

In 1393, lower job offering and opportunities in the labor market led to a rise in unemployment rate by 0.2 percentage point. Unemployment rate in 1393 was 10.6 percent. In this year, high unemployment among young age groups was a big challenge facing the labor market. Moreover, drought in some regions of the country led to higher unemployment in the rural areas as well.

Population and Human Resource

Based on the Statistical Center of Iran (SCI), in 1393, Iran's total population increased by 1.2 percent to 77.9 million persons, 56.4 million of whom dwelled in urban and the remaining in rural areas. This means that 72.5 percent of the population dwelled in urban areas. Gender ratio (the number of males per 100 females) reached 101.5 in this year.

Total number of households was 23.8 million in 1393, indicating 4.0 percent increase compared with the year before. Out of total households, 17.6 million were residing in urban and 6.2 million in rural areas, showing 4.5 and 2.6 percent growth, respectively, compared with 1392.

Based on the data released by the National Organization for Civil Registration, total number of births recorded in 1393 was 1,534.4 thousand, representing 4.2 percent growth compared with the year before. Considering 446.3 thousand registered deaths, 1,088.0

thousand persons were added to total population. In this year, the death rate by gender (male to female death ratio) equaled 99.3 which, compared to last year's figure (129.4), indicates an increase in female death rate. Registered deaths for women rose by 37.9 percent and total number of registered deaths increased by 19.9 percent compared with the year before. The large increase in death registry was due to the delayed registration of death events.

Table 8.1. Vital Statistics (thousand persons)

	1391	1392	1393	Percentage change	
				1392	1393
Registered births	1,421.7	1,471.8	1,534.4	3.5	4.2
Registered deaths	367.5	372.3	446.3	1.3	19.9

Source: National Organization for Civil Registration.

Labor Market

Iran's labor market and labor opportunities have been through difficult conditions over the past two decades. There has been lower participation as well as sharp fluctuations in employment for different age groups by gender. Over the past ten years, unemployment rate has continually been higher than 10 percent. This rate is much higher for urban dwellers, females, and those in the age group of 15-24 years old compared with other groups. Labor market developments are the result of interaction of labor supply and demand forces in the market. On the supply side, labor market

conditions are affected by the demographic structure, especially the population of 10 years old and over, as well as economic conditions which have been influenced by financial restrictions, exchange rate instability, implementation of Subsidy Reform Plan, and the galloping inflation over the past years. Instability in the foreign exchange market, coupled with high inflation, leads to uncertainty and lower investment. Restrictions emanating from sanctions also deprive domestic production from cutting-edge technology. In the end, production becomes costly and uncompetitive and demand for labor force declines. On the supply side, fall in fertility rate threatens the labor market over the long term. In 1393, favorable expectations in light of positive developments in the political environment led to cessation of economic slump and the inception of economic recovery. This development led to higher utilization of idle capacities of manufacturing sector which in turn empowered slightly labor market indicators, in particular those related to the demand side of the economy.

Labor Supply

In 1393, the economically active population decreased by 0.1 percent to 23.8 million. The economically active population for men rose by 0.2 percent while for women, it fell by 1.6 percent.

Of total economically active population, 20.0 million were males and the remaining, females. Moreover, the economically active population in urban areas was 17.1 million and in rural areas, 6.7 million.

Participation rate was 37.2 percent in 1393, down by 0.4 percentage point compared with the year before. A decrease of 0.1 percent in the economically active population (employed and unemployed) led to a fall in participation rate in the whole country.

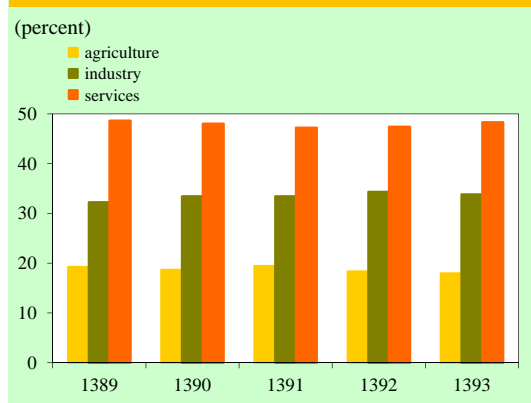
In 1393, participation rate in urban and rural areas reached respectively 36.5 and 39.1 percent, down by 0.4 and 0.6 percentage points.

Participation rate for men fell by 0.5 percentage point to 62.5 percent and for women, it reached 12.0 percent, down by 0.4 percentage point compared with 1392.

Labor Demand

Comparing employment across various economic sectors indicates that about 21.3 million persons were active in industry, agriculture, and services sectors in 1393 which, compared with the number of the employed persons in 1392, shows reduction in the number of available jobs by 36.2 thousand. The comparison of the number of employed persons in different quarters indicates that in the 1st and 2nd quarters of the year 1393, the number of available jobs decreased by respectively 1,060 thousand and 669 thousand. In the 3rd and 4th quarters (autumn and winter), numbers of available jobs increased by 542 thousand and 1,042 thousand. In 1393, about 187 thousand job opportunities were created in the services sector while the numbers of job opportunities in the agriculture and industry sectors were reduced by 101 thousand and 122 thousand. Reduction in the number of the employed persons in the agriculture sector was mainly attributable to droughts of recent years.

In 1393, services sector had the highest share in employment by 48.3 percent. Shares of industry and agriculture sectors in employment were 33.8 and 17.9 percent, respectively. Accordingly, the shares of industry and agriculture sectors in employment decreased by 0.5 and 0.4 percentage points while that of services sector increased by 0.9 percentage point.

Figure 8.1. Share of employment by various economic sectors

respectively, compared with the previous year. Unemployment rate for women has constantly been higher than that of men, although women have a share of about 16 percent of total economically active population. The share of the female unemployed population in total unemployed population was 30.2 percent, higher than the share of female economically active population in total active population (16.2 percent). This points to lower possibility for women seeking a job to find one, or higher likelihood for women to be dismissed from jobs at difficult times. The unemployed population rose from 2.49 million in 1392 to 2.51 million in 1393.

Unemployment

Unemployment rate increased by 0.2 percentage point to 10.6 percent in 1393. In this year, unemployment rate was 8.8 percent for male and 19.7 percent for the female population, indicating 0.2 percentage point increase and 0.1 percentage point decrease,

In 1393, unemployment rate in urban areas was 11.6 percent and in rural areas, 7.9 percent, showing 0.2 percentage point decrease and 0.9 percentage point increase, in urban and rural areas, respectively, compared with the preceding year. Higher unemployment rate in urban areas is attributable to the migration of rural job seekers to these areas.

Table 8.2. Population and Labor Market Developments

(thousand persons-percent)

	1391	1392	1393	Percentage change ¹	
				1392	1393
Population of 10 years old and over	62,712	63,356	64,017	1.0	1.0
Economically active	23,476	23,835	23,818	1.5	-0.1
Employed	20,628	21,346	21,304	3.5	-0.2
Unemployed	2,848	2,488	2,514	-12.6	1.0
Participation rate	37.4	37.6	37.2	0.2	-0.4
Unemployment rate	12.1	10.4	10.6	-1.7	0.2
Urban areas	13.8	11.8	11.6	-2.0	-0.2
Rural areas	8.2	7.0	7.9	-1.2	0.9
Male	10.4	8.6	8.8	-1.8	0.2
Female	19.7	19.8	19.7	0.1	-0.1
Youth (15-24 years old)	26.8	24.0	25.2	-2.8	1.2
Urban	31.4	28.2	28.5	-3.2	0.3
Rural	18.4	16.1	18.8	-2.3	2.7
Youth (15-29 years old)	24.5	21.2	21.9	-3.3	0.7
Urban	27.4	24.1	24.0	-3.3	-0.1
Rural	17.1	14.2	16.5	-2.9	2.3

Source: Statistical Center of Iran (SCI).

¹Changes in participation rate and unemployment rate are in percentage points.

New Loans for Employment Generation

In 1393, financial resources allocated for employment generation through the Small and Medium-size Enterprises (SMEs) increased by 0.4 percent. Moreover, allocation of facilities for rationalization and support of home-based business projects continued.

A. Facilities Extended by Banks to SMEs

The share declared by the CBI to be allocated to the SMEs until end-1393 was Rls. 467.7 trillion, remaining unchanged compared with the year before. Reviewing the performance of the by-law on the expansion of the SMEs indicates that as of the implementation of this by-law in Esfand 1384 until end-1393, the value of concluded contracts totaled Rls. 314.0 trillion. Considering the value of concluded contracts, it was projected that 2 million job opportunities would be generated. Outstanding facilities extended by the agent banks, as of the implementation of this by-law until end-1393, amounted to Rls. 296.2 trillion, which was Rls. 1.2 trillion higher than the respective figure at end-1392.

At end-1393, outstanding value of projects referred to banks decreased by 1.3 percent to Rls. 756.7 trillion and the value of projects approved by banks reached Rls. 349.2 trillion, down by 1.5 percent. Considering the value of concluded contracts and the projected job opportunities on this basis, a sum of Rls. 153.6 million is required for the creation of each job opportunity.

By end-1393, sum of banks' overdue and non-performing loans amounted to Rls. 43.9 trillion, indicating 11.9 percent rise compared with end-1392. Rise in banks' non-performing loans constrained banks' financial resources which in turn lowered their capacities for new loan extension.

B. Financial Facilities Extended to Home-based Businesses and Self-employed Households

With the ratification and declaration of the Law on Organization and Support of Home-based Businesses, Central Bank approved the allocation of facilities to self-employed households and home-based businesses from banks' Gharz-al-hasaneh resources. By end-1393, a sum of Rls. 955.2 billion loans and facilities out of banks' Gharz-al-hasaneh resources were allocated to employment generation projects, and Rls. 502.4 billion facilities were extended from banks' own resources to home-based businesses. Comparing the disbursed amount with the quota determined by the Central Bank indicates that only 3.2 percent of the amount approved to be allocated for employment generation (Rls. 30 trillion) and 10.0 percent of the sum determined to be extended for home-based businesses (Rls. 5 trillion) were actually realized.

Banks' low and limited amount of Gharz-al-hasaneh resources and allocation of these resources to purposes like marriage of the youth and the release of needy prisoners as stipulated in the Budget Law, have constrained the amount of extended Gharz-al-hasaneh facilities for employment generation. Moreover, allocation of facilities to home-based businesses out of banks' own resources and at regular lending rates determined by the Money and Credit Council (MCC), has not been welcomed by loan applicants.

Performance of Unemployment Insurance Fund

The number of pensioners benefiting from the Unemployment Insurance Fund decreased by 6.3 percent in 1393 to reach 179.1 thousand. Considering 2,514.2 thousand unemployed people in 1393, the mentioned figure is very low. In this year, 169.5 thousand

persons were added to the pensioners of this Fund. Therefore, the number of pensioners benefiting from this Fund reached 360.5 thousand persons¹.

The unemployment benefits for 181.4 thousand beneficiaries were cut in 1393. This was due to a host of factors inter alia reaching maximum period (73.0 percent), reemployment (22.0 percent), and retirement, disability, decease, or absence from vocational-technical classes (5.0 percent). The number of benefits cut due to reemployment increased by 30.5 percent in 1393.

Table 8.3. Performance of Unemployment Insurance Fund (person)

	1392	1393	Percentage change
Beneficiaries	190,996	179,058	-6.3
New beneficiaries	167,353	169,462	1.3
Ceased benefits	179,165	181,400	1.2

Source: Social Security Organization (SSO).

According to Labor Law, payment of unemployment benefits ranges from a minimum of 6 months to a maximum of 50 months after the first day of unemployment. In 1393, the value of unemployment benefits paid to each beneficiary in each month was Rls. 2.2 million, showing about 9.9 percent reduction compared with 1392.

Table 8.4. Ceased Benefits and Reasons

	Total ceased benefits	Reaching maximum period	Reemployment	Other
1392 Person	179,165	130,729	30,574	17,862
Share (%)	100.0	73.0	17.0	10.0
1393 Person	181,400	132,422	39,908	9,070
Share (%)	100.0	73.0	22.0	5.0

Source: Social Security Organization (SSO).

¹ The number of beneficiaries in each year comprises total benefits started in that year plus beneficiaries remaining from the previous year-end.

Wages and Salaries

A minimum wage policy is usually adopted by governments to promote social justice programs in the economy and to protect the low-skilled labor force. The Iranian government sets the minimum wage for the workers and the salary benchmark index for the civil servants annually. Based on Article 41 of Labor Law approved in 1369, the High Council of Employment is the body in charge of setting the minimum wage for workers. In 1393, the minimum nominal monthly wage was determined at Rls. 6,089.0 thousand, indicating 25.0 percent increase compared with the year before. Based on the Cabinet approval, the salary benchmark index for the civil servants increased from 1,006 in 1392 to 1,207 in 1393. This was indicative of 20 percent growth compared with the year before. Considering the rate of inflation in this year (15.6 percent), the welfare level of civil servants increased in real terms in 1393.

Education

The educational system (including pre-schools, primary schools, junior high schools, high schools, pre-university centers, and universities) in any society upgrades and lifts up the cultural and social standards. However, the main mandate of any educational system is to provide the infrastructure for labor training. By a proper knowledge of relative advantages of education as well as suitable educational planning, a more dynamic labor force will be trained for expediting the economic growth. Appropriate educational facilities for the public pave the way for the eradication of cultural as well as economic poverty, and motivate the talents of the community members.

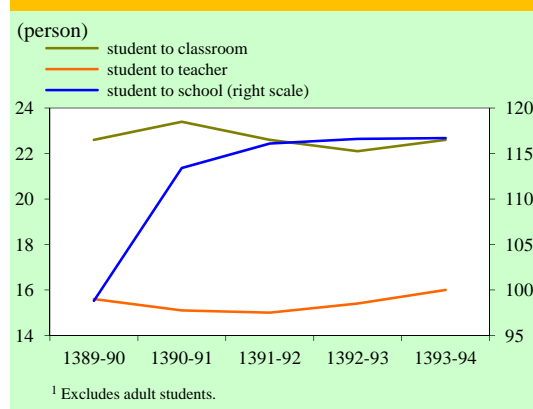
Total number of school age students¹ reached 13.6 million in 1393/94 academic year, showing 1.7 percent growth compared with the year before. The number of students in primary schools increased by 2.5 percent while the number of students in junior high schools decreased by 1.1 percent. This was attributable to the change and reform of the lower educational system of the country and the exclusion of students in the 3rd year of junior high school from junior high school classification and their inclusion in the senior high school classification.

In 1393/94 academic year, 27.3 percent of male high school students and 16.3 percent of female high school students attended vocational-technical schools and skills training centers. This indicates the higher tendency of boys to enter the labor market immediately after high school and that of girls to continue university studies.

Number of students in private schools increased in 1393/94 academic year, with about 10.5 percent of students attending private schools. Furthermore, the number of schools increased by 1.5 percent to 112.4 thousand. Therefore, the ratio of "student to school" increased by about 0.1 points, from 116.6 in 1392/93 to 116.7 in 1393/94. The ratio of "student to teacher" grew by 0.6

points to 16.0 persons. The ratio of "student to classroom" increased by 0.5 points to 22.6 persons. Moreover, the number of classrooms fell by 0.6 percent to 580.0 thousand in 1393/94 academic year and the number of teachers reached 819.1 thousand, showing 2.5 percent decline compared with 1392.

Figure 8.2. Education quality indicators in Iran¹



Higher Education

In 1393/94 academic year, the number of students at public universities, Islamic Azad University, Payame Noor University, and private universities increased by 2.5 percent to 4,802.7 thousand.

Table 8.5. Number of University Students

	(thousand persons)					
	Academic year		Percentage change		Share (percent)	
	1392/93	1393/94	1392/93	1393/94	1392/93	1393/94
Public universities¹	3,167.2	3,117.3	11.0	-1.6	67.6	64.9
Male	1,541.8	1,574.4	16.2	2.1	32.9	32.8
Female	1,625.4	1,542.9	6.5	-5.1	34.7	32.1
Islamic Azad University	1,518.2	1,685.5	0.2	11.0	32.4	35.1
Male	929.1	1,028.0	-0.6	10.6	19.8	21.4
Female	589.0	657.5	1.5	11.6	12.6	13.7
Total	4,685.4	4,802.7	7.3	2.5	100.0	100.0

Source: Ministry of Science, Research and Technology. ¹ Includes students at Payame Noor University and private universities.

¹ Includes students of preschools, primary schools, junior high schools, high schools, pre-university centers, teacher training centers as well as adult students.