

Protests in Iran - Petrol Price Hike

Why in news?

Nationwide protests broke out in Iran after the government announced petrol price hike by 50% for first 60 litres and 300% for above that each month.

What is the decision taken?

- Under the scheme, drivers with fuel cards would pay 15,000 rials (13 U.S. cents) a litre for the first 60 litres of petrol bought each month.
- Each additional litre would cost 30,000 rials.

What was the implication?

- Iran still has one of the lowest fuel prices in the world.
- But, the current price rise was enough to trigger people who are already reeling under high inflation, joblessness and a collapsing economy.
- Demonstrations broke out hours after the petrol price hike was announced, with thousands of people taking to the streets.
- The protesters chanted slogans against the Islamic regime in Iran.
- They carried “Death to Khamenei” posters, in a direct challenge to the country’s Supreme Leader Ali Khamenei, and burned down banks and stores.
- Security personnel reportedly unleashed violence on the protesters, while the government shut down the Internet.
- One person was killed and others injured in protests.
- The death occurred in the city of Sirjan, where protesters tried to set a fuel depot ablaze, but were thwarted by security forces.
- Both President Hassan Rouhani and Ayatollah Khamenei, the real ruler of Iran, have condemned the protests.
- The Islamic Revolutionary Guard Corps, the country’s top paramilitary force, has threatened to crack down on the demonstrations.

What is the government’s rationale?

- U.S. President Donald Trump decided in 2018 to pull the U.S. out of the 2015 nuclear deal and reimpose economic sanctions on Iran.
- This has dealt a blow to Iran’s economy.
- Inflation has risen to 40%.
- A quarter of Iran’s youth are unemployed.

- According to the IMF, the country's economy is expected to contract by 9.5% in 2019.
- Iran's currency, the rial, has plunged to record lows against the dollar.
- Evidently, the collapse of the nuclear deal has cost the Iranian economy dearly.
- Given these, the current measure is expected to generate 300 trillion rials (\$2.55 billion) per annum.
- President Hassan Rouhani said 75% of Iranians were "under pressure", and the extra petrol revenues would go to them.

What are the other challenges to Iran?

- Iran is already struggling to fix a disturbed economy, hostile ties with the U.S. and waning influence in West Asia.
- The nationwide protests are the latest challenge to the Iranian regime.
- The protests have broken out at a time when Iran's influence in Lebanon and Iraq is being challenged by protesters.
- In Iraq, protesters burned an Iranian consulate and turned their anger against Iran-trained militias.
- In Lebanon, where Iran-backed Hezbollah is a key pillar of the government, protesters demand the resignation of the entire political class.
- Now in Iran, the protesters challenge the regime itself.

What is the way forward?

- The latest round of protests might die down.
- But, Iran needs a lasting solution to address its revolting tendency.
- It cannot violently suppress the protesters forever.
- Also, Iran badly needs to get the nuclear deal back on track.

Source: The Hindu