EFFECTS OF FUEL SUBSIDY REMOVAL ON NIGERIA ECONOMY: A CASE STUDY OF PRESIDENT BOLA AHMED TINUBU ADMINISTRATION

BY

IYASE Abieyuwa Kendra

SCC2208723

DEPARTMENT OF PUBLIC ADMINISTRATION

FACULTY OF SOCIAL SCIENCE

UNIVERSITY OF BENIN

BENIN CITY

NOVEMBER, 2025

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A PROJECT WRITTEN AND SUBMITTED TO THE DEPARTMENT OF PUBLIC ADMINISTRATION FACULTY OF SOCIAL SCIENCE, UNIVERSITY OF BENIN IN THE PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF A BACHELOR'S SCIENCE (BSC) IN PUBLIC ADMINISTRATION

NOVEMBER, 2025

CERTIFICATION

This is to certify that this project work was carried out by Abieyuwa Kendra IYASE with Mat number SCC2208723, in the Department of Public administration, Faculty of Social Science, University of Benin in the partial fulfillment of the requirement for the award of a degree of Bachelor's science (BSc) in public administration

______________________	______________________
Dr I.E Okonmah	**Prof A.I Mustapha**
Project Supervisor.	**Head Of Department**

______________________	______________________
Date	**Date**

DEDICATION

This project is dedicated to God Almighty for his grace which was made sufficient for the completion of this project

ACKNOWLEDGEMENT

All glory to God Almighty, the source of my strength and wisdom.

I would like to express my deepest gratitude to my supervisor, Dr I.E Okommah for his expert guidance and unwavering support and also Mr Clement Oribhabor for his guidiance throughout the course of this project.

My heartfelt appreciation goes to my father Iyase Emmanuel and mother Iyase Magdalene for their love, encouragement, prayers and sacrifices.

My appreciation also goes to my beautiful siblings Osayuwa Iyase , Chantel Iyase and Godswill Iyase for their constant love, their consistent and unwavering support towards me throughout this academic journey.

To my big mummy who has constantly supported and prayed for me all through my days in the university

To my uncles and aunties who did not one day reject my call and always motivated me

I also thank my lovely and wonderful friends who made my university days special and exciting sparkle prudence Jennifer for their constant motivations and affirmations that always kept me going and a big appreciation to my padi that public administration gave me Ehimare Testimony Zaneta for making my journey in this department easier

To my well-wishers far and beyond extended family members, church members, family friends, neighbours for their support and encouragement

Sincere gratitude to the department of public administration for giving me the opportunity to acquire much knowledge

ABSTRACT

The study investigates the effects of fuel subsidy removal on Nigeria economy: a case study of president Bola Ahmed Tinubu administration. The specific objectives are to assess to evaluate effects of fuel subsidy removal on Nigerian Economy, find out the extent to which fuel subsidy is useful to a majority of Nigerians, to examine what fuel subsidy removal portends for the Nigerian economy. This chapter contains the summary of findings, contribution to knowledge, conclusion and recommendations.

This study employed both descriptive and inferential statistics in analyzing the data obtained. The descriptive statistics used include frequency distribution, mean and standard deviation test t was used as an inferential statistic to test the research hypotheses. All hypotheses were tested at 5% level of significance. Statistical Package for Social Science (SPSS 20.0) software was as platform used for all the analyses.

findings from the study revealed that the removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria., also it was shown that majority of the respondents do not agree that the fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians. It was seen that majority of the respondents agree that strongly agree that Loss of skilled manpower influence the organizational performance. it was concluded that the removal of fuel subsidy has significant effect on the Nigerian economy. It was recommended that the Federal Government should identify areas of wastages in governance such as the allocation of largesse and booties in the name of allowance. The palliatives should have been put in place before removing subsidy on fuel in other to help cushion the adverse effect of the subsidy removal.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

A subsidy is a form of financial assistance provided by the government or other organizations to support a particular industry, business, or individual. Subsidies are aimed at promoting economic development, stability, and social welfare by reducing production costs, increasing competitiveness, encouraging investment, supporting research and development as well as providing essential services. A *subsidy* is a financial aid or support extended by a government to economic sectors, businesses, or individuals to promote economic and social policy goals. Subsidies are used across the world to make essential goods and services more affordable; support struggling industries, encourage development, or reduce inequalities. While they can play an important role in economic growth and social welfare, subsidies also raise concerns about government spending, inefficiency, and misuse (International Monetary Fund, 2023).

Fuel subsidies refer to government policies that reduce the price paid by consumers for fuels (such as petrol/gasoline, diesel, kerosene) by having the state absorb part of the cost of production, importation, refinement or distribution. In many countries, especially resource- rich developing economies, fuel subsidies have been used as a tool for social welfare, political legitimacy and economic policy. However, over time they often become a heavy fiscal burden, distort market mechanisms, and pose governance risks. The policy debate centres on whether and how to reform or remove such subsidies without unduly harming the poor. This essay examines the case of Nigeria (as representative) reviewing the rationale for fuel subsidies, their positive and negative impacts, the arguments for removal, and key policy considerations for reform (Yunusa,2023).

Fuel subsidy in Nigeria is therefore, the financial assistance provided by the Nigerian government to its citizens who use Premium Motor Spirit (PMS) which affords them the ability to buy the product at a reasonably reduced price. The fuel subsidyissue in Nigeria has a long history dating back to the 1970s during the oil boom. The government introduced subsidies on key commodities like petrol and kerosene as well as diesel to cushion the effects and impact of price fluctuations on the citizens. Fuel subsidies have been a significant component of Nigeria's fiscal policy since their introduction, aimed at making petroleum products affordable for its citizens. Over the decades, the Nigerian government has expended substantial sums on these subsidies, with expenditures varying across different administrations. Initially, the subsidy programme was successful, benefiting the Nigerian people and supporting economic stability.

“Fuel subsidy is gone,” Tinubu declared in his inaugural speech at the Eagle Square on Monday may 29 2023 after he was sworn in as Nigeria’s President. The declaration of the president did not go down well into the hearts of many Nigerians as many were more hopeful that he will address more key economic issues that will improve the wellbeing of the economy and his citizens at large. Its declaration of fuel subsidy removal became a serious topic of concern to various policymakers, economists and media houses across the country.

The various views held by these policymakers on this very issue are divergent in nature. Experts believe it is the right time for the removal of fuel subsidy. While trade union congress (TUC) and

Nigeria labor congress (NLC) have this view that they should be engaged before such policy action are taken.

While in the wake of such declaration made by the president on May 29 2023, it brought back fresh memories of the same policy action taken on January 1st 2012 by former president Goodluck Ebele Jonathan which resulted to the adjustment of the pump price of petrol from N65 naira per liter to N141 per liter in a move that sparked mass nationwide protest known as “occupy Nigeria” across major cities of the country.

The price was later adjusted to N97 naira per liter after more than a week of protest. It was further reduced to N87 naira per liter. Recall that in light of the policy action taken by former president Goodluck Jonathan on 1st January 2012 trigger an untold hardship on Nigerians, bus fares doubled and as most goods moved by road, food prices also skyrocketed to as much as two times their original cost as the fuel price jumped from #141 naira per liter.

The president admitted that his objectives of removing fuel subsidy would free up money for massive investment within the country. He further explain that “The government I lead will repay you through massive investment in transportation infrastructure, education, regular power supply, healthcare and other public utilities that will improve the quality of lives.” Many experts believe that the fuel subsidy removal, would free up resources for other sectors of the economy. The government spends a significant portion of its budget on fuel subsidies, which could be better spent on education, healthcare, infrastructure development, amongst other key sectors, Establishments of domestic refineries to produce more petroleum products, reducing Nigeria’s dependence on imported fuel. Availability of domestic refineries will boost the country’s economy, massive creation of jobs for Nigerians. While in the midst of the objectives the government gave a recount of the money spent on fuel subsidy. According to Aljazeera.com the government spent $10bn last year leading to wider budget deficits and driving up government debt. The Group Chief Executive Officer (GCEO), NNPC Ltd, Mele Kyari, made this known at the NNPC Ltd Towers in Abuja while briefing journalists late Monday night after the pronouncement by the president, said the removal of the subsidy which had been a burden on NNPC's cash flow, would free up funds to enable optimal operations in the company.

"Subsidy has been a major challenge for NNPC's continuous operations. The government said the Medium-Term Expenditure Framework was that if the nation holds on to fuel subsidy as it is designed now, we will be incurring from January to December a subsidy cost of N6.4 trillion. On the other hand, removing the fuel subsidy could lead to an increase in the prices of petroleum products. This, in turn, could lead to inflation and reduced purchasing power for consumers. This could have a ripple effect across the economy, impacting the cost of goods and services.

Additionally, removing the subsidy could lead to social unrest and protests, as people may perceive the government as insensitive to their needs. There is also a risk that the removal of the subsidy could lead to a rise in fuel smuggling and other illegal activities. Further the Nigeria labour congress, the union threatened that it would not hesitate to call out workers for industrial action, adding that it only suspended its planned strike.

It stated that the high cost of fuel was inflicting unbearable hardship on Nigerians, adding that the government must act fast with respect to providing palliatives, as the NLC said it was expecting an increase in the minimum wage from N30,000 to N150,000.

The Federal Government and labour unions met on June 5, 2023, with a resolution to reconvene on June 19 to agree on the implementation framework of the resolutions reached. "So the government should know that things are becoming difficult and they (the government) should not decide to do anything funny. The strike was only suspended. It was an ultimatum that was given out and it (strike) was suspended. Removing the subsidy on fuel is one of the most contentious socio-economic policy issues in Nigeria today. The results show that while a reduction in the subsidy generally results in an increase in Nigerian GDP, it can have a detrimental impact on household income, and in particular on poor households. Accompanying the subsidy reduction with income transfers aimed at poor households

Its Impact on businesses will definitely lead to an increase production costs for businesses, particularly those heavily reliant on transportation. This may lead to reduced profitability, job losses, or potential downsizing in certain sectors, impacting overall economic activity.

Transportation costs rise as well. This can have a cascading effect on the cost of moving goods and services, potentially leading to higher prices and disruptions in supply chains. It can also affect the overall efficiency of the transportation and logistics sectors.

1.2 Statement of Problem

For decades, fuel subsidies have been a major feature of Nigeria's economic framework, aimed at stabilizing fuel prices and cushioning the cost of living for citizens. However, these subsidies have also imposed heavy fiscal burdens on government finances, draining resources that could otherwise be channeled into infrastructure, education, healthcare, and industrial development. In May 2023, the Nigerian government announced the complete removal of fuel subsidies, a policy shift that has generated widespread debate and mixed reactions.

The removal of subsidies has triggered an immediate rise in fuel pump prices, which in turn has led to inflationary pressures across key sectors such as transportation, food production, and manufacturing. For ordinary Nigerians, especially low-income households, the policy has deepened economic hardship, reducing purchasing power and increasing poverty levels. At the same time, the government argues that subsidy removal is essential for long-term fiscal sustainability, improved resource allocation, and attracting investment into the downstream petroleum sector. Despite these potential benefits, there remains a significant gap in understanding the broader economic consequences of subsidy removal in Nigeria. Questions persist regarding its actual impact on inflation, employment, industrial productivity, poverty alleviation, and overall economic growth. Furthermore, there is uncertainty as to whether the savings from subsidy removal are being transparently and effectively reinvested to promote inclusive development. This creates a critical policy dilemma: while subsidy removal may promise macroeconomic stability and efficiency, its short-term and long-term effects on Nigeria's economy and citizens' welfare remain contentious and inadequately addressed. A systematic study of these effects is therefore necessary to evaluate whether subsidy removal contributes to sustainable economic development or exacerbates socio-economic inequalities.

1.3 Objectives of Study

The objective of the study is to investigate the effects of fuel subsidy removal on Nigeria economy: a case study of president Bola Ahmed Tinubu administration. Other specific objectives are to:

1. to evaluate effects of fuel subsidy removal on Nigerian Economy.
2. find out the extent to which fuel subsidy is useful to a majority of Nigerians.
3. to examine what fuel subsidy removal portends for the Nigerian economy.

1.4 Research Questions

1. What are the effects of fuel subsidy removal on Nigerian Economy?
2. To what extent is fuel subsidy useful to a majority of Nigerians?
3. What does the fuel subsidy removal portend for Nigerians Economy?

1.5 Research Hypothesis

Research question one was hypothesized

The following null hypotheses are raided from the research questions
H_{01}: The removal of fuel subsidy has no significant effect on the Nigerian economy.

1. 6Scope of the Study

This study covered the critical analysis of the of fuel subsidy removal on Nigeria economy. The scope of this study is limited to president bola Ahmed Tinubu administration.

1.7 Significance of the Study

This study has both theoretical and practical significance. Theoretically, the study provides a theoretical framework for the understanding of the role of fuel subsidy removal on Nigeria economy: a case study of president bola Ahmed Tinubu administration. The result of the study will provide valuable insights into the economic and social consequences of fuel subsidy removal. This will help government officials and policy makers make informed decisions regarding future subsidy policies, social welfare programs, and economic reforms. It will also guide them in balancing fiscal savings with the welfare of citizens. Economists and academic researchers will benefit from the study as it contributes to the existing body of knowledge on public finance, energy economics, and fiscal policy in developing countries. It will serve as a reference point for future studies and policy analysis related to subsidies and economic reforms. The findings of this study will help business owners understand how the removal of fuel subsidies affects production costs, pricing strategies, and consumer demand. This knowledge can assist them in making informed business decisions, adjusting to market changes, and planning for long-term sustainability. Workers and labor unions will benefit from understanding how subsidy removal influences wages, transportation costs, and general living standards. Such knowledge can help them advocate effectively for fair compensation and improved working conditions in response to economic adjustments. Ordinary citizens, who often feel the direct impact of fuel price changes, will gain a clearer understanding of how subsidy removal affects inflation, cost of living, and purchasing power. Awareness of these effects can encourage citizens to adapt better and hold leaders accountable for effective use of the subsidy savings. Investors and financial analysts will benefit from insights into the macroeconomic impacts of subsidy removal, such as inflation trends, exchange rates, and fiscal balance. This understanding can help guide investment decisions and risk assessments in Nigeria's economy. These organizations will find the study useful in designing and implementing advocacy campaigns, public awareness programs, and social support initiatives aimed at cushioning the adverse effects of subsidy removal on vulnerable groups. The study will serve as an educational resource for students studying economics, political science, or public administration. It will enhance their understanding of how government policies affect national development and economic stability.

1.8 **Organization of Chapters**

Chapter one includes the introduction the background to the study, statement of the research problem, objectives of the study, research questions, hypotheses, significance of the study, scope

Chapter two presents the literature as well as conceptual framework, subsidy and fuel subsidy, agencies involved in subsidy , origin of fuel price increase in Nigeria , fuel subsidy removal ,rational for the fuel subsidy removal , politics of fuel subsidy removal , the impact of fuel subsidy removal in Nigeria , the positive impact of fuel subsidy removal, reduction in financial burden , increased private sector participation , concept of palliative measures by government , the house of representative report of the ad-hoc committee to verify and determining the actual subsidy requirements , theoretical framework of analysis.

Chapter three: methodology includes introduction, research design, population of the study, sample and sampling technique research instrument, sources of data, model specification method of data analysis.

Chapter four: presentation results and discussion of finding, Presentation of Result and Discussion of findings

Chapter five: summary, conclusion and recommendation's introduction, summary of findings, conclusion, recommendations and recommendation for further study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter presents the literature as well as the conceptual framework and theoretical framework for the study so as to serve as a link between the past and the present.

2.2 Conceptual Framework

2.2.1 Subsidy

Subsides were introduced in the Nigerian energy sector in the mid 1980's. Something of a creeping phenomenon, the value of the subsidies has gone from 1billion in the 1980's to an expected 6billion dollars in 2011(Centre for Public Policy Alternatives, 2012). In this period the specific products targeted for subsidy have changed. Diesel oil has had its associated subsidy redacted while petrol gasoline DPK continues to enjoy 54.4% subsidy over the international spot market price at the Nigerian pump (Oyedele, 2012). A subsidy by definition is any measure that keeps prices consumers pay for good or product below market levels for consumers or for producers above market. Subsidies take different forms. Some subsidies have a direct impact on price. These include grants, tax reductions and exemptions or price controls. Others affect prices or costs indirectly such as regulations that skew the market in favor of a particular fuel, government sponsored technology or research and development (Adebiyi, 2011). A subsidy as defined by OCED in a study is basically government action that decreases the consumption. Energy subsidies and specifically fuel subsidies, which are the subject of this review, have a long history and have been applied in different forms with differing outcomes internationally. Two major classes of subsidies exist; production subsidies mainly a feature of developed economics and consumer subsidies, which are found in developing countries. The justifications for introduction or removal of subsidies vary markedly. In developed economies; environmental issues, international trade and maintaining competitiveness are the main drivers of policy. Whereas welfare, poverty alleviation and election cycle politics largely underpin the reasons for which subsidies are introduced in developing countries. A new factor in the current mix of policy drivers is the renewed emphasis on governance reform championed by the Breton Woods Institutions (Centre for Public Policy Alternatives, 2012). The World Bank, IMF and the donor community lending urgency to this scenario is the global economic downturn and consequent rationalization by lenders, and granting countries. As domestic demand for funds increase in these countries amounts available for aid, FDI and subsidies diminish. The consequence is a demand for greater efficacy in the economies of the aid receiving of which Nigeria is one? Economists believe that social welfare is maximized when the price of each good and service is freely determined by the interaction of buyers and sellers in open, competitive markets. Nigeria as a case in point is under increased pressure to grow its economy. Yet countervailing forces of corruption, mismanagement of public resources and poor governance conspire to frustrate efforts to sustain growth in the face of rising population members and demands for a democratic dividend by citizenry. The Nigerian government proposes to remove all subsidies on fuel arguing that such subsidy removal savings can be better invested in refineries, roads and major infrastructural projects which in the long term will ensure sustainable development and job creation for citizens. International experience indicates that results of subsidy removal have been mixed. In some countries subsidy removal as program enjoyed relative success with limited social stress. In other cases the exercise was deemed a failure. There is a view that the Arab spring was caused by a buildup of tension from stresses caused by high food prices and extreme social inequality. Materialists have blamed Arab economies for being highly vulnerable to inflation, and recently, rising food prices (CBN, 2009).

2.2.2 Fuel Subsidy Removal

Fuel subsidy removal programs are sensitive to economic structure, level of development of the country, political systems and the state of the economy. There is evidence that the more successful countries have taken a phased or gradual approach, have engaged in conscientious research prior to implementation and followed by a rigorous approach to policy making. That effective communications and a fair level of trust between citizens and government may be the other critical success factors in such an exercise (Centre for Public Policy Alternatives, 2012). To build the trust, a better insight into how government payments or withdrawals of payments for subsidies are distributed across the different income/expenditure groups (CSEA, 2010).This informs the classification of payments as progressive (when targeted towards poor households) and regressive (when benefits are extracted by better-off households).Even where government advance the welfare argument, one must ask the question; does international experience support this point of view? Realities in world economies suggest that the interference brought in by price control mechanisms which lead from subsidies may well distort markets and thus work against intended objectives when subsidies become captured by small elite? (World Bank, 2010). For welfare and pro-poor arguments towards subsidy removal to be acceptable, an implementable valid means test for poverty must be available (11SD, 2010). In a country like Nigeria, where the prizes are few and the stakes so high, the fight for the booty or "national cake", the manipulation of the "game board" is inevitable. Thus, understanding the political economy at play in the fuel subsidy is expedient (Ikpeze, Soludo and Elekwa, 2004).

2.2.3 Agencies Involved in Subsidy

Some analysts have pointed at a price variation that is above 50 percent products are refined locally. To cope with these challenges, the petroleum equalization fund (PEF) and petroleum support programme (PSP) were both launched by the government with budgetary provisions to accommodate them. The equalization fund handled what government called the "bridging cost" – the logistics of carrying products from Lagos to other parts of the country, while the PSP was mandated to pay marketers the extra sum incurred in bringing in products into the country and selling at a uniform price. For e.g. as at today, it is estimated that the landing and selling cost of imported products would be in the region of ₦140 and ₦141 a litre in Lagos state and very nearly states. So if the government wants importers and marketers to stay on a ₦97 per litreprice,and marketers import and land should sell at ₦141per liter to stay afloat as profitable businesses, it means government had to refund the extra cost of ₦14 borne by the marketers in that deal. The government to pay marketers cost of taking the products from Lagos to other parts of the country via trucks. On the other hand, the petroleum products pricing regulatory agency (PPPRA), manages the petroleum product support fund (PSF) scheme. The PPPRA quarterly grants approval or permits to oil firms to import products into the country. The oil firms have to apply, but the PPRA will grant the volume that each oil firm can bring in per quarter – all in an attempt to ensure that a glut or scarcity is not experienced in the system. The PPRA also fixes the price that marketers will have to sell products to consumers. The PPPRA through the PSF scheme, refines the extra-cost (as we later calculated the ₦14) borne by marketers who import and land production in the country.

It will be also instructive to note that most of the marketers who import do so on behalf of the NNPC. And one marketer can import at a given period on behalf of the NNPC and thereafter share the product to other marketers. The PPRA originally reports to the president but in the last two years, that had been altered, as it now reports to the minister of petroleum resources.

Another regulator is the Department of petroleum resources (DPR). This agency is statutory responsible for the regulatory of all aspects of the industry – up stream, middle steam and down stream industry. DPR ensures that the right quality and quality of products is imported into the country by each marketer approved by the PPPRA.

2.3 Origin of Fuel Price Increase in Nigeria

The history of the fuel price increase in Nigeria dates back to 1973 when Gowon increased fuel from 6k to 8.45k (about 40.8% increase). Murtala Mohammed also increased it in 1976 from 8.45 to 9k (about 0.59% increase). Obasanjo also increased it again on October 1, 1978 from 9k to 15.3k (about 70% increase). HEHU Shagari also increased it on April 20th from 15.3k to 20k (about 30.71% increase). Ibrahim Babangida also increased the fuel price on March 31st 1986 from 20k to 39.5k (95.5% increase). He also increase it on April 10, 1988 from 39.5k to 42k (6.33% increase). On January 1, 1989, he increased the price from 42k to 60k (although the regime said it was for private vehicle only but the price remained 42k for commercial vehicles). On December 19, 1989, he also moved it to a uniform price of 60k (42.86%). On March 6; 1991, the price of a litre increased from 60k to 70k (16.67% increase) and that was the price when Babangida Ibrahim stepped aside in August 1993.

Chief Enerst Shonekan increased the price of a litre of fuel from 70k to ₦5 (614% increase) on November 8, 1993 but a hectic mass protest saw Abacha take over power. The incoming Abacha regime reduced the increment to ₦3.25 on November 22 1993. On October 2nd 1994 the Abacha Junted increased the price of fuel to ₦15 from ₦3.25 (361.54% increase). But after massive street protest, the regime reduced the increment to ₦11 on October 4, 1994. That was the price until Abacha passed on 8th of June 1998 and the Abdul Salami Abubakar caretaker regime raised the price from ₦11 to ₦25 (127.27% increase) on Dec 20, 1998 and after days of sustained protest, it was forced to reduce the increment to ₦20 on January 6th, 1999.

The Obasanjor presidency adopted fuel subsidy as the bedrock of its economic policy, for no sooner than it was sworn in that it affected an increment to ₦30 (50% increase) on June 1, 2000 but protest and mass rejection forced it to reduce the increment to ₦25 on June 8, 2000 and further down to ₦22 (-10%) on June 13, 2000. The regime was again to increase the price to ₦26 (18.18%) on January 1, 2002 and again to ₦42 (23.08% increase) on June 2003.

On May 29th 2004 Obasanjo increased it from ₦42 to ₦50 (19.05% increase). On August 25th 2004 it rose from ₦50 to ₦65 (30% increase). On May 27th 2007, it rose again from ₦65 to ₦75 (15.38% increase). Yaradua's regime/government reduced it to ₦65 in June 2007 after general protest against the new price regime. Although the Yaradua government made effort to increase the price of petroleum products it could not scale through following increased mass disapproval for such act.

The Goodluck Jonathan administration has said it is fuel subsidy removal or nothing else, when he increased it from ₦65 to ₦141 on January 1, 2012 and after much violent demonstrations by Nigerians, he later reduced it to ₦97.

2.3.1 A Comparative Analysis of Petroleum Prices: Nigeria and Other Oil-Producing Nations (2025)

Petroleum prices vary significantly across oil-producing nations despite similarities in resource endowment. In 2025, Nigeria's gasoline price stands at approximately $0.555 per litre (Energy in Africa, 2025), which places it between the low-price regimes of countries like Libya and Kuwait and the relatively higher prices observed in Gulf states such as Saudi Arabia, Oman, and Iraq. The comparison across selected countries reveals how economic policies, subsidy systems, and domestic refining capacities shape fuel affordability for citizens.

Among African producers, Libya reports the world's lowest fuel price at $0.028 per litre, owing to its state-controlled oil sector and long-standing fuel subsidies (Energy in Africa, 2025). Algeria, another North African nation, maintains a moderate retail price of $0.356 per litre, reflecting partial subsidies and government control over fuel distribution. In contrast, Nigeria, though a major crude oil exporter, has struggled to keep local fuel prices low due to limited refining capacity and the removal of fuel subsidies in 2023. As a result, Nigerians pay significantly more for fuel than citizens in Algeria or Libya, despite similar levels of petroleum production.

The Gulf Cooperation Council (GCC) countries show an interesting middle ground. Kuwait maintains one of the lowest prices in the region, at $0.341 per litre (Arab Times, 2025), reflecting its substantial subsidies and strong fiscal reserves. Bahrain and Qatar, on the other hand, price petrol at $0.53 and $0.58 per litre, respectively (GlobalPetrolPrices.com, 2025; Visual Capitalist, 2025), indicating partial liberalization of the domestic market. Oman and Saudi Arabia have similar prices, around $0.62 per litre, aligning with gradual subsidy reforms aimed at balancing public budgets (Connsect, 2025; GlobalPetrolPrices.com, 2025). Iraq, with a rate of $0.65 per litre, has one of the highest fuel prices in the Middle East (Shafaq, 2025), likely due to infrastructure challenges and post-conflict rebuilding efforts.

In comparison, Nigeria's $0.555 per litre positions it close to Bahrain and Qatar in price but well above African peers like Algeria or Libya. This contrast underscores Nigeria's structural dependence on imported refined petroleum, despite abundant crude resources. The ongoing deregulation policy seeks to align domestic prices with international market realities, but it also burdens consumers with higher costs, particularly given the nation's relatively low per-capita income.

Overall, the 2025 comparison highlights the paradox of oil-rich nations: those with efficient refining systems and strong fiscal capacity can sustain lower prices, while others—such as Nigeria—face higher costs due to import reliance and policy volatility. Unless Nigeria fully revitalizes its refining sector and stabilizes subsidy mechanisms, it will continue to face higher domestic fuel prices than most of its oil-producing peers.

2.3.1 Petrol Prices in Selected Countries

S/N	Country	Approximate price (USD per litre)	Notes
1.	Algeria	~ $0.356 / L	From a summary of African fuel-prices by Global Petrol Prices, as of mid-September 2025. (Energy in Africa)
2.	Libya	~ $0.028 / L	Very low price noted in that dataset. (Energy in Africa)
3.	Kuwait	**~ $0.341 / L**	Reported Feb 2025 that Kuwait had gasoline at ~$0.341 / L. (arabtimes)
4.	Bahrain	~ 0.53	Report shows 0.531 USD/L for Oct 27 2025. (GlobalPetrolPrices.com)
5.	Brunei	**~ 0.27**	Southeast-Asia fuel survey lists Brunei petrol at US$0.27 per litre. (DollarsAndSense.sg)
6.	Qatar	~ 0.58	From global list: petrol ~US$0.58 per litre. (Visual Capitalist)
7.	Oman	~ 0.62	Report cites USD 0.622 per litre as of July 2025. (ثبت شرکت در عمان - کانسکت | connsect)
8.	Saudi Arabia	~ 0.62	Global Petrol Prices shows 0.621 USD/L for gasoline (Oct 2025). (GlobalPetrolPrices.com)
9.	Iraq	~ 0.65	Data says gasoline ~US$0.649 per litre. (shafaq.com)

(**Socio-economic implications of the fuel subsidy removal. Egiuche, 2025)**

The table above showing the price petrol in some selected countries speaks volume by exposing how Nigerian masses have been exploited by constant increase of price of petrol. The fact is that while poor neighbouring countries are building new refineries, Nigeria cannot maintain the ones we inherited from past military governments, instead the present government is desperate to protect its concept cronies and punish Nigerians in the process. Former minister of interior captain Emmanuel Iheanacho said during the inauguration of the executive council of the maritime reporter's association of Nigeria maintained that ₦3.4 million oil subsidy was in wrong hands. He noted that the beneficiaries for the subsidy were not the poor masses as it was envisaged but the so-called politicians within the corridor of power and the cabals. This statement was corroborated by an official of the Nigerian maritime administration and safety agency (NIMASA) who said that the country was losing $1 billion to oil theft monthly. He went further to reveal that the officials of NNPC, collude with thieves saying that oil is siphoned into the barges. Eyiuche (2012)

The Table Below Shows the Various Petrol Adjustment in Nigeria Since 1973 till Date

1	Gowon,	1973:6k to 8.45k	(40.8% increase
	Murtala	1976:8.45 to 9k	(0.59% increase
3	Obasanjo	Oct. 1, 1978:9k to 15.3k	(70% increase
4	Shagari	April 20th 1982:15.3k to 20k	(30.71% increase
5	Babangida	March 31st 1986:20k to 39k.4k	(6.33% increase
6	Babangida	April 10th 1988:39.5k to 42k	(6.33% increase
7	Babangida	January 1st 1989: 42k to 60k	(6.33% increase
8	Babangia	Dec. 1989: moved to uniform Price of 60k	(42.86
9	Babangida	March. 6, 1991: 60k to 70k	(16.67% increase
10	Shonekan,	Nov. 8th 1993: 70k to ₦5	(614% increase
11	Abacha	Nov. 22nd 1993: drops from ₦5 to ₦3.25k	
12	Abacha	Oct. 2nd 1994: ₦3.25k to ₦15	(361.54%)
13	Abacha	Oct. 4th 1994: price drops from ₦15 to ₦11	14
14	Abujbakar	Dec. 20th 1998: ₦11 to ₦25	(127.27% ncrease)
15	Abubakar	Jan 6th 1999: ₦25 to ₦20	(.20%)
16	Obasanjo,	June 1, 2000: ₦20 to ₦30	(50% increase)
17	Obasanjo	Jan 1,2000: ₦30 reduced price to ₦22	(-10%)
18	Obasanjo	Jan1, 2002: ₦22 to ₦26	(18.18% increase)
19	Obasanjo	June to Oct. 2003: ₦26 to ₦42	(23.08% increase)
20	Obasanjo,	May 29th 2004: ₦42 to ₦50	(19.05%)
21	Obasanjo,	August 25th 2004: ₦50 to ₦65	(30% increase)
22	Obasanjo,	May 27th: ₦65 to ₦75	(15.38% increase)
23	Yar'Adua,	June 2007, ₦75 to ₦65	(-15.38%
24	Jonathan,	Jan 1st 2012: ₦75 to ₦65	(-15.38%)
26	Muhammadu Buharis	May 2016: ₦87 to ₦145	(124%)
27	Bola Tinubu	June: 2023: ₦238 to ₦ 557 presently the current price across state in Nigeria is around ₦955 per liter for many stations	(185.6%)

2.4 Deregulation

Deregulation is an act by which the government regulation of a particular industry is reduced or eliminated in order to create or foster a more efficient market place. This is in enacted to weaken government influence and force greater competition. This can also be said as the removal or relaxation of government regulation of economic activities. In a popular parlance, to deregulate means to do away with the regulations concerning financial markets and trades. Ernest and young (1988) post that deregulation and privatization are elements of economic reforms programmes charged with the ultimate goal of improving the overall economy through properly spelt out ways. For eg, freeing government from the bondage of continuous financing of extensive projects which are best private investments by the sale of such enterprise, encouraging efficiency and effectiveness in resources utilization, reducing government borrowing while raising revenue, improving returns from investment and broadening enterprise share ownership 1zibili and Aiya (2007).

According to Akinwumi (2005), deregulation is the removal of government interference on the running of a system this means that government rules and regulations governing the operations of the system are relaxed or held constant in order for the system to decide its own optimum level through the forces of supply and demand. According to Ojo (1999), it is a way of liberating the economy, removing impediments to trade, the movement of goods and services thereby allowing for the interplay of the forces of demand and supply in the determination of the prices of commodity.

Bankole (2001) deregulation entails the following elements privatization, removal of price control, to a large extent elimination of barrier to participate in all aspects of production, supply and distribution of goods and service by private business men. He believes that a regulated market can lead to shortage in supply which will give rise to hoarding and the existence of black market in the economy. Deregulation as accepted is sometimes interchangeably with liberalization which has been defined as follows by the British council programme and sector that promotes policy and institutional change designed to free internal and external markets for good and services, improving efficient operations of markets, correcting markets, distortion, restructuring enterprise and institutions in public sector, and strengthening public revenue and expenditure planning and management.

Deregulation implies the absence of control or regulation of the prices of petroleum products of government leaving the determination of prices to the interaction of forces of demand and supply which also rule out subsidy and encouerage competition, efficiency and increase output in the petroleum industries Umoru (2001) deregulation pre-supposes market forces as the determination of prices rather than a decision to fix price by administrative fiat, it is also a way of freeing government of the concurrent control and involvement in the business of refining, importation, and distribution of refined petroleum products in Nigerian market.

Deregulation allows services and enterprises to be restricted as little as possible. For our purpose, deregulation means either the partial or total withdrawal of government control in the allocation and production of goods and services. This question that should be asked at this junture is, what are the gains of deregulation in Nigeria? This question cannot be convincingly answered in isolation of the theoretical foundation of deregulation. The most contentious issues in Nigeria is arguably the question of deregulation of the oil sector which has been generating heated debates from its protagonists and antagonist.

The protagonist posit that the liberalization and deregulation of the down stream sector of the petroleum industry would finally actualize the objectives of ending perennial fuel scarcity and maintaining sustainable fuel supply across the polity. It also added that liberalization and deregulation would enable either stakeholders, including major and independent markets, to import and market products. As the NNPC lacks the capacity to import enough petroleum for the country, couple with the perennial malfunctioning of the refineries, the governments introduction for the petroleum support fund (PSF) from which it draws money to pay the excess expenditure incurred by the marketers for importing and selling petrol at regulated price and distributing it to every part of the country, should be stopped the thesis concludes. The major proponents of this thesis include the federal government, the presidential steering committee on the global financial crisis, the Nigerian economic summit group (NESG).

The antagonist believes that the Nigeria petroleum industry must not be liberalized, or deregulated, or privatized completely, for whatever reason and that the status quo should remain, may be with minor fine tuning “here and there” to improve efficiency, “in the overall national interest”. This thesis also posits that the low capacity utilization of Nigeria’s state-owned refineries and petrochemical plants in Kaduna, warri and port Harcourt, the sorry state of despair, neglect and repeated vandalization of the state-run petroleum product pipeelnes and oil movement infrascture nationwide, the collateral damage of institutionalized corruption, the insatiably corrupt task force operatives that assist diversions of both crude oil and petroleum products, large scale cross-border smuggling of petroleum products, of all of which are the root causes of the protracted and seemingly intractable fuel cries that have bedeviled the polity relentlessly for close to a decade now, are all predictable outcome of government involvement in the down stream sectors of the Nigerian petroleum industry. Finally, they posit that deregulation helps increase profit margin for the importers. Essentially, this extreme is the implied position of the Nigerian labour congress (NLC) and the organized civil society.

Between this extreme is the third class thesis that that believes that deregulation is desirable in freeing government of its concurrent control and involvement in the business of refining, importation and distribution of refined petroleum products in the Nigerian market. In the opinion of this proponent, the deregulation of the petroleum industry in Nigeria should be implemented in phases, so as to enable the state-owned monopolies to regain efficiency, before full privatization.

This deregulation dance is the one Nigeria has been dancing since 1999. The dancers are the same, and the music is also the same- the state is the same and the musical instruments continue to remain the same. The only difference is the fact that new drummers are handing the drums and they may be doing a remix of the old beat, which may sound monotonously awful. The rent hike in fuel price and deregulation of downstream petroleum sector or, more precisely, the full scale deregulation of fuel prices and labour's retreat from unwillingness to organize mass actions, including strike to fight this anti poor, anti-growth policy is one sure process that a least, in the short and medium terms will worsen the socio-economic plights of the vast majority of the working class people Otaigbe (2009:24).

Deregulation of economic activities is generally an acceptable economic policy in a well balanced economy and not in a junk-mal-functioning economy as in Nigeria. Deregulation in

Nigeria is usually bastardised by economic saboteurs. A test case is the deregulation of the foreign exchange in Nigeria in 1986 during the structural Adjustment programme. That singular deregulation which was pooly and comply implemented destroyed the economy because it brought in economic tribalism which was the worst type of economy. The Nigerian economy has never been the same since then, as such the confidence of the people has been eroded. All the policy measures of the past regimes ended up, traumatizing and impoverishing the poor masses. Eyiuche (2012).

2.5 Fuel Subsidy Removal

Fuel subsidy is a government progrmame created to reduce how much Nigerians have to pay for petroleum motor spirit (PMS), automotive Gas Oil (Diesel), and to protect the citizens from crude oil volatility on the international market. Fuel subsidy is particularly popular in oil producing countries a such as Venezuela, Kuwait, china, Taiwan, south Korea, Trinidad, Tobago, Brunei, Nigeria etc. It can also be referred to the effort by the government to pay for the difference between the price of fuel in the pump and the actual cost of the product. So by paying the difference, the government enables fuel to be sold at a lower price so that it will help alleviate the burden on its people especially the lower income group. Fuel subsidy was before the coming of the Jonathan's administration, a policy of federal government meant to assist the people of Nigeria to cushion the effects of their economic hardship. Conceptually, fuel subsidy seeks to enhance financial capacity but also to accept the implied financial losses by it in the spint of its national responsibility to ensure the well being of the populace. In other words, if is product, like duel is to sell for ₦141 per litre, but for some considerations. It cannot be sold at that rate but at ₦97, this simply means that there is a subsidy to the tune of ₦85 fir every litre purchased at the filling stations. Emeh (2012).

This is not the first time Nigeria is hearing of subsidy removal by the government and the promises by government when subsidy was removed from diesel and kerosene did not come afterwards. Today diesel which sell for ₦170 per liter and kerosene at the cost of ₦140 per liter are unavailable despite the high cost after subsidy removal. The people are angry that the revenue that was realized was embezzled by the cables and whosoever was in authority, hence there is continued scarcity of kerosene and diesel. Vanguard (2012).

Before a government began implementing a new policy on either reducing or increasing the fuel subsidy, it had to gauge the public response towards the policy, whether it is a gradual reduction or a sudden removal on the subsidy, it will have an impact on the people and the economy. A case in point will be the sudden removal of subsidy of fuel in Nigeria this year(2012). The government of Jonathan has been keeping the price of fuel down at $0.45llitre. However on 1st January 2012, president abandoned the subsidy for fuel and resulted in a price increase to $0.94/liter.The aftermath is the inflation of more than 100% in food and transportation, violent demonstrations and strikes which eventually reduced it to about $0.69/liter. Another example will be the recent Indonesian government attempt to reduce fuel subsidy by another 30% on 1st April 2012, had been met with a road block. Due to intense public demonstration the government hat to give its demand and delayed it for another six months.

Fuel in Nigeria is an inelastic product both from the demand and supply side which means that it is very difficult for consumers to find alternatives to the use of gasoline, kerosine and petrol in their daily lives. In a country like Nigeria where private and group influences policy making, where the prizes are few and the stakes so high, the fight for the booty or “national cake”, the manipulation of the “game board” is inevitable. The question for who gains and who loses in the Nigerian policy area is rarely an accident. Thus, understanding the political economy at play in the fuel subsidy is expedient Elekwa (2004)

2.6 Rational for the Fuel Subsidy Removal

The federal government contended that it had spent billions on fuel subsidy, depriving other sectors of the economy such as education, employment, infrastructure. Nigeria fuel subsidy continues to crowd out other development spending. By comparism, Nigerian’s total allocation for education is about $2.2 billion and it is not much higher for health care.Infact mortality in Nigeria remains unacceptably high at 90.4 per 1000 live births.In 2004,it was estimated that only 15% of the county’s road were paved.The billions from the fuel subsidy could help to address some of these issues. Corroborating the view of the senate, the National Economic council (NEC), the highest economic policy organ of the Nigerian government, in its analysis state that it costs the country’s treasury one trillion naira yearly to subsidize petroleum products in Nigeria. NEC stated therefore that it would be better if the huge sum of money spent on subsidy is used in smoothing pothhles roads, providing hospitals, rehabilitant and building health facilities and schools or supplying portable drinking water and other basic amenities and infrastructures (Daily sun newspaper, Jan, 7th 2012).

According to Ajumogobia (2008) the initial budget for the PSF was ₦150 billion. This has since grown to over ₦1.5 trillion in 2007; clearly, subsidizing prices over the years has not only led to unacceptable high fiscal burden on government, imposes high economic cost, but also bred several unintended consequences and practiced including: smuggling of petroleum products out of the country, generating rents that must likely accrue to upper income groups. Petroleum subsidies largely benefited the consumption of upper income groups. Substantial evidence indicated that the poor and the near poor consume only a small fraction of these product. In debating the merits of Nigerians fuel subsidy, it is impotent to understand who benefits, the most form the programme. Contrary to popular belief, it is the rich and the cabals not the poor, who disproportionably benefits from Nigerian's fuel subsidy. With the government subsiding the market to keep domestic fuel prices artificially low, it is those who consume the most that have a greater benefit from the subsidy. Nigerians poor rely primarily on public transportation as such their per capital fuel consumption is significantly less than the country's rich who generally use private vehicle. Some Nigerians wanted the government to checkmate the oil cabal but the government saw removal of fuel subsidy as the easiest and most effective means to address the issue.The table below shows oil cabals/beneficiary and their promoters.

The cost of fuel subsidy has continued to grow exponentially. This is partly due to the rising cost of fuel which means that the government has to spend even more to keep domestic prices low and also due to Nigerians increasingly population which resulted in increased fuel consumption, together these pressure made the cost of fuel subsidy unsustainable. The price of crude oil increased from30.4 dollar per barrel in 2000 to 94.9 in 2010 over the same period Nigerians population increased from about 123 million to 158 millions. By 2011, the fuel subsidy accouted for 30% of the Nigerians government expenditure and it was about 4% to GDP and 118% of the capital budget. In addition, keeping the domestic price of soil artificially low with the fuel subsidy has discouraged additional investment in Nigerians oil sector. This is especially problematic given that the oil sector is the lifeblood of the Nigerian economy. Since 2000, Nigerians has issued at least 20 refineries licenses to private companies, however not one refineries licensees to private companies, however not one refinery has been built because investors could not recoup their investment under the artificial low price structure (Daily sun newspaper.January 7th 2012).

Fuel subsidy removal is a contribution of government resolution to deregulate and liberalize the petroleum sector, it will also allow for government to increase revenue economy by saving at least $ 8billoin. Fuel subsidy removal open up the petroleum sector to competition, higher profits for marketers and possibly attracts greater investments, it also opens up the petroleum sector to local and foreign investments (similar to the telecommunication sector) which in turn will create more jobs for Nigerians directly and indirectly, it also reduces government interference and allow the federal government to focus more on the business of governance, improving social services delivery and building infrastructure. This is important as Nigerian's economy system sifts more to a private led (open market) economy. Fuel subsidy have always been a policy to help a country's under privileged to ease their burden. However the problem with fuel subsidy is that it had benefited the rich more than the poor, there are many cases where subsidized fuel are sold at 3-5 times the original price and instead of helping the lower income, it further burdens them. Subsidies become enriched, once subsidies are given to any sector of the economy, it is very difficult to revolve. Research have shown that the main beneficiaries of subsidies are the politically connected cronies and cabals. In other world, subsidy on fuel encourages crony capitalism and corruption. Another reason for the removal of fuel subsidy is that it distorts markets. The signaling effect of the price of the good or service is somewhat compromised leading to be wasteful in the purchasing and selling of such a product. It is believed that the target beneficiaries of such subsidies would be better served if the subsidies are removed (wwe.nigeriapolitico.com/subsidy.html).

The minister of petroleum resources Mrs. Diezani Allison Madueke, has outlined the benefits of subsidy removal to Nigerians and the economy. The minister who spoke at a town hall meeting recently in Lagos, said, "the discontinuation of fuel subsidy important because it posed a huge financial burden on the government, disproportionately benefits the wealthy, encourages inefficiency, corruption and diversion of scarce public resources away from investment in critical infrastructure". She was of the opinion that subsidy removal would save additional resources for programmes targeted at mitigating poverty and spurning economic growth. She noted that since 2000, the government had issued 20 licenses to build new private refineries and none of them had resulted in construction of new refineries. She claimed that deregulation of the down stream sector of the petroleum industry would lead to rapid private sector investments in refineries and petro-chemicals which will generate millions of jobs and increase the property for Nigerians. The minister said that a robust programmes structure has been developed to ensure adequate oversight, accountability and implementation of the various projects which accruals from subsidy removal would be used for to mitigate the subsidy removal impact.

2.7 Politics of Fuel Subsidy Removal

As the debate on subsidy removal became the most contentious issue most Nigerians spoke against and in favour of the removal. Prominent among them were two important people that is former minister of petroleum, Prof. Tam David west and a prominent eradiate economist, late Prof. Sam Aluko. Prof. I am David west and a prominent erudite economist, late Prof. Sam

Aluko. Prof. I David west described the idea of subsidy as a fraud and believes that Nigeria is not paying any subsidy for oil we consume. These two among many Nigerians who should know and who shortly resisted the present move to impose hardship on Nigerians through the so called subsidy. (most other Nigerians have equally spoken to warn date given our experience in the past. Subsidy removal will end up as another play to impoverish the masses and raise more money for leaders and their cronies to loot. International monetary fund (IMF) has commented the transformation programme of president Muhammadu Buhari on the removal of subsidy to create job and agriculture.

Mr. President says "we are totally committed to changing things in Nigeria, our vision is that by the year 2010, Nigeria will have become a much bigger player in the global economy. We also said that his emphasis is on poverty alleviation and job creation, we are also looking at ways of improving education and health centre delivery. The managing director of IMF, Mrs. Christine Layarde told Jonathan that IMF team which recently reviewed the federal government's economic programes of fuel subsidy removal was positive, he said he is impressed with the government prioritation of job creation, agriculture, poor supply, education, transportation, communication, health-care.

The federal government has explained why removal of subsidy on fuel was imperative and how the money that would accrue from its removal would be spent to ameliorate the suffering of the Nigerian people. The government position was made known by the minister of information, Labaran Maku when he paid a visit to the sun publishing newspaper in Lagos.

The minister alleged the fears of Nigerian by assuring them that the money gotten from the removal would not be taken away but would rather be transferred into a common basket where it would be applied directly to ameliorate the impact of the deregulation of down stream oil sector which is continuous and emotional, and if the government don't do this, the country and the people will not progress.

The minister Labaran maku regretted that Nigerian which started exporting petroleum since 1958, was still exporting crude 53 years after with no value added to it, a situation which he said really shameful and sad. He was on the strong conviction that "visionary leadership and correct economic policies would have made Nigerian today, the hob of petro-chemical nation exporting petrochemical to Africa and the rest of the world regretting that this has not happened. In his word "we export crude to Malaysia, they add value to it and export to the rest of the world, make money and provide job for their people. A barrel of crude oil is sold for $100. It has aviation fuel, it has kerosene, it has diesel and bitumen. And we are content to do just this as a nation. But you can never be an oil producing country by exporting oil, it is with the refined ones that jobs are created.

He spoke further that in the last 10 years, we issued license for new refineries to twenty (20) different organizations. None of them has taken off becauseof price control of fuel. They have to go to the banks to get credit and so on. The refineries that the government built have not been functioning because of incept government management. So what are we planning to do?

The government intended to open up to achieve the sound result we have achieved in other sectors. These private refineries will come on board if deregulation takes place. We have also entered into concrete agreement with builders of public refineries who gave us assurance that within 18 months, they will return our refineries to full capacity. So with the existing four refineries, with the 3 new ones we are planning that in 3 years, Nigeria would be able to export oil products to the rest of the world. With this, we will be sure a true oil producing nation, not by selling crude. But by selling finished products and earning more money which will use to subsidize the life of Nigerians.

He also said that if we continue to borrow in order to subsidize fuel, we will mortgage the future. He also said that Mr. president has decided that, if they take the money gotten from subsidy and put it into the federal budget, the people will not feel the impact and also what the government is doing with it, so a special base has been established in the central bank of Nigeria. This money that will accrue from deregulation will go into that account. The money will be administered by a board of trustee made up of people outside government who are creditable and who are to be drawn from the media, civil society, the labour and other stake holders to manage the funds.

Mr. Maku went further to conclude that the funds would be utilized to further generate additional money to generate power to help in agriculture and serve as an intervention in other sectors of the economy. He also says that with the removal of fuel subsidy, we believe by the time it is done, we believe that it will have impact on the propel and we intend the programe to be completed by the end of this administration he informed and also appealed for people's understanding.

The General secretary of the conference of Nigeria political parties (NPP) Mr. Willy Ezugwu said the honourable way out for president Jonathan is to hands off the removal and focus on how to beak the subsidy cartel. in his words, „we are not surprised that the president who claimed to having risen to the top from poor background has joined the oppressing elites by planning to visit hardship on the people he promised to carter for what is however surprising is that it is too early in the day for him to abandon on the people in favour of the rich'.

Senator Ali Ndume in his words advised president Goodluck to allow Nigerians to decide through a state holders meetings whether fuel subsidy should be sustained or removed. Senator Ndume said in his words “I do not see the removal as government policy. If you are taking a major general decision like this and you did not involve the people through the national assemble then it is not government policy. We are the representatives of the people then how come we re not being carried along? Even the constitution provides that the people must have a say in government decision and then includes issues such as fuel subsidy, so such policy is unconstitutional. The Nigerian labour congress has called the federal government to all unnecessary expenses and allowances and concentrate funds on areas of basic responsibility to Nigerians instead of insisting on the removal of fuel subsidy. The acting general sectary of Nigeria labour congress Mr. Owei Lakemfu who spoke and said that expenditure on health care, education, transportation, other critical sectors cannot be reduced as they are basic responsibility of the government to all Nigerians.

Owei Lakemfu said the removal of subsidy is a “dictation” of the international monetary fund and is also as a result of pressure from the governors on the presidency accompanied by depreciation of the naira, all these would cause more poverty among Nigerians widely and deeply. Already we make trillions from oil and we have nothing to show for it. How can we give the governors more money to spend when we cannot be guaranteed that these would be results?

The Nigerian labour congress also made a statement to “This Day” newspaper in Abuja on 17th of October 2011, that he lamented that the removal of subsidy would cause more hardship for Nigerians and would only be enjoyed by those who benefit from government largesse. Lakamefu also concluded by saying that federal government should face this reality and address growing poverty, hungry and anger among the masses.

Mr. Tolu Ogunlesi a citizen of Nigerian made his opinion known to guardian newspaper on Wednesday 11 January 2012 said “I remember watching Goodluck Jonathan speech at the start of this re-election campaign on 18 September 2010, he promised change. “let the world go out from this eagle square that Jonathan as president in 2011 will herald a new era of transformation of our country “The canoe-carver’s son who became deputy governor, vice-president without hustling for power, waved us all with stones of his humble and his seeming accessibility. Today he seems best on recreating all those decades age, eager to ensure that as many Nigerians as possible study with lanterns and survive on a single meal a day. How is he doing that? By hurting the most vulnerable, using one of the most ubiquitous items in the land. Petrol. A fuel price increase and the associate increase in the price of commodities, has sparked nationwide protest. Nigeria is a crude-oil producing and exporting country full of poor people. 70% of the population survives on less than $2 a day. These citizens consume more petrol than is necessary because Nigeria has consistently failed to provide enough electricity for its one hundred and thirty (130) million citizens.

Mr. Tony Navah Okonmah wrote from London, in his sayings “The reason for the removal of the fuel subsidy does not make sense at all. It is not the solution to economic recovery. Removal of subsidy at this time is wrong and not the first step in any directions towards opening up the economy. It will only impose more hardship on the already seriously economically down trodden masses. It will cripple further a seriously ill economy; it will spook a fragile financial system and send shook throughout a volatile industry. The removal of fuel subsidy at this time is very bad.

The government failed to establish a structure for a sustainable fuel subsidy removal. The structure should first address the issue of spiraling youth unemployment, the structure must also address the high cost of living and cost of food products – the structure should address the problem of poor infrastructure – lack of electricity no good roads, lack of potable water, shortage of quality inhabitable accommodations etc. the removal of subsidy does not in any way at this time impact positively on the economy. I think it is a good policy but poorly executed.

According to Gbenga Badejo a publisher of post card from Lagos "I have spent some time to educate myself on the matter of fuel subsidy and its recent removal by the government. I felt it was only right that I have an informed view in order to take a position on the matter. I have read the government's position paper on the intended use of the proceeds of fuel subsidy removal and have listened to many commentators both for and against, I have tried to develop a simple, hopefully, logical, and analysis of long we are in trouble, what could be done and why the protest we are witnessing is beyond the removal of fuel subsidy. For me therefore the struggle we are engaging in is much more than of the oil subsidy removal. It goes further to the wider problem of corruption.

In the words of Seun Anikulopo Kuti, a Nigerian musician and son of legendary afrobeat innovation Fela Tuti Seun has been leading demonstration in Lagos state against the fuel subsidy removal in Nigeria. Below he wrote for CNN. It is not the first time subsides have been removed in Nigeria. Former president Olusegun Obasanjo reduced it eight times during his tenure, with cost of gasoline increasing from 20 to 70 naira, each time Nigerian's were promised better infrastructure and investment. Recently all subsidies was removed from diesel, fuel and during this time, ordinary Nigerians have not seen any impact of the savings in their lives. In fact, life had become worse for them with life expectancy now at an average 45 years. This subsidy removal is the latest in a long line of foreign concepts and ideologies that are being forced down the people's throat.

What the government has failed to realize is that we cannot continue to model our economics in foreign blue prints. The petroleum minister Mrs. Allison Diesani Mmadueke also said that if we borrow to subsidize today, it is our children that are subsidizing us, let us take a difficult decision today and make tomorrow better by supporting the removal of subsidy. Governor Obi of Anambra state however lamented that what had made the current situation most difficult for government was the fact that Nigerians no longer trust government on issues; a situation which he said could be traced to the disappointments they suffer under past and present government. Corroboratory Obi's thesis, the fiancé minister Dr Okonji-iweala Ngozi while speaking at the town Hall meeting of the newspaper proprietors Association of Nigeria, (NPAN) in Lagos December 20, 2011 adds that there is a lot of cynicism about everything government says and does, what we are saying is give us a chance to rebuild that confidence, we have a programme that is correcting this. Countering the minister's thesis, I. F stone wrote that every government is run by liars and nothing they say should be believed. One need not to go as far as stone but our national history since independence is strewn with until filled government promises. For instance, Jonathan was a vice president in a government which reached an agreement with the Academic staff union of universities in 2009, Government has failed to fulfill its part of the agreement.

2.8 The Impact of Fuel Subsidy Removal in Nigeria

Fuel subsidy removal in Nigeria will be looked at, from the angles of the price before the removal, the prices after the removal as well as the positive and negative impacts of its removal on the Nigerian economy. Over time, fuel subsidy policies in Nigeria underwent significant transformations due to changing economic conditions, political factors, and international oil prices. The government institutionalized the subsidy in 1977 through the Price Control Act, which regulated the prices of petroleum products, including petrol. When President Bola Ahmed Tinubu announced the removal of fuel subsidy during his inaugural speech on May 29, 2023, there was an immediate increase in the premier motor spirit (PMS) prices between N488 and N555. The removal has generated a lot of arguments for and against the action and whether the removal was necessary. The price of fuel per litre in Nigeria before President Bola Ahmed Tinubu removed the subsidy was N198. This price was consistent across Nigerian National Petroleum Corporation (NNPC) outlets before the subsidy removal. After the removal, NNPC adjusted retail prices to range between N488 and N555 per litre, depending on the location the product was sold. By July 18, 2023, the pump price at NNPC outlets rose to N617 per litre and by September 2024, the price went up to N897 per litre. The increase did not stop there, it jumped again to between N1,030 and N1,075, forcing the black-market filling stations to sell the product between N1,165 and N1,175 per litre. It was inl ate December 2024 when the product was sold between N980.00 and N1,070.00 depending on the location, as a result of the benevolence of the Dangote refinery reduction in the pump price of fuel at the end of 2024. This price reduction is viewed by many as temporary, as the general belief is that the price will still go up again. The removal of fuel subsidy has far-reaching impacts, both positive and negative as discussed below.

2.8.1 The Positive Impact of Fuel Subsidy Removal

The following are some of the positive impacts of fuel subsidy removal as advanced by those who argue that the removal is beneficial to the Nigerian economy:

Reduction in Financial Burden

The removal of fuel subsidies is expected to save Nigeria billions if not trillions of naira annually which can be redirected to other critical sectors such as education, healthcare and infrastructure which will eventually lead to national growth and development in all facets. This is because the Nigerian government has lost trillions of naira financing fuel subsidies in the past. The subsidy had placed a significant strain on the government's finances, with substantial funds allocated to sustain it.

Increased Private Sector Participation

With the removal of subsidies, private individuals and companies now have the opportunity to import and distribute the product, thereby promoting competition and potentially reducing the price which will result in the affordability of the product by the generality of Nigerians.

Economic Growth

The funds that will accrue from savings as a result of the removal of the subsidy can be invested in projects that stimulate economic growth, create jobs, and improve the living standards of the citizenry.

Reduction in Corruption

Subsidy removal will put a stop to corruption that was associated with fuel subsidy management. The subsidy programme was marred by corruption and mismanagement, with reports of diversion of subsidized fuel and fraudulent practices. During the fuel subsidy regime, there was a high levelof corruption in the policy management where billions of money were lost via corruption. In many instances, people were paid for petroleum products not actually supplied or bills were overinflated. With the removal of fuel subsidy, the massive theft of government funds through subsidy has now become a thing of the past.

The Negative Impact of Fuel Subsidy Removal

Notwithstanding the foregoing positive impacts of fuel subsidy removal, there are severe negative impacts as a result of the removal, as advanced by a cross-section of Nigerians. Such negative impacts include the following:

Increased Fuel Prices

The immediate negative impact of subsidy removal is a significant rise in fuel prices, which affects transportation costs, food prices and the overall cost of living resulting in a low standard of living for the people. Generally, the economic activities in the country hinge on the cost of petroleum products, especially fuel. Once the price of fuel increases, the increase in the prices of other goods and services will immediately follow. Most Nigerians today ascribe the rising cost of living in the country as a result of the high cost of fuel occasioned by the removal of fuel subsidy.

Hardship on Low-Income Earners

The increased fuel prices have disproportionately affected the low-income households in the country, who are struggling to afford the daily necessities of life. Most Nigerians are unable to afford three square meals a day, send their children to good schools, meet their health needs when sick and a host of other daily challenges of life that need money to solve. This is because their low-income earners cannot cater for most of their needs as a result of an increase in prices of goods and services brought about by an increase in fuel prices due to the removal of fuel subsidy.

Inflation

The removal of fuel subsidy in the country has led to higher inflation rates, as businesses pass on increased costs to final consumers. For example, the inflation rate in Nigeria today is 34.6%. This in effect, will affect businesses in carrying out their activities which translates into high cost of doing business. Such increased cost of doing business is then passed to consumers in the form of higher prices. It is worth noting that the fuel price increase contributed to inflationary pressures, with the prices of food commodities surging by over 130%.

Potential for Social Unrest

The sudden increase in fuel prices is a potential for social unrest, protests, and instability in the country. A large percentage of people cannot afford a square meal a day; neither can they meet their daily life necessities. These frustrated people, especially the unemployed youths can seize the opportunity to cause social unrest through protests. As the adage goes, "A frustrated man is an angry man." The removal of fuel subsidy by President Bola Ahmed Tinubu in 2023 is linked to the negative impacts associated with the subsidy, as mentioned in this write-up. The action by the government is intended to benefit all Nigerians, especially the common man and to pave the way for economic growth and development of the nation. However, the removal had caused untold hardship on the citizenry. The overall consequence of the removal of fuel subsidy is the astronomical rise in inflation in the country, making it very difficult for the citizens to afford the basic necessities of life, especially food. For example, the current inflation rate in the country today stands at 34.6%, making life very difficult for an average Nigerian. Fuel subsidy removal in Nigeria has not yielded the desired result as more people have been thrown into poverty, a situation worse than prior to the removal. This may be a result of the speed at which the subsidy was removed, without putting in place measures that can mitigate against the effects of the removal. Policy commentators have observed that the hasty removal of fuel subsidy has destroyed the Nigerian economy and thrown it fifty years backwards; and that it will take the economy more than two decades to recover.

2.9 Concept of Palliative Measures by Government

The introduction of a subsidy removal in the manner as proposed by government would be a hard-HEll. Besides the fact that there are some measures of distrust by the civilian populace in response of the pronouncement made by the government in respect of its proposed palliatives in response to the untoward shock of a price increase. The government's argument has been that savings made from the removal of the subsidy would be channeled to sectors that would navigate the effect of the removal. So far, government plan have only been discernable from press statements or interviews given by officials. Interviews and statements attributed to some government officials and the president. This day (23rd October 2011) suggest a number of plans and projects including.

1. Setting up a fund from the withdrawn subsidy to be managed by a committee of highly-respected Nigerians
2. Infrastructural and social services projects involving road constructions, major public maintenance work, and improving on the progress made in power generation and distribution through additional investment.
3. Facilitation of a comprehensive mass transportation system, schemes for skilled and unskilled youth, social programmes targeted at pregnant women, children and the elderly
4. Public private partnership to establish refineries and increase domestic fuel production and supply

According to Adebiyi (2011) however, the federal government is yet to present a detailed plan with specific projects that will cushion the initial shocks of the economy and difficulties that may be suffered by the poor and vulnerable groups in society. The withdrawal of subsidies on fuel is expected to have some major impact on the economy and particulary on the poor and vulnerable groups in socity. Cost of consumer items, food, transportation and the other living expenses are likely to rise diminishing the income of the poor. This would also imply that gians made by the low-income workers from the newly approved minimum wage will be substantially eroded. In this regard, the federal government has consistently argued of its recognition of and readiness to alleviate some of these apparent impacts. The first of the plans by government is to create a fund to be managemed by eminent and respected Nigerians special funds in Nigeria are not new and have been created previously for targeted developmental purposes such as the petroleum trust fund PTF) and the education trust fund(ETF). Such funds have only recorded limited success. However, the low level of trust in government by citizens, poor track record of keeping promises by government and the high level of corruption in government leave huge doubts in the minds of the public. Another fund created by government, responsible for managing the money gotten from the subsidy removal is the subsidy re-investment empowerment programme (SURE). This programme will be latter discussed fully in this chapter.

The second aspect involves infrastructural projects and social services programems. This programems are important in alleviating poverty but are long term in nature. For such projects to have substantial relief effects, they would have started before the removal of the subsidy.Besides the programme are more general,seem more targeted at tackling overall poverty rather than alleviating the immediate shock effects.

Third is the building of new refineries to increase domestic production and supply producing locally would mean the elimination of much of the cost subsidized by government.

According toepiece (2012) the federal government had said that cost of living i.e food prices would remain constant because trucks and trailers that hauled foods from the north use diesel gas which however was not deregulated as such the price of food stuff would not be affected. This is a most absurd way of thinking because it forgets that food stuff is being distributed domestically by vehicles that use petrol which is bought very costly even at black market price of N160 per litre due to hoarding.

2.10 The House of Representative Report of the Ad-Hoc Committee to Verify and Determining the Actual Subsidy Requirements

The following shows a glimps of the representative report of the Ad-hoc committee to verify and determine the actual subsidy requirements

Principles of the Petroleum Subsidy Fund

- Under-recovery shall apply when the Landry cost of products based on import parity principle is in excess of the approved petroleum products pricing regulating agency (PPPRA) ex-depot prince for the product
- Over-recovery, which implies payment from marketers into the fund shall apply when the landing cost of the product based on import parity principle is below the approved ex-depot prince for the product.
- The central bank of Nigeria (CBN) small be the custodian of the fund, while the PPPRA shall be vested with the authority to administer the fund as spelt out in the guidelines
- PPPRA shall determine the volume required for imports based on national demand/supply gap and taking cognizance of local production in line with its statutory mandate
- The PPPRA shall constantly liase with the oil trading/marketing companies and other relevant stakeholders/operators for the purpose of data collection verification, certification and updating of the downstream information data bank
- Submission of PSF claims closes on the 20th of every month. All claims received after the 20th of th4 month shall be treated in the next batch for the successive month

2.11 Theoretical Framework of Analysis

The theory to be adopted for this study is the neo-liberalism theory. Neobileralism is a contemporary forum of economic liberalism that emphasizes the efficiency of private enterprise, liberalized trade and relatively open markets to promote globalization. Neoliberals therefore seek to maximize the role of the private sector in determining the political and economic priorities of the world. Neoliberalism seeks to transfer control of the economy from public to the private sector Cohen (2007) under the belief that it will produce a more efficient government and improve the economic health of the nation (Prasad,2006).

The main points of neo-liberalism include:

The Rule of the Market:

Liberating “free” enterprise or private enterprise from any bonds imposed by the government (the state) no matter how much social damage this causes. Greater opens to international trade and investment, as in international relations. Reduce wages by de-unionizing workers and eliminating worker’s right that had been won over many years of struggle. No more price control, all in all, total freedom of movement for capital, goods and services. To convince us this is good for us, they say “an unregulated market is the best way to increase economic growth, which will ultimately benefit everyone.

Cutting Public Expenditure for Social Services:

Like education and health care, reducing he safety-net for the poor, and even maintenance of roads, bridges, water supply.Again in the name of reducing government’s role of course, they don’t oppose government’s subsidies and tax benefits for business.

Privatization:

Sell state-owned enterprise, goods and services to private investors. This includes banks, key industries, rail roads, toll highways, electricity, schools, hospitals and even fresh water. Although usually done in the name of efficiency, which is often neede.Privatization has mainly had the effect of concentrating wealth even more in a few hands and making the public pay even more for its needs.

Deregulation

Reduce government's regulation of everything that could diminish profits, including protecting the environment and safety on the job.

CHAPTER THREE

RESEARCH METHODOLOGY AND DESIGN

3.1 Introduction

Okeke T.C (2000) simply defined research methodology as a plan that specifies how data should be collected and analysed. In this sense, data is not just mere information, it is information gathered by investigation with the aid of their instruments, techniques and means. Since research method has to do with methods adopted by the researcher to collect data, which are relevant to the problem under consideration, the researcher of this project made use of data questionnaire.

3.2 Research Design

The basic research design employed in this study was descriptive design. The choice of this design was chosen due to the fact that it enriches the data collection. The research design adopted on this study was carefully planned, so as to be able to obtain accurate and complete information about the research project being used.

3.3 Population of the Study

The population of the study comprises of residence of Egor Local Government Area of Edo State limited to them alone. In the context of research, a population refers to the entire group of individuals, items or phenomena that possess certain characteristics and are of interest to the researcher. It is defined as a group of individuals, objects or items taken to measure the sample (Creswell, 2018). This study targets the entire population of residence in Egor Local Government Area of Edo State with population of one hundred and sixty-three (244,604)

2006 national census).

3.4 Sample and Sampling Technique

A Sample size is the number of observations used for determining the estimates of a given population (Neuman, 2006). Sample size is a portion or subset of the population. The convivence sample techniques was will be to select one hundred (100) respondents among residents in Egor Local Government area of Edo State

3.5 Instruments Used for Data Collection

Owing to the area covered by this study, questionnaire was designed for data collection. Data was collected through relevant newspaper, journals, oral interviews, literature/write up from seminar papers and internet.

3.6 Administration of Instrument

The researcher developed the questionnaire which he personally distributed to the target sample size according to the percentages determined for the communities in Akoko South West Local Government.

3.7 Validity of the Instrument

According to Osondu (2004) validity is the procedure adopted in ensuring that the instrument used has measured what it was designed to measure. The purpose of the exercise is to identify whether the developed instrument really agree with the content of the research questions, so as to determine the strength of the work.

The researcher will used a pilot study of validation to ensure the instrument measures what they are expected to measure after distribution and collection will be made at the post.

3.8 Reliability of the Instrument

The reliability of the study can be traced to the response and results given by the people interviewed and supportive literatures by authors and corrections made on some ideas about effects of fuel subsidy removal on Nigeria economy: a case study of president bola ahmed tinubu administration with particular reference to Egor local government in Edo state. The researcher will apply a test-retest method in establishing the reliability of the work. Test-retest is a process of repeating an already analyzed data in order to examine the reliability of the data or research.

3.9 Data Collection

The researcher will collect the data for this study through the use of questionnaire. Three hundred and ninety-nine (399) copies of questionnaire will be administered to the respondents;

the researcher will go to the location of the study Egor Local Government to distribute the copies of the questionnaire. A face-to-face system of distribution was used.

According to Odo (2009) face to face system of questionnaire distribution is a process whereby the researcher visits the institution, local government or organization that is used as the case study himself/herself to distribute the questionnaire directly by him or by the spot assistants in the place to the same sample group elements. The researcher collected the questionnaires from the respondents personally after 5 (five) days of distributing the copies of the questionnaires.

3.10 Method of Data Analysis

This study employed both descriptive and inferential statistics in analyzing the data obtained. The descriptive statistics used include frequency distribution, mean and standard deviation. T test will be used as an inferential statistic to test the research hypotheses. All hypotheses will be tested at 5% level of significance.

CHAPTER FOUR

DATA PRESENTATION, ANALYSES AND INTERPRETATION

4.1 Introduction

The chapter focused on presentation and interpretation of data obtained from the respondents. The data obtained from structured questionnaire distributed to residence of Egor Local Government Area of Edo State. Under investigation. Descriptive statistics such as frequency tables, means, standard deviation and percentages were used for analyses. The hypothesis was tested using a t-test.

4.2 Respondents' Demographics

The demographic variables of respondents examined in this study include gender, age, and marital status. The result is as presented in

Table 4.1:

Gender	Frequency	Percent (%)
Female	74	74.0
Male	26	26.0
Total	**100**	**100.0**
AGE		
30-35 Years	23	23.0

Gender	Frequency	Percent (%)
36-40 Years	16	16.0
41-50 Years	40	40.0
51 above	21	21.0
Total	**100**	**100.0**
. **Marital Status**		
Single	28	28.0

Gender of Respondents*:* The results in Table 4.1 shows that 26% of the respondents were male while 74% were female. This implied that majority of the respondents sampled for the study were female.

Age Distribution: The age distribution indicated that majority of the sampled respondent's age 40% falls between 41-50 years of age. Age between 36-40 years falls within 16%, followed by 21% is years and above while respondent age that falls within 30-35 years were 23%. Those respondents whose age falls within 41-50 years were the majority in the study.

Marital Status: It was revealed that 28% were single while the remaining 72 % were married This indicated that majority of the respondents were married.

4.3 Analyses of the Dependent Variable (Nigeria Economy)

The dependent variable (**Nigeria Economy**) which measured relationship between fuel subsidy removal on Nigeria Economics

4.3.1 (Fuel Subsidy Removal on Nigeria economy)

The questions used to measure effects of fuel subsidy removal on Nigeria economy in 5-point Likert scale of 5, 4, 3, 2, 1 for Strongly Agree, Agree, Neutral, Disagree and Strongly Disagree respectively. The mean score and standard deviation were determined using frequency of each of the point. The analyses were based on higher mean higher level of agreement and vice-versa. The result for Nigeria economics (dependent variable) among resident in Egor Local Government Area of Edo State shown as follow in table 4.2

Table 4.2 Analyses of the Relationship Between effects of fuel Subsidy removal on Nigeria Economy

S/N	Statement	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
1	The removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria.	66(66%)	13(13%)	8(8%)	4(4%)	9(9%)
2	The removal of fuel subsidy has negatively affected small and medium-scale businesses.	43(43 %)	12(12%)	19(19%)	18(18%)	8(8%)
3	The removal of fuel subsidy has led to an increase in transportation costs across the country.	40(40%)	12(12%)	20(20%)	18(18%)	10(10%)
4	The government's removal of fuel subsidy has improved public revenue and reduced corruption in the oil sector.	23(23%)	10(10%)	24(24%)	38(38%)	12(12%)
5	The removal of fuel subsidy has worsened the living standards of the average Nigerian household.	41(41%)	11(11%)	13(13%)	21(10.5%)	38(19%)

Source: Researcher's Compilation (2025).

In item 1 it was seen that 66(66%); of the respondents strongly agreed that the removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria13(13%) agreed that The removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria

8(8%) respondents were neutral in their responses 4(4%) strongly disagree that The removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria while 9(9%) disagree. This implied that the removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria. Item 2, it was revealed that majority of the respondents with 43(43%) strongly agreed that the removal of fuel subsidy has negatively affected small and medium-scale businesses, 12(12%) of the respondents agreed that the removal of fuel subsidy has negatively affected small and medium-scale businesses,19(19%) were neutral in their decision, 18(18%) disagree while 8(8%) this indicated that majority of the respondents agreed that the removal of fuel subsidy has negatively affected small and medium-scale businesses. In item 3, it was seen that 40(40%) of the respondent strongly agreed that the removal of fuel subsidy has led to an increase in transportation costs across the country 12(12%) agree, 20(20%) were neutral 18(18%) Strongly disagree while 10(10%) disagree. This is therefore concluded the removal of fuel subsidy has led to an increase in transportation costs across the country. In item 4, It was seen that 23(23%) strongly agree that the government's removal of fuel subsidy has improved public revenue and reduced corruption in the oil sector, 10(10%) agree,24(24%) was neutral 38(38%) Strongly disagree while 12(12%) strongly disagree. This indicated that the respondents do not agree that the government's removal of fuel subsidy has improved public revenue and reduced corruption in the oil sector. In item 5 it was seen that 41(41%) strongly agree that the removal of fuel subsidy has worsened the living standards of the average Nigerian household 11(11%) agree 13(13%) were neutral 21(10.5%) Strongly disagree while 38(19%) disagree. This mean that majority of the respondents agree that the removal of fuel subsidy has worsened the living standards of the average Nigerian household.

Table 4.3 Analyses of the Relationship Between effects of fuel Subsidy Removal on Nigeria Economy

6	The fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians.	9(9%)	13(13%)	8(8%)	4(4%)	66(66%)
7	The majority of Nigerians benefited directly from the fuel subsidy before its removal.	43(43 %)	12(12%)	19(19%)	18(18%)	8(8%)
8	Fuel subsidies were more beneficial to low-income earners than to the wealthy.	40(40%)	12(12%)	20(20%)	18(18%)	10(10%)
9	The subsidy system helped to stabilize transportation and food prices in Nigeria.	12(12%)	10(10%)	24(24%)	23(23%)	38(38%)
10	Fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian.	18(18%)	11(11%)	11(11%)	25(25%)	35(35%)

In Item 6, it was revealed that 9(9%) of the respondents strongly agree that the fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians 13(13%) agree 8(8%) were neutral 4(4%) Strongly disagree while 66(66%) this shows that majority of the respondents do not agree that the fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians. In Item 7, it was seen that 43(43%) strongly agree that the majority of Nigerians benefited directly from the fuel subsidy before its removal, 12(12%) agree, 19(19%) were neutral 18(18%) Strongly disagree while 8(8%) disagree. It can be seen that majority of the respondents agree that the majority of Nigerians benefited directly from the fuel subsidy before its removal. In item 8, it was seen that 40(40%) strongly agree that Fuel subsidies were more beneficial to low-income earners than to the wealthy 12(12%) agree 20(20%) were neutral in their responses 18(18%) strongly disagree while 10(10%) disagree. It therefore means that majority respondents agree that Fuel subsidies were more beneficial to low-income earners than to the wealthy. In Item 9, it was seen that 12(12%) strongly agree the subsidy system helped to stabilize transportation and food prices in Nigeria10(10%) agree 24(24%) were neutral in their responses 23(23%) strongly disagree while 18(18%)) disagree. It therefore means that majority respondents do not agree that the subsidy system helped to stabilize transportation and food prices in Nigeria. In item 10 it was seen that 35(35%) of the respondents strongly agreed that Fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian 11(11%) agreed 11(11%) respondents were neutral in their responses 25(25%) strongly disagree while 38(38%) disagree. This implied that majority of the respondents do not agree that fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian.

Table 4.4 Analyses of the Relationship Between effects of fuel Subsidy Removal on Nigeria Economy

S/N	Statement	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
11	The removal of fuel subsidy will lead to long-term economic growth and development.	36(36%)	10(10%)	10(10%)	24(24%)	20(20%)
12	The removal of fuel subsidy will encourage investment in alternative energy sources.	37(37%)	12(12%)	5(5%)	26(26%)	20(20%)

S/N	Statement	Strongly Agree	Agree	Neutral	Strongly Disagree	Disagree
13	The removal of fuel subsidy will result in short-term inflation and economic hardship.	36(36%)	10(10%)	9(9%)	26(26%)	19(19%)
14	The removal of fuel subsidy will enhance government capacity to Invest in social infrastructure (e.g., health, education).	49(49%)	12(12%)	6(6%)	15(15%)	18(18%)
15	The removal of fuel subsidy will deepen poverty and inequality in Nigeria if not properly managed.	50(50%)	10(10%)	8(8%)	14(14%)	18(18%)

Source: Researcher's Compilation (2025)

Item 11, it was seen that majority of the respondents with 36(36%) strongly agreed that the removal of fuel subsidy will lead to long-term economic growth and development,10(10%) of the respondents agreed, 10(10%) were neutral in their decision, 24(24%) strongly disagree while 20(20%) disagreed this indicated that majority of the respondents agreed that The removal of fuel subsidy will lead to long-term economic growth and development, In item 12, it was seen that 37(37%) of the respondent strongly agreed that the removal of fuel subsidy will encourage investment in alternative energy sources 12(12%) agree, 5(5) were neutral 26(26%) strongly disagree while 20(20%) disagree. This is therefore concluded that the removal of fuel subsidy will encourage investment in alternative energy sources. In item 13, it was seen that 36(36%) strongly agree that the removal of fuel subsidy will result in short-term inflation and economic hardship 10(10%) agree, 9(9) neutral 26(26%) strongly disagree while 19(19%) disagree. This indicated that the respondents believe that the removal of fuel subsidy will result in short-term inflation and economic hardship. In Item 14 it was seen that 49(49%) strongly agree that loss of skilled manpower influence the organizational performance 12(12%) agree 6(6%) were neutral 15(15%) strongly disagree while 18(18%) disagree. This mean that majority of the respondents agree that strongly agree that Loss of skilled manpower influence the organizational performance. In Item 15, it was revealed that 50(50%) of the respondents strongly agree that the removal of fuel subsidy will deepen poverty and inequality in Nigeria if not properly managed,10(10%) agree 8(8%) were neutral 14(14%) disagree while 18(18%) this shows that majority of the respondents agreed that the removal of fuel subsidy will deepen poverty and inequality in Nigeria if not properly managed.

Hypothesis

Hypothesis 1: The removal of fuel subsidy has no significant effect on the Nigerian economy.

Table 4: T-Test on removal of fuel subsidy has no significant effect on the Nigerian economy

Variable	No Exp.	$\overline{X}$	SD	Df	t-Cal.	t-Critical	Sig (2-tailed)	Decision
fuel subsidy	74	6.05	1.04	99	.176	1.963	.860	H_{01} Rejected
Nigerian economy	26	6.08	1.13					

Table 4 shows that the removal of fuel subsidy has no significant effect on the Nigerian economy, the table shows that the calculated value is 0.176 while the critical value is 1.963 at 0.05 alpha level of significance. Therefore, the null hypothesis is rejected. It can be concluded that the removal of fuel subsidy has significant effect on the Nigerian economy.

Discussion of findings

From research question it was implied that the removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria., it was revealed that majority of the respondents with It was indicated that majority of the respondents agreed that the removal of fuel subsidy has negatively affected small and medium-scale businesses. It was revealed that concluded the removal of fuel subsidy has led to an increase in transportation costs across the country. It was discovered that that the respondents do not agree that the government's removal of fuel subsidy has improved public revenue and reduced corruption in the oil sector. It was revealed that majority of the respondents agree that the removal of fuel subsidy has worsened the living standards of the average Nigerian household. This was in accordance with citizens vanguard (2012) the removal of the fuel subsidy has equally affected the cost of living at various markets and it has affected that life of Citizen.

From research question two it was shown that majority of the respondents do not agree that the fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians. It can be seen that majority of the respondents agree that the majority of Nigerians benefited directly from the fuel subsidy before its removal. It revealed that Fuel subsidies were more beneficial to low-income earners than to the wealthy. It was shown that majority respondents do not agree that the subsidy system helped to stabilize transportation and food prices in Nigeria. It was discovered that majority of the respondents do not agree that fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian. This was in accordance with work of Cohen (2007) fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian.

From research question three it was seen majority of the respondents agreed that the removal of fuel subsidy will lead to long-term economic growth and development, it was shown that the removal of fuel subsidy will encourage investment in alternative energy sources. It was indicated that the respondents believe that the removal of fuel subsidy will result in short-term inflation and economic hardship. It was seen that majority of the respondents agree that strongly agree that Loss of skilled manpower influence the organizational performance. It was revealed that majority of the respondents agreed that the removal of fuel subsidy will deepen poverty and inequality in Nigeria if not properly managed. This was in line with work of Prasad (2006) resulted in inflation of commodity across states.

From the hypothesis it was concluded that the removal of fuel subsidy has significant effect on the Nigerian economy

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The study investigates the effects of fuel subsidy removal on Nigeria economy: a case study of president Bola Ahmed Tinubu administration. The specific objectives are to assess to evaluate effects of fuel subsidy removal on Nigerian Economy, find out the extent to which fuel subsidy is useful to a majority of Nigerians, to examine what fuel subsidy removal portends for the Nigerian economy. This chapter contains the summary of findings, contribution to knowledge, conclusion and recommendations.

5.2 Summary of Findings

The following are the summary of findings for this study. The findings were obtained from the extensive analyses carried out on the responses obtained from the structured questionnaire: it was implied that the removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria., it was revealed that majority of the respondents with It was indicated that majority of the respondents agreed that the removal of fuel subsidy has negatively affected small and medium-scale businesses. It was revealed that concluded the removal of fuel subsidy has led to an increase in transportation costs across the country. It was discovered that that the respondents do not agree that the government's removal of fuel subsidy has improved public revenue and reduced corruption in the oil sector. It was revealed that majority of the respondents agree that the removal of fuel subsidy has worsened the living standards of the average Nigerian household.

From research question two it was shown that majority of the respondents do not agree that the fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians. It can be seen that majority of the respondents agree that the majority of Nigerians benefited directly from the fuel subsidy before its removal. It revealed that Fuel subsidies were more beneficial to low-income earners than to the wealthy. It was shown that majority respondents do not agree that the subsidy system helped to stabilize transportation and food prices in Nigeria. It was discovered that majority of the respondents do not agree that fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian. It was seen majority of the respondents agreed that the removal of fuel subsidy will lead to long-term economic growth and development, it was shown that the removal of fuel subsidy will encourage investment in alternative energy sources. It was indicated that the respondents believe that the removal of fuel subsidy will result in short-term inflation and economic hardship. It was seen that majority of the respondents agree that strongly agree that Loss of skilled manpower influence the organizational performance. It was revealed that majority of the respondents agreed that the removal of fuel subsidy will deepen poverty and inequality in Nigeria if not properly managed.

From the hypothesis it was concluded that the removal of fuel subsidy has significant effect on the Nigerian economy.

5.3 Conclusion

From the findings above it was revealed that majority of Nigerians accepted the fuel subsidy removal because they were not actually the ones benefiting from it. It was the hope of the masses that the government would use the money that accrued from the removal of subsidy on fuel to develop other sectors of the economy from which the masses could benefit. The people agitated against the removal of subsidy on fuel not because they did not know its importance and what they would benefit from it in the long run, but because of the high level of mistrust they had in government and also the wrong timing and execution of the policy. Since the fuel subsidy removal has come to stay, the people are now asking that the government should provide palliatives measures that would help cushion the adverse effects in the short run. In summary the removal of fuel subsidy will be good for Nigerians and if properly applied would go a long way in reviving and sustaining the other sectors of the economy

5.4 Recommendation

Based on the findings, the following recommendations have been made:

1. The Federal Government should identify areas of wastages in governance such as the allocation of largesse and booties in the name of allowance.
2. The government should also try and adjust and re-prioritize the proposed spending in the 2017 budget to fund fuel subsidy, and in a way that addresses social needs and improve the wellbeing of all citizens:
3. The palliatives should have been put in place before removing subsidy on fuel in other to help cushion the adverse effect of the subsidy removal.

5.4.1 Recommendation of Further Study

Similar work should be carried on the impart of fuel subsidy removal on Nigeria citizens in rural area of Nigeria

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APPENDIX

DEPARTMENT OF PUBLIC ADMINSTRATION

FACULTY OF SOCIAL SCIENCE

UNIVERSITY OF BENIN

Dear Respondent,

APPEAL FOR THE COMPLETION OF QUESTIONNAIRE

I am an undergraduate student in the above-named Department. As part of the requirement for the programme, I am conducting research on "effects of fuel subsidy removal on Nigeria economy: a case study of president Bola Ahmed Tinubu administration". In this regard, you have been randomly selected as a member of the sample. I wish to assure you that your answers will be treated in strict confidence and used for the stated academic purpose only.

Thank you.

Yours faithfully,

IYASE Abieyuwa Kendra

SECTION A

PERSONAL INFORMATION

Instruction: Please tick (√) the appropriate option and fill the spaces provided.

2. **Gender:** Male (   ), Female ( )
3. **Age**: 30- 35 years ( ), 36- 40 years ( ), 41-50 years ( ), 51 years and above ( )
4. **Marital Status**: Single ( ), Married ( ), Divorced / Separated ( ), Widowed ( )

SECTION B

Instruction: To each statement, please indicate the extent to which you agree with the following by **(√)** in the given column.

Key: SA –Strongly Agree, A- Agree,N – Neutral D- Disagree, SD –Strongly Disagree

S/N	ITEM	SA	A	N	SD	D
	What are the effects of fuel subsidy removal on the Nigerian economy?					
1.	The removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria.					
2.	The removal of fuel subsidy has negatively affected small and medium-scale businesses.					
3.	The removal of fuel subsidy has led to an increase in					

	transportation costs across the country.					
4.	The government's removal of fuel subsidy has improved public revenue and reduced corruption in the oil sector.					
5.	The removal of fuel subsidy has worsened the living standards of the average Nigerian household.					
	To what extent is fuel subsidy useful to a majority of Nigerians?					
6.	The fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians.					
7.	The majority of Nigerians benefited directly from the fuel subsidy before its removal.					
8.	Fuel subsidies were more beneficial to low-income earners than to the wealthy.					
9.	The subsidy system helped to stabilize transportation and food prices in Nigeria.					
10.	Fuel subsidy contributed positively to the welfare and purchasing power of the average Nigerian.					
	What does the fuel subsidy removal portend for the Nigerian economy?					
11.	The removal of fuel subsidy will lead to long-term economic growth and development.					
12.	The removal of fuel subsidy will encourage investment in alternative energy sources.					
13.	The removal of fuel subsidy will result in short-term inflation and economic hardship.					
14.	The removal of fuel subsidy will enhance government capacity to invest in social infrastructure (e.g., health, education).					
15.	The removal of fuel subsidy will deepen poverty and inequality in Nigeria if not properly managed.					