

## Iranian protests

### Why in News?

Iran is passing through its deadliest unrest as the government sharply raised the price of petrol, and ordered strict rationing of the fuel.

### What happened?

- This is the deadliest one since the Islamic Revolution of 1979, with at least 180 people killed in a brutal crackdown by the state on protesters.
- The protests began in the middle of November 2019.
- It began after the government sharply raised the price of petrol, and ordered strict rationing of the fuel.
- As people poured out into the streets, security forces including the elite Islamic Revolutionary Guards Corps retaliated by firing on them.
- The Iranian protests, though triggered initially by economic anxiety, rapidly took on a strong anti-government character.
- Between 180 and 450 people were killed, at least 2,000 wounded and some 7,000 detained.

### Why did Iran have to increase fuel prices?

- Iran's economic crisis has been worsened by United States sanctions.
- President Hassan Rouhani's new energy policy as a response to the economic crisis has been leading to sharply reduced exports of crude oil.
- He has been quoted as saying that Iran faces a deficit of up to two-thirds of its annual budget.
- The increase in prices was intended to help fund subsidies for almost 75% of the country's population.
- Inflation in Iran is estimated by some analysts to be around 40%
- Official media said the price increase was unrelated to the budget.
- Some people say that the treasury is empty and the only way the government have to fill it is to take from the people's pockets.

### Will the price increase help the economy?

- Most analysts feel that the increase will **not really** help.
- While Iran has for long intended to slash energy subsidies as part of

economic reforms, economists have said the new energy policy is not likely to succeed.

- The reason is that while the price increases are not large enough to make a significant difference to overall government finances, ordinary Iranians would be hit hard.
- A political economist in London said that there will be no positive impact in the economy because of this policy.
- The economist also added that the policy is poorly planned and terribly executed and will result in more inflation and instability.

### Is it odd that oil-rich Iran should see protests for this reason?

- Several analysts said that automobile fuel has long been subsidised heavily in the country - resulting in a pattern of indiscriminate use.
- What the government has now done is to **raise the price of a litre of petrol** from about 10,000 rials to about 15,000 rials (from Rs 17 to 26).
- It has also **capped the monthly quota of fuel** for a private car at 60 litres, beyond which fuel will cost 30,000 rials (about Rs 51) per litre.
- While these fuel prices would seem cheap to Indians, the increases came as a blow to Iranians long used to the heavily subsidised pricing regime.
- Iran has the world's fourth-largest oil reserves, and second largest natural gas reserves.
- Recently, President Rouhani announced the discovery of an enormous oil field holding 53 billion barrels of crude in south-western Iran.
- If the reserves are confirmed, Iran will rise to the third position in the world.

**Source: The Indian Express**