

## An Analysis of Banking Credits Impact on Housing Price Fluctuations in the Iranian Metropolises

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### Abstract

Housing, like any other commodity bears an economic value. Thus, it is not only a consumer good, but rather it is considered to be a capital good, in toto. As a result, the demand for housing as a capital good, is a function of rate of return on capital utilized in housing sector, compared to the rate of return on other forms of capital goods. Similarly price of housing as an immovable good, is a function of regional and local conjecture of demand for and supply of housing and the location of residence in rural or urban areas, per se.

In this study, an attempt is made to analyze the factors affecting the housing price volatility in the context of Iranian metropolises by applying the Hierarchical Regression Model for panel data.

The results prime facie indicate that the variables affecting housing price variability, with respect to their importance are housing credit, housing rent, regional gross products, exchange rate, inflation rate, and rate of profit for housing credit. However, the coefficients of all variables are statistically significant and consistent with the theoretical basis, sine qua non.

**Keywords:** Housing, Bank Credits; Metropolises; Housing Price Movement

**JEL Classification:** R21, C23, D14, E5.

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## The Analysis of Non Linear and Chaotic Behavior of Foreign Exchange Market in Iran

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### Abstract

The non linear dynamic systems render different behavior which in turn, can be utilized for specifying and expounding of many seemingly random walk economic Phenomena.

The chaos theory will provide a new approach for studying the changing trends of non linear dynamic systems in monetary and financial markets. In this paper, an attempt is made to investigate the behavior of official exchange rate, compiled on daily basis, for 2000/06/01-2012/03/07. Further, we applied the various chaos theory tests, comprising the Brock Dechert and Shienkman (BDS Test), which itself, is based on the Bootstrap, Hurst Exponent Test, Correlation Dimension Test, Largest Lyapunov Exponent Test and Reconstruction Phase Space Test, for reconstructive dynamics of augmented vectors bearing 1 to 11 dimensions, Viz-a-Viz. Takens Theorem. However the results for BDS and Hurst Exponent Tests indicate prima facie, that the exchange rate is endowed with a non linear process. Similarly three chaotic tests of Largest Lyapunov Exponent, Correlation Dimension and Reconstruction Phase Space, could verify per se the existence of chaos in the foreign exchange market of Iran. Thus we conclude that the prediction of changing trend of this variable by using the conventional linear model may lead to spurious results, quid pro qua.

**Keywords:** Chaos Theorem, BDS Test, Hurst Exponent, Largest Lyapunov Exponent, Correlation Dimension, Reconstruction Phase Space

**JEL Classification:** G34, G32.

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## The Impact of Dwindling of Electricity Subsidy on Certain Macroeconomic Indices, Affecting on the Production and Welfare of Households in Iran

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### Abstract

Electricity is an important consumer input, in which it is provided to Iranian subscribers quite cheaper than the world prices, and it bears the great share in allocation of budget resources for paying subsidies to people. Thus, implementation of any energy reform policy, specifically related to the subsidy reduction in the electricity sector, as an instrument to attain the concerned goals, can in turn affect significantly on the activities of other sectors, markets and national account variables, quid pro qua.

In this study, an attempt is made to investigate the impact of gradual mitigation of electricity subsidy on macroeconomic indices vestiging on production and welfare of households viz-a-viz building the Computable General Equilibrium Model for Iran, and applying the Social Accounting Matrix of 2001- 2002, in the framework of diminishing scenari of 25%, 50%, 75% and 100% respectively. The results prima facie indicate that in the short run, the abatement of subsidy in the electricity sector, will lead to increasing the rate of inflation, alleviation of economic growth and balance of payment deficit. Therefore the total production in all sectors will diminish which its biggest decreasing trend will go to the electricity sector output and the least diminution will be the products of service sector. At the same time the electricity price reform will pave the way for increasing the social class inequality and demarcation.

Hence, we find that, the execution of this policy, will lessen significantly, the welfare level of households ipso facto.

**Keywords:** Electricity Subsidy, Computable General Equilibrium Model, Social Accounting Matrix, GAMS Software

**JEL Classification:** H25, C68,D57,C88.

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## The Evaluation of Efficient Functioning of Electronic Receipts and Payments in the Country- A Case Study of Retail Sales

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### Abstract

In this paper an attempt is made to examine the efficiency of functioning of retail shopkeepers in the different provinces of country in context to using the electronic commercial system through utilizing the linear programming method. For this purpose, we applied the non parametric model viz-a-viz Data Enveloped Analysis Model and Mathematical Programming Method for rating and classifying the functioning efficiency of electronic transaction system of various provinces of Iran. Thus, we estimated the performance efficiency of different retail business units of 30 provinces by considering their receipts and payments flows and assuming two alternative hypothesis of constant return to scale and variable return to scale for the period 2009- 2010, quid pro qua.

The results indicate prime facie that with first assumption, the provinces of Mazendran, Fars, Esfahan and Yazd achieved the highest efficiency scores and with respect to second assumption, provinces of Zanjan, Tehran and North Khorasan enjoyed the highest efficiency compared to other provinces of Iran. As a result, based upon our findings, the Yazd province can be deemed as bearing a unique pattern among all provinces of Iran, and we recommend all inefficient provinces, to follow the Yazd province to improve their efficiency of electronic transaction system, sine qua non.

**Keywords:** Electronic Commerce, Retail Sale, Efficiency, Mathematical Modeling

**JEL Classification:** D61, D24, M12.

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## Studying the Various Strategies for Restructuring the Non Performing Loans in Free Usury Banking System.

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### Abstract

One of the basic problems of banking system in current conjecture, is increasing the amount of non performing loans compared with total extended facilities of banks. Some customers of banks, despite their willingness to pay their debts, do not have the sufficient payment power at the appointed maturity, but, if in case, there is any banking cooperation for restructuring of debts, they may continue the activities of their firms and will settle their debts in a gradual manner, within the specified time. However, with respect to importance of restructuring issue, the banking system has designed and implemented different strategies, which although, they are helpful to perpetuate the activities of the firms, but, they are subject to serious critics from the Jurisprudential, legal, economic and banking points of view in toto. Hence, in this applied survey, an attempt is made to criticize the current methods of restructuring of debts, viz-a-viz utilization of Analytic-Descriptive Approach thereto, and propound a new strategy for execution of restructuring process of non performing loans of banking system. The basic function of this strategy, is to use the diminishing partnership contract, under which the customer in this form of contract, will participate with banks for its owned portion of capital assets, and with condition of being authorized to use the partnership share of banks, he is obliged to pay the renting cost of asset and gradually purchase the partnership share of banks, ipso facto. This type of financing method can be implemented along with other existing contracts, or otherwise as an alternative in the banking system, quid pro qua.

**Keywords:** Non Performing Loans, Restructuring, Reducing Partnership, Forward, Discounting Bill, Hire Purchase.

**JEL Classification:** K12, E59.

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The Issue Presental in This Article are Purely Reflect the Views of Writers and Do Not Necessarily Indicate the Official Statements of the Central Bank of Iran.

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## The Establishment of Gold Coin Futures Market and Its Effects on Iranian Economy

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### Abstract

Iran Merchantile Exchange introduced gold coin futures as a new financial tool since 2008. However the aim of this new financial instrument was to invite investors to deal futures in the exchange market, prevent capital outflow, unification of gold transaction in entire country, and inhibition of fictitious trade and counterfeit coin in the false markets. Though, this financial instrument was not initially embraced, but with the passage of time and the emergence of new conditions and volatility associated with fluctuations in foreign exchange and gold market, suddenly the demand for buying and selling the new financial instrument increased significantly. As a result, the value of gold coin and number of futures contract, from 60.7 billion rials and 3.2 thousand in 2008, increased to 362815.7 billion rials and 33691.1 thousand in 2012, respectively. However the basic question is whether the performance of hedging of gold coin futures is the main reason for market to face the boom, or otherwise the acceptance of this instrument is, due to expansion of speculative activities of Iranian economy viz-a-viz the fluctuation of foreign exchange and gold markets in the recent months. Hence, in this paper, an attempt is made to answer these queries, through applying the descriptive statistical analysis of gold futures market. The results prima facie indicate that, introduction of gold coins futures in Iran Mercantile Exchange, has been instrumental tool for enhancing the speculative activities rather than the hedging of gold spot transactions, quid pro qua.

**Keywords:** Futures Contract, Gold Coin Futures, Foreign Exchange Market, Gold Market.

**JEL Classification:** G24, G10, C22, C12.

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## The Macroeconomist as Scientist and Engineer

Translated By:

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### Abstract

In this essay an attempt is made to provide a brief history of macroeconomics, along with an evaluation of present understanding towards this discipline. However one may assume that the field has evolved viz-a-viz two kinds of macroeconomists, and sinequanon two versions of macroeconomics. Those who consider it an engineering field, and those who construe it as a science. Engineers are aimed at problem solving. By contrast, the goal of scientists is to expound the very meaning of the world and its underpinnig functions per se. As a result, the macroeconomic research is varing between these two fields. In this context, one can observe that the macroeconomists of past decates were more inclined to constructing the analytic apparatus, propounding the theoretical principles, but on the contrary, the so called early macroeconomists were interested to act as engineers to solve the genuine problems of human beings in practice. Nonetheless, these apparatuses and essentials have been lethargic in their responses and impacts on pertaining issues of actual life. Thus, the dynamic and productive interaction between the two contesting views are required for the very existence of macroeconomics, to deal with various layers of human society. But despite the wide range of disparity between the two fields of the same discipline with different exegesis, in toto, one may presume that the smooth flourishing of macroeconomics could basically depends on pari passu with acceptance of its dualism in roles and functions.

**Keywords:** Macroeconomic Science, Macroeconomic Engineering, Monetary Policy, Fiscal Policy, Economics Teaching

**JEL Classification:** B22, B41, E12, E13, E42, E50, E58.

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## Statutory Central Bank Independence in Taiwan

**Translated By:**  
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### **Abstract**

This paper critically reviews the Central Bank of the Republic of China (Taiwan) Act and finds that the level of legal independence of the Central Bank is relatively low compared to the rest of the world. However, Taiwan has been able to combine low inflation with a legally dependent Central Bank. In this paper an attempt is made to provide the possible explanations to this low inflation/low independence puzzle in Taiwan and argue that Taiwan should still follow the trend of creating a more independent Central Bank.

**Keywords:** Central Bank Independence, Legal CBI Index

**JEL Classification:** K49.

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