

Review Investment In Iran's Agricultural Sector With Emphasis On The Role Of Agricultural Input Subsidies

Mehdi Jalouli* and Mahrokh Norouzi**

In many developing countries the agricultural sector as the dominant economic sector is known. High share of agricultural employment and value added and increasing importance of food adds to this section and perhaps a prerequisite for agricultural development considered economic development.

Variables important in the development of private sector investment in agriculture to this section. Topics in investment in different sectors, especially the agricultural sector due to the severe economic dependence on oil income always been facing great difficulties because the government subsidy support of this deep connection with the oil shock. Therefore review the agricultural sector investment plan targeted the subsidies always make economic agents is considerable.

This paper examines the role of subsidies is paid to agricultural inputs in a part of this investment.

Subsidies to agricultural inputs most protection is considered to the investment agricultural sector. More subsidized farm inputs, including inputs Is such as: fertilizers, poisons, seeds, machinery and The results show that agricultural input subsidies have been effective in the long term and are not effect on short-term investment in this sector. The

2.5 course takes imbalance offset error correction because the error factor equal is to -0.442 short-term relationship. Other results is that revenue of oil exports in the short term is effective but its without effective in long term.

Key words: agricultural input subsidies, investment in agriculture, the error correction ,integration

* Mehdi Jalouli, MSc Development Economics Department of arak jahad University
m_jalouli@yahoo.com

** Mahrokh Norouzi Industrial engineer