The present proposed research work on "Industrial Growth in Iran: An assessment of achievements and failures 1945 - 1968" has been done under the supervision of Professor S. Maqbool Ahmad, Director Centre of West Asian Studies and Professor Mohammad Shabbir Khan, Professor of Economics in the Aligarh Muslim University. A fellowship from the Indian Council for Social Sciences Research enabled me to visit Iran for collection of data and discuss with academicians and Government officials concerned about the problem of Industrial development of the country.

Though initially the study was planned to cover a period 1945-68 but due to the dearth of material, lack of reliable information and paucity of statistical data in relation to the manufacturing Industry in Iran, and the interruption of the first plan by the nationalization of oil industry leading to a series of shortfall in projected financial resources of the plan, it was not possible to extensively discuss the first plan period. The study therefore covers a period 1956-68. For this period too I have had to wade through excessive per sean material before I could succeed in processing together small droplets of information about the manufacturing Industry in Iran.

The year 1956 has been taken as a starting point for several reasons. First, an attempt has been made to confine the study to a specific period which in the opinion of the
present writer is most important from the point of view of industrial development in Iran. Second, this was the beginning of second plan and a year for which the data were available for such study. Third, the census figures of the year 1956 were also available for estimating the extent of total coverage and relative changes in overall position.

The year 1956 was the beginning of the Second Plan period. The First Plan was interrupted by the nationalization of oil industry which led to series of shortfalls in projected financial resources of the plan. By 1954, however, the crisis in the oil sector was resolved and political stability was regained creating a more favourable economic environment for the start of Second Plan. With the Second Plan there was a large measure of success despite serious obstacles and fluctuations in the allocation of development funds. The sharp rise in oil revenue after 1955, steep rise in public borrowings from foreign sources contributed to an unprecedented upsurge in expenditure and enabled successful execution of the Second Plan.

The year 1968 has been selected for the simple reason that it was the latest year for which data and other relevant information were supposed to be available at the time this study was undertaken. The period 1956-68 has shown a landmark in the development of manufacturing in Iran. To the extent possible, this study covers the development of industry under two plans, second and third.
As the matter of fact Iran has a decentralised system of statistics and various surveys have been conducted by different government and private agencies. However attempts have been made to coordinate the statistical system through Plan Organisation. But even then the comparability of statistics, collected by various government and private agencies was sometimes very poor. This apart from other reasons was partly due to the differences in definitions and methodology of work. Throughout the study, it has been cared not to rely too much on the data published by government and private agencies of Iran only we have also tried to incorporate the data from the United Nations and other sources of international agencies have been approached as far as practicable. A great impediment has been the lack of data and statistics. The difficulty of non-availability and inadequacy of data and other relevant information, in terms of thoroughness and objectivity relating to the topic has been painfully realized throughout this work. Hence due to this lack of statistical information detailed account covering wide range of aspects could not be undertaken. The scope of the thesis, therefore, is limited by the extent of availability of data and statistics. The study is a very meagre account. As the official language of Iran is Persian, all the books, journals, articles and other things with the exception of very limited material in foreign languages are published in Persian. Though language was not a great barrier
in this regard because of my knowledge of Persian language but consultation of this material took much time.

The scope and significance of this study can be realized by the fact that Iranian economy in the last two decades has observed a revolutionary progress on account of increasing oil royalty and industrial upsurge. It has been one of the fastest moving economies of the world during the last few years. In 1968 annual production topped 1000 million barrels, placing Iran among top three oil exporting nations. However, dynamic changes in the economy have not confined to the growth of the oil industry but extended to manufacturing industry too.

Iran has been our esteemed neighbour since time pre-historic and both India and Iran claim a common ancestry from the Aryan stock. Among all the nations and races who have come in contact with India none of them has so everlasting influence on our culture and civilization as that the Iranians.

The purpose of this study is to identify to the extent possible, the development of manufacturing industries in Iran. It is hoped that an investigation into the process of industrial growth in Iran can be of some value in throwing a light not only on the developments taking place there but also exploring the possibilities of our trade relations with Iran. As durable trade relations aimed at strengthening the expansion and consolidation of Indo-Iranian economic relations, are
mutually beneficial for both the countries. However, the basic element of the study relates to knowing their attempt at laying down an industrial base and initiating thereby a massive industrialization in a country otherwise dependent on agriculture and allied activities.

During the last two decades as a result of their potential treasure of oil, tremendous changes have taken place in the economic condition of Iran. It attracted the attention of authors who wrote large number of books on oil industry in Iran. Various pamphlets, articles and books have been written on various aspects including economic development of Iran. However to my knowledge no detailed and comprehensive study of the development of manufacturing industries has been undertaken so far. The purpose of this study is to fill up this gap ever thought in a small measure.

It is an essential pre-requisite of any study that all terms involved in interpretation and analysis should be precisely defined and their scope delineated.

The study presents an analytical study of the development of industry which has taken place under aforementioned coverage. The term industry here refers to manufacturing which implies as defined in the international standard industrial classification of all economic activities. It thus excludes mining, construction power and other activities. The term industrialization is used to designate the growth of manufacturing industry. It is thus a part of much broader process
of economic development.

Iran is usually recognised by the name of Persia in the books written prior to 1949. As the Iranians today call Greece by the name of "Younan." Similarly Iran for a long period of time was widely called Persia. But in 1935 the Iranian Government asked foreign governments to use "Iran" as the name of the State instead of "Persia." Although on October 25, 1949 the Iranian Government stated that it would no longer insist on this yet the word Iran remained in common use.

Definitions used in this study:

1. Establishment: An establishment is a combination of capital and manpower, operated for producing one or more products or performing a service under a single management and having a single accounting unit. An establishment may be a factory, a well, a mine, a power plant, a shop, a household where goods are produced or services performed etc.

2. Value of Capital Goods (Fixed Capital): The value of fixed capital consists of the value of building, land, machinery, transport equipment and equipment and work tools, the durability of which is more than one year. Spare parts, the durability of which is less than one year, as well as supplies and raw materials which are in the shape of pieces, should not be included in the fixed capital. The value of capital goods may be determined in two ways. The value of capital goods
at the ruling rates (current prices) and the value of booked capital goods.

3. Persons engaged: The persons engaged consist of all those working permanently or temporarily in the establishment, provide their total working hours are not less than 18 hours a week. Persons who had gone on leave for an indefinite period, those who performed their military service, pensioners and persons working for an establishment in a house (household workers) are not considered as employees. However those who had gone on leave or had sick leave for a definite and short period, or those who were on strike, are considered as employees.

4. Output (receipts related to the sales of manufactured products and other incomes):

5. Value added: If we deduct the value of input from that of the output, the figure obtained is called the gross value added. This figure on the one hand, represents the value of contribution of workers and machinery and the managing power of employees and on the other, is used to pay wages, depreciation of machinery, rent of building and interest to and proprietors profits.

Mathematical computations:
A. Large establishments: A large establishment is considered with 10 persons or more engaged.

B. A Small Establishment: A small establishment with 9 persons engaged or less.
C. Workers: All those who work permanently in the establishment are called "workers," provided their weekly work is not less than 18 hours.

Intermediate Goods: These are goods to be transformed in industrial or other establishment and made ready for sale to the final consumers, such as wool, cotton, cement, carburetors, rings etc.

Durable Consumer Goods: The term is applied to the consumer goods whose life usually exceeds one year, such as cars, refrigerators, heaters, chairs and tables etc.

Non-Durable Consumer Goods: There are goods whose life is usually less than one year, such as sugar, clothing, meat, electric bubbs etc.

Capital Goods: There are the goods which are not used for consumption but for the sake of creating goods to be finally used by consumers. They include machinery and tools etc.

Methodology Used: The data have been collected from various agencies, Government, private and International Organisations and presented to trace the changes which took place relating to economy in general and manufacturing in particular under the coverage of our study i.e. 1956 - 1968. They have been designed to evaluate the changes which took place in the nature and level of manufacturing production. Composition of production of different codes of industry devoted to various branches of production, has been plated. The output of various industries has been measured by the volume of production and by the
value added in constant prices.

Employment has been computed in terms of number of persons engaged in industrial pursuits. Distribution of employment among different sectors of economy has been evaluated in terms of percentages and annual growth rates.

For the purpose of simplifying the processing and having an intensive study, the period has been divided into two parts, first from 1956 to 1962 and second from 1962 to 1968.

For processing and tabulating the data simple statistical techniques have been used. In order to work out summations, multiplications, divisions, and computing percentages, growth and average growth rates, facit machine has been used, the result so derived are checked and verified twice thrice to avoid errors.

A. The value of output of the manufacturing industries has been computed on the basis of factor cost and then its relative contribution to Gross National Product at factor cost calculated. The year 1956 has been treated as base year to calculate the factor cost.

B. After this general measurement, particular indicators of growth have been separately assessed and the trends so established have been treated as indices of the growth of manufacturing industries. The following important indices have been measured.
Capital invested in manufacturing industry: This measurement has been based on (a) capital invested by the industry through equities (b) medium term or long term loans granted by banks (c) government participation.

Employment offered by manufacturing industry: As a cross check to the conclusions reached by the methods indicated above the nature of import of similar goods have been studied. This has given us an assessment of the import substitution ability of the manufacturing industries. To arrive at an accurate estimate the demand of these goods has been taken into account. For if the demand has risen/fallen during the period of our coverage proportionately both increase/decrease in imports, suitable adjustment has been made. All these conclusions have been based on the figures published by the various governments, private and international organisations etc.