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

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