

According to preliminary estimates on national accounts, the value added of the domestic trade sector rose by 4.3 percent in 2020/21, at constant 2016/17 prices. The value added of this sector, at current prices, increased by 56.9 percent to Rls. 5,045.2 trillion, constituting a share of 12.7 percent in GDP. This indicated a rise of about 0.5 percentage point compared with 2019/20.

8.1. Market Regulation and Procurement of Essential Commodities

In 2020/21, the outbreak of COVID-19 and the imposition of economic sanctions adversely affected the market regulation system of basic and essential goods, especially the supply chain. Against this backdrop, the government took measures, as it was the case in the previous years, to organize the distribution process of domestic products, increase the reserves of basic and essential goods required by the public, oversee the prices of goods, and continue to pay subsidies, aimed at addressing the shortages in the market and regulating it. However, the distribution network was still afflicted with some difficulties such as the adoption of faulty pricing procedures and dual pricing strategies as well as the inability to practice modern methodologies and technologies in terms of rendering electronic sale services. Following the approval of the relevant Guideline by the Market Regulation Headquarters, the special plan aimed at

supervising the latest developments in the prices of basic and essential goods, monitoring the market, managing the supply and demand of basic goods and health products, determining the methods of collecting the exchange rate differential from the preferential exchange rate allocated for the imports of basic goods, and monitoring global prices to determine their effect on the domestic ones was put into implementation. This was achieved in association with the Consumers and Producers Protection Organization, the Discretionary Punishments Organization, and the Deputy Minister of Mines and Mining Industries.

8.1.1. Performance of the Consumers and Producers Protection Organization

The measures adopted by the Consumers and Producers Protection Organization for 2020/21 were as follows:

- Adopting support policies in respect of domestic production and provision of quality-raising services;
- Supporting consumers against fluctuations in domestic and global prices;
- Examining, calculating, and controlling the factors affecting the cost price of goods and services, and monitoring the teams in charge of the distribution network up until the stage of the products' reaching the consumer;

- Supervising the credits allocated for the supply of subsidized goods;

- Publishing economic journals and announcing the prices of imported and exported goods as reflected in domestic and foreign journals; and

- Setting the minimum price and guaranteeing purchase of agricultural and livestock products in cooperation with the competent organizations.

8.1.2. Imports and Stock of Red Meat

According to the State Livestock Affairs Logistics Company (SLAL), red meat stock decreased by 77.1 percent to approximately 7.0 thousand tons in March 2021. Meanwhile, the imports of red meat fell by 59.4 percent to 14.0 thousand tons.

8.2. Government Investment

According to the Treasury General, the credits approved to be allocated to projects related to the acquisition of non-financial assets of the domestic trade sector, including "market regulation of goods and services", "supervision of the domestic market regulation", and "organization and improvement of the production and processing of green tea

leaves" amounted to Rls. 1,552.2 billion in 2020/21, of which Rls. 602.8 billion was disbursed. Moreover, 98.1 percent of all the credits was allocated to the "market regulation of goods and services" project. The credits allocated to the "market regulation of goods and services" constituted a share of 38.4 percent of the approved figure, which was Rls. 1,538.6 billion.

8.3. Banking Facilities

Outstanding facilities (net) extended by banks and non-bank credit institutions to the domestic trade sector increased by 46.1 percent compared with March 2020 to reach Rls. 2,044.3 trillion in March 2021. Outstanding facilities (net) extended to the non-public domestic trade sector increased by 45.4 percent to reach Rls. 1,919.4 trillion and the sum extended to the public domestic trade sector indicated a rise of 58.6 percent to reach Rls. 124.8 trillion. The share of the domestic trade sector in the outstanding facilities (net) extended to "trade, services, and miscellaneous" group was 19.3 percent and that in the outstanding facilities (net) extended to all economic sectors was 8.7 percent. In March 2021, the non-public domestic trade sector enjoyed the highest share of the outstanding facilities (net), as in previous years, by 93.9 percent.

Table 8.1. Credits Paid on Acquisition of Non-financial Assets in Domestic Trade Sector in 2020/21

				(billion rials)
Projects	Approved figures	Performance figures	Performance ¹ (percent)	Share (performance, percent)
Market regulation of goods and services	1,538.6	591.1	38.4	98.1
Supervision of the domestic market regulation	11.8	10.0	84.7	1.7
Organization and improvement of the production and processing of green tea leaves	1.7	1.7	100.0	0.3
Total	1,552.2	602.8	38.8	100.0

Source: Ministry of Economic Affairs and Finance, Treasury General

¹ Calculated by dividing the "performance" by the "approved" figures, multiplying the result by 100.

Table 8.2. Outstanding Facilities (Net) Extended by Banks and Non-bank Credit Institutions to Domestic Trade Sector¹

(trillion rials)

	March			Percentage change		Share (percent)	
	2019	2020	2021	March 2020	March 2021	March 2020	March 2021
Public and non-public sectors	991.2	1,399.1	2,044.3	41.2	46.1	100.0	100.0
Non-public sector	963.0	1,320.4	1,919.4	37.1	45.4	94.4	93.9
Public sector	28.1	78.7	124.8	179.8	58.6	5.6	6.1

¹ Outstanding facilities (net) are calculated upon the deduction of the outstanding debt of customers and extended facilities under the exchange rate differential, future profits, future profits and commissions, receipts from Mudarabah, partnership contracts (with the bank as partner), and outstanding profits and commissions headings. Outstanding facilities include legal partnership and direct investment contracts.

8.4. Trade Transactions

The number of transactions registered in notary public offices rose by about 22.1 percent to almost 20.4 million in 2020/21. Out of total transactions, 24.0 percent was closed in Tehran Province. The number of transactions concluded in Tehran Province rose by 15.6 percent compared with 2019/20. Meanwhile, a sum of Rls. 838.7 billion worth of promissory notes and bills of exchange was sold in Tehran, up by about 29.3 percent. The value of protested promissory notes and bills of exchange increased by almost 23.3 percent to Rls. 2,351.7 billion¹.

8.5. Cooperatives

Out of 86.3 thousand active cooperatives², 7.6 thousand were dealing with the procurement of the needs of producers, consumers, and service businesses by March 2021³, indicating an increase of about 0.1 percent compared with March 2020. The registered capital of active cooperatives remained unchanged at Rls. 17.6 trillion by March 2021. It is also important to note that the number of created employment opportunities in March 2021 experienced no growth compared with March 2020, remaining unchanged at 275 thousand.

Table 8.3. Cooperatives Active in Domestic Trade

	March 2020	March 2021	Percentage change	
			March 2020	March 2021
Number	7,611	7,615	1.0	0.1
Procurement of producers' needs	1,933	1,934	2.9	0.1
Procurement of the needs of service businesses	473	473	0.0	0.0
Procurement of consumers' needs	5,205	5,208	0.3	0.1
Registered capital (billion rials)	17,561	17,561	0.5	0.0
Procurement of producers' needs	3,245	3,245	0.7	0.0
Procurement of the needs of service businesses	3,706	3,706	0.0	0.0
Procurement of consumers' needs	10,610	10,610	0.6	0.0
Employment opportunities (thousand persons)	275	275	0.9	0.0
Procurement of producers' needs	38	38	6.0	*
Procurement of the needs of service businesses	61	61	0.0	0.0
Procurement of consumers' needs	176	176	0.1	0.0

Source: Ministry of Cooperatives, Labor, and Social Welfare; Statistics and Strategic Information Center

¹ The value of sold promissory notes and bills of exchange refers to the price of the bill, while that of protested promissory notes and bills of exchange equals the amount of the commitment.

² Out of 221.8 thousand cooperatives registered by year-end, 86.3 thousand were active, 41.5 thousand were under construction, and 50.3 thousand were inoperative.

³ Other types of cooperatives include multi-purpose, services, industrial, mining, utility, agriculture, hand-woven carpets, housing, and transport cooperatives as well as credit unions.

8.6. Business Establishments

Based on data released by the Guilds and Merchants Center of Iran, the number of entities holding a business permit increased by 6.6 percent to 2,338.7 thousand units in March 2021. It is to be noted that 49.1 percent of these business establishments were in the form of distribution units, 32.0

percent were services units, and 18.9 percent were dealing with manufacturing activities. The number of services, distribution, and manufacturing units holding a business permit indicated increases of 6.7, 6.6 and 6.3 percent, respectively, compared with March 2020.

Table 8.4. Number of Entities Holding a Business Permit

(thousand units)

	March			Percentage change		Share (percent)	
	2019 ▲	2020 ▲	2021	March 2020	March 2021	March 2020	March 2021
Business establishments	2,289.1	2,194.6	2,338.7	-4.1	6.6	100.0	100.0
Manufacturing	433.1	415.4	441.4	-4.1	6.3	18.9	18.9
Distribution	1,127.0	1,077.5	1,148.6	-4.4	6.6	49.1	49.1
Services	728.9	701.8	748.8	-3.7	6.7	32.0	32.0

Source: Ministry of Industry, Mine, and Trade; Guilds and Merchants Center of Iran