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## **The Impact of Programs of Trade and Investment and Risk Reduction by the Government on Rural Income in Kermanshah Province**

Mohammadreza Abbasi<sup>a\*</sup>, Habibollah Parvin<sup>b</sup>, Mehdi Jalilvand<sup>c</sup>,  
Mohammadreza yari<sup>d</sup>, Masoud karami<sup>e</sup>

<sup>a</sup> PhD of Agriculture economic and development, manager of rural research central, Kermanshah, Iran

<sup>b</sup> Department of Rural Study, College of Agriculture, azad university, Kermanshah, Iran

<sup>c</sup> Department of Agriculture economic, rural research central, Kermanshah, Iran

<sup>d,e</sup> Department of Agriculture economic, rural research central, Kermanshah, Iran

<sup>a</sup>Email: mrabbasi23@yahoo.com

### **Abstract**

Government programs and policies can different impact in rural income. The main goal of this work is the study and analyses programs of trade and investment and risk reduction by the government on rural income in Kermanshah province. At the end of those comparisons we'll also offer our conclusions and suggestions which will contribute to the improvement of the agricultural programs and to the increase and development of the agricultural sphere. An open survey has also been carried out among the peasants of the Kermanshah province as a result of which statistical data have been identified The field in the rural province of Kermanshah and interviews with people in the rural community of our survey form is a sample size of 324 participants from all city of the province were selected by experts professionals 12 index consider in this paper to analyze the data spss program also swot analysis for a better understanding of the strengths and weaknesses and has been created the opportunities and threats that the program.

**Keyword:** policies; investment; trade; rural income; Kermanshah; risk reduction.

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\* Corresponding author. Tel. +989188346827

E-mail address: mrabbasi23@yahoo.com.

## **1. Actuality of the topic**

Agriculture as important areas have of high risk in the economy needs to be regulated and government support. This is manifest in the government's agricultural policy framework, support programs and organizing favorable for investment. Generally, the agricultural policy of the government determines: objectives, issues, priorities and challenges for the development of agriculture and related fields.

Agricultural policies the Islamic Republic of Iran at present is stable level of self-sufficiency in agricultural production (currently 96%), and is rural development and social development of rural areas to form identical. This national priority is also necessary and urgent for the provinces, but have depends at the same time on the level of socio-economic development, racial characteristics (ethnic) and normal economic and therefore agricultural policies and programs are Localizations.

For this research is study Kermanshah province which has special conditions for agricultural production and the need for special agricultural policy. So with that in mind, the main income of rural residents is come from agricultural activities targeted programs and policy development in this area is of particular importance.

## **2. Goals and objectives of the research**

The main goal of this study is to evaluate the state policy and implemented programs in the sphere of agriculture in the Iran's Kermanshah province, give their economic assessment, to identify possible errors and omissions and to devise the ways in order to increase efficiency of the programs and policy.

Particularly intended to examine and discuss:

- The directions and programs related to the agriculture sector in the Kermanshah province of the last 10years.
- Agricultural sector policies and programs impact and influence on the economy and the standard of living of the rural community.

### ***2.1. The statistical sources of this research are differentiated into 2 groups:***

structures and concepts related to the agriculture, such as Agriculture-Jihad, agricultural cooperation, natural sources, Affairs of Ashier, Agricultural Bank, rural electrification, roads and transport, water issues, trade, water economy, Governorship, Handicrafts, programming and budgeting providing issues and other facilities and units, which are responsible for or associated with the issues or formulating plans related to the agriculture and Experts and professionals this organization.

Rural areas of the Kermanshah province, where these programs are implemented, examined and discussed that and made reference and identify implemented programs and policy impact on rural economies. One of the research methods is to collect information. In addition to the documentary using the observation and published data usage and the information as the resulting of press conference (discuss).

## **2.2. Tool of data collection:**

In this research in addition to document method, we use interview method and recording square data and use of swot analyze and variance and spss program for analyzes.

## **3. Basic information of Kermanshah Province**

### **3.1. Geographical and province borders**

Kermanshah is in western of Iran between 33 degrees and 4 minutes and 35 degrees and 17 minutes north latitude, 45 degrees and 25 minutes to 48 degrees and 6 minutes to the east of the prime meridian [4].



**Figure 1:** Location of Kermanshah within Iran (5)

Kermanshah is in the South of Kurdistan province, west of Hamadan and Lorestan provinces, North of Ilam province and limited to Iraq that has shared border by this the country 330 km [4]. Kermanshah city has an area of 9568 ha and height of 1420 meters above sea level and air distance is to the capital (Tehran) 413 Km [4]. Distance of Khosravi border to the city of Kermanshah is 195 km. distance the point farthest in the of province East to Khosravi border is more than 300 km [7].

### **3.2. Number of cities and villages**

The province based on national divisions in 2014 has with 14 main city, 28 city, and 85 municipalities and 29 parts. In addition, the 2662 inhabitants in the province are with residents [7].

### **3.3. An area of the province**

Kermanshah area is of 25,009 square kilometers that had of 1/ 5 percent of the area of the country. Kermanshah city is area largest to 5634 square kilometers (equivalent to 22. 5 percent area of the province) and

Javanrud area is lowest area in province to 772 square kilometers (equivalent to 2 . 2 percent of the province area) [4].

**Table 1:** Index of Kermanshah province at the 2014year (6)

|   | unit          | value     | year      |
|---|---------------|-----------|-----------|
| <b>land Area</b>                        | <b>km2</b>    | 25,009    | 2014      |
| <b>Population</b>                       | <b>Person</b> | 1,945,227 | 2014      |
| <b>Share of population</b>              | <b>%</b>      | 2.6       | 2014      |
| <b>Population Average Annual Growth</b> | <b>%</b>      | 0.69      | 2006-2014 |
| <b>Internet (per 100 people)</b>        | <b>%</b>      | 12.4      | 2014      |
| <b>Unemployment Rate</b>                | <b>%</b>      | 16.2      | 2014      |
| <b>Economic Participation Rate</b>      | <b>%</b>      | 37.9      | 2014      |
| <b>Contribution of GDP</b>              | <b>%</b>      | 1.69      | 2014      |

**Table 2:** Position of population the Kermanshah and Iran in 2014 (7)

| Province   | Population | Population growth rate | Unemployment | Economic participation rate | The literacy rate | Internet penetration |
|------------|------------|------------------------|--------------|-----------------------------|-------------------|----------------------|
| Country    | 75149669   | 1.29                   | 10.7         | 37.1                        | 84.75             | 17.5                 |
| Kermanshah | 1945227    | 0.69                   | 16.2         | 37.9                        | 81.72             | 12.4                 |

#### 4. Method and tools

In this research was designed the survey questionnaire in the form of Liker scale that of No 1 is marks the impact failure of the government's program on the economic status of villager and increase income their and is the No. 5 signs of success in influencing of government programs on rural income and improve the economic status of villager and is the No. 2 signal ineffective government programs. Meanwhile, some interview questions are as open and are about the causes of success or failure of programs and are rural views, which will be addressed in further studies (Table3).

**Table 3:** Indicators of impact the programs on rural income. **Source:** research findings (2014)

| Index cost | Index Commentary     |
|------------|----------------------|
| 5          | Very Successful      |
| 4          | Successful           |
| 3          | Partially successful |
| 2          | Ineffective          |
| 1          | Unsuccessful         |

**Table 4:** General position the interviewees. Source: research findings (2014)

|         | Literacy            | Age                  | land                | Income level           |
|---------|---------------------|----------------------|---------------------|------------------------|
| N Valid | 324                 | 324                  | 324                 | 324                    |
| Missing | 0                   | 0                    | 0                   | 0                      |
| Mean    | 3.3642              | 46.0031              | 5.2654              | 9834.8765              |
| Median  | 1.3409 <sup>a</sup> | 44.9200 <sup>a</sup> | 3.0000 <sup>a</sup> | 5600.0000 <sup>a</sup> |
| Minimum | .00                 | 18.00                | .00                 | 1900.00                |
| Maximum | 17.00               | 83.00                | 74.00               | 124000.00              |

a. Calculated from grouped data

#### **5. Statistics on the data extracted from the interviewees was familiar with their general conditions:**

1. Literacy: 45% of respondents are illiterate and only 30% have literacy and 23% have diploma and higher.
2. Age of respondents: 30 percent are under 40 years, the mean age of the respondents over 45 years and is a sign of aging, rural farmers. Table (6)
3. Of agricultural land, about 15 percent have no land and 50% have less than 5 hectares of agricultural land and are small portion of beneficiaries of agricultural great land.
4. Gender: about 94% of beneficiaries are Male and only about 6% to farmers accountable is women.

#### **4. Policy of export development of products**

According to research result, exports of agriculture products at Kermanshah is faced by various problems that among them it can be referred to existence of obstacle laws and rules about exports , not – stability in continuous and monotonous offering , not offering standard and hygiene product , not suitable support of

government form exporters , long – time period of doing customs formalities , not existence of needed facilities about product keeping and transport , not using of modern marketing methods and existence of multiple business at goal markets; for this reason, predictive production of town like pea, summer crops, garden products, domesticated animals products with price not suitable is purchased form villagers and is exported by business – men and brokers to other towns or foreign countries, and unfortunately, in spite of that Kermanshah in placed in boundary area with Iraq, opportunity of product export for villagers has not provided as a good revenue source.

Unfortunately, from long periods of time before , producers and consumers in Iran for not having certain and civilized discipline that can supply benefits of both groups ,always producer and consumer have the greatest loss and market profit always is brokers and intermediates from total of productive products , this subject has gained increasingly importance . at present, basic of farmers about how offering of their productive products offer in consumption market, their low receiving contribution is from a price that consumer pays, most of farmers and experts know this task result from losses available at structure market of agriculture products, for instance, low offered rate of product to consumption market by each farmer has caused that most of farmers sale their product in on – farm market with a low price [8, p.210].

**Table 5:** position the villager's age in research. **Source:** research findings (2014)

|       |       |           |         | Valid   | Cumulative |
|-------|-------|-----------|---------|---------|------------|
| Years |       | Frequency | Percent | Percent | Percent    |
| Valid | <30   | 21        | 6.5     | 6.5     | 6.5        |
|       | 30-40 | 76        | 23.5    | 23.5    | 29.9       |
|       | 40-50 | 113       | 34.9    | 34.9    | 64.8       |
|       | 50-60 | 70        | 21.6    | 21.6    | 86.4       |
|       | >60   | 44        | 13.6    | 13.6    | 100.0      |
|       | Total | 324       | 100.0   | 100.0   |            |

**Table 6:** Position of Literacy level. Source: research findings (2014)

|       |                | Frequency | Percent | Valid   | Cumulative |
|-------|----------------|-----------|---------|---------|------------|
|       |                |           |         | Percent | Percent    |
| Valid | Illiterate     | 147       | 45.4    | 45.4    | 45.4       |
|       | Read and write | 98        | 30.2    | 30.2    | 75.6       |
|       | Diploma        | 57        | 17.6    | 17.6    | 93.2       |
|       | unrelated      | 15        | 4.6     | 4.6     | 97.8       |
|       | Related        | 7         | 2.2     | 2.2     | 100.0      |
|       | Total          | 324       | 100.0   | 100.0   |            |

**Table 7:** Position of Income level. **Source:** research findings (2014)

| Million rial | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| Valid <30    | 40        | 12.3    | 12.3          | 12.3               |
| 30-60        | 76        | 23.5    | 23.5          | 35.8               |
| 60-90        | 93        | 28.7    | 28.7          | 64.5               |
| 90-180       | 88        | 27.2    | 27.2          | 91.7               |
| >180         | 27        | 8.3     | 8.3           | 100.0              |
| Total        | 324       | 100.0   | 100.0         |                    |

**Table 8:** Position of Land level. **Source:** research findings (2014)

|                       | Frequenc<br>y | Percent | Valid Percent | Cumulative Percent |
|-----------------------|---------------|---------|---------------|--------------------|
| No land               | 47            | 14.5    | 14.5          | 14.5               |
| Less than 5 hectares  | 158           | 48.8    | 48.8          | 63.3               |
| 5-10hectares          | 95            | 29.3    | 29.3          | 92.6               |
| Valid 10-50 hectares  | 18            | 5.6     | 5.6           | 98.1               |
| More than 50 hectares | 6             | 1.9     | 1.9           | 100.0              |
| Total                 | 324           | 100.0   | 100.0         |                    |

# **1. The role of trade policy (exports and imports) on rural income**

**Table 9:** 1. Trade. **Source:** research findings (2014)

| Valid                | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Unsuccessful         | 75        | 23.1    | 23.1          | 23.1               |
| Ineffective          | 73        | 22.5    | 22.5          | 45.7               |
| Partially successful | 110       | 34.0    | 34.0          | 79.6               |
| Successful           | 45        | 13.9    | 13.9          | 93.5               |
| Very Successful      | 21        | 6.5     | 6.5           | 100.0              |
| Total                | 324       | 100.0   | 100.0         |                    |

## 2. The role of government investment (infrastructure development) on rural income

**Table 10:** 2.investment. **Source:** research findings (2014)

| <b>Valid</b>         | <b>Frequency</b> | <b>Percent</b> | <b>Valid Percent</b> | <b>Cumulative Percent</b> |
|----------------------|------------------|----------------|----------------------|---------------------------|
| Unsuccessful         | 57               | 17.6           | 17.6                 | 17.6                      |
| Ineffective          | 92               | 28.4           | 28.4                 | 46.0                      |
| Partially successful | 85               | 26.2           | 26.2                 | 72.2                      |
| Successful           | 53               | 16.4           | 16.4                 | 88.6                      |
| Very Successful      | 37               | 11.4           | 11.4                 | 100.0                     |
| Total                | 324              | 100.0          | 100.0                |                           |

## 3. The role of risk reduction policies and programs on rural income

**Table 11:** 3. Risk. **Source:** research findings (2014)

| <b>Valid</b>         | <b>Frequency</b> | <b>Percent</b> | <b>Valid Percent</b> | <b>Cumulative Percent</b> |
|----------------------|------------------|----------------|----------------------|---------------------------|
| Unsuccessful         | 102              | 31.5           | 31.5                 | 31.5                      |
| Ineffective          | 95               | 29.3           | 29.3                 | 60.8                      |
| Partially successful | 87               | 26.9           | 26.9                 | 87.7                      |
| Successful           | 31               | 9.6            | 9.6                  | 97.2                      |
| Very Successful      | 9                | 2.8            | 2.8                  | 100.0                     |
| Total                | 324              | 100.0          | 100.0                |                           |

In addition, a great volume of product for not having soloed for keeping has gone to market and made severe decrees of prices. On the other hand, great number of brokers also in marketing path has made increase of marketing cost. One of concerns of responsible persons and planners in each country is setting market discussion and its development. Setting market means collection of rules, tools and strategies that are shaped for support of basic factors of market among basic variables of market .for this reason, some changes in effective factors on consequences of offer demand is made. According to this, government can in performed considerations; we had reached to results that show necessity of again overview of market discipline. Producers of agriculture part always are faced by some problems and concerns that disrupt their theory and working security for better and more production. These problems can be said as follows: [3, p.213-218]

1-majority of producers in Kermanshah , with pay attention to small fields and not having enough capital , consistently are faced by liquidity problem , so , they are forced to take loan or borrow from banks and people and in opposition forced to sale their product to every price quickly , to pay borrow fee , also sometimes with

pay attention to producers initial need for providing laying and production costs , usually are forced to pre – sale their products to brokers and self – buyers that among this , price determination is by brokers and producer for need to initial capital, doesn't have so much vole in pricing or determination of sale- market .

**Table 12:** Matrix policy of export development of products. **Source:** research findings (2014)

| Strengths   | Weaknesses   |
|---|--|
| <ol style="list-style-type: none"> <li>1. Predictive production of town like pea, summer crops, garden products, domesticated animal's products.</li> <li>2. Kermanshah in placed in boundary area with Iraq.</li> <li>3. Workers with appropriate.</li> <li>4. There are several climate and possible Cultivation of different crops during the year.</li> </ol> | <ol style="list-style-type: none"> <li>1. Not – stability in continuous,</li> <li>2. Not suitable support of government form exporters.</li> <li>3. Not existence of needed facilities about product keeping and transport</li> <li>4. Not using of modern marketing methods and existence of multiple business at goal markets</li> </ol> |
| Opportunities   | Threats  |
| <ol style="list-style-type: none"> <li>1. Increase in exports non-oil.</li> <li>2. Increase the incentive to more produce.</li> <li>3. Increase of rural incomes.</li> <li>4. Improving the socio - economic status of rural.</li> </ol>  | <ol style="list-style-type: none"> <li>1. Reduce of mmotivation for agricultural production.</li> <li>2. Inability to compete in global markets.</li> <li>3. _Loss of rural income.</li> <li>4. _Migration of rural to urban.</li> </ol>   |

2 – because of not having cola borating and unity direct access to sale – market is difficult, and producer cant sale product with suitable price .support from consumer and producer organizations, don't have much movement in practice for price determination and market discipline, only government in some parts like wheat do guaranty purchase that in most of time is lower than world prices.

3 – collection of production residuals of agriculture product and its transport to reserve places are among some important operations that attention should paid to them , because always in each area in a specific time period , products are produced more than need of that area , that should be carried by various tools , that in this stage , transportation of product should be done quick , correct and by obeying security points and productive products should be distributed by marketing discipline , in this stage problems of not coordinated marketing discipline is apparent more than before . Enough existence of transportation tools, relational ways, and short distance of producer and consumer and low number of brokers can help to distribution of product. in this field , marketing number of brokers have made decrease of producers profit and not having relational ways and suitable

transportation tools also has made decrease of product quality and also, low quality of harvest tools make raise of loss rate of agriculture products and decrease of villagers revenue .

4 – One of the problems of season product is that in harvest season, demand to transport devices increases and make increase of transport cost in addition, if product doesn't be carried to silos, rate of losses increases. So, if position of roads be unsuitable and there aren't enough transport tools, rate of losses and as a result, market media cost increases considerably. Moreover, production is done once, but consumption as gradually. For making balance among production and consumption, problem of keeping silo makes a general cost in marketing of agriculture products, because taking care of product in silo need to do some specific ways for fight against silos pest. In performed considerations of villages, unfortunately we see that there is not specific control on price of transportation, and by increase of energy vectors price, hire price of products transport considerably increases and makes more loss for producers and finally, with raising of product finished price, consumer is forced to pay more price.

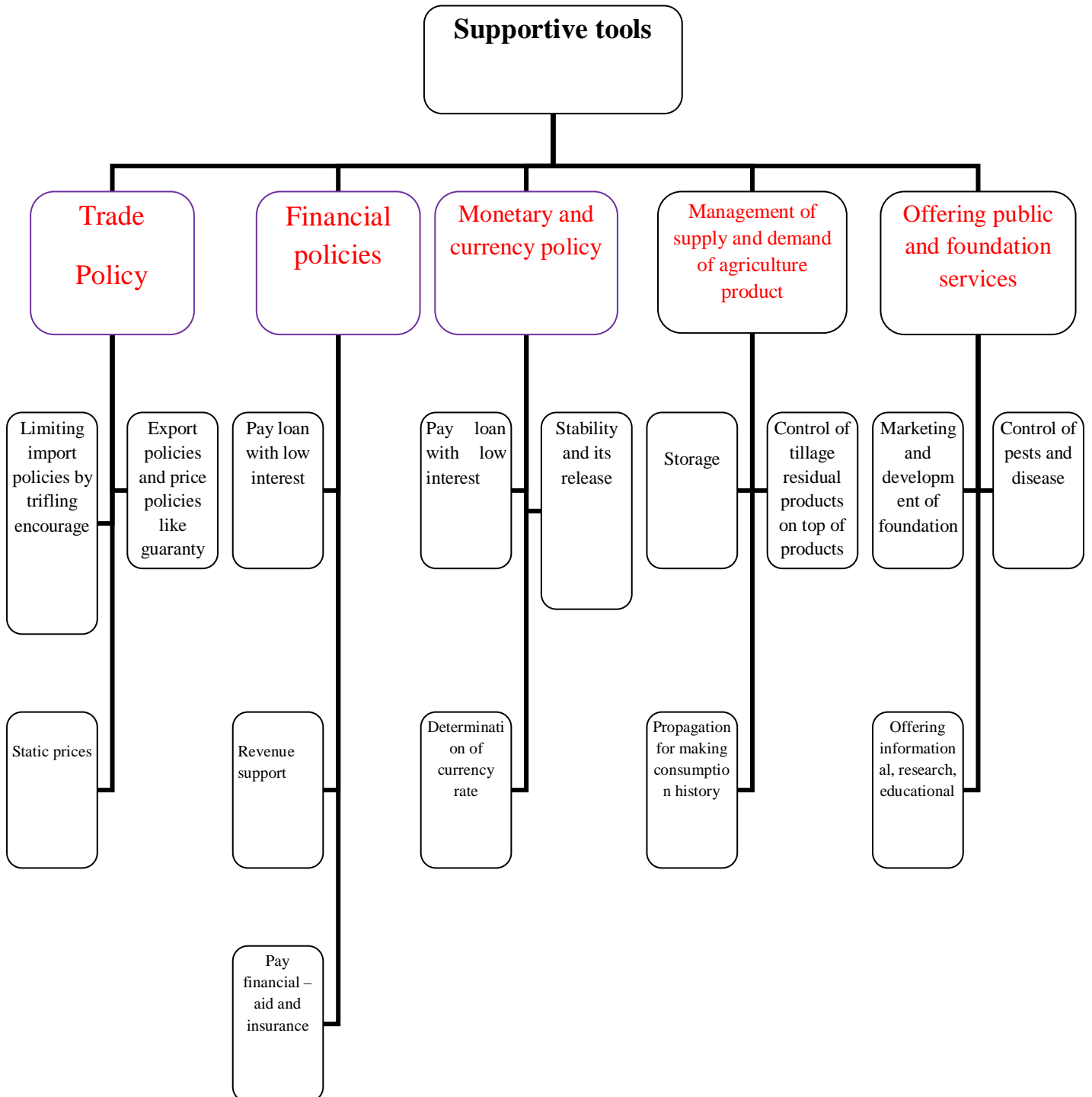
5 – agriculture products in spite of industrial products should be harvest very quick and offer to market, like milk and meat that for their transport, cooler – house having trucks are needed and cooler – house are needed for their taking care, or they should be quickly consumer or conveyed, although other group of products like fruit and vegetables also be corrupted with lower speed. But by not offering to market, they should keep in cooler – house or be used in conveying industries. So, not having facilities like cooler – house and conveying factories make increase of losses, marketing costs and price of consumer. in spread of cooler – house somehow in meat and milk part, the position has been better by building such factory and cooler house and killer house, and has increased villagers revenue, but in fruit and vegetables, consistently, there is problem in town, and once offer of product to market make loss of producer and in other seasons, by lack of product, consumer is forced to pay higher price.

6 – Government policies in agriculture product import from other countries, sometimes is such that by interrering of foreign products concurrently with the time of farmers product harvest, makes decrease of price and their loss[5,p.63]. for example , at 2007 , by concurrent interrering of sugar from foreign productive beet root of farmers by sugar factories of town was not purchased and productive product of farmers some made corrupted and some were bayed by loss and made farmers to decrease their under – tillage level of beetroot in the next year , that by reduction of under – tillage , dependence to sugar import was increased and this incorrect policy of not be – on time imports caused multi – year planning of experts for tillage of this product be interrupted , revenue rate of farmers decrees and price of sugar raised for consumer and both producer and consumer be loosed and damaged and only some importer broker gain great profit .

## **6. Supportive tools**

For improvement of agriculture position, government can invest and do planning by the following The study of international experience, including Armenia, tool support for subsidized interest rates for agricultural loans are considered important:

- A. Trade policy includes limiting import policies by trifling encourage to export policies and price policies like guaranty and static prices.
- B. Financial policies like direct support from revenue support from product and pay financial – aid and insurance of agriculture products and pay loan with low interest.



**Figure 16:** Propose the supporting tools for reform income level of villagers. **Source:** research findings (2014)

- C. Monetary and currency policy like determination of currency rate, stability and its release.
- D. Management of supply and demand of agriculture product like storage, control of tillage residual products on top of products, propagation for making consumption history and free distribution in schools.
- E. Offering public and foundation services like offering informational, research, educational, propagation services, marketing and development of foundation, and control of pests and disease.

## **7. Conclusion and Suggestions**

In this part we meanwhile concluding of done from research about policies and programs of agriculture part in Kermanshah, offer a series of suggestions about improvement of planning position and policy making of the country and the town. Condition and facilities of Iran:

### ***7.1. Program and policies of risk reduction and economic reform in agriculture:***

- a) Reduction of price fluctuations.
- b) Dependence storage.
- c) Tillage variability.
- d) Direct price stability approaches like supportive price, average of prices and collection of price.
- e) Future market.
- f) Transaction ability market.
- g) Reduction of performance fluctuations.
- h) Use of new laying and varieties.
- i) Investment in way fight against natural catastrophes.
- j) Agriculture products insurance.
- k) Reduction of revenue fluctuations.
- l) Creation of out of farm jobs.
- m) Giving cheap credits.
- n) Pure revenue stability.
- o) Making capacity in lawful, legal, financial, credit, physical and laying aspects for fostering in economic and social growth and development of villages with emphases on agriculture part.
- p) Making variability to economic activities of villages by emphasis on agriculture part.
- q) Growth and development of village economy by optimal exploitation from existing and potential sources (exploitation promotion) and making new job opportunities and promotion of villager's income.
- r) Economic – social development of villagers by emphasis on development of social structures, local laying and public participation in decision – making process and development of local affairs.
- s) Development of needed foundation of agriculture part in villages.
- t) Improvement of management position rural development in national, regional and local levels.
- u) Development of rural financial local service network with the aim of making job, promotion of exploitation and comparison ability, in particular in agriculture part, include reinforcement of rural development of occupancy money loaned without interest box and help to establishment and reinforcement of boxes up porting from rural stable development.

- v) Making needed bed for coordination of running apparatus for running rural and agriculture development programs.
  - w) It is necessary that government supportive policies (paid financial – aids) be revised and orient toward support from agriculture producer and increase of exploitation in agriculture.
  - x) Contribution of productive financial-aid of agriculture-aid increase from impure internal production.
  - y) Supports in agriculture research part (with pay attention to nativity of part research growth) and foundation tasks and agriculture market are increased.
  - z) Supportive policies gain more variability and flexibility (based on activity and condition).
1. Unfortunately not very successful processing the industries Due to the high amount of waste in agricultural products and the industry is very low in the Kermanshah provinces. Therefore, proposed in the framework of support for small and medium companies help to develop the processing industrial unites. The realization of such state support can developed is organized in this field through collaboration (cooperative) convergence between rural and agricultural-industrial development (agro industrial integration).
  2. Farmers haven't enough income and are low output efficiency and there are not incentives for investment in agriculture Due to the small dimensions of approximately 50% of agricultural land under five hectares. Therefore, needed that plans to integrate land use and incorporation of the principle of equity uncounted.
  3. Unfortunately agricultural land in Kermanshah is the small dimensions that can be of suitable solutions the of cooperatives and joint stock companies that incorporate the small area in mechanized farming, that now is very low the number of firms in the province. Therefore, it is suggested, formed agro of Service of vertical zoning in terms and added to the weight to be of technology and operational services.
  4. unfortunately According to the latest statistics, , the government allocated is subsidy to agriculture and the rural population less than 10% but more than 90% subsidy is allocated to cities. It is proposed to review the policy and socio-economic priorities of Kermanshah province of in order to provide the future targeted programs for the allocation of subsidies by the priority statutes.
  5. Unfortunately, the efficiency of agricultural productivity in Kermanshah is 17.8%, which is much lower than to other regions of country which is 28% that the reason is: the small size of land, dry land, and non-use of appropriate technologies and the low level of education of the farmers.
  6. Education is not enough in government centers And given the number of beneficiaries (140,000) and 2600 villages, and the great number of illiterate farmers, is not considered the provide training and educational programs and programming methods and are not suitable credits for education in the province.
  7. Provide banking facilities to the farmers have defects and problems which resulted are not very good investment in this sector.
  8. The low is purchase price of agricultural products and risk taking that caused farmers do not have the motivation to invest in this sector And most of them have migrated or changed jobs.
  9. Has been low technology transfer from research centers to farmers and is not applied to farmers of research project conducted by researchers.
  10. According to statistics the rural income grow average in annual is 8.3% that is much lower than of the work and life cost grow average in annual which is 9.8%, and also is much lower than the annual inflation rate and This shows that government's economic program cannot highest income of farmers in the province and

have not able enhance and has impacted of negatively in the agricultural economy.

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