IMPACT OF FUEL SUBSIDY REMOVAL POLICY ON HOUSEHOLDS IN JOS METROPOLIS OF PLATEAU STATE

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Abstract

This study investigates the impacts of fuel subsidy removal on households in the Jos metropolis of Plateau State, Nigeria. Through a descriptive qualitative approach employing household surveys and interviews conducted from July to December 2023, residents were engaged to explore their experiences, knowledge, and attitudes regarding the subsidy removal policy. The findings underscore the profound socioeconomic repercussions of fuel subsidy removal on households, notably affecting income levels, food prices, and transportation costs. The study advocates for a nuanced approach, suggesting that rather than complete removal, the Nigerian government should institute a transparent, efficient, and corruption-free subsidy framework. Moreover, it calls for significant reductions in governance costs. It emphasises the urgent need for post-subsidy initiatives such as robust and sustainable social protection programmes to safeguard the most vulnerable, aligning with Nigeria's constitutional commitment to welfare provision.

Keywords: Subsidy, Fuel subsidy removal, subsidy reform, corruption, Nigeria

Introduction

Globally, there are debates about fuel subsidy because of their huge amount and their effects on citizens' welfare and the fiscal health of nations (Houeland, 2020; McCulloch et al, 2021). Consequently, the subsidy removal policy in Nigeria has long been a contentious issue, drawing debate and controversy over its economic, social, and political implications. Influenced by factors such as public opinion, international oil prices, government fiscal capacity, and national stability, decisions regarding subsidies on petrol have fluctuated over time (Majekodunmi, 2013; Obasi et al, 2017).

The policy of removing subsidies, particularly on petroleum products, has been a contentious and enduring issue in Nigeria's political landscape. Since 1999, various Nigerian governments have attempted to eliminate or reduce these subsidies, only to encounter strong resistance and widespread public protests. For instance, President Olusegun Obasanjo's 1999 effort to deregulate the downstream oil sector, which included removing fuel subsidies, faced vehement opposition and was eventually abandoned due to public outcry. Similarly, in January 2012, President Goodluck Jonathan's partial removal of fuel subsidies led to steep price hikes and sparked nationwide demonstrations under the banner of the "Occupy Nigeria" protests. The government eventually reversed its decision, citing concerns about corruption, inefficiency, and the strain on public finances as reasons for considering subsidy removal (Houeland, 2020). Despite ongoing debates and discussions, subsequent administrations since 2016 have explored subsidy reforms and alternative approaches to address Nigeria's fiscal challenges, navigating a complex economic landscape shaped by socio-economic, political, and environmental factors. The proclamation on the 29th of May, 2023, by the president, Bola Ahmed Tinubu, at his inaugural speech, to remove fuel subsidy marked a significant and multifaceted policy shift with profound implications for the nation's economic, social, and environmental sustainability. The government cites several potential benefits of subsidy removal, including the freeing up of resources for investment in public infrastructure, education, and healthcare. This perspective aligns with global views that fuel subsidies often lead to inefficiencies and financial losses, diverting funds away from critical development areas (Ikenga & Oluka, 2023). Nigeria's economic structure adds layers of complexity to the removal of subsidies. The state of the country's refineries and dependence on imported oil increases the risk of higher fuel prices.

Despite Nigeria's status as a leading global crude oil producer with substantial reserves, the subsidy programme has posed significant economic challenges. Moreover, the subsidy system has been marred by corruption and inefficiency, with substantial funds intended for subsidies often diverted or mismanaged by previous administrations (Ali et al, 2024). Buttressing this point further, Ali et al maintain that the potential benefits of eliminating fuel subsidies, if managed effectively, are significant and can include the release of financial resources that could be redirected to critical sectors of the economy, enhance fiscal sustainability, stimulate the domestic refining sector to increase petroleum product output, thereby reducing reliance on imported fuel. Additionally, it could create employment opportunities, address budget deficits and financing issues, and reduce Nigeria's overall public debt. Opponents of fuel subsidy removal express concerns about the potential adverse effects on the population, especially on the poor and vulnerable. They argue that subsidy removal could significantly raise petroleum product prices, resulting in higher costs for transportation, food, and essential goods and services. This, they fear, could exacerbate inequality, increase unemployment, and deepen poverty within the country (Ali et al, 2024).

The literature on the impact of fuel subsidy removal indicates mixed effects of the policy. Whereas some studies highlight the negative consequences of fuel subsidy and advocate for its removal (Asare et al, 2020; McCulloch et al, 2021; Omitogun et al, 2021; Umeji & Eleanya, 2021), some studies (Adekunle & Oseni, 2021; Oyedepo & Adewale, 2018; Ozili & Obiora, 2023) have identified some benefits of retaining fuel subsidy and call for transparency in the administration of fuel subsidy. Majekodunmi (2013) examines the political economy surrounding fuel subsidy removal, including public protests and governmental decisions. Rosas-Flores et al. (2017) investigate the distributional impacts of subsidy removal and carbon taxes on Mexican households, revealing varied effects on income distribution and household welfare. Mmadu and Akan (2013) have explored the effects of inefficient subsidies in Nigeria's oil sector on household welfare, offering insights into how subsidies intersect with vulnerable populations. Ovaga and Okechukwu (2022) have contributed further by examining the downstream oil sector's broader impact on the populace, deepening our understanding of subsidy-related consequences.

These studies collectively underscore the need for a comprehensive understanding of how subsidy removal reverberates across the economy and the importance of considering the equity implications of subsidy removal policies. Moreover, the literature succinctly outlines the varied dimensions and impacts of subsidy removal across diverse contexts, underscoring the context-specific nature of subsidy removal impacts, necessitating tailored policy approaches. Overall, the literature demonstrates the multifaceted effects of subsidy removal, spanning environmental, economic, distributional, social, and behavioural dimensions. These studies collectively provide insights into the complexities of subsidy removal policies and underscore the importance of holistic analyses in their implementation.

The 2023 removal of the fuel subsidy in Nigeria marked a pivotal moment in the nation's economic, social, and political trajectory. This decisive policy shift carries with it a multitude of implications that warrant rigorous investigation to comprehend its far-reaching consequences. The complexity of removing the fuel subsidy in Nigeria in 2023 is compounded by the dynamic interplay of economic, political, environmental, and societal factors. This multifaceted issue involves intricate connections among economic sustainability, social equity, environmental preservation, and political stability. While existing research has examined the economic, social and political consequences of subsidy removal, there remains limited exploration of the specific challenges and implications of the 2023 subsidy removal in Nigeria. The core problem at the heart of this study lies in uncovering the intricate web of impacts, direct and indirect, that arise from the subsidy removal and examining their ramifications for both households and society at large. This study aims to unravel these complexities and offer insights that foster a comprehensive understanding of how subsidy removal affects both the Nigerian economy and society. Such understanding is crucial for policymakers to make well-informed decisions that balance short-term challenges with long-term benefits and mitigate disruptions for vulnerable populations.

The study offers valuable insights into the complex implications of fuel subsidy removal, enriching our understanding across multiple dimensions. Its holistic analysis provides a robust foundation for decision-makers, emphasising the importance of balanced economic growth, social welfare, and environmental sustainability in subsidy reform. By examining economic, social, and environmental factors comprehensively, the study equips policymakers with nuanced perspectives to navigate the challenges of reform effectively. It identifies potential obstacles, opportunities, and the necessity for integrated approaches that prioritise sustainable development and societal equity.

Furthermore, the study's relevance extends beyond Nigeria, serving as a valuable resource for nations grappling with similar subsidy reforms. Its synthesised findings are crucial for informing decisions that align with global goals of inclusive economic progress and equitable societal outcomes. As subsidy reform remains a critical global issue, this research significantly enhances our collective understanding of its impacts and the strategies needed to build a sustainable and prosperous future. Unravelling the implications of this decision requires a nuanced analysis that considers the diverse dynamics at play (Evans et al, 2023). Understanding these dynamics is essential for crafting effective strategies that secure public support, mitigate potential social disruptions, and ensure the sustainability of policy changes in the long term.

Methodology

This descriptive qualitative study was conducted from July to December 2023 in Jos Metropolis, involving interviews with 100 randomly selected residents from various households. The data collected underwent entry, coding, and analysis using a qualitative and content thematic analysis approach, following Rashid et al's (2019) case study method for business research. This approach allows for a detailed examination of the multifaceted impacts of subsidy removal within the specific context of the study area, reflecting its suitability for exploring complex real-life phenomena. Drawing from Braun and Clarke's (2021) insights on thematic analysis, the study employed a structured approach to uncover patterns and meanings in the data. This methodological choice aligns with the study's objective of comprehensively exploring how subsidy removal affects the Nigerian economy and society. The study commenced with an extensive review of relevant literature, encompassing academic databases, scholarly articles, reports, and reputable sources. This process informed the identification of key themes, gaps in knowledge, and avenues for theoretical exploration, laying a robust foundation for the study's research framework.

LITERATURE REVIEW

Conceptual Clarification

Fuel Subsidy

Historically, subsidies have been a favoured instrument employed by governments across the world to channel economic advantages towards the broader populace. These subsidies manifest in diverse forms, encompassing reduction in commodity prices, issuance of consumption vouchers, reduction in tax obligations, and even direct financial aid. In essence, subsidies epitomise a prevalent economic strategy aimed at ensuring that essential goods and services become more accessible to individuals with low incomes, thereby augmenting their standard of living (Ali et al, 2024). When subsidies are in place, consumers would pay below the market price per litre of the petroleum product. The removal of fuel subsidy is a form of aid because it makes fuel more affordable for the poor.

Fuel subsidy is a government discount on the market price of fossil fuel to make consumers pay less than the prevailing market price of fuel (Ali et al, 2024). In the Nigerian context, fuel subsidies have been a form of government intervention to reduce the cost of fuel by providing direct financial support to oil companies, and as such, subsidising the product to Nigerians. Originally implemented to stabilise fuel prices and alleviate public outcry against price hikes, subsidies have traditionally aimed to make petroleum products affordable for Nigerian consumers. Subsidies, whether in the form of direct cash payments or targeted tax reductions, aimed to enhance economic efficiency by promoting affordability for producers and industry players and curbing monopolistic practices. Fuel subsidy removal entails phasing out or reducing governments' fuel subsidies, which subsequently leads to increased fuel prices for consumers (Gupta & Mahajan, 2019).

Overview of Subsidy Reform Policy in Nigeria

According to Houeland (2020), fuel subsidies in Nigeria have a deep-rooted history dating back to the 1970s, initially implemented to shield citizens from volatile global oil prices. Over time, subsidising petrol prices became institutionalised as a measure to mitigate economic shocks. Fuel subsidies in Nigeria originated in response to the oil price shock of 1973, with their formal introduction and institutionalisation occurring in 1977 under the Price Control Act, which regulated maximum retail prices. The roots of Nigeria's fuel subsidy trace back to historical practices where the country's oil was refined abroad and then re-imported at higher costs, burdening consumers. To alleviate this financial strain, the government instituted subsidies, which intricately linked fuel prices to the costs of nearly all goods and services nationwide. Despite initial partial removal in 1986, fuel subsidies remained a significant policy tool. Nigeria's subsidy system traditionally involved fixing petrol prices below international levels and covering the price differential with government funds, given the deteriorating state of domestic refineries.

Over the years, the cost of fuel subsidies in Nigeria has ballooned, prompting both the World Bank and the International Monetary Fund (IMF) to advocate for their removal. The World Bank argues that failure to remove these subsidies could worsen Nigeria's fiscal challenges and deepen its debt burden. This structural issue has contributed to the perceived unsustainability of the subsidy programmes. To mitigate resistance to subsidy removal, it is crucial to transform essential sectors like education, healthcare, transportation, and infrastructure positively, while also providing viable alternatives for Nigerians. This historical context underscores the necessity for a cautious approach to subsidy removal, especially in a developing nation like Nigeria. The Nigerian government's decision to eliminate its consumer fuel subsidy in 2023 carries significant economic, social, and environmental implications that require careful consideration. The context surrounding the 2023 subsidy removal in Nigeria is multifaceted. President Bola Ahmed Tinubu highlighted concerns that the subsidy disproportionately benefited the wealthy while becoming increasingly unsustainable in terms of escalating costs. In the lead-up to the February 2023 election, all major presidential candidates committed to removing the subsidy and reforming the oil sector, albeit with varying approaches, signalling a rare political consensus on the issue. Given Nigeria's economic realities, experts considered subsidy removal imperative. The preceding Buhari administration had left substantial debts, necessitating financial prudence. Despite opposition from labour unions, the government's decision to eliminate the subsidy was viewed as economically necessary, although demands to curb government waste grew louder (Al Jazeera, 2023).

Reactions to the subsidy removal were mixed. Nigerian National Petroleum Corporation Limited (NNPCL) supported the move, citing the government's significant debt owed to the company due to the subsidy. Labour unions protested, voicing concerns over transparency and past corruption in government spending. Despite its unpopularity, the government's action was deemed economically prudent, highlighting the need for concurrent improvements in areas like electricity supply and transportation to mitigate the impact on citizens (The Nigerian Economic Summit Group (NESG), 2023).

The response from citizens in both instances underscores their reliance on subsidies and the perceived impact on their economic well-being. The 2023 subsidy removal sparked public chaos as individuals rushed to purchase fuel before prices surged (NESG, 2023). These reactions underscore the pivotal role subsidies play in the daily lives of Nigerians. The decision to remove subsidies in 2023 aimed to address escalating subsidy costs, echoing concerns similar to those raised in 2012 (Houeland, 2020). The protests back then highlighted the demand for fiscal transparency, and the recent move reflects the government's acknowledgement of the subsidy's negative economic impacts.

Political considerations also influenced the 2023 subsidy removal announced by President Bola Ahmed Tinubu, demonstrating his administration's commitment to tackling economic challenges while avoiding previous public backlash. This suggests that the current government may have gleaned lessons from past experiences and adopted a more strategic approach. Social impact remains a critical concern. The protests in 2012 underscored the subsidy's role as a social safety net, especially for vulnerable populations (Houeland, 2020). Similarly, the 2023 decision raised fears about exacerbating inequality, given the substantial number of Nigerians living in multidimensional poverty. This continuity underscores the importance of assessing the impact on society's most vulnerable segments. This underscores a critical aspect of subsidy removal – addressing inequality and safeguarding vulnerable population segments from adverse effects. While the subsidy removal aims to potentially address the government's fiscal challenges, concerns raised by Ikenga & Oluka (2023) suggest it could also increase economic pressure on the population.

Impact of Subsidy Removal on Households

With the removal of fuel subsidies, households are facing a myriad of challenges that are exacerbating their daily lives. These include rising costs of essential goods and services leading to inflation, stagnant wages, delays or non-payment of salaries, cash shortages, and increased transportation costs and fuel scarcity (NESG, 2023). These factors collectively impose severe hardships, further eroding households' purchasing power and contributing to a growing population of working poor in the country. Subsidy removal can have several negative effects on households' budgets: The removal of subsidies often leads to immediate increases in the prices of essential goods and services, such as food, transportation, and heating. For households already living on tight budgets, these higher costs can strain finances and reduce purchasing power. Higher fuel prices resulting from subsidy removal can directly affect transportation costs. This increase can particularly burden households that rely on personal vehicles or public transport for commuting to work, school, or essential services (Abaekih et al, 2024). The removal of subsidies on basic goods like fuel can have a broader inflationary effect across the economy. As transportation and production costs rise, businesses may pass these costs onto consumers through higher prices for goods and services beyond just petroleum products. Some households may resort to taking on debt to cover increased expenses, especially if the rise in living costs is abrupt and substantial. This can lead to financial stress and long-term indebtedness. Increased unemployment or underemployment resulting from subsidy removal can have broader social implications, including higher levels of poverty, inequality, and social unrest as individuals and families struggle to make ends meet. Subsidy removal disproportionately affects low-income families and individuals who spend a larger proportion of their income on necessities. For these households, even a modest increase in prices can lead to financial instability and difficulty meeting essential needs. Higher living costs resulting from subsidy removal can widen the gap between wealthy and lower-income households. This exacerbates existing social inequalities, as those with higher incomes are better positioned to absorb price increases compared to low-income groups.

An interviewee noted that:

> "*The removal of subsidies has had an immediate and palpable impact on families across Jos. Fuel prices have surged, affecting the cost of transportation, food, and everyday essentials. For many households already grappling with economic challenges, this sudden increase has placed a heavier burden on their budgets*".

Another respondent averred that: "*from our experience, fuel subsidy removal breeds a corresponding decrease in the quality of education, health, infrastructure and general living standard of the people*"

This illustrates some of the key concerns and potential consequences of subsidy removal on households within the context of Jos Metropolis, highlighting the immediate challenges and suggesting strategies for mitigating these impacts. Policymakers must implement targeted support mechanisms, such as social safety nets and subsidies for essential goods. Additionally, investing in alternative energy sources and improving public transportation infrastructure could alleviate some of the financial burdens on households and businesses alike.

Subsidy Removal and the Corruption Conundrum

Subsidy payments have always been thwarted by issues of corruption and lack of transparency. The argument for the removal of fuel subsidy has always bordered on the need to free up resources and take necessary steps towards long-needed reforms, since the country can no longer sustain the cost, especially as the economy is in a precarious state. Corruption and lack of fiscal transparency have been identified as major impediments that have marred subsidy payments over the years. For instance, a parliamentary inquiry in 2012 uncovered a $6 billion fraud involving officials at the state-owned Nigerian National Petroleum Corporation (NNPC) (Evans et al, 2023). This scandal intensified calls for investigations into NNPC operations and a reassessment of subsidy policies. On this, a respondent noted that:

> "*The monies saved will eventually end up abroad in numbered accounts by those whose responsibility it is to efficiently manage the resources saved from subsidy removal. Subsidy removal breeds a class of rapacious officials who hide under the need to comply with the IMF conditionalities to rid themselves of the constitutional and moral responsibilities they undertook to meet the needs of the people*"

On corruption, a respondent observed thus;

> "*The government's argument that subsidies needed to be removed because certain unidentified persons/individuals and groups are sabotaging it. The government must identify those engaged in this act of economic sabotage and sanction them appropriately. The Nigerian people should not be punished for the infraction of a few*"

The above assertions suggest major critical points regarding the consequences of subsidy removal and the potential behaviour of government officials. It implies that instead of using the funds saved from subsidy removal to benefit the country's development, some officials may redirect these resources for personal gain. This could involve illicitly transferring money to foreign bank accounts, often termed as "numbered accounts," where funds can be hidden from scrutiny and taxation. Officials are often accused of exploiting the removal of subsidies as an opportunity to enrich themselves. This behaviour is seen as unethical and contradictory to their role of responsibly managing public resources for the benefit of the populace. This could lead to a disconnect between government actions and the genuine needs of the population, exacerbating social inequality and undermining trust in public institutions. The potential for misuse of saved funds underscores the importance of strong oversight, transparency, and accountability in governance. It highlights the need for robust institutional frameworks and anti-corruption measures to ensure that public resources are used responsibly and for the benefit of society as a whole, rather than for personal gain by a few. Addressing these issues is crucial for fostering trust in government institutions and promoting inclusive and sustainable development.

Subsidy Removal and the Loss of Public Trust

The success and societal impact of subsidy removal in Nigeria hinge significantly on public perception and political support. However, a crucial dimension to the subsidy reform is the fact that the Nigerian government and its officials suffer from trust deficits. In other words, a real challenge the government faces entails winning the trust of Nigerians who express doubts about whether the government has credible and sustainable economic plans in the aftermath of the subsidy removal policy. In addition, citizens question the government's capacity to efficiently manage and allocate these newly available resources. In the context of subsidy removal, scepticism can emerge regarding whether the savings from subsidies will truly be reinvested in public welfare or if they will be mismanaged or misappropriated. A respondent had this to say:

> "*The major problem is we do not trust the government to plough back this money into the betterment of the country. That is why we would rather have a subsidy as the only thing the common man gains from the country*"

Trust deficits arise when there is a widespread perception among the populace that government officials may not act in the best interests of the public. Effective implementation of subsidy removal policies requires clear communication and transparency from the government about the rationale behind such decisions and the intended outcomes. When trust in government is low, there is a heightened risk that the public will view subsidy removal as a measure that primarily benefits a few elites or foreign interests rather than addressing broader economic challenges. In Nigeria, as in many countries, subsidy removal is often a politically sensitive issue due to its immediate impact on living costs for ordinary citizens. When trust in government is lacking, there is greater potential for political opposition and public protests against subsidy removal, which can undermine the implementation process and lead to policy reversals or delays. Trust deficits also affect the effectiveness of monitoring and accountability mechanisms. If the public perceives that government officials are not transparent or accountable in managing the savings from subsidy removal, there is less confidence that the funds will be used effectively for public goods such as healthcare, education, or infrastructure development. Trust deficits can contribute to policy instability if successive administrations fail to build trust with the public regarding their management of economic policies like subsidy removal. This can lead to a cycle of policy reversals and uncertainty, undermining economic planning and development. Addressing trust deficits is crucial for the effective implementation of subsidy removal policies in Nigeria. It requires governments to prioritise transparency, engage in meaningful dialogue with stakeholders, and demonstrate a commitment to using savings responsibly for the benefit of all citizens. Building trust over time through consistent and accountable governance practices is essential for fostering public support and achieving sustainable economic reforms. Public communication and education are essential pillars of successful subsidy reform. The government's commitment to explaining the rationale behind subsidy removal and its long-term benefits can effectively manage public expectations and reduce potential unrest. This approach helps citizens understand the trade-offs involved in maintaining subsidies and the potential advantages of their removal. Additionally, accurate and accessible information dispels misconceptions and rumours that could otherwise fuel public frustration and unrest, thereby supporting a smoother reform process and fostering trust among the population.

Subsidy Removal and the Cost of Governance Debacle

The cost of governance in Nigeria has attracted several comments from stakeholders in the nation’s economy who have expressed concerns as regards how best the prevalent wastage by government could be curtailed and translated into generally improved living standards for the citizenry. Nigeria's democracy has been described as the most expensive in the world, with minimal evidence in terms of infrastructure, poverty level and pace of general economic growth (Okeke & Eme, 2015). The volume of wastage in the system is enormous. Many Nigerians want the government to curb excesses like outrageous allowances of political office holders, especially federal lawmakers in the National Assembly, selling off several planes in the presidential fleet, reducing the number of cars in the convoy of government officials, and pruning wasteful government expenditures and inflated budgets in what has come to be infamously known as "budget padding" (the inclusion of a large chunk of extra money in the a budget, usually earmarked for non-existing projects/purposes, to divert such funds for personal use). An interviewee had this to say on the high cost of governance:

"*You cannot remove a subsidy without consciously reducing the humongous waste in government. You cannot be living in obscene affluence while the citizens bear excruciating and unabating higher cost of living*". In a similar vein, another respondent reiterated that: "*they are not ready to cut the cost of governance or their ostentatious lifestyles, hence, all the freed savings from subsidy are being channeled for salary increment, estacodes, funding large retinue of aides, special assistants, etc., and not to cushion the economic effects of the government policy*". The high cost of governance in Nigeria is a major concern that cannot be ignored. The cost of governance is burdensome and unsustainable, particularly at a time when the government is encouraging Nigerians to make sacrifices, one of which is the excruciating hardship occasioned by the subsidy removal policy.

D**ISCUSSION**

The removal of subsidies has profound social implications, particularly for vulnerable populations. Foremost among these challenges is the potential exacerbation of socio-economic inequality, given that subsidy removal can lead to increased fuel prices and a subsequent rise in the cost of living. This predicament echoes the concern raised by Ikenga & Oluka (2023), emphasising that while subsidy elimination might hold long-term benefits, it can strain the financial resources of households, particularly those already marginalised. Rentschler (2016) underscores the regional disparities in poverty impacts resulting from fossil fuel subsidy reforms, illustrating how such measures can disproportionately affect specific regions and communities. Additionally, the impact on public services and infrastructure necessitates a thorough examination. While reallocating subsidy funds to sectors like healthcare, education, and infrastructure promises positive change, their effective use and fair distribution must be closely monitored. Ensuring these funds lead to tangible improvements without unintended drawbacks becomes a critical priority. Analysing the implications of this policy change demands a nuanced examination that considers the diverse dynamics involved.

Recent data highlights Nigeria's escalating inflation, which has significantly increased poverty levels, with an estimated four million people slipping into poverty between July and December 2023. The removal of fuel subsidies has exacerbated this situation, putting approximately 7.1 million poor Nigerians at risk of further impoverishment without adequate government compensation or relief measures (World Bank, 2023). These developments mirror Rentschler's (2016) findings, demonstrating how subsidy reforms can unevenly impact poverty levels across regions. In Nigeria's case, the elimination of fuel subsidies has spiked prices, disproportionately affecting economically vulnerable households. With petrol prices tripling post-subsidy removal, these households, reliant on petrol consumption either directly or indirectly, are facing significant hardships. This corroborates the findings of Mmadu and Akan (2013), who examined how inefficient subsidies in the oil sector affect household welfare.

The immediate consequence of this price increase is an estimated income loss for poor and economically insecure households. Moreover, the removal of subsidies can prompt significant coping mechanisms among newly impoverished and economically insecure households. These measures might include reducing expenditures on crucial services like education and healthcare, or compromising on dietary choices (World Bank, 2023). To mitigate these adverse effects on vulnerable populations, the World Bank underscores the necessity of implementing robust compensation and transfer mechanisms. Such measures can help shield households from the initial price shocks caused by subsidy reform and provide vital support to those at risk of slipping deeper into poverty. Nigeria already grapples with severe economic challenges, including the world's lowest minimum wage, widespread poverty, and high unemployment rates (Amadi, 2023), underscoring the necessity for a holistic approach that carefully considers the potential social ramifications of subsidy removal. The country's high Gini coefficient and inadequate social protection systems contribute to a fractured society where policy impacts can vary significantly. Without accompanying comprehensive economic reforms, subsidy removal may exacerbate inequality and poverty (Amadi, 2023).

Public opinion on subsidy removal is diverse and often divided between considerations of fairness and efficiency. Proponents of efficiency argue for subsidy removal to address fiscal constraints and enhance resource allocation efficiency. They contend that market efficiency can be attained through appropriate pricing, alleviating the fiscal burden on the public sector and promoting more effective resource management. Conversely, advocates for equity stress the broader social implications, particularly for vulnerable and marginalised groups. They caution that an abrupt and complete removal of subsidies could worsen poverty and inequality (Amadi, 2023).

This implies that the discourse on subsidy removal underscores broader issues of inequality within Nigeria's political economy.

The intersection of efficiency and equity within Nigeria's public finance framework underscores the government's dual roles of allocation, distribution, and stabilisation. It is vital to stress that while prioritising efficiency is critical for fiscal stability and optimal resource management, the distributive function necessitates safeguarding citizens' well-being. Abrupt subsidy removal without adequate compensatory measures risks disproportionately harming the poorest and most vulnerable segments of society. The elimination of fuel subsidies resulted in immediate economic repercussions, including a sharp rise in fuel prices that directly affected transportation costs and food inflation. This economic strain is particularly burdensome for households. A critical concern is the potential impact on consumers as energy prices rise. With the lifting of subsidies, fuel prices are expected to increase, which could disproportionately affect vulnerable populations. Low-income households, in particular, may bear the brunt of higher energy expenses, thereby worsening social inequalities.

The implications of these findings for Nigeria's socio-economic future are profound and multifaceted, impacting various facets of the country's developmental trajectory. The intricate interplay of economic, social, political, and environmental dimensions resulting from subsidy removal carries extensive consequences that policymakers must address for a sustainable and equitable future. Policymakers must consider both immediate fiscal outcomes and long-term socio-economic effects when devising strategies, thereby minimising potential negative impacts on vulnerable populations. The research highlights the importance of addressing inflation and consumer price indices. But while subsidy removal may initially cause price hikes, policymakers should adopt comprehensive approaches that not only mitigate short-term inflation but also address broader economic dynamics. Effective inflation management strategies, alongside policies protecting vulnerable segments of society, will foster a more stable socio-economic environment.

Furthermore, these implications emphasise the urgency of diversifying Nigeria's economy beyond oil. Subsidy removal presents opportunities for industry diversification and innovation within and beyond the oil sector. Policymakers should encourage investments in renewable energy, technology, and other sectors to stimulate long-term job creation and economic resilience.

Moreover, the findings stress the necessity of implementing adequate compensation and support mechanisms for vulnerable populations. Given that subsidy removal could exacerbate poverty and impact household welfare, well-designed social welfare programmes can mitigate adverse effects and promote inclusive economic growth. This approach will be pivotal in addressing income inequality and fostering social cohesion. Policymakers must be prepared for the immediate aftermath of subsidy removal, ensuring stability in fuel supply, pricing, and economic measures.

Furthermore, historical experiences, such as Nigeria's track record of corruption and inefficiency in subsidy administration, contribute to public scepticism and mistrust of government actions. Previous instances of policy adjustments and their consequences on citizens' well-being impact how the public perceives current policy changes. One crucial factor influencing public perception is the government's approach to social safety nets and compensatory measures. The promise of cash transfers to poor households, while aiming to mitigate the impacts of subsidy removal, raises questions about their adequacy and effectiveness in addressing the broader socioeconomic challenges. Political leaders' responses to the concerns of citizens, particularly those in the informal sector, are pivotal in shaping public sentiment and trust in the government's intentions.

CONCLUSION AND RECOMMENDATIONS

The removal of subsidies has profound social consequences, particularly affecting vulnerable populations who bear the brunt by exacerbating poverty and impacting household welfare. Mitigating these adverse effects demands adequate compensation and support mechanisms. Ensuring equitable economic changes necessitates policymakers' recognition of these consequences, facilitating the meaningful inclusion of vulnerable groups in socio-economic and political development.

Primarily, the study emphasises the importance of policymakers possessing a thorough understanding of distribution patterns. A comprehensive approach that considers both immediate fiscal outcomes and broader socio-economic effects is essential for ensuring sustainable and equitable economic growth. The economic ripple effects extend to consumer price indices and inflation rates, revealing a complex interplay between subsidy removal, oil price fluctuations, and other economic variables. This highlights the necessity for a well-balanced approach that not only addresses short-term inflation but also considers broader economic dynamics and potential mitigation strategies. Furthermore, the intricate relationship between subsidy removal and its socioeconomic impact underscores the need for comprehensive assessments to evaluate potential outcomes thoroughly. The political dynamics surrounding subsidy removal reveal a complex interplay of economic imperatives and governance challenges. Lack of preparedness for the immediate aftermath has led to fuel scarcity, price hikes, and economic challenges. Therefore, effective strategic measures such as leadership enhancement, transportation improvements, security measures, and refinery privatisation are crucial for achieving a stable economic trajectory amidst these complexities.

Navigating the complexities of subsidy removal in Nigeria underscores the need to balance economic efficiency, social welfare, and political stability. Implementing well-designed social welfare programmes and compensatory measures, drawing insights from global experiences, is essential. Maintaining this balance is critical to prevent exacerbating inequality and eroding public trust, while also addressing public perception and ensuring equity in the process. Mitigating these adverse effects demands adequate compensation and support mechanisms. Ensuring equitable economic changes necessitates policymakers' recognition of these consequences, facilitating the meaningful inclusion of vulnerable groups in socio-economic and political development. Increasing the minimum wage is also highlighted as crucial to mitigating the impact of subsidy removal, echoing the views of Akinola (2018), who notes that a higher minimum wage would assist individuals, especially those with lower incomes, in coping with increased transportation costs resulting from subsidy removal. Moreover, revising remuneration structures by employers underscores the need for joint efforts from both the public and private sectors to safeguard vulnerable workers. The study underscores the importance of not only evaluating the economic implications of policies like subsidy removal but also understanding their broader social and distributional effects. These effects encompass changes in income distribution, access to essential services, and overall quality of life. The emerging patterns and trends from these findings offer a comprehensive overview of the multifaceted implications of subsidy removal on households in Nigeria. These patterns underscore the intricate relationships among economic, social, and political dimensions, necessitating a holistic approach for effective policymaking and sustainable development.

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