**MARKET MECHANISM IN ISLAMIC PERSPECTIVE**

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*Abstract*

This study aims to examine the concept of market mechanisms in an Islamic perspective. We use a qualitative research method with a literature review approach in our analysis to find out the concepts in previous studies. This study concludes that the concept of a perfectly competitive market is applied in the Islamic market mechanism. In the Islamic market mechanism, pricing is determined by supply and demand, these two variables make a market economy work. However, the price of goods greatly affects the value of justice because an unfair price will reduce the level of supply and cause distortion in the market. Market distortion is a deviation that causes market conditions to be unbalanced so that it affects the functioning of the market mechanism. Some examples of market distortions include: *ihtikar, bai najasy, taghrir (gharar), tadlis (fraud).* To overcome market distortions, the government intervenes and regulates prices with the aim of stabilizing prices in the market.

Keyword : Market, Islamic Market Mechanism, Pricing, Perfect Market Competition, Demand and Supply, Market Distortion, Market Intervention and Regulation