

CHAPTER EIGHT

DOMESTIC TRADE

The preliminary figures indicate that a total of Rls. 166.1 trillion of agricultural goods, Rls. 293.9 trillion of domestically manufactured products and Rls. 222.3 trillion of imported goods entered the domestic market in the review year. Out of this amount, Rls. 500.5 and 138.2 trillion, on net basis, were consumed by private and public sectors, respectively and Rls. 47.5 trillion of non-oil goods were exported.

Policies and Regulations

To regulate the domestic market, no restriction was imposed on exports of goods during 1382. Moreover, according to the 3rd Plan Law, the Ministry of Commerce was authorized to import goods without any foreign exchange transfer in order to regulate the market and compensate for the probable shortages at its own discretion. In this year, the Guild Union Law was revised. This law was approved to regulate the individual and trade union activities and their affairs regarding the organization, responsibilities, authority and rights.

To implement anti-inflationary policies, to enhance public welfare, and to prevent price rise of public goods and services, the law on prevention of increase in prices up to the end of the 3rd Development Plan was approved. In this law, any increase in prices of all public goods and services, other than the provisions of the 3rd Development Plan law was prohibited.

Moreover, Electronic Commerce Act was approved by the Parliament in this year to facilitate a secure regulatory environment for e-commerce and to encourage technological development.

The Market Regulating Commission, which commenced its operation since last year to organize, support and provide necessary coordination in procurement and distribution of essential goods, made some decisions regarding certain goods, i.e. consent with the importation of barley, reduction in the tariff rate of powdered milk and resuming importation of tea in the year under review.

Government Investment

During 1382, the approved figure for the acquisition of non-financial assets in commercial affairs grew by 45.9 percent to Rls. 476.2 billion compared to the previous year. This made up 0.6 percent of total approved figure for acquisition of non-financial assets in this year. Expenditure relevant to these affairs amounted to Rls. 282.5 billion, showing 14.1 percent increase compared to the previous year and its realization was 59.3 percent against the approved figure. In this year, part of the allocated resources to commercial affairs (Rls. 73 billion) was financed through the Oil Stabilization Fund (OSF).

CREDITS FOR ACQUISITION OF GOVERNMENT NON-FINANCIAL ASSETS

(billion rials)

	Approved figures		Performance		Percentage of realization	
	1381	1382	1381	1382	1381	1382
Commerce	326.3	476.2	247.5	282.5	75.9	59.3
Essential goods and foodstuffs' market regulating program	326.3	453.6	247.5	268.4	75.9	59.2
Procurement of equipment and machinery and basic repairs' program	0	22.5	0	14.1	0	62.7
Total	54,987.1	81,919.7	37,212.5	60,986.6	67.7	74.4

Source: Budget laws and Treasury General of the Ministry of Economic Affairs and Finance

Banking Facilities

Extending of facilities by banks and credit institutions to domestic trade sector increased in 1382. The outstanding facilities extended to this sector, with 140.1 percent growth amounted to Rls. 40.1 trillion compared to the previous year. In this year, the outstanding facilities extended to non-public and public domestic trade sector grew by 92.9 and 386 percent to Rls. 27 and 13.1 trillion, respectively⁽¹⁾. The major portion (67.4 percent) of these facilities was extended to the non-public sector. In this year, the share of state-owned commercial banks out of total outstanding facilities extended to trade sector was 97.1 percent, while the share of private banks was 2.8 percent, and the remainder belonged to specialized banks.

OUTSTANDING FACILITIES EXTENDED BY BANKS AND CREDIT INSTITUTIONS TO DOMESTIC TRADE SECTOR

(billion rials)

	1381(1)	1382	Percentage change	Share (percent)	
				1381	1382
Public and non-public sectors	16,695.7	40,089.9	140.1	100.0	100.0
Non-public sector	14,008.2	27,028.8	92.9	83.9	67.4
Commercial banks	13,442.0	25,857.6	92.4	80.5	64.5
Specialized banks	203.7	59.3	-70.9	1.2	0.1
Private banks and credit institutions	362.5	1,111.9	206.7	2.2	2.8
Public sector	2,687.5	13,061.1	386.0	16.1	32.6
Commercial banks	2,687.5	13,061.1	386.0	16.1	32.6
Specialized banks	0	0	0	0	0
Private banks and credit institutions	0	0	0	0	0

(1) Excludes data related to Bank Melli Iran.

In the review year, 325 cooperatives were registered to provide the needs of producers, consumers and services unions dealing with procurement and distribution of goods. This number shows 5.2 percent reduction compared to the previous year.

(1) The high growth of outstanding facilities extended to domestic trade sector was due to lack of information related to Bank Melli Iran in 1381 and its inclusion in 1382.

COOPERATIVE

	1381	1382	Percentage change
Number	343	325	-5.2
Procurement of producers' needs	147	144	-2.0
Procurement of consumers' needs	171	157	-8.2
Procurement of services unions' needs	25	24	-4.0
Capital (million rials)	22,446	24,010	7.0
Procurement of producers' needs	4,811	8,222	70.9
Procurement of consumers' needs	17,001	14,730	-13.4
Procurement of services unions' needs	634	1,058	66.9
Employment (person)	3,011	2,126	-29.4
Procurement of producers' needs	1,934	1,250	-35.4
Procurement of consumers' needs	925	736	-20.4
Procurement of services unions' needs	152	140	-7.9

Source: Ministry of Cooperative

According to Article 4, Trade Union Law, unions are categorized into four groups, i.e. manufacturing, distribution, services, and technical services. In 1382, total unions across the country were 1,521.2 thousand, about 48.7 percent of which (740 thousand units) were distribution unions, and the share of manufacturing, services and technical services unions out of total unions were 17.7, 11.8 and 21.8 percent, respectively.

	NUMBER OF UNIONS HOLDING BUSINESS PERMIT (1)			(thousand units)	
	1381	1382	Percentage change	Share (percent)	
				1381	1382
Total unions	1,003.7	1,114.2	11.0	100.0	100.0
Manufacturing	197.4	198.3	0.5	19.7	17.8
Distribution	514.2	554.4	7.8	51.2	49.8
Services	86.1	131.4	52.6	8.6	11.8
Technical services	206.0	230.1	11.7	20.5	20.6

Source: Ministry of Commerce

(1) Data refers to cities with union organization.