




The Role of Crown Lands, Newly-Formed Lands, and Coastal Lands in Production and Entrepreneurship

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Abstract

With regard to the topic under discussion, namely: "The role of limited, developed, and coastal lands in production and entrepreneurship", this article aims to examine the legal challenges in Iran and some countries in order to solve existing problems and amend laws in the field of limited, developed, and coastal lands, and to present suggestions for their use in production and entrepreneurship. Despite being a coherent system and capable of creating legal security, Iran's registration system is not in line with the needs and interests of society, production, and entrepreneurship, and has led to challenges in this area. Methodologically, this research is developmental in purpose and institutional-historical in approach. Data have been collected through library research and analyzed using inferential reasoning based on the inductive-deductive logic method. Accordingly, this study seeks to explore and critically analyze the legal challenges of state-owned, newly formed, and coastal lands, in order to direct property registration infrastructures—whose objectives and policies hold significant importance in all nations—toward a more effective and coherent framework. The most important findings indicate that despite the legal clarity in defining authorized agencies, there are entities that are included in the framework of the Services Law but are not authorized to acquire. Also, regarding the transfer of national lands to natural persons (such as entrepreneurs), despite the existence of relevant laws, judicial practice (such as the Administrative Court of Justice) sometimes prevents the transfer to natural persons.

Keywords: Khalesa Lands, New Lands, Coastal Lands, Production and Entrepreneurship.



Introduction

In classical economic literature, land, alongside labor, capital, and entrepreneurship, is recognized as one of the four primary factors of production. Within this framework, land is predominantly regarded as a natural resource—relatively passive and finite—serving as the physical foundation for productive activities and the source of many raw materials. However, developments over recent decades in institutional economics, regional economics, economic geography, and entrepreneurship literature have demonstrated that land is not merely a "physical backdrop" for production; rather, it is a strategic asset, largely "institutionally and spatially constructed," capable of directly and indirectly shaping the processes of production and entrepreneurship.

In lexicographical terms, the term *khāleseh* (crown lands) refers to property belonging to the state or the royal dynasty. Such estates had three primary origins: *raqabāt-e nāderi*, *khālesehā-ye mohammadi*, and *raqabāt-e nāseri*. The principal categories of *khāleseh* can be divided into three types: transitional crown lands (temporarily assigned to beneficiaries), feudal-tenure crown lands (granted to fief-holders in return for military obligations), and administrative crown lands (allocated by the state to cultivators, from whom governmental dues were collected). Regarding the definition of newly-formed lands (*arāzi-ye mostahdaseh*), these refer to lands created as a result of the drying up of seas, lakes, or changes in riverbeds. Additionally, coastal lands (*arāzi-ye sāheli*) are those situated adjacent to the littoral zones of seas, lakes, or newly-formed lands; legally, depending on their location, they fall under one of the aforementioned categories. In general, crown lands, newly-formed lands, and coastal lands comprise territories owned by the state, the purchase and sale of which are permissible only with governmental authorization. Within Iran's legal system, crown lands have long existed and are referred to in historical sources under the rubric of *khālesāt*. For the administration of these estates, an institution known as the *Divān-e Khālesāt* (Bureau of Crown Lands) was established, tasked with overseeing state-owned properties. The sale and transfer of crown lands in Iran are conducted pursuant to the Law on the Sale of Crown Lands (*Khālesejāt*), ratified on November 21, 1955. Accordingly, the prerequisite for the ownership of crown lands, newly-formed lands, and coastal lands is compliance with the legally prescribed procedures approved by the state.

Notwithstanding the legal and administrative measures undertaken (which will be examined in this article), Iran's registration system appears to still face numerous challenges and gaps with respect to crown lands, newly-formed lands, and coastal lands—particularly regarding their utilization in the domains of production and entrepreneurship. This article, conducted through a descriptive-analytical and historical methodology employing library-based research, endeavors to examine the jurisprudential and legal foundations of these lands while elucidating the challenges, obstacles, and gaps existing in the process of their acquisition and registration, as well as their application in production and entrepreneurship.

Methodology

This study is developmental-applied in terms of its objective, as its findings can contribute to the reform and improvement of policies as well as the legal and registration frameworks pertaining to land. In terms of its nature and method, the research falls within the category of institutional studies employing a comparative-historical approach. Within this framework, an effort has been made to conduct a comparative analysis of the evolution of legal institutions related to land and the registration system in Iran and selected countries, with the aim of identifying strengths, weaknesses, and transferable experiences. The data for this study were collected through documentary and library-based research. The sources utilized include national and international



laws and regulations, historical documents, scholarly articles, specialized books, and reports from legal and registration organizations. Data collection was carried out systematically, grounded in content analysis of written sources, to ensure the accuracy and comprehensiveness of the data. Data analysis was conducted using inferential methods and inductive logic.

Legal and Executive Challenges of Crown Lands, Newly-Formed Lands, and Coastal Lands

In this section, the challenges and legal considerations are categorized into three main groups, which are first outlined in general terms and will subsequently be addressed in detail:

1. Land-Use and Zoning Restrictions

The most significant legal instrument employed by governments to control development is zoning regulations. These laws determine the permitted use of land based on comprehensive urban and regional plans, thereby imposing serious constraints on entrepreneurs:

- **Mismatch between current and required land use:** An entrepreneur may purchase a warehouse or workshop in an area previously designated as industrial, only to find that due to revisions in urban development plans, the land use of that area has been reclassified as residential or commercial. In such a case, the entrepreneur must undergo lengthy and costly administrative procedures for "land-use change" or else restrict their activities.
- **Density and height limitations:** Building and land-use regulations impose maximum construction density and permissible building height. This directly affects the scalability of the entrepreneur's investment, particularly in the real estate, construction, and warehousing sectors. The entrepreneur must plan their investment so as to remain within these constraints (e.g., the permissible floor area ratio).
- **Impact on land prices:** Areas where higher-value land uses (such as commercial or tourism) are permitted command significantly higher land prices. This makes it extremely difficult for new, undercapitalized entrepreneurs to enter these areas and inadvertently favors large investors.

2. Challenges of Direct Access (State Ownership and Transfer)

As previously indicated, the state owns a substantial portion of land, and the manner in which entrepreneurs gain access to these lands is of critical importance:

- **Compulsory acquisition and relocation:** If the land required by an entrepreneur (e.g., for establishing a manufacturing plant) falls within the path of a public project, the process of compulsory acquisition by the state can result in the forced relocation of the entrepreneur. Although the right to compensation exists, this process disrupts supply chains, results in the loss of local clientele, and causes delays in development plans—damages that are difficult to fully remedy.
- **Transfer of national and state lands:** A key challenge raised in the main text concerns the procedure for transferring state lands (such as national lands or natural resources) to private natural or legal persons for productive purposes. In many instances, laws permit conditional transfers; however, executive procedures and judicial decisions (e.g., rulings of the Administrative Court of Justice) sometimes challenge such transfers. Entrepreneurs who have invested in these lands face the risk of annulment or reclamation of the land, given that the primary purpose of the transfer must align with the public interest and higher-level legislation.



• **Exclusivity of compulsory acquisition:** In Iran's legal system, compulsory acquisition is largely defined with reference to governmental agencies. This may place entrepreneurs whose lands are needed for non-governmental development projects (albeit of public benefit) in a weak position, since a private entity does not directly possess the public power of compulsory acquisition.

3. Legal and Environmental Considerations

In addition to urban regulations, specific provisions govern land use:

- **Environmental regulations:** Entrepreneurs launching high-risk productive activities (e.g., chemical industries, tanneries, or mining operations) must obtain environmental certifications. Such certifications may require compliance with specific buffer zones—away from rivers, protected areas, or human settlements—thereby restricting the entrepreneur's access to commercially desirable land.
- **Third-party rights:** Even in cases of land ownership, the entrepreneur must account for third-party rights. For instance, easements for public utilities (gas pipelines or power lines) passing through the land may limit the scope of the entrepreneur's use of their own property.
- **Ownership and official documentation:** The complexities of deed registration, ownership disputes, and the existence of common or endowed (*waqf*) lands can constitute the most time-consuming legal challenge for an entrepreneur when purchasing land and obtaining construction permits.

Summary and Conclusion

The objective of this article is to provide an analytical framework for a multidimensional understanding of the role and function of state-owned unused lands in the process of production and entrepreneurship—a framework that conceives of land not merely as a physical factor of production, but as a source of entrepreneurial opportunities, an institutional collateral for financing, and the spatial substrate for the formation of production networks, innovation, and value chains. Drawing upon the theoretical literature of economics and entrepreneurship, as well as practical experiences at the regional and national levels, the article endeavors to demonstrate how a rethinking of land-related policies and institutions can enhance productive efficiency, expand productive entrepreneurship, and advance the goals of sustainable development.

In classical economics, land is regarded—alongside labor and capital—as one of the fundamental factors of production. Ricardo, through his formulation of the concept of "land rent," assigned land a distinctive position in the analysis of income distribution, owing to its scarcity, heterogeneity, and spatial immobility. Institutional economics, however, considers land not merely as a natural resource but as an "institutional asset." From this perspective, the quality of institutions—particularly the transparency and robustness of property rights—plays a decisive role in shaping incentives for investment and entrepreneurship. According to this approach, land can serve as an engine of entrepreneurial activity only when: (a) property rights over it are clearly defined and guaranteed—that is, ownership boundaries are specified, registrable, and defensible; (b) it is capable of being pledged as collateral and converted into a financial asset, thereby enabling the entrepreneur to access credit and mitigate risk; and (c) its transfer and change of use involve reasonable and predictable transaction costs—rather than legal uncertainty, administrative corruption, and rent-seeking.

In the absence of these conditions, land ceases to function as "institutional collateral" for entrepreneurship and instead becomes a source of uncertainty, conflict, and rent. This point is of

particular significance in developing economies, where a diversity of ownership forms (private, state, endowed, public) coexists alongside weaknesses in the registration and cadastral systems.

