

# Effect of Fuel Subsidy Removal on the Economy of Nigeria

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The removal of fuel subsidies in Nigeria has been a contentious issue, with some experts believing it will liberate much-needed resources and others arguing that it will increase poverty. This study examines the effects of fuel subsidy removal on Nigeria's economy for the period 2017-2023. The study adopted a survey research design and relied mainly on qualitative methods of data collection. Primary data were analyzed using qualitative content analysis. Price elasticity of demand was used as the theory to underpin the study. Error Correction Model (ECM) was used to analyze the data collected. The study revealed that the removal of fuel subsidies has direct economic consequences, including high inflationary pressures, debt reduction, increased poverty, and vulnerability, as well as protest and social unrest. The study therefore recommended that the government should ensure transparency and accountability in the management of funds saved from subsidy removal. The study also recommends that the government should prioritize tackling widespread hunger, increasing unemployment, and declining standard of living. Finally, the study further recommends that, the funds saved from subsidy removal should be transparently redirected toward critical infrastructure development. Investing in transportation, energy, and healthcare infrastructure will not only create jobs but also promote long-term economic growth and development.

**Keywords:** fuel subsidy, High Inflation, Protest, and Social Unrest, and Debt Reduction

## INTRODUCTION

Fuel subsidy removal in Nigeria is a major economic issue with far-reaching repercussions for the country's long-term growth. Nigeria, as a significant oil producer, has always maintained fuel subsidies to offer inexpensive fuel to its inhabitants. However, the economic ramifications of this approach have been a source of contention for many years. Fuel subsidy is a discount on the market price of fuel offered by the government, to allow citizens to pay less than the market price of fuel (Ozili, Peterson & Kingsley, 2023). Globally, there is discussion concerning fuel subsidies because of their enormous cost and impact on citizens' well-being and national economic health. Fuel subsidies have been implemented by many governments as a way to alleviate the financial burden on citizens and stimulate economic growth. However, critics argue that these subsidies often benefit the wealthy more than the poor and lead to environmental degradation by encouraging excessive fuel consumption. Additionally, the high cost of fuel subsidies puts a strain on government budgets, diverting funds that could be used for other important social programs such as healthcare and education.

According to the International Energy Agency, the worldwide fossil fuel subsidy was \$1 trillion in 2022, up from \$325 billion in 2018. This amount is much greater than the expected value of global aid in 2022 of \$204 billion, and it is greater than the total government revenue of poor nations. This has led to demands for the elimination of global fossil fuel subsidies so that the cash saved can be used to aid the poor and vulnerable in developing nations in need of humanitarian assistance (Couharde, 2023).

Fuel subsidy removal means that a fraction of the price that consumers are supposed to pay to enjoy the use of petroleum products is paid by the government to ease the price burden. The Nigerian government removed part of this subsidy claiming that prices paid by Nigerians to use petroleum products are less than what they should pay particularly when benchmarked against the prices in the international market and will provide the necessary impetus for the Nigerian economy to find its rhythm (Okorie & Wesseh, 2024). Put differently, fuel subsidy is a form of price manipulation whereby the government fixes the pump price of fuel for sale to consumers and

pays the retailer the difference between the actual market price and the regulated or official price per liter (Musa., 2019).

The continued increase in fossil fuel subsidies raises concerns about the prioritization of financial resources and the potential negative impact on efforts to address climate change. Redirecting these funds towards renewable energy sources and sustainable development initiatives could significantly contribute to global efforts to mitigate greenhouse gas emissions and promote a more equitable distribution of resources.

Nigeria is the world's 14th largest producer of index mundi with the 10th largest proven resource of crude oils it possesses the world's 8th largest proven natural gas reserves. The country has 4 refineries with an installed production capacity of 445,000 barrels of fuel per day, adequate to meet its domestic needs with a surplus for export. Yet the country is a large net importer of gasoline and other petroleum products. Some cabals within the petroleum have continued to benefit from the accruals of the petroleum at the expense of the ordinary citizens of the country. This has resulted in the depression of Nigeria's international financial markets, which still hung over from the 2008 global economic meltdown. Nigeria's foreign exchange rates continue to show weakness, naira posting a persistent slide against all major currencies. The unemployment rate is becoming alarming. Inflation runs at roughly 10% per annum (CBN). Most industries are closing down because of their inability to cope with the business challenges (Onyeizugbe and Onwuka, 2012).

Despite efforts to revamp the economy through the Structural Adjustment Program, an economic package that includes comprehensive non-oil export diversification initiatives, petroleum still contributes an average of 95 percent of the nation's external earnings. Nigeria is increasingly relying on imported petroleum products while the existing refineries are producing less than 30% of their installed capacity. The cost of importing petroleum products has increased so rapidly in recent years that it is threatening the country's balance of payments and capital expenditures (Innocent & Jeffrey, 2022).

However, the elimination of fossil fuel subsidies is difficult since some argue that the subsidies are a sort of help because they make fuel more affordable for the poor. Despite this positive argument, a large body of literature documents the negative consequences of fuel subsidies, including increased air pollution and greenhouse gas emissions, road congestion, road accidents and premature deaths foregone tax revenue and increased inequality (Akorede, 2024)

Odey, (2024), assert that, fuel subsidies can lead to inefficient use of resources and hinder the development of alternative energy sources. Furthermore, studies have shown that fuel subsidies disproportionately benefit higher-income individuals who consume more fuel, rather than effectively targeting the poor. However, policymakers in many countries are hesitant to remove fuel subsidies and implement fuel subsidy reforms because such reforms may result in significant increases in fuel or electricity prices, causing economic hardship for low-income and poor citizens and potentially increasing the risk of a revolution or the overthrow of the incumbent government.

Fuel subsidies were initially implemented in Nigeria in the 1970s in reaction to the 1973 oil price shock. Fuel subsidies have been in effect since then. The government unexpectedly ended fuel subsidies in 2012.

This sparked large protests, intending to force the government to return the fuel subsidy. Following the enormous protests, the government resumed fuel subsidies in 2012. Fuel subsidy payments in Nigeria have increased dramatically since then. Fuel subsidies reached \$4 trillion (US\$6.088 billion) in 2022, accounting for 23 percent of the national budget of 17.126 trillion (US\$25.87 billion). As a result, Nigeria's fuel subsidy could no longer be sustained in 2023, and the government stated that it would be phased off in June 2023 (Francis & Lucas, 2023)

The decision to phase out fuel subsidies in June 2023 was met with mixed reactions from the public. While some argued that it was a necessary step to reduce government spending and promote economic growth, others expressed concerns about the potential impact on the cost of living for ordinary citizens. Nonetheless, the government emphasized the need for fiscal responsibility and stated that alternative measures would be put in place to mitigate any adverse effects.

Recent literature indicates that fuel subsidies have a mixed effect. Some studies indicate the advantages of fuel subsidies and support for openness in fuel subsidy administration, while others stress the negative repercussions of fuel subsidies and advocate for their elimination. For example, (Ogwuche, 2024), show that the removal of fuel subsidies may cut carbon emissions in the Nigerian economy. Similarly, Omitogun, (2021) believe that the removal of fuel subsidies might lower carbon emissions growth through low energy consumption channels while potentially raising energy prices.

(Mohammed, (2020), Nigeria's subsidy scheme distorts fiscal planning, encourages wasteful spending, and worsens inequality by benefiting wealthy families more. Odey, 2(024), argue that despite the introduction of fuel subsidies, Nigerian oil wealth has not translated into an improved standard of living, and that fuel subsidy removal could have severe consequences that can be mitigated by government transparency in spending the funds saved from fuel subsidy removal on infrastructure development.

Furthermore, Akorede, (2024), argue that fuel subsidy breeds corruption in Nigeria because a group of corrupt people have been working against the functioning of existing refineries and undermining efforts to build new refineries in Nigeria so that fuel importation can be sustained and fuel subsidy can be retained to satisfy their selfish desires.

Despite this evidence in the literature, there is little or no discussion about the economic implications of fuel subsidy removal and its likely effects on Nigeria's sustainable development. The way the fuel subsidy was removed, without first providing some palliatives, led to controversy about how the fuel subsidy removal would affect the Nigerian economy and sustainable development. Therefore, there is a need to identify and understand the implications of fuel subsidy removal on Nigeria's sustainable development.

Fuel subsidy is a government program created to reduce how much Nigerians have to pay for petroleum products, which include: Petroleum Motor Spirit (Petrol), Automotive Gas Oil (Diesel), and Dual-Purpose Kerosene (Kerosene), and to protect the citizens from crude oil volatility on the international market. Fuel subsidy is particularly popular in oil-producing countries, such as Nigeria, Venezuela, Iran, Saudi Arabia, Egypt, Burma, Malaysia, Kuwait, China, Taiwan, South Korea, Trinidad and Tobago, and Brunei.

This study contributes to the prior literature that examines the economic effects of Fuel Subsidy Removal in Nigeria (Omitogun, 2021; Sennuga & Isola, 2024, Idress Mahmud, & Rabi Taf, 2024). The study also contributes to the literature that examines the contribution of fossil fuels to climate change. The study further contributes to ongoing debates about the negative consequences of fuel subsidies for climate change mitigation and adaptation. The rest of the paper is structured as follows. Section 2 presents the review of related literature. Section 3 presents the methodology adopted for the study 4 presents the interpretation and analysis of the data Section 5 summary of the study, conclusion, and recommendations for further study.

## LITERATURE REVIEW

Nigeria is not the only country to remove fuel subsidies. In 1997, Indonesia removed fuel subsidies after the Asian financial crisis. The removal of fuel subsidy increased the domestic price of fuel and suddenly ignited protests and violent riots which occurred for weeks and forced the incumbent government to resign in 1998 Leslie, (2024). examined the relationship between existing fuel subsidies and fiscal balance in Indonesia between 1998 and 2013 and found that removing 25 percent of fuel subsidies increased poverty by 0.259 percentage points while 100 percent removal of fuel subsidies and the reallocation of 50 percent of them to government spending decreased poverty by 0.277 percentage points. Bala, (2023) showed that the reallocation of subsidy payments to low-income households could slow down economic development but improve social welfare. However, removing fuel subsidies usually comes with the promise of using the money saved from subsidies to undertake targeted reform. In Indonesia, citizens find promises to replace fuel subsidies with targeted spending less credible and would resist the reform if they believe the government is corrupt, (Chioma & Esther, 2018).

Idrees, (2024), assessed the implications of fuel subsidies removal for Nigeria's long-term growth. The study using an exploratory research design to underpin the study, the study relied mainly on qualitative methods of data collection. Secondary data were analyzed using qualitative content analysis. Human capital theory served

as the theoretical framework of the study. The findings of the study revealed that the removal of fuel subsidies has direct economic consequences on its citizens, including inflationary pressures, fiscal sustainability, debt reduction, increased poverty and vulnerability, as well as protest and social unrest; the study therefore recommends that government should ensure transparency and accountability in the management of funds saved from subsidy removal. The study also recommends that the government should prioritize tackling widespread hunger, increasing unemployment, and declining standard of living.

Adamu, (2024), argues in support of fuel subsidy removal and that the revenue gained from removing fuel subsidies could provide additional resources for the government to respond with immediate interventions to address the COVID-19 crisis and enable the government to shift resources into more productive spending for long-run post-COVID recovery and resilience (Joshua & Akinyemi, 2024). Other studies highlight the consequences of fuel subsidy removal. Olaniyi, (2021), argue that Nigerian oil wealth has not translated to an improved standard of living despite the introduction of fuel subsidies and that fuel subsidy removal could have severe consequences which can be mitigated by transparency on the part of the government in spending the funds saved from fuel subsidy removal for infrastructural development.

Furthermore, Omitogun, (2021) argue that fuel subsidy breeds corruption in Nigeria because a group of corrupt people have been working against the functioning of existing refineries and they undermine efforts to build new refineries in Nigeria so that fuel importation would be sustained and fuel subsidy would be retained to satisfy their selfish desires. Evans, (2023), points out that fuel subsidy removal could lead to higher macroeconomic instability through rising energy prices and inflation in Nigeria. David & Etakpobunor, (2024) show that many Nigerian citizens oppose fuel subsidy removal or reforms because they believe the government is corrupt and cannot undertake transparent reforms.

## Conceptual review

Conceptualizing the real meaning of the following concepts is very important for even the lame man can succinctly understand and have a better glimpse of the study matter as follows:

### Subsidy and Fuel Subsidy

The word Subsidy is a Latin word called *subsidium* which means reserve troops, support, or assistance; from sub-near + sedere to sit more at SUB-SIT. Subsidy can therefore be seen as a grant of financial aid from the government used to maintain the prices of a particular item at a certain level. To subsidize is to sell a product below the cost of production, fuel subsidy, therefore, means to sell petrol below the cost of importation.

Fuel subsidy can be properly defined as government effort in paying for the difference between the pump price of fuel at the petrol station and the actual cost of importation of the product. So, by paying the difference, the government enables fuel to be sold at a lower price to help ease the burden of its people especially lower-income groups, A Fuel subsidy is a grant of financial aid from the government used to maintain the low price of petroleum products (Ozili, Peterson & Kingsley, 2023).

Subsidy exists when the government helps the consumers of a particular product to pay a price lower than the prevailing market price of that commodity (Couharde, 2023). Some authors like Musa, (2009), see it as a kind of market manipulation whereby the government fixes the price of the commodity below its actual market price and pays the difference to the retailers. In this case, the government fixes the pump price of fuel below the actual market price and the difference is paid to the importers and marketers by the government.

### Removal of Fuel Subsidy

The removal of the fuel subsidy simply means the government will no longer pay the difference between the pump price and the actual cost of importing fuel. It technically means full deregulation of the downstream sector to pave the way for vibrant competition by other interested investors. With the removal of the fuel subsidy, fuel will have to be sold at the prevailing market price based on the actual cost of importation.



## The Concept of Poverty

For the sake of this study, poverty will best be understood from both the sociological and economic perspectives. Hence, Raji, (2019), sees poverty as a social condition that is characterized by the lack of resources necessary for basic survival or necessary to meet a certain minimum level of living standards expected for the place where one lives. This means that the income level that determines poverty level is different from place to place, so social scientists like Sociologists and Economists believe in this sense that poverty is best defined by conditions of existence, like lack of access to food, clothing, and shelter. People in poverty conditions typically experience persistent hunger or starvation, inadequate or absent of quality education and health care, and are usually alienated from mainstream society. Meanwhile, this study attempted to examine the effects of fuel subsidy removal on Nigeria's economic development.

**Debt reduction:** Fuel subsidy payments have been criticized for hurting government borrowing (Okongwu & Imoisi, 2022). The Nigerian government has been borrowing from the beginning of the fuel subsidy system, and the borrowing exacerbated throughout the 2016 recession and the 2020 COVID-19 pandemic (Okoli, 2022). In 2022, the government borrowed from the Central Bank of Nigeria (CBN) regularly for debt repayment and subsidy payments. At present, the government owes the Central Bank \$22.7 trillion, which was just securitized by the FG with national assembly consent in 2023. The recent removal of fuel subsidies suggests that government borrowing from the Central Bank would cease since the cash saved from the removal of fuel subsidies will be available for the government to employ to fulfill its public expenditures (Ozili, Peterson & Kingsley, 2023). This move indicates a shift towards reducing reliance on borrowing from the Central Bank and finding alternative sources of funding for public expenditures. It remains to be seen how this decision will impact the government's overall debt and financial stability in the long run.

**High Inflation:** Another negative macroeconomic impact of the removal of fuel subsidies is a rise in inflation (Musa, 2019). The removal of fuel subsidies caused the price of petrol in Abuja to climb from a subsidized price of N190 in May 2023 to an unsubsidized price of N537 in June 2023 and 617 in July 2023. Meanwhile, due to high transportation costs, the price of gas is at a high rate all over the State in Nigeria. The implication is that the prices of most consumer and industrial items produced or delivered using fuel will skyrocket (Ozili, Peterson & Kingsley, 2023). Bread prices will rise, as will the cost of local transportation, making it difficult for low-income individuals and families to pay. The effect will be felt by both the affluent and the poor, but as is often the case, the poor will suffer the most since their purchasing power will be significantly reduced.

**Increased poverty and vulnerability:** The removal of fuel subsidies has a negative microeconomic impact in that it would raise poverty in the short term (Raji, 2019). Families will experience instant discomfort and hunger as a result. Individually, the elimination of fuel subsidies, without any palliatives, might result in less disposable money, less food on the land, less medicine for ill people, and an inability to pay for basic schooling in certain sections of the country, particularly in Nigeria's northern region. More families will be hungry, more children will weep because they are hungry, and more parents will cry because their children are depressed. Poor and middle-class customers' purchasing power will diminish, and small firms' profit margins will be squeezed as a result of rising expenses and lower sales volumes. Furthermore, the lack of funds may lead to a decline in infrastructure development, affecting transportation systems, healthcare facilities, and educational institutions. This could result in reduced access to essential services for the general population, exacerbating the already challenging conditions faced by vulnerable communities.

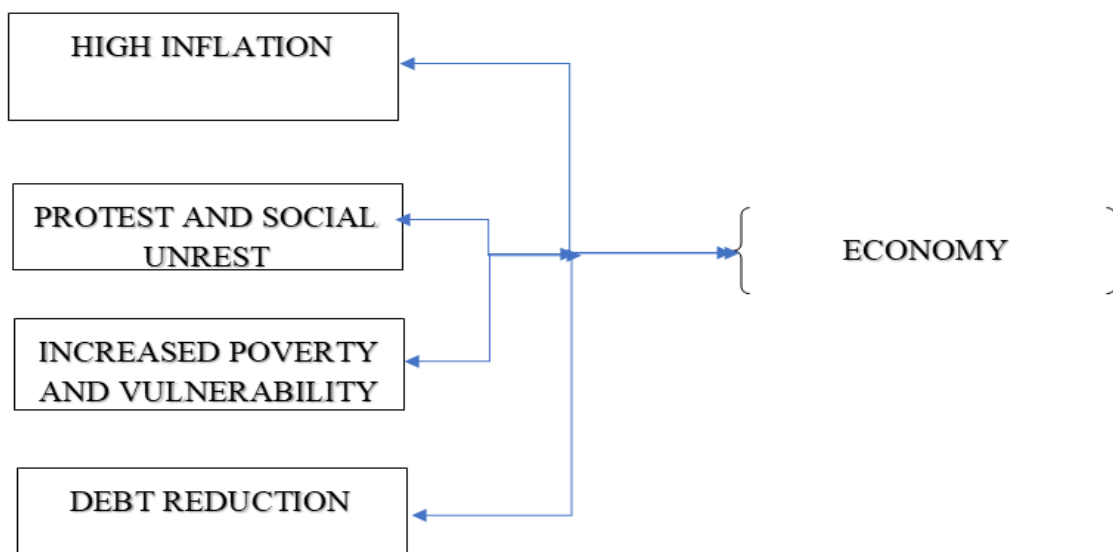
**Protest and social unrest:** Another impact of the removal of fuel subsidies is the possibility of demonstrations and societal instability (Houeland, 2020). Protests might erupt if the price of fuel products rises. If prices continue to rise, impoverished households will be forced to resort to protests and social unrest to persuade the government to reverse the reduction of fuel subsidies. This can lead to disruptions in public services and a decline in productivity as businesses struggle to operate amidst the chaos. Additionally, the government may face increased pressure to address the concerns of the population, potentially diverting resources and attention away from other important issues such as infrastructure development or healthcare.

## Theoretical framework: Price Elasticity of Demand Theory

This study adopted the theory of price elasticity of demand propounded by Professor Alfred Marshall in 1890. According to Marshall, the elasticity or responsiveness of demand in a market is great or small according to the amount demanded increases much or little for a given fall in price, and diminishes much or little for a given rise in price. This means that the Elasticity of Demand is the statistical explanation of the proportional change in demand due to the factors that affect it. It is the responsiveness of demand due to price changes. Price elasticity of demand theory explains both the conditions of whether an increase in price or decrease in it has its effect on the quantity demanded less and more as the case may be. Even though this theory has been criticized by a well-known American economist Professor Samuelson who regards the concept of elasticity as essentially arbitrary and of 'no consequence' and as a 'mental exercise for beginning students', it is still of great relevance to research work in terms of both sociological and economic analysis as it serves as a tool for explaining certain economic policies such as removal of fuel subsidy with its multiplier effects on poverty level in Nigeria. On the other hand, the concept of elasticity of demand explains the paradox of poverty amidst plenty of supplies (of Petroleum products (fuel)). The removal of fuel subsidies, leading to an increase in the price of PMS has made possible enough availability of PMS but a decrease in demand for it as people cannot afford to buy more to their satisfaction.

Furthermore, the high rate of inflation occasioned by the fuel subsidy removal might spell economic disaster instead of bringing prosperity among producers of goods and services because an abundance supply of commodities will bring less and not more money to the manufacturers as a result of the high cost of transportation amidst another high cost of means of livelihood arising from the removal of fuel subsidy. Poverty becomes inevitable in this regard.

## Conceptual Framework



## METHODOLOGY

The study adopted a survey research design as it provides details on the survey methodology and the chosen sampling design. This centers on various aspects, including respondent selection, questionnaire development, administration procedures, ethical considerations, and study limitations.

### Selection of Respondents

Given that the identified issue concerns the effect of fuel subsidy removal on the economy of Nigeria as a whole, it is imperative to ensure comprehensive coverage of various states and geo-political zones. To achieve this, the survey employed a stratified random sampling technique, aiming to achieve representation across diverse demographic variables, including age, gender, geographic location, and socio-economic status.

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## **Development and administration of the survey**

The survey questionnaire was carefully crafted with guidance and contributions from the Centre for Transparency Advocacy CTA Executive Director and technical team. The administration of the survey occurred through a Google form accessible via a shared link on the Centre for Transparency Advocacy (CTA's) diverse social media platforms, groups, and contacts. Respondents were given the freedom to participate at their discretion, and to uphold confidentiality, no personal data, such as names, was collected during the process.

## **Ethical Consideration**

Confidentiality was strictly maintained throughout the survey process. Respondent responses were anonymized, and no personally identifiable information, including names, was associated with the collected data. Participation in the survey was entirely voluntary, with respondents free to decide whether or not to fill out the form.

## **Limitations of the Survey**

One notable limitation of this survey pertains to the difficulty in reaching individuals without any form of education and lacking access to a browsable device. This challenge arises from the limitations inherent in the survey platform and the distribution methods employed to share the survey questions. As a result, the representation of this particular demographic group in the survey sample is limited.

## **Analysis**

Data collected from the online survey – responses derived from the filling of the Google form- were stored in a Microsoft Excel spreadsheet, and thereafter analyzed by collecting and comparing similar responses under each section of questions to gain a comprehensive understanding of the response.

## **Targeted Audience**

The targeted audience encompasses a diverse cross-section of the Nigerian population, representing various demographics and perspectives. This is to help foster a deeper understanding of the effects of the subsidy removal on the Nigerian population since the removal of the fuel subsidy affects citizens nationwide. The goal is to gather comprehensive data, insights, and recommendations that can be included in a compendium for submission to the Federal Government for further action.

The survey was carried out in an anonymous setting so that only the sectors and job titles were seen by CTA upon receipt of the filled-in Google form.

To ensure widespread coverage of the survey, the CTA Secretariat used social media posts on official CTA channels to circulate the link and invite people to participate.

## **Scope of the Survey**

Geographically the survey was designed in such a way that respondents across the six geo-political zones in Nigeria have the chance to participate. The survey contained a total of 4 broad questions on what subsidy is and the effects of the removal of fuel subsidies on the economy of Nigeria. The Google online questionnaire was simplified in a way that it could encourage respondents to respond based on their different encounters, and challenges and give palliative measures at different levels.

The questions asked were;

What is your understanding of subsidy?

How has the removal of the fuel subsidy affected you?

How are you coping with the removal of fuel subsidy?

What is/are your suggestion(s) for palliative measures at the community, State, and Federal levels? The survey questionnaire was carried out during the research study.

## RESULTS AND DISCUSSIONS

### Demographic Characteristics of Survey Respondents

Among the 1,041 respondents surveyed, 70% were identified as male, while 30% were identified as female. Notably, 7% of the total population represented persons living with disabilities (PWDs).

#### Percentage Distribution of Respondents Based on Geo-Political Zones

Responses were gathered from participants residing in all the geopolitical zones of Nigeria, with 36% from North-West, 28% from North-Central, and 16% from South-West zones emerging as the three most heavily represented regions in the survey.

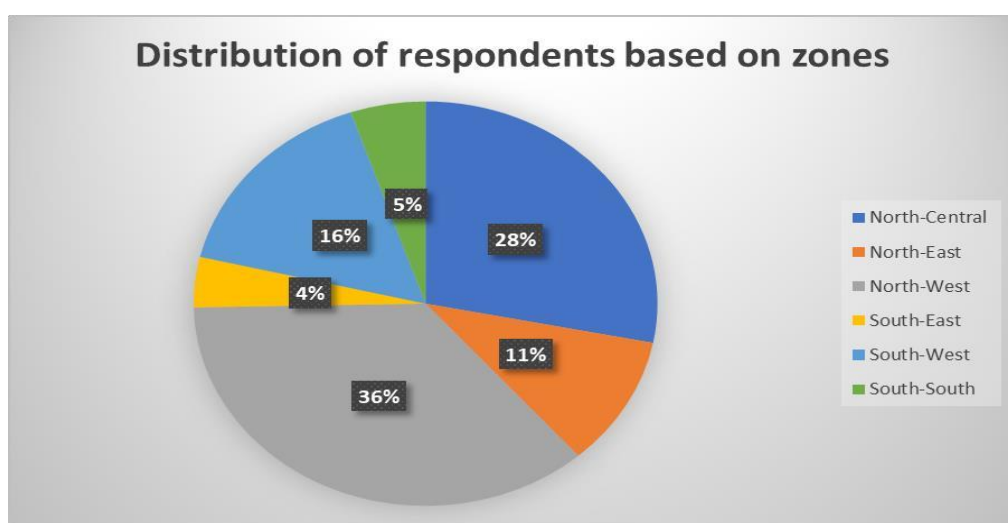


Figure 1: Chart showing the distribution of respondents according to geo-political zones

### Represented Age range

The age range of the respondents between 36 – 45 and 26- 35 were 39% and 29% respectively. Only about 3% were 60 years and above. This implies that about a total of 68% of the respondents are of active age and engage in various activities that involve the use of fuel in the study areas. It implies that the respondents that fall between the ages of 36-45 are the ones that are feeling the effect of the removal of fuel subsidy and they also have a deeper understanding of the effects of the subsidy removal on the Nigerian population.

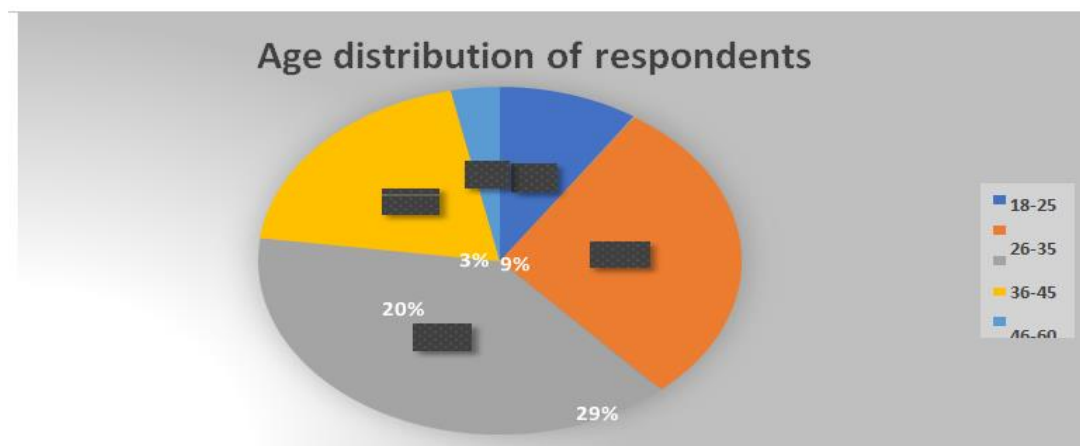


Figure 2: Chart showing the age distribution of respondents



## Represented Sector

From the 1041 received entries, several sectors were represented as depicted in the Table with most respondents coming from the public servants, development/Private workers, and students.

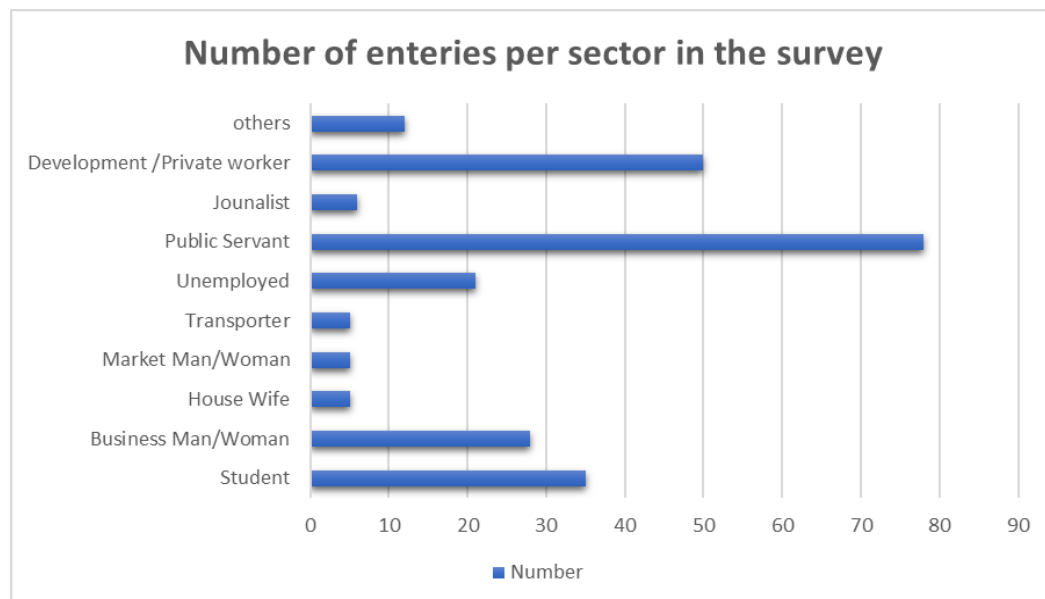


Figure 3: showing a table of entries of respondents per sector

## Represented Occupational Sector

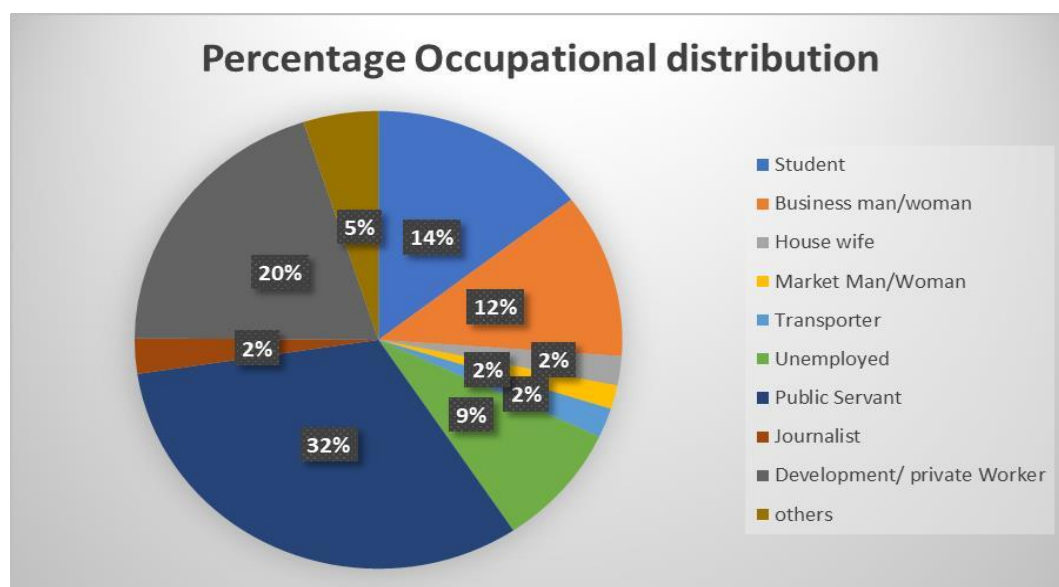


Figure 4: showing the percentage of occupational distribution of respondents

## Income Distribution

Income distribution of the respondents from Figure 5 below revealed that about 33% of the respondents are public servants, 19.9% are businessmen and Business women while other respondents that fall below 19.9% are affected by the effect of fuel subsidy remover. According to economic theory, the level of consumption of an individual depends largely on his level of current income as propounded by Keynes, the absolute income hypothesis; states that “the current real income is the most important determinant of consumption in the short run”. In other words, the higher the individual’s level of income, the higher will be his consumption level.

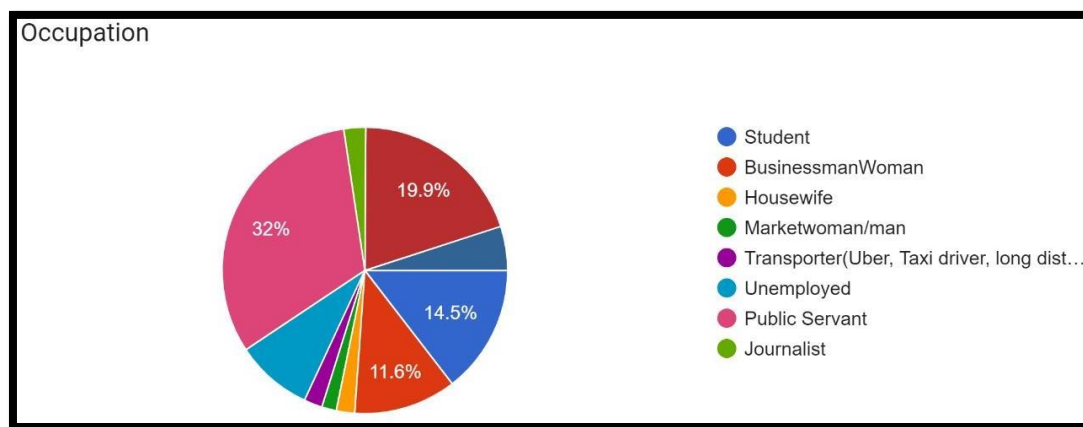


Figure 5: Chart showing occupation distribution of survey respondents

### Discussion of Key Findings/Results

This covers an analysis of the general effects of fuel subsidies and suggestions for palliative measures from respondents. A significant majority of the population, exceeding 90%, demonstrated a clear comprehension of the concept of subsidy to varying degrees.

### CONCLUSION

The removal of fuel subsidies is hurting the Nigerian economy and the entire strata of society. Despite the government assurances that the policy will save money for the development of infrastructures, reduce corruption, and encourage investment in the oil sector, the average Citizen is worried about the negative effects the removal of fuel subsidies is having on their lives, through the increased cost of fuel, and its attendant increases in cost of living, transport costs and prices of goods and services, which is making necessities items unavailable, thereby reducing their standard of living and increases the poverty level in the country.

### RECOMMENDATIONS

Based on the foregoing challenges and effects identified as well as the conclusions reached above, the Government should immediately increase the minimum wage in the country by 500% i.e., from the present N30,000 monthly to N150,000 monthly or \$125 monthly (at N1200 per dollar) to support workers and increase their disposable income to march the increasing cost of goods and services in the country.

Secondly, the government should through the issuance of executive orders or passage of the bills by the National Assembly, exempt low- and middle-income earners, earning below N300,000 monthly (or \$300 monthly) from pay-as-you-earn (PAYE) tax to provide extra cash to the employed poor to cushion the effect of fuel subsidy removal on them.

Thirdly, the Nigerian government must urgently put in place social welfare and palliative measures to protect the rights of the poor people who were mostly affected by the removal of fuel subsidies and prioritize addressing widespread hunger, increasing unemployment, and rapidly falling standard of living. The government is advised to channel the savings from subsidy removal to the provision of palliatives for the masses. The palliatives in the form of provisions of subsidized public transportation buses and freights of agricultural produce; capturing or including all the poor Nigerians (about N150 million citizens) in social safety net; and initiating transparent mode of cash transfers and food subsidy to the vulnerable poor Nigerians. Additionally, the government should provide interest-free loans for small businesses in the informal sector to boost their businesses empower them to fight

poverty, and create more jobs for unemployed Nigerians. Also, should explore the viability of providing tax reliefs to agro-allied businesses to aid agricultural production and supplies to solve the problem of food scarcity and increase prices of food items in the country.

Fourthly, the government should as a matter of urgency, initiate a policy that will reduce the cost of governance and spending on political office holders in the country by 500% as the luxurious lifestyle of Politicians is no longer affordable for a country that has over 50% of its population or over 150 million of her people in multi-dimensional poverty. Transparency and accountability by political officeholders are required to expend funds saved from subsidies and instill good governance.

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