ABSTRACT

Iran is one of the largest countries in Asia with a geographical area of 1648195 Square Kilometer. But her cultivable area is only 14.84 million hectares. Furthermore, of the total cultivable land only 9950 thousand hectares or 67 per cent is under actual cultivation. The rest 4895 thousand hectares is fallow land.

Agriculture contributes to the development process of the Iranian economy like any other developing economy in a number of ways. Nearly 1/5 of the country's GDP originates in this sector and 1/3 of the labour force is absorbed in it. Besides, this sector contributes through provision of foodstuffs, export of primary product, creation of markets for products of other sectors, source of raw materials for many industries, stabilizing prices and keeping wages of industries low.

However, the performance of this sector over the period 1978-89 has not been satisfactory. Production has not been able to keep pace with the growing population. This has resulted in higher prices for foodgrains and raising import bills. During 1983-84, government imported 3.6 million tonnes of wheat, while domestic production of this crop was 6.1 million tonnes only. In 1984-85, total domestic production increased to 6.6 million tonnes, but import at 2.6 million tonnes was still a very high figure. In addition, the yield per hectare of land for many
crops in Iran are much below than that of other developing and Asian countries.

There are many problems confronting the agricultural sector. Broadly they can be classified as Technological, Institutional, Environmental and miscellaneous factors. Almost 3/4 of total area of the country are covered by mountains and deserts. Natural calamities, such as heavy flood, frost occur frequently. Level of rainfall is low and about 81 per cent of total provinces of Iran have a rainfall below 325.3 mm—the national average for the period 1978-88.

The unfavourable geographical and environmental backdrops are made worse by the inadequacy of various technological inputs, such as water, seed, fertilizer, agricultural machinery, etc.

Of 90 milliard cubic meters of surface water, 23 milliard cubic meters are controlled by dams and other artificial sources, of which 14 milliard are allocated for agricultural purposes each year. Due to lack of proper irrigation facilities only 64 per cent of this water is used for agriculture and remaining goes waste every year. This can feed only 40 per cent of land and the remaining 60 per cent depend on rainfall for survival. Another reason for inadequate growth of production is lack of sufficient agricultural machinery. Implements used by farmers in Iran are comparatively few in number, smaller in size,
obsolete, crude and antique in character which are not suitable for scientific operations. Moreover, there is a shortage of spare parts for existing agricultural machinery. Lack of expert mechanics further adds to problems in this field.

Chemical fertilizers are not adequately distributed and they are not easily accessible. There is no correlation between amount of fertilizers and yield per hectare of foodgrains. Scarcity of improved seeds, pesticides and other preventive treatment for crops are also among existing problems.

Farming techniques in Iran have not improved appreciably. Crop rotation is not practiced to any large extent except in some of the larger farms. But there too, room for improvement exists. In addition size of holdings are very small. 65.1 percent of holdings in Iran are below 5 hectares.

Lack of financial resources, overcrowding in agriculture, lack of agro-based industries, inferiority of agricultural products as compared to products of other sector and inadequate non-farm services, etc., are among miscellaneous factors impeding the growth in agricultural productivity and agricultural sector.

This sector has also been neglected by the planners for a greater period of time. It was only during the third plan (1962-67) that the agricultural sector started receiving some attention of the planners. The land reform measures were
initiated in the year 1962. It aimed at breaking up the major
land holdings and distribute the surplus land among landless
labours and marginal farmers. This objective was greatly
achieved, but land reform measures also deprived of many
landless peasant from land and caused them to migrate to cities.
This migration still continues. During 1978-81, nearly 364
thousand persons on an average migrated from rural areas to
urban areas each year. In 1982, the country's new five year plan
was formulated for the period of 1983-88. This was a part of 20
years plan, but due to forced war with Iraq and scarcity of
foreign exchange, the plan could not be implemented.

There are two additional problems which seem to have
been neglected by the researchers. These problems are the
problems of marketing and pricing.

Proper marketing of agricultural produce is essential
to ensure fair price of the product to the farmers. This will
encourage them to produce more. As a result, industrial labour
and urban consumers will get enough food supply. Adequate
quantities of raw materials to industries will be ensured. The
process of industrialization will get a boost and economic
development will be accelerated.

There are two types of markets for agricultural
production in Iran; Regulated markets (cooperatives and grain
organization) and Unregulated markets. The former is mainly
engaged in marketing of foodgrains and wheat in particular. They buy any quantity of wheat at procurement prices. These markets have facilities of banking services, storage, etc. Cooperatives have many other functions. Among them, construction of storage, silos, provision of input assume importance. They also buy the cash crops of farmers on behalf of cooperative unions. Number of these markets has increased from 2717 with a total membership of 2283 thousand in 1973 to 3110 cooperatives with a total membership of 4334 thousand in 1990. But these numbers are still insufficient and needs to be increased.

Despite their importance in agricultural marketing in Iran, cooperatives are defective on many grounds. These markets are biased towards urban consumer. Being agent to government, they do not give the chance of bargaining to farmer. The price list is dictated by government. Lack of finance and existence of management unfamiliar to agricultural problems are also among other problems of marketing. Unregulated markets which are engaged in marketing of cash crops are less controlled by government. These markets are mainly in larger cities and buy the produce of the farmers either directly from village or through their commissioned agents. In these markets, agriculturists have to depend largely on middle-men for the sale of their produce. The middle-men have no hesitation in taking advantage of farmer's dependence upon them.
Buyers of agricultural products specially in case of cash crop usually operate on a large scale and are organised, while, the producers are invariably small and scattered over a wide area and the existing organisation are not efficient enough to guide them and to protect their interests. Under these circumstances, it is common to find that the producers of agricultural products as a class are being exploited by the purchasers.

The market charges payable by the producers are numerous and varied in unregulated markets and they tend to reduce the return to the producers from the sale of his product, considerably.

There is a general inadequacy of good storage facilities both in rural and urban areas and the indigenous method of storage adopted in the villages as well as in most of the district markets do not adequately protect produce from dampness etc.

Means of transportation are poor. The road mileage position in Iran in relation to area is extremely unsatisfactory. There are only 15 kilometer of roads per 100 square kilometer in Iran. Absence of market intelligence as to price is another defect.

In short, the present system of marketing of agricultural products in Iran are defective. Marketing process
re imperfect. Marketing charges are many and agriculturists are indebted. Due to lack of proper storage facilities and lack of knowledge about the real prices, farmers are forced to sell their produce at throw-away prices. Marketing environment is one which neither encourage farmers to produce more, nor to market what they produce.

Similarly price manipulation is an acknowledged method and an important instrument of planning. Price policy in an underdeveloped country assumes importance as it creates condition which enables the farmers to adopt new techniques in production. It is important, therefore, to have a pricing system which is efficient and can maintain stability to the extent required for the fulfillment of the plan.

Iran is a country with majority of land cultivated (60%) under traditional system of farming. Production in these types of agriculture depends on nature and natural factors. Farmers have no or little control over them. If the prices are not remunerative, farmers will continue to produce because of complete absence of an alternative. But it does not mean that an efficient pricing policy will have no effect on production. In Iran pricing policy has generally favoured 30 per cent of farmers who have big land holdings with mechanized or semi-mechanized system of farming. The remaining 70 per cent with small parcels of land have not benefitted much. Fixation of prices on the basis
of average cost of production is also not fair, as there are many different agro-climatical regions in the country. Cost of production in these regions widely differ.

In order to increase production, government has started a scheme of prize incentives by the way of prize distribution to the producers. The principle of this policy is "higher delivery of surplus product, higher will be value of prizes". This policy has helped in increasing total delivery, but it has not encouraged total increase in production. To obtain a prize, small farmers may sell their daily requirement of wheat to government and after the prize is received the same is sold in open market at high prices. But later on they have to meet out their daily requirements of wheat through purchase from the market at a much high price.

If an Iranian farmer is to secure a remunerative price for his product, if the needs and preferences of the consumers are to be conveyed to the producers with the minimum amount of delay and friction, and if the large scale industries are to secure steady and reliable supplies of raw materials of uniform quality, the defects in the machinery for marketing and pricing policy should be remedied. This is possible if agriculture continues to be regarded as the key of economic independence.