

Fuel Subsidy Removal: Implications on the Living Standards of Low-Income Households in Osun State, Nigeria

Akin George Ogunleye¹, Segun Lakin Oderinde², Olagoke Oluwafemi Awotayo³

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Abstrak

Penelitian ini mengkaji dampak penghapusan subsidi bahan bakar terhadap tingkat kesejahteraan rumah tangga berpenghasilan rendah di Negara Bagian Osun, Nigeria. Desain penelitian deskriptif digunakan, dan sampel sebanyak 500 responden dipilih dari seluruh tiga puluh pemerintah daerah di negara bagian tersebut. Ukuran sampel ditentukan berdasarkan pertanyaan penelitian dan kebutuhan untuk memperoleh sampel yang representatif dari rumah tangga berpenghasilan rendah. Studi ini mengacu pada Pendekatan Mata Pencapaian Berkelanjutan (SLA), yang menyediakan kerangka kerja untuk memahami implikasi penghapusan subsidi bahan bakar. Temuan menunjukkan bahwa penghapusan subsidi bahan bakar telah menyebabkan kenaikan biaya makanan, transportasi, dan barang-barang kebutuhan pokok lainnya, yang mengakibatkan kesulitan yang signifikan bagi rumah tangga berpenghasilan rendah. Studi ini menyimpulkan bahwa, untuk mencegah kemiskinan dan kesulitan lebih lanjut, pemerintah Nigeria harus memberikan dukungan yang ditargetkan kepada rumah tangga berpenghasilan rendah, termasuk program perlindungan sosial dan langkah-langkah dukungan untuk meredam gangguan ekonomi yang disebabkan oleh penghapusan subsidi bahan bakar serta meningkatkan mata pencaharian yang berkelanjutan.

Kata Kunci: Penghapusan Subsidi Bahan Bakar; Kemiskinan; Rumah Tangga Berpenghasilan Rendah; Standar Hidup; Kesulitan

Abstract

This study examines the implications of fuel subsidy removal on the living standards of low-income households in Osun State, Nigeria. A descriptive research design was employed, and a sample of 500 respondents was selected across all thirty local governments in the State. The sample size was determined based on the research questions and the need to achieve a representative sample of low-income households. The study draws on the Sustainable Livelihoods Approach (SLA), which provides a framework for understanding the implications of fuel subsidy removal. The findings reveal that the removal of fuel subsidies has led to increased costs of food, transportation, and other essential goods, resulting in significant hardship for low-income households. The study concludes that, to prevent further poverty and hardship, the Nigerian government should provide targeted support to low-income households, including social protection programmes and support measures to alleviate the economic disruptions caused by fuel subsidy removal and enhance sustainable livelihoods.

Keywords: Fuel Subsidy Removal; Poverty; Low-Income Households; Living Standards; Hardship

Introduction

Governments oftentimes find it compelling to subsidise the prices of selected goods and services to assist particular consumers or sectors. Previous studies (Clement & Parry, 2018; Ogboru & Akinyoyu, 2024) agree that the goals of these subsidies are to boost economic expansion, promote investment, and lessen the burden of high costs on consumers. This is often on the premise that buyers would not be able to afford the full market price as determined in the purely competitive market environment. There have apparently been many debates and

discussions about how the removal of subsidies would affect the Nigerian economy. The Nigerian government has historically supported several sectors, especially the energy sector, with subsidy payments. Ogboru and Akinyotu (2024) argue that fuel subsidy removal is necessary due to the corrupt practices surrounding it, which have hindered the nation's development and growth, despite significant budget allocations, yielding little benefit to the country. However, according to Agu, Ekwutosi, and Augustine (2018) and other authors, subsidies are a type of market manipulation in which the government sets the

¹Osun State University, Osogbo, Osun State

²Obafemi Awolowo University, Ile-Ife, Nigeria (email correspondence: oderindesegun@yahoo.com)

³University of Ilesa, Osun State

price of goods or commodities below their actual market worth while compensating the retailer for the difference. This operational model is implemented by the Nigerian government to set the price of fuel below the market rate by paying fuel importers and marketers the difference between the regulated price and the supply cost.

Fuel subsidies started in the 1970s, following the passage of the Price Control Act, which made it unlawful for various items (including fuel) to be sold over the regulated prices. Although the idea behind subsidies is admirable, there have been severe allegations of corruption and poor management around their implementation in Nigeria. For many years, the fuel subsidy has been a divisive topic, with some calling for its removal while others, especially the poor, supporting its retention. According to Odewale (2023), previous administrations' attempts to eliminate the gasoline subsidy were met with protests and resolute opposition. The government spends a sizable percentage of its budget on fuel subsidies, which arguably would be better allocated toward infrastructure improvements, healthcare, and education. Indeed, President Muhammadu Buhari suggested the inclusion of a N2.557 trillion amount for fuel subsidies in the 2023 fiscal year.

Due to its non-operational refineries, Nigeria has constantly imported refined petroleum products. While the subsidy primarily benefited a small number of people and created chances for arbitrage and smuggling to neighbouring nations, fuel imports strained the local currency (Egbon, 2024). According to Odewale (2023), the \$20 million trade deficit that was revealed in November 2022 as a result of the low receipts from crude oil exports highlights the necessity of eliminating petrol subsidies, increasing local production capacity, and doing away with dependency on fuel imports in order to develop an effective oil sector.

Nigeria has spent more than 10 trillion Naira on petroleum subsidies between 2006 and 2018 (Budgit, 2019). The N3.92 trillion earmarked for fuel subsidies between January 2020 and June 2022 exceeds the sum of the government budgets for healthcare, education, and defence during the course of the 30-month (Odewale, 2023). It was also designed to gulp a proposed N3.36 trillion for the first half of 2023. The substantial financial burden of fuel subsidies limits the government's capacity to invest in vital

growth-oriented sectors that could stimulate economic development and improve citizens' well-being. The opportunity cost is significant: funds are diverted away from essential services like healthcare and education. For instance, the funds could have been invested in improving healthcare infrastructure, increasing access to quality education, or implementing social protection programmes for vulnerable populations. By prioritising subsidies over pro-poor sectors, the government may inadvertently increase poverty and inequality. Moreover, the regressive nature of fuel subsidies means that the benefits often accrue to wealthier households, while the poor bear the brunt of reduced public spending on essential services. From 2010 to 2023, Nigeria has invested more than N11 trillion in the rehabilitation of the four refineries; the abandoned refineries have weighed heavily on the government, necessitating their privatization, as this option will prevent the nation from squandering its limited resources on pointless upkeep.

The removal of fuel subsidies and the unification of exchange rates in June 2023 have influenced consumer prices; according to data made available by the National Bureau of Statistics NBS (2023), Nigeria's headline inflation rate increased for the sixth consecutive month in June 2023, reaching 22.79 percent, up from 22.41 percent in May 2023. High inflation has been attributed to the Central Bank of Nigeria's monetisation of fiscal deficits, multiple exchange rates, depreciation in the parallel market exchange rate, and tightened trade restrictions, all of which have been worsened by the rise in global food and energy costs. Indeed, 133 million Nigerians are said to be multidimensionally poor; according to the NBS National Multidimensional Poverty Index (a multivariate method of assessing poverty by recognizing deprivations in a variety of areas, including health, education, living conditions and employment) report, 63% of Nigerians live in poverty as a result of limited access to security, employment, living conditions, education, and employment opportunities.

The World Bank states, in its most recent study, that the decline in purchasing power in Nigeria resulted in an extra 4 million individuals living in poverty (NBS, 2023; Lain, Schoch, & Vishwanath, 2022). This indicates that over 137 million poor people living in the nation as

a whole (Oderinde, Alabi, & Adeyeye, 2024; NBS, 2020). The Bank estimates that the number of impoverished people rose by 4% in rural regions and by 11% in urban areas. The survey states that “the price increase has a negative impact on both households that directly purchase and use petrol and those that indirectly consume it.” It also states that 38 percent of those who live in poverty and are in unstable financial situations own a motorcycle, 23 percent have fuel-powered generators, while more people utilize vehicles that depend on fuel.

The Nigerian government, like those of many other resource-rich nations, have implemented fuel subsidy programmes as part of measures to mitigate the negative macroeconomic effects of shocks to the economy caused by changes in the price of oil in the international market. In accordance with this policy, the government controls the domestic price of fuel through fixation and compensates domestic marketers for any price difference between the regulated domestic price and the Expected Open Market Price (EOMP), as established by the Petroleum Products Pricing and Regulatory Agency (PPPRA).

According to Kaduna State Governor, Uba Sani (2023), underutilizing Nigeria’s refineries affect not only the nation’s economic potential, but also job possibilities and local value creation. Nigeria now has a path to expand refinery capacity and raise its potential oil industry revenue from the privatization, programme, especially that a few more refineries now have licenses. According to Sani, none of them is willing to start operations under the subsidy regulated fuel pricing. While investors in the oil and gas industry may stand to gain from subsidy removal, it is crucial to consider the potential impact on vulnerable populations and ensure that reforms prioritize social equity. The tension between investor profit and social equity can be mitigated by implementing safeguards, such as targeted cash transfers or subsidies for low-income households. Additionally, governments could invest a portion of the savings from subsidy removal in social programmes, like education and healthcare, to cushion the effects on the poor. Effective communication and stakeholder engagement are also essential to build trust and ensure a smooth transition. Government can develop a more balanced and sustainable energy policy by reconciling economic efficiency with social welfare.

Nigeria’s demand for refined petroleum products, as well as its estimated daily domestic fuel consumption of 450,000 barrels and surplus for export is expected to be fully met when the 650,000 barrel per day refinery begins full operations in the recently established Dangote fuel refinery. There are plans to build additional refineries, such as Niger Delta Petroleum Resources Refinery, Waltersmith Petroman Energy Refinery, Oando Refinery, and NNPC Modular Refineries. It is hoped that their combined production would boost Nigeria’s refining industry capacity and hence end the country’s reliance on foreign oil products. Additionally, by eliminating the subsidy, Nigeria’s reliance on imported fuel will subsequently decrease as domestic refineries step up their production capacities.

The removal of fuel subsidies has been a contentious topic in Nigeria among scholars. Because of the agony that would certainly result, many Nigerians felt that the government should keep the fuel subsidy in place. However, earlier research (Moyo & Songwe, 2012; Onwuamaeze & Ekeghe, 2020) reveal that the government spent \$8 billion on subsidies in 2019, and N462 billion in 2020; this indicates that 30% of Nigerian government spending is on fuel subsidies, which compete with other development investments. From an economic standpoint, the primary role of subsidies is resource reallocation, or changing economic activity and behaviour to produce an outcome that is more desirable than what would otherwise happen. As a result, justifications for subsidies frequently rest on ideas of efficiency or economic justice. The fact that subsidies produce a better result does not mean that their entire value is corrective or that the specific sort of subsidy employed for a given purpose is the best among the available policy options.

It should be noted that the price of fuel has been fluctuating in Nigeria over the last few years. Akov (2015) claims that Nigeria’s harsh economic circumstances and frequent fluctuations in the global price of oil were the driving forces behind the establishment of subsidies in the country’s energy industry in the mid-1980s. The Nigerian government ended the fuel subsidy regime in May 2023 with the justification that it could no longer afford to do so because the cost of subsidizing fuel in the nation keeps rising at the same time that population growth is driving up the demand for fuel. The

Nigerian government announced that it will offer remedies to lessen the resulting pain and shock that the citizens would experience. However, it seems there is no sufficient proof that cutting off subsidies will make life better for the average Nigerian. Therefore, this study examines how the elimination of subsidies affects low-income households' quality of life in Osun State, Nigeria. The following research questions serve as the study's guide:

- a) To what extent has fuel subsidy removal affected the living standard of low-income households in Osun State?
- b) What policies can be instituted towards reducing the pains and shocks caused by fuel subsidy removal?

Literature Review

In Malaysia, Bacon and Kojima (2006) affirms that protests took place as a result of government's decision at increasing petroleum prices by 23% in February 2006. According to Odewale (2023), Ghana stopped providing fuel subsidies in 2013, which led to price increases for petrol, kerosene, diesel, and LPG ranging from 15% to 50%.

However, Ering and Akpan (2012) examine the politics of fuel subsidy reduction in Nigeria and make a strong case that the subsidy policy stems from the concept of development classism, which exclusively benefits the country's rulers and multinational firms at the expense of the populace. The concept of development racism also implies that the policy-making process is biased towards the interests of the powerful, perpetuating inequality and injustice. It suggests that the ruling class and corporate interests exploit and manipulate policies to maintain their power and wealth, often at the expense of the well-being and development of the larger population. This explains the large-scale demonstrations by the Nigeria Labour Congress, civil liberty groups, and the general public that typically precede any increase in pump prices or complete the withdrawal of subsidies; hence for the petroleum subsector to function effectively, government must always involve the general public in decisions that would have impact on them. This could be accomplished easily through public-private partnership.

Abner and Agbaeze (2018) point out that subsidy should not be removed gradually because this strategy has never been proved

to be effective in any nation. More importantly, there is a good chance that this method will not work in Nigeria because investors will remain discouraged, the sector's existing inefficiencies and distortions, such as rent-seeking behaviour and over-profiteering, will persist over time. A partial removal will only produce partial results; hence this implies that the debt being taken on would have to be paid back by later generations and probably at a higher cost. Therefore, ending it all at a go will be the best course of action.

Azel de Granado, Coady, and Gillinghon (cited by Umeji & Eleanya, 2021), however, contends that because subsidies are consumption-based and mostly benefit the wealthy at the expense of the poor, they actually increase inequality in society. No matter how well-intentioned, subsidies are rarely an effective tool for developing policy, especially when the fixed price set by the government is less than the marginal cost of production. Therefore, removal of subsidy will benefit the society as a whole. Nigerians will therefore benefit from the removal of fuel subsidies as it will spur economic growth. The vast sum of money previously used to pay for subsidies can now be allocated by the government to the development of vital infrastructure, particularly in the fields of health care, education, and transportation. All these will lead to gains according to the citizens.

According to Umeji and Eleanya's (2021) research, the removal of fuel subsidies will help to eliminate market distortions. It was claimed that the smuggling of petroleum products to adjacent nations, where they are sold at higher rates, would stop if subsidies were eliminated. According to Sanusi Lamido Sanusi, a former governor of the Central Bank, Onwuamaeze and Ekeghe (2020) claimed that Nigeria is the only oil exporting country that does not profit from an increase in the price of crude oil on the global market because it sets the price of refined goods that it does not manufacture. Therefore, any advantages from the high price of crude oil are offset by losses from the high price of refined imports; hence, cutting off fuel subsidies will stop the Nigerian government from suffering such income losses.

According to Umeji and Eleanya's study of 2021, the economy as a whole will benefit more from the withdrawal of fuel subsidies than will the poor. Nigeria should therefore stop providing fuel subsidies to free up funds

for government investment on development projects and assistance to the poor. Their study also suggests that without improvements in Nigeria's underdeveloped transportation infrastructure, a major indirect way by which the poor receives the fuel subsidy's benefits, it would be nearly meaningless eliminating the gasoline subsidy. In order to effectively improve infrastructure and develop social welfare programmes that will lessen the impact of such removal on the poor and assist the country in achieving its developmental goals, the study advises the government to make sure that the money saved from the removal of subsidies is spent honestly and transparently.

Tayo *et al.* (2014) critically analysed how the removal of fuel subsidies affected Nigerian households on a social and psychological level. The finding shows that gradually removing fuel subsidies will cut down on careless fuel use, which will lower carbon emissions. Additionally, money saved could be channeled to infrastructure development, revitalize local refineries, and fund other elements that will change the Nigerian economy. However, Nigeria lacks a highly robust and open institutional structure that could assist in turning the money saved from subsidy reduction into economic growth. According to the report, before subsidies for petrol are completely eliminated, the Nigerian government should make sure that measures that would promote the welfare of low-income earners, a robust institutional framework, and improved refinery technology are implemented.

Lawal (2014) examines the different policies of price increases for petroleum products and subsidy payments, as well as their effectiveness in encouraging investments in that industry in Nigeria. He also offers recommendations for attracting private capital to the nation. Secondary data from the Petroleum Products Pricing Regulatory Agency (PPPRA), the Central Bank of Nigeria (CBN), the Nigerian National Petroleum Corporation (NNPC) Limited and public records were used in the study. The creation of Google Alert and social networking platforms generated real-time primary data that were augmented with information gathered through structured questionnaire and interview techniques.

Using the chi-square distribution analysis on Lagos, Enugu, and Kano as case studies, Sani (2014) assessed the effects of fuel subsidies removal on small businesses in Nigeria. According to the

study, the withdrawal of fuel subsidies in Nigeria had a detrimental effect on the performance of small enterprise at the 5% level of significance. Additionally, it demonstrates how crucial fuel is to the growth of Nigeria's small companies. The results showed that their stock level, sales, operating expenses, and finally their profit level were significantly impacted negatively by the elimination of gasoline subsidies. According to the report, small firms would suffer greatly if petrol subsidies were eliminated. Among other things, it was suggested that the federal government offer small enterprises some form of market protection.

According to Umeji and Eleanya (2021), the removal of subsidies will result in a further rise in transportation costs, a fear being experienced currently which also partly arose from the coronavirus pandemic. This also leads to a soar in the prices of food and other related products while household income remains the same for many households; this will in turn lead to a decline in the real income of impoverished households and thus, raising the country's poverty rate. Similarly, given that Nigeria's industrial and production sectors are run by petroleum, for both production and distribution, any increase in fuel prices will directly result in an increase in production costs. Indeed, Eme (2011) referenced in Majekodunmi (2013), and Anyadike (2013) agree that the rising industry overhead costs may cause enterprises to shut down operations and relocate to neighbouring nations, resulting in job losses and aggravating an already high unemployment rate. Due to the fact that many income workers are still on unpaid leave as a result of the coronavirus pandemic, the effects will be disastrous. Owing to the fact that many households are still struggling to cope with the pain that the global public health crisis has already caused; a season of agony and misery will result from the removal of subsidies, especially for the poor, as the price of goods keep rising.

Quantitative evidence from Soile, Tsaku, and Yar'Adua's (2014) study adds depth to the argument by providing empirical data on the impact of subsidy removal on Nigeria's transport sector development, revealing a positive and significant relationship between subsidies and transport sector growth. This contrast with qualitative studies, which often focus on theoretical or thematic analyses, by offering concrete numerical insights that can inform

policy decisions. The study's findings suggest that removing fuel subsidies could increase operational costs in the transportation sector and reduce the country's Gross Domestic Product (GDP). The major policy recommendation is to liberalize product importation and unbundle the underutilized PPMC pipelines and storage systems. By increasing competition, the cartel-like and profiteering practices built into the current imports will be reduced.

Hinman and Israel (2014) focused on developing nations while analysing the effects of fuel subsidies removal within a general equilibrium framework. The study likely observed that the removal of subsidies led to increased fuel prices, which negatively impacted welfare by reducing household purchasing power and increasing poverty levels, particularly among low-income households. The trade-offs involved weighing the short-term welfare costs against potential long-term benefits, such as reduced fiscal burden, increased government revenue for social spending, and environmental gains from more efficient energy use. It demonstrates the significance of targeted subsidy reform to safeguard disadvantaged populations by demonstrating that fuel subsidies primarily benefit the wealthy, aggravating income inequality (Clements & Gupta, 2016). Similar to this, the study by Davis and Knittel (2011) looked into the distributional effects of fuel economy standards and the elimination of subsidies for clean automobiles in the United States. It concludes that fuel subsidies removal can lessen the regressive effects of auto laws, thereby reducing cost inequality.

This study is underpinned by the theoretical framework of Sustainable Livelihoods Approach (SLA), which offers valuable insights for examining the impact of fuel subsidy removal on low-income households in Osun State, Nigeria. The SLA has its roots in the work of Robert Chambers, who pioneered livelihood thinking in the 1980s, which later evolved into a comprehensive framework developed by the British Department for International Development (DFID). The removal of fuel subsidies is likely to have far-reaching consequences for low-income households, including increased costs of essential goods and services, compromising access to vital services like healthcare and education, and ultimately eroding human capital.

The SLA's core principles, including a people-centered, holistic, dynamic, macro-micro link and sustainability approach, offer a useful framework for understanding the implications of fuel subsidy removal. For instance, a people-centred approach enables policymakers to understand the specific needs and priorities of low-income households. A holistic perspective acknowledges the complex nature of livelihoods, encompassing assets, activities, and social environment. Building on strengths, policymakers can identify and leverage existing capacities and resilience within low-income households. The macro-micro link principle highlights the importance of considering the interplay between policy decisions and local realities. Sustainability is also crucial, as policymakers aim to promote livelihoods that are resilient to shocks and stress. By applying the SLA, government and policymakers can design targeted interventions, such as social protection programmes and support measures, to alleviate the shocks and hardships caused by fuel subsidy removal and promote sustainable livelihoods.

Methodology

The research design used in the study was descriptive. Low-income residents constitute the population of the study. A sample size of 500 low-income respondents was purposively selected. However, the low-income households were determined using their income brackets, employment status, access to credit, asset ownership, among others. The sample size was also determined based on the research questions and the need to achieve a representative sample of low-income households. These respondents were drawn from the major towns in Osun State. Questionnaire was used for data collection.

Data on the impact of subsidy removal on the general public and recommendations for easing the aches and shocks brought on by subsidy removal were gathered. Data collected from the respondents were analysed using frequency tables, bar-charts, and pie-charts.

Results and Discussions

Gender	Frequency	Percentage
Male	275	55
Female	225	45
Total	500	100.0

Table 1. Gender of the respondents

Source: Authors computation

From Table 1 above, male has the highest number of the respondents with 55% of participants while the female has 225 respondents constituting 45% of participants.

Education status	Frequency	Percentage
No formal education	109	21.8
School leaving certificate	149	29.8
O'level	161	32.2
Post-secondary	81	16.2
Total	500	100.0

Table 2: Educational qualification of the respondents

Source: Authors computation

Table 2 above shows the educational qualification of the respondents. The data shows that 109 of the respondents representing 21.8% never attended school; 149 of the respondents representing 29.8% were primary school holders, 161 of the respondents representing 32.2% were secondary school holders, while 81 representing 16.2% were post-secondary certificate holders.

Table 3 shows the occupational status of the respondents. Out of the total respondents, the study shows that 207 respondents representing 41.4% were unemployed, 195 respondents representing 39% were self-employed while

Occupation	Frequency	Percentage
Employed (private/public)	98	19.6
Self-Employment/Artisans	195	39.0
Unemployed	207	41.4
Total	500	100.0

Table 3: Occupation distribution of the respondents

Source: Authors Computation

98 respondents representing 19.6% were paid employees. However, the high unemployment rate among respondents implies a significant challenge for the economy and individuals, potentially leading to reduced consumer spending, increased poverty, and a larger informal sector, which could worsen social and economic instability.

Religion	Frequency	Percentage
Islam	248	49.6
Christianity	229	45.8
Traditional	23	4.6
Total	500	100.0

Table 4: Religion distribution of the respondents

Source: Authors computation

Table 4 shows that 248 respondents or 49.6% of the total were identified as Muslims, 229 respondents, or 45.8% of the total were identified as Christians, and 23 respondents, or 4.6% of the whole, were traditional worshippers.

According to the data gathered from the above table, 351 respondents (70.2%) strongly agreed and 149 respondents (29.8%) agreed that the withdrawal of subsidies will result in a rise in food prices, while none of them strongly disagreed or disagreed. Additionally, 201 respondents (40.2%) and 299 respondents (59.8%) highly agreed and agreed that the withdrawal of the subsidy will result in high transportation costs, whereas none of the respondents strongly disagreed and disagreed. Regarding whether or not the removal of the fuel subsidy will result in higher education costs, 446 (89.2%) and 54 (10.8%) of the respondents strongly agreed and agreed, respectively, while none of the respondents strongly disagreed and disagreed; similarly, 231 (46.2%) and 248

Description of Items	SA(%)	A(%)	SD(%)	D(%)
Increase in price of foodstuffs	351(70.2%)	149(29.8%)	-	-
High cost of transportation	299(59.8%)	201(40.2%)	-	-
High cost of education	446(89.2%)	54(10.8%)	-	-
Increase in crime rate	231(46.2%)	248(49.6%)	-	21(4.2%)
Increase in price of agricultural inputs and equipment	341(68.2%)	159(31.8%)	-	-
High cost of house rent	401(80.2%)	98(19.8%)	-	-
High cost of building materials	321(64.2%)	127(25.4%)	-	52(10.4%)
It bring hardships and pain to many Nigerians	451(90.2%)	49(9.8%)	-	-

Table 5: Analysis of respondents on how fuel subsidy removal has affected the living standards of low-income households

Source: Authors Computation

(49.6%) of the respondents strongly agreed and agreed, respectively, that the removal of the fuel subsidy will increase the rate of crime in the nation, while 21 (4.2%) disagreed.

According to the study's findings, 340 respondents (68.2%) and 159 respondents (31.8%) strongly agreed and agreed, respectively, that the removal of subsidies would result in an increase in the cost of agricultural supplies and equipment. The table's results also indicate that 321 respondents (64.2%) and 127 respondents (25.4%) strongly agreed that the removal of fuel subsidies would result in higher housing rent and building material costs, while 52 respondents (10.4%) disagreed. Ultimately, the results showed that many Nigerians would suffer if fuel subsidies were eliminated; 451 (90.2%) and 49 (9.8%) of the respondents highly agreed and agreed, respectively, while none of the respondents strongly disagreed or disagreed.

The data presented in Table 6 shows what respondents said about how to lessen the discomfort and shocks that could result from the elimination of fuel subsidies. According to the results, 201 respondents (40.2%) and 249 respondents (49.8%) strongly agreed and agreed, respectively, that all Nigerian refineries should be rehabilitated, whereas 50 respondents (10%) disagreed. Additionally, 51 respondents (10.2%) and 451 respondents (90.2%) highly agreed and agreed, respectively, that workers' salaries should be raised, whereas none of the respondents strongly opposed or disagreed. The data presented in Table 6 also reveals that 500(100%) of the respondents strongly agreed that scholarships and bursaries should be given to students while jobs should be provided for the unemployed to ameliorate the pains and shocks that may result from fuel subsidy removal. The finding equally shows that agricultural inputs and equipment should be subsidized as

401(80.2%) and 99(19.8%) of the respondents strongly agreed and agreed, while none of the respondents neither strongly disagreed nor disagreed. The data presented finally indicates that 500(100%) of the respondents strongly agreed that youth empowerment programmes should be initiated and loans with low interest rate should be given to traders to reduce the pains and shocks that may arise.

Discussion of Findings

The study was an attempt to examine the implications of fuel subsidy removal on poor households in Osun State, Nigeria. Questionnaires were administered on 500 respondents. In investigating the impact of fuel subsidy removal on living standards of low income households in Osun state. Findings of result as presented in Table 5 shows the effects of fuel subsidy removal among low-income households in Osun state. It reveals that the removal of subsidy has led to the high price of foodstuffs, high cost of transportation, high cost of education, increase in crime rate, increase in the price of agricultural inputs and equipment, high cost of house rent, high cost of building materials and hardships and pain to many Nigerian. The findings of study was in line with the study of Anyadike (2013), who notes that the price of everything will go up, from food to rent to school fees, in addition to the increased cost of manufacturing being passed on to consumers in the form of higher prices. A season of agony and misery will result from the removal of subsidies at this time, especially for the poor.

The results also support the findings of Umeji and Eleanya (2021), who found that the elimination of subsidies would lead to a further increase in transportation expenses, an increase in the cost of food and other related goods, a sharp decline in household real income, and an increase in the nation's poverty rate. This will deepen

Description of items	SA(%)	A(%)	SD(%)	D(%)
All Nigeria refineries should be rehabilitated	201(40.2%)	249(49.8%)	-	50(10%)
Increase in workers' salaries	451(90.2%)	49(9.8%)	-	-
Scholarships and bursaries should be given to students	500(100%)	-	-	-
Employment should be provided for job seekers	500(100%)	-	-	-
Agricultural inputs and equipment should be subsidized	401(80.2%)	99(19.8%)	-	-
Initiation of youth empowerment programmes	500(100%)	-	-	-
Loans with low interest rate should be given to traders	500(100%)	-	-	-

Table 6: Analysis of the respondents on policies that can be instituted towards reducing the pains and shocks caused by fuel subsidy removal

Source: Authors computation

society's already unbearable economic hardships and the people's already low level of living.

The second research question examines what should be done to reduce the pains and shocks caused by fuel subsidy removal. The data collected reveals the following: All Nigeria refineries should be rehabilitated, increase in workers' salaries, scholarships and bursaries should be given to students, job should be provided, agricultural inputs and equipment should be subsidized, youth empowerment programmes are inevitable, while loans with low interest rate should be given to traders. To mitigate the adverse effects of subsidy removal and alleviate poverty and hardship in Osun State and Nigeria at large, it is crucial to implement these measures, which will provide essential support for vulnerable populations and promote economic stability. This study's findings align with Ogboru and Akinyotu (2024), and Egbon's (2024) research, suggesting that government interventions, such as wage increases and business incentives, can help mitigate the economic impact of subsidy removal by enabling individuals and businesses to cope with rising commodity prices, thereby providing a positive outlook for the future. The study's findings, supported by data from the National Bureau of Statistics (2023), emphasize the urgency for the government to provide compensation to low-income individuals. This is imperative if the World Bank's most recent prediction for Nigerian development that the number of impoverished Nigerians would increase by over 30 million by 2030 will be dispelled.

Conclusion

It could be drawn from the findings of the study that the removal of fuel subsidy has led to increase in the prices of goods and services, adversely affecting living standards, particularly among low-income households. The study concludes that, to prevent further poverty and hardship, the Nigerian government should provide targeted support to low-income households, including social protection programmes and support measures to alleviate the economic disruptions caused by fuel subsidy removal and enhance sustainable livelihoods.

Recommendations

Based on the conclusion drawn from the findings of the study, the government should

prioritize targeted support for vulnerable populations. This includes implementing social protection programmes for poor and vulnerable households, adjusting the minimum wage to reflect increased living costs, and providing scholarships and bursaries to students from low-income backgrounds. Additionally, the government should invest in agricultural productivity by subsidising fertilizers and other inputs to farmers, and develop youth empowerment programmes. Long-term measures should focus on rehabilitating refineries to increase domestic fuel production and reduce prices, regulating public transportation costs, and establishing microfinance programmes offering soft loans to small-scale traders.

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