CHAPTER VII

CONCLUSIONS

We are now in a position to bring together the main conclusions of our study. We have made an attempt in the foregoing pages to analyse the growth performance of Iran's agricultural sector over the period 1978-1989. We have also examined the problems of this sector.

The analysis reveals that although agricultural output during the 12 years period, 1978-89, increased at an average rate of about 0.99 per cent per annum, the increase was largely due to an expansion in area under cultivation rather than the increase in productivity. This is true in the case of many individual crops and the regions too.

Moreover, there are other disturbing factors of Iranian agriculture. It has failed to keep pace with the increase in population of the country. This sector has yet to record a steady trend in growth. In many individual crops, yield per hectare in Iran considerably lags behind that of other countries of the world. Region-wise, the growth performance is highly inequitable. North and South regions have fared well compared to the other regions.

There are several problems confronting Iranian agriculture. These range from poor techniques to defective
land tenure system and inadequate facilities for marketing. Pricing policy for agricultural products also needs to be improved.

Agricultural marketing in Iran is broadly divided into regulated market and unregulated market. Regulated market is run by government agencies and operates mainly with the help of cooperatives and Grain organisation. Its main function is to deal in foodgrains. Unregulated markets mainly deal in cash crops. But the present system of marketing of agricultural produce in Iran has by and large failed to provide incentives to farmers to increase the output. This is because the system suffers from many defects. Farmers are generally not organised and consequently they are often exploited by the traders and merchants. Inadequate facilities for credit adversely affect the holding capacity of farmers, particularly of small farmers, and they are forced to sell their produce at unfavourable terms. Other defects include inadequate facilities for proper storage of agricultural produce, multiplicity of marketing charges, inadequate means of transport, lack of grading and standardisation, and inadequate regulated markets etc.

Similarly the agricultural pricing policy has not been successful in achieving its objectives. The practice of fixing one price for the whole country cannot be regarded as
remunerative, since the cost of production varies from region to region.

It has also failed to protect the interest of majority of rural population who are marginal farmers and it mainly favours the large producers who are smaller in number and have semi-mechanised or mechanised system of cultivation. In addition, the cost incurred in producing one hectare of a crop in these lands (mechanised or semi-mechanised) is much lower than that of farming with traditional equipment. Subsidizing policies which aim at lowering the prices of agricultural commodities are consumer oriented and farmers are by and large, not benefitted from these policies. Even government incentives which are a part of pricing policy and aim at increasing production, have not benefitted small farmers.

In view of the above deficiencies in the system of marketing and pricing, it is of utmost importance that they are removed speedily. For this the following suggestions are made:

- To estimate cost of production, more scientific studies should be made. The existing lacuna in the cost of production data places serious obstacles in the way of recommending minimum support prices for most of the
commodities. Faced with this difficulty the authorities often have to rely on indirect measure for reaching a judgement on the level of costs.

At present agricultural pricing authorities are advising in a limited way. It covers limited agricultural commodities. There is a need to widen its scope. Moreover, the price policy for agriculture cannot be detached from that of the economy as a whole, and therefore, some sort of parity has to be maintained between the prices of manufactured goods and agricultural products.

- The frequent changes in the prices recommended by the government should be abated as much as possible.

- The minimum guaranteed prices should be announced well in advance so that the farmers can plan about their crop and the profitability of their produce.

- The minimum support prices and procurement prices announced by government must get wide publicity in rural areas. This will prevent the exploitation of farmers by the middle-men.

- Establishment of more regulated markets will remove the defects and malpractices disadvantageous to agriculturist.
- Increased provision of storage and warehousing facilities will help producers to keep the perishable and non-perishable commodities at the time of flush production and sell it at the time when the prices are higher.

- Means of transport and roads should be improved to facilitate the advancement of commodities, particularly those of cash crops to cities and reduce the cost of marketing.

- Cooperative societies and regulated markets should operate in a wider area and be publicized.

- Provision of marketing news will greatly help the producers by saving their time and preventing them of wondering in search of market which desires to buy their produce. Marketing news should be reliable and available to all villages and in short distances.

All these, can, however, be achieved only if the agriculture continues to be regarded as "core of economic independence" by the government of Islamic Republic of Iran.