PLS bank for financing through PLS banking system and executes the project until the end. In addition to have legal, financial, technical and performance capabilities, the entrepreneur should have the other capabilities and facilities/possibility to carry out the job.

³³ - Assessment unit is a unit in PLS department of Rastin PLS bank which assesses the competence and capabilities of entrepreneur and his proposal.

³⁴ - The trustee unit is a unit at PLS department of Rastin PLS bank for supervision and control of Rastin PLS proposed projects on behalf of bank regarding good performance of project in comparison to initial proposal through key indicators and financial reports and supervision for final delivery of the project.

from deviating from the approved plan; and in case of deviation from the project proposal contents, s/he must bear the subsequent costs. Trustee has been defined as a person, which possesses skills, specialties, tools, equipment, and software and hardware installations required for monitoring the plan. Both the assessor and trustee must be autonomous in their opinions should be immune from questioning in terms of staff and official regulations. On the other hand, if some losses are caused by the faults of the assessor or trustee, these persons will be held responsible for their mistakes³⁵.

The operational and regulatory details of the instances of avoiding squandering bank resources have not yet been codified for all the sections. Even though some regulations³⁶ consider some instances of avoiding squandering bank resources, this issue is still insufficient from the investment point of view and observance of the above-mentioned points. In order to resolve this problem, executive ministries including Ministry of Industry, Mine and Trade, Ministry of Roads and Urban Development, Ministry of Agriculture, Ministry of Health and Medical Education, Ministry of Energy, Department of Environment, Institute of Standards and Industrial Research, Energy Efficiency Organization, and Municipality must be obliged to codify the regulations required for execution of the instances of preventing squandering bank resources. After being approved by the related authorities, they should be sent to the subsidiary units and through the central bank be enforced to the banks. On the other hand, considering the significance of this issue, it is required that the Ministry of Science, Research and Technology prepares the syllabuses of educational and research activities of universities and higher education institutions according to the instances of preventing squandering bank resources and notifies the universities and subsidiary institutes.

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³⁵ The details have been presented in the following document:

Bijan Bidabad, Azarang Amirostovar, Saeed Abdollahi, Mahmoud Allahyarifard, Eskandar Pordel, Maryam Heidari, Alireza Shafiei, Mohammad Ali Pourbehrouz, Draft of Rastin Banking Executive Regulation, Bank Melli Iran, 2012. <http://www.bidabad.com/doc/rastin-banking-regulation.pdf>

³⁶ The law of increasing the efficiency of agriculture and natural resources sector, approved on 14 Jul 2009 by the Islamic Consultative Assembly of Iran.
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