

In the name of God

**Total Factor Productivity, Productivity of Labor
and
Productivity of Capital**

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Abstract

Productivity growth is emphasized in the 4th FYDP Law. According to this Plan, 31.3 percent of GDP growth is projected to be financed through enhancement of productivity. In light of the major role of productivity in sustainable economic growth as well as the emphasis on productivity growth as stipulated in the 4th Plan, review and analysis of productivity indices to identify production bottlenecks and potential causes of low production in the country are of crucial importance. The present report is based on library research, aimed at studying and enhancing performance of productivity indices in the economy and different economic sectors to remove «Production Bottlenecks and Obstacles in the Iranian Economy». It is of note that, total factor productivity is determined by means of econometrics.

This report reveals the downward trend of total factor productivity during 1989-2007, playing a weak role in production growth. Comparison of productivity performance and goals concerning economic growth during the first two years of the 4th FYDP is indicative of non-realization of the 31.3 percent GDP growth through enhancing productivity as mentioned in this Plan. Moreover, comparison of total factor productivity growth in different economic sectors reveals outperformance of electricity, gas and water sectors with regard to optimal use of production sources.

Keywords: Production bottlenecks, Economic Growth, Productivity of Labor, Productivity of Capital, and Total Factor Productivity (TFP)