

## FUEL SUBSIDY REMOVAL: THE SOCIO-ECONOMIC IMPLICATIONS ON THE STANDARD OF LIVING IN ABIA STATE, NIGERIA

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### Abstract

*Fuel subsidy removal in Nigeria has generated substantial discourse surrounding its socio-economic impact on the standard of living. This critical shift has prompted a multifaceted evaluation of the implications for the populace, including potential changes in purchasing power, transportation costs and overall welfare. This study assessed the socio-economic implication of fuel subsidy removal on the standard of living in Abia State, with a focus on Aba Metropolis. The study was guided by three research objectives and anchored on the conflict theory. The cross-sectional research design was adopted for the study and its population comprised residents of Aba Metropolis from which a sample of five hundred (500) respondents was drawn using the quota sampling technique. While 500 copies of structured questionnaire were administered, 495 were appropriately filled out, retrieved and analysed using frequency distribution tables, percentages and arithmetic mean. The analysis of data revealed that fuel subsidy removal has facilitated a significant increase in transportation costs and the prices of goods, and has negatively impacted the overall well-being of people in Aba Metropolis. Based on the findings, it was recommended that the government should introduce targeted subsidy programmes for essential commodities and public transportation, focusing on vulnerable populations, to alleviate the immediate burden on the cost of living and transportation for individuals and households, engaging in comprehensive policy reviews and consultations with stakeholders to develop effective strategies that balance the objectives of subsidy reform with the protection of the welfare and livelihoods of the residents in Aba Metropolis, among others.*

**Keywords:** Fuel Subsidy Removal, Socioeconomic Implications, Standard of Living, Abia State.

### 1. Introduction

Since the 1956 discovery of oil in commercial quantity in Oloibiri in present Bayelsa State, Nigeria has been one of the major oil-producing countries in the world (Agbaeze & Ukoha, 2018). Despite being a member of OPEC, for a long time the country did not have a functional refinery for crude oil refinement. This instigated the phenomenon of crude oil exportation for refinement and importation of the refined products. Due to the expensive nature of the imported fuel, the government subsidised fuel price to make it affordable for citizens until it was finally removed in May 29 2023. Globally, fuel subsidy removal entails a governmental policy decision which reverberates through the socio-economic landscape of a society and

affects the standard of living of the people. It must be stated that the removal of fuel subsidy is a culmination of several reevaluations and socio-economic reviews based on economic shifts and the need for fiscal sustainability (Ozili & Obiora, 2023). This decision is practically a double-edged sword indicating economic reforms on one hand and posing challenges for the local populace on the other.

According to Ovaga and Okechukwu (2022), fuel subsidy entails the discount placed by the government on the market price of fossil fuel so that consumers will buy at a rate below the prevailing market price. Subsidising fuel enables consumers to pay below the market price per litre of the product. Several debates abound globally on fuel subsidies owing to their enormous financial commitment and impact on the welfare of the citizens and national fiscal health. Ozili and Obiora (2023) report that according to the International Energy Agency, the global fossil fuel subsidy rose from an estimated \$325 billion in 2018 to \$1 trillion in 2022. This amount is ridiculously high when considered against the background that it significantly dwarfs the revenue of the government in many developing countries, leading to numerous advocacies for fuel subsidy removal (Coady *et al.*, 2017). The amount that will be saved from subsidy removal, according to Couharde and Mouhoud (2020), can be used to cater to the needs of the poor and vulnerable in society.

Although some present the argument that fuel subsidy removal can help the government generate funds to provide humanitarian assistance to citizens, others argue that fuel subsidy is in itself a humanitarian aid, as it facilitates the affordability of fuel for the financially challenged. Knowing that fuel is used to facilitate numerous human activities, it is one of the most important aids that the government can provide to its citizens. This created a contentious discourse about fossil fuel subsidy removal all over the world. In this regard, several scholars enumerated the negative consequences of fuel subsidy. These include increased financial burden on the government, air pollution and greenhouse gas emissions, market distortion, road congestion, resource misallocation, forgone tax revenue, government dependency, road accidents, and premature deaths, among others (Sweeney, 2020; McCulloch, Moerenhout & Yang, 2021; Parry, Black & Vernon, 2021). These foregoing reasons were highlighted to encourage government to remove fuel subsidy and channel the derived capital to other areas of the economy. Despite this, government in many countries have been skeptical about fuel subsidy removal citing that it will facilitate an increase in the price of Premium Motor Spirit (PMS) which will in turn inflate transportation prices. And once transportation cost increases, it will inevitably engender an increase in the prices of goods and services. This will invariably usher in a period of economic hardship for the low-income citizens (Dennis, 2016).

As a response to the oil price shock in Nigeria during the early 1970s, the federal government introduced fuel subsidies to cushion its effect on the citizens. Apart from the partial removal of subsidies in 1986 and 2012 which met massive resistance and outcry, for much of Nigeria's history, fuel prices have been largely subsidised. However, the payment of subsidy has been very costly for the Nigerian government amounting to ₦17.13 trillion (US\$25.9 billion) in 2022, which was about 23 percent of the national budget (Ozili & Obiora, 2023). This enormous cost made it impossible for the Nigerian government to sustain subsidy any further and it was announced in May 2023 that subsidy will be removed and it has been a very controversial

decision with many fearing that it will lead to economic hardship for most especially the poor in the society.

Practically, the fuel subsidy removal will lead to an immediate increase in transportation costs, and since daily commuting is a general activity in Nigeria, it will negatively impact the disposable income of residents. Furthermore, the prices of goods and services could skyrocket due to the businesses reliance on the transport system and fuel for electricity generation. Since the disposable income of citizens is not likely to increase proportionately with the escalation in prices, the standard of living of the people could be affected.

### **1.1 Statement of the Problem**

In a country that was already plagued by a myriad of economic crises, the statement “the fuel subsidy is gone” made by President Bola Ahmed Tinubu on 29 May 2023 in his inaugural address to the nation exacerbated the issues and marked the beginning of a massive hike in the prices of PMS and other related products in Nigeria. Despite the various objections and critiques of the move by the president, he was not deterred at the very least and the decision was implemented (Houeland, 2022). Sadly, the removal of fuel subsidies was predicted to have a ripple effect on not just the prices of crude oil-related products but also on other goods in general and the overall well-being of the people of Abia State and Nigeria in general (Dennis, 2016). Several months after the removal, the initial fear is becoming justifiable as the prices of goods and services have skyrocketed in Abia State. In response to the subsidy removal, transportation costs were the first to increase and this impacted numerous facets of the economy because everyone utilises transportation. Overall, the increase in the prices of goods can significantly impact the socio-economic fabric of the state and the standard of living of the residents (Dennis; 2016; Ozili & Arun, 2023). When analysed through the lens of unemployment, widespread poverty and lack of entrepreneurial opportunities, it becomes clear the difficulty that this phenomenon has instigated in society. Although some people have hypothesised the negative impact of fuel subsidy removal on the people of Abia state, the attempt can mainly be classified as philosophical conjectures. This study, therefore, aims to assess the impact of fuel subsidy removal on the increase in transportation costs, prices of goods and the overall well-being of people in the Aba metropolis.

### **1.2 Research Questions**

1. Did fuel subsidy removal facilitate an increase in transportation costs in Aba metropolis?
2. Has fuel subsidy removal led to an increase in the prices of goods in Aba metropolis?
3. What is the impact of fuel subsidy removal on the overall well-being of people in Aba metropolis?

## **2. Literature Review**

### **2.1 Fuel Subsidy and Increase in Transportation Costs in Aba Metropolis**

There is a positive correlation between the price of PMS and the prevailing transportation cost in a country. Hence, it is no surprise that fuel subsidy removal will lead to an immediate increase in transportation costs, and since daily commuting is a general activity in Nigeria, it will negatively impact the disposable income of residents (Umeji & Eleanya, 2021). The removal of fuel subsidies and its subsequent impact on the increase in transportation costs in

Aba Metropolis present a complex interplay of economic dynamics with profound implications for both individuals and businesses. According to Ozili and Obiora (2023), the removal of fuel subsidies directly correlates with an increase in fuel prices. In Aba, where transportation heavily relies on fuel, this triggers a domino effect. Public transportation operators, including buses and taxis, face higher operational costs due to increased fuel expenses. As a result, these additional costs are often transferred to commuters in the form of elevated transportation fares. The rise in transportation costs places a significant burden on commuters, particularly those with limited financial means. Daily commuters, who rely on public transportation for work or essential activities, experience a direct impact on their disposable income. This can lead to challenges in budgeting for other necessities, affecting the overall standard of living for these individuals (Sweeney, 2020).

From a microeconomic perspective, the increased transportation costs can have a cascading effect on household budgets. Families may need to allocate a larger portion of their income to commuting expenses, leaving less for other essential needs such as food, education, and healthcare. This has implications for the well-being of individuals and the overall economic stability of households. The business sector is not immune to the repercussions of increased transportation costs. Enterprises involved in the movement of goods and services witness a surge in operational expenses, impacting their profit margins. Small businesses, in particular, may find it challenging to absorb these additional costs, potentially leading to price hikes for their products or services. The increase in transportation costs can influence economic productivity at both individual and societal levels. Workers spending a substantial portion of their income on commuting may face decreased job satisfaction and motivation. Additionally, businesses grappling with higher operational costs may experience constraints on growth and competitiveness in the market (Sheyin, 2018). The impact of increased transportation costs often exacerbates social equity concerns. Those with higher incomes may navigate these challenges more comfortably, while individuals with limited financial resources face heightened difficulties. This disparity raises questions about the fairness of the economic burden resulting from the removal of fuel subsidies.

## **2.2 Fuel Subsidy Removal and Increase in the prices of goods in Aba Metropolis**

The removal of fuel subsidies often triggers an increase in the prices of goods in Aba Metropolis, creating a complex economic scenario with far-reaching implications for both businesses and consumers. One of the primary mechanisms through which fuel subsidy removal affects the prices of goods is the increase in transportation costs. Businesses involved in the production and distribution of goods rely heavily on fuel for transportation. As fuel prices rise, so do the costs associated with moving raw materials and finished products. These additional expenses are often passed on to consumers in the form of higher prices for goods (Shagali & Yusuf, 2022). The ripple effect of increased transportation costs contributes to inflationary pressures in Aba Metropolis. When businesses face higher operational expenses, they may adjust the prices of goods to maintain profit margins. This inflationary trend can impact the overall cost of living for residents, particularly those with limited financial means. The surge in the prices of goods has a direct impact on consumer spending power. As everyday items become more expensive, individuals and households may need to allocate a larger portion of their income to cover basic needs. This, in turn, leaves less disposable income for non-essential purchases or savings, influencing overall consumer behaviour.

Bagirov and Mateus (2019) argue that Small and medium-sized enterprises (SMEs) are often more vulnerable to the economic repercussions of fuel subsidy removal. These businesses may struggle to absorb increased operational costs, leading to potential challenges in remaining competitive and sustaining profitability. SMEs may be compelled to adjust the prices of their products or services, affecting their customer base. The impact of fuel subsidy removal on the prices of goods can aggravate existing economic disparities. While affluent individuals may navigate price increase more comfortably, those with lower incomes may face difficulties meeting their basic needs (Gidigbi & Bello, 2020). This economic disparity raises concerns about social equity and highlights the need for targeted interventions to protect vulnerable populations.

### **2.3 Impact of fuel subsidy removal on the overall well-being of people in Aba metropolis**

The impact of fuel subsidy removal on the overall well-being of people in Aba Metropolis extends beyond economic considerations, influencing various facets of daily life and societal dynamics. The immediate and tangible effect of fuel subsidy removal is the financial strain it places on individuals and households (Sampedro, Arto & González-Eguino, 2017). As transportation and goods become more expensive due to increased fuel prices, residents in Aba Metropolis often experience a reduction in their purchasing power. This financial strain can disrupt budgeting for essential needs and lead to challenges in meeting daily expenses. The rise in the prices of goods and services, influenced by increased transportation costs, can impact the accessibility of basic necessities (Harring *et al.*, 2023). Individuals may find it more difficult to afford essential items such as food, healthcare, and education. This has direct implications for the overall well-being of residents, particularly those with lower incomes. The overall quality of life in Aba Metropolis is influenced by the affordability and accessibility of key services. For Ahmed and Olugbenga (2023), the removal of fuel subsidies leads to a decline in the quality of public services or the ability of individuals to access education and healthcare, the overall well-being of the population is compromised. According to Coady, Flamini and Sears (2015), vulnerable groups may be disproportionately affected by the impact of fuel subsidy removal. The economic repercussions of fuel subsidy removal, such as increased operational costs for businesses, can influence employment dynamics. Small and medium-sized enterprises may face challenges in sustaining jobs, potentially leading to unemployment or underemployment in the region (Harun *et al.*, 2018; Mohammed *et al.*, 2020). Job insecurity contributes to heightened stress and anxiety among residents and the indirect consequences of fuel subsidy removal on the overall well-being of individuals extend to health outcomes. Limited access to healthcare due to financial constraints, coupled with potential stressors from economic uncertainties, can contribute to adverse health effects and mental health concerns may also emerge as a result of the economic challenges faced by residents (Raji, 2018).

### **2.4 Theoretical Framework: Conflict Theory**

Applying the conflict theory to the subject shows how fuel subsidy removal is capable of further impoverishing the economically disadvantaged in the society and broadening socio-economic inequality over time. The removal of fuel subsidy represents an attempt by those in power (the government) to increase the resources of the government and by implication, reduce the disposable income of the citizens. It is a manifestation of power struggles between

different entities in the governmental stratum of the society. Decision-makers, often representing economic and political elites, have the authority to shape economic policies. Fuel subsidy removal, which may affect the economically disadvantaged in society disproportionately, indicates a power dynamic that favours certain interests over others (Coady *et al.*, 2015). It must be stated that even though the government argued that the money that would be saved through fuel subsidy removal would be invested into infrastructural development or other endeavours, the money will be misappropriated by those in power, making the hardship for the people to be unjustified (Sweeney, 2020). Also, class disparities are a fundamental determinant of the impact of subsidy removal on the different members of society. In the context of fuel subsidy removal in Abia state, the decision could widen the chasm between the rich and the poor. The economically privileged are likely to seamlessly navigate the consequences, while those with little resources face increased challenges in maintaining their standard of living (Okongwu & Imoisi, 2022).

Using the lens of conflict theory, the economic injustices resulting from policy and decisions of the government can be easily captured. Even though the removal of fuel subsidy may potentially contribute to the broader economic goals, it will burden those who are economically marginalised disproportionately and create a scenario where governmental policies perpetuate and aggravate existing class inequalities (Ahmed & Olugbenga, 2023). Furthermore, the theory underscores the continual struggle for resources as the removal of fuel subsidies can intensify the competition for limited resources, particularly among lower-income groups. This is because people will start competing for affordable transportation, basic goods, and economic opportunities in the society.

### 3. Methodology

The study adopted the cross-sectional research design. The population of the study comprised all residents of Aba Metropolis. Aba has a projected population of 778,000 (NBS, 2010). In line with Comrey and Lee’s (1992) sample size determination framework, a sample size of 500 was drawn for the study. This is because a sample of 500 is regarded as very good for a study like this (Asemahet *et al.*, 2017; Erubami, 2020). This study used the quota sampling technique. This involved selected high income, middle income and low income individuals. This method allowed the researcher to capture a diverse range of perspectives and opinions within the population, ensuring that the sample was not skewed towards any particular income group. The sampling process is shown in Table 1.

**Table 1: Sample Selection**

S/N	Place	Percent (%)	Sample
1	High Income	20	100
2	Middle Income	30	150
3	Low Income	50	250
<b>Total</b>			<b>500</b>

*Source: Researcher*

The researcher designed a structured questionnaire to collect data from the respondents regarding the subject matter of the study. The researcher used face and content validity to

ensure the validity of the research instrument. While 500 copies of structured questionnaire were administered, 495 were appropriately filled out and retrieved. The collected data were analysed using frequency distribution tables, percentages and arithmetic mean.

#### 4 Results

##### Research Question One: Did Fuel Subsidy Removal Facilitate an Increase in Transportation Costs in Aba Metropolis?

**Table 2: Analysis of Research Question One**

S/ N	STATEMENTS	SA (%)	A (%)	UD (%)	D (%)	SD (%)	$\bar{X}$	Dec.
1	There has been a hike in tricycle fees since the removal of the fuel subsidy	178 (35.9)	199 (40.2)	10 (2)	44 (8.9)	64 (12.9)	3.78	Accept
2	There has been a hike in shuttle and bus fare since the termination of fuel subsidy	152 (30.7)	174 (35.2)	23 (4.6)	80 (16.2)	66 (13.3)	3.54	Accept
3	There has been a hike in bike fare since the removal of fuel subsidy	200 (40.4)	182 (36.8)	18 (3.6)	55 (11.1)	40 (8.1)	3.90	Accept
4	It has been difficult to fuel transportation equipment since the subsidy removal	147 (29.7)	188 (37.9)	19 (3.8)	88 (17.8)	53 (10.7)	3.61	Accept

SPSS, 2023

Table 2 shows the impact of fuel subsidy removal on the increase in transportation costs in the Aba metropolis. The respondents agreed that there has been a hike in tricycle fares since the removal of the fuel subsidy (with a 76.1% agreement and mean of 3.78), there has been a hike in shuttle and bus fare since the termination of fuel subsidy (with a 65.9% agreement and mean of 3.54), there has been a hike in bike fare since the removal of fuel subsidy (with a 77.2% agreement and mean of 3.90) and been difficult to fuel transportation equipment since the subsidy removal (with a 67.6% agreement and mean of 3.61). This implies that fuel subsidy removal has facilitated an increase in transportation costs in the Aba metropolis.

##### Research Question Two: Has Fuel Subsidy Removal Led to an Increase in the Prices of Goods in Aba Metropolis?

**Table 3: Analysis of Research Question Two**

S/ N	STATEMENTS	SA (%)	A (%)	UD (%)	D (%)	SD (%)	$\bar{X}$	Dec.
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1	There has been an increase in the prices of food stuff since the removal of fuel subsidy	198 (40)	169 (34.1)	8 (1.6)	49 (9.9)	71 (14.3)	3.78	Accept
2	There has been an increase in the prices of groceries since the removal of fuel subsidy	200 (40.4)	182 (36.8)	18 (3.6)	55 (11.1)	40 (8.1)	3.90	Accept
3	There has been an increase in the prices of toiletries since the removal of fuel subsidy	162 (32.7)	223 (45.1)	14 (2.8)	47 (9.5)	49 (9.9)	3.81	Accept
4	There has been an increase in the prices of clothing since the removal of fuel subsidy	188 (37.9)	147 (29.7)	53 (10.7)	88 (17.8)	19 (3.8)	3.80	Accept

SPSS, 2023

The table above shows the impact of fuel subsidy removal on the increase in the prices of goods in the Aba metropolis. The respondents agreed that there has been an increase in the prices of foodstuff since the removal of the fuel subsidy (with a 74.1% agreement and mean of 3.78), there has been an increase in the prices of groceries since the removal of the fuel subsidy (with a 77.2% agreement and mean of 3.90), there has been an increase in the prices of toiletries since the removal of the fuel subsidy (with a 77.8% agreement and mean of 3.81) and there has been an increase in the prices of clothing since the removal of fuel subsidy (with a 67.6% agreement and mean of 3.80). This implies that fuel subsidy removal has led to an increase in the prices of goods in the Aba metropolis.

### **Research Question Three: What is the Impact of Fuel Subsidy Removal on the Overall Well-being of People in Aba Metropolis?**

**Table 4: Analysis of Research Question Three**

S/N	STATEMENTS	SA (%)	A (%)	UD (%)	D (%)	SD (%)	$\bar{X}$	Dec.
1	Majority of the residents, especially the low income earners cannot afford three square meal	147 (29.7)	188 (37.9)	19 (3.8)	88 (17.8)	53 (10.7)	3.61	Accept
2	There has been serious hunger among the residents since the removal of fuel subsidy	254 (51.3)	182 (36.8)	7 (1.4)	32 (6.5)	20 (4.0)	4.25	Accept
3	Many resident cannot provide their basic needs since the termination of fuel subsidy	152 (30.7)	174 (35.2)	23 (4.6)	80 (16.2)	66 (13.3)	3.54	Accept

4	Since the removal of fuel subsidy, people have been unable to fuel their cars, generators, motorcycle, etc.	200 (40.4)	182 (36.8)	18 (3.6)	55 (11.1)	40 (8.1)	3.90	Accept
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SPSS, 2023

The table above shows the impact of fuel subsidy removal on the overall well-being of people in the Aba metropolis. The respondents agreed that the majority of the residents, especially the low-income earners cannot afford three square meals (with a 67.6% agreement and a mean of 3.61), there has been serious hunger among the residents since the removal of the fuel subsidy (with an 88.1% agreement and a mean of 4.25), many residents cannot provide their basic needs since the termination of the fuel subsidy (with a 65.9% agreement and a mean of 3.54) and people have been unable to fuel their cars, generators, motorcycle, etc. (with a 77.2% agreement and mean of 3.90). This implies that fuel subsidy removal has negatively impacted the overall well-being of people in the Aba metropolis.

### 5. Discussion of Findings

The main objective of the study was to examine the socio-economic implication of fuel subsidy removal on the standard of living in Abia State, with a focus on Aba Metropolis. In line with this, data collected through a structured questionnaire were analysed. The analysis produced several results which were discussed herewith.

Firstly, the data analysis revealed that fuel subsidy removal has facilitated an increase in transportation costs in the Aba metropolis. The respondents agreed that there has been a hike in tricycle fees since the removal of the fuel subsidy. There has also been a hike in shuttle and bus fare since the termination of fuel subsidy. Additionally, there has been a hike in bike fare since the removal of fuel subsidy and it has been difficult to fuel transportation equipment since the subsidy removal. This has made many residents to find it difficult to afford the different avenues of transportations available in Aba. This is corroborated by Umeji and Eleanya (2021) who believe that fuel subsidy removal will lead to an immediate increase in transportation costs, and since daily commuting is a general activity in Nigeria, it will negatively impact the disposable income of residents. Also, Ozili and Obiora (2023) opine that the removal of fuel subsidies directly correlates with an increase in fuel prices which will by extension increase transportation price.

Secondly, the data analysis showed that fuel subsidy removal has led to an increase in the prices of goods in the Aba metropolis. The respondents agreed that there has been an increase in the prices of foodstuff since the removal of the fuel subsidy. They also submitted that there has been an increase in the prices of groceries since the removal of the fuel subsidy. Even the prices of toiletries escalated since the removal of the fuel subsidy and there has been an increase in the prices of clothing since the removal of fuel subsidy. This implies that the prices of most of the goods in the market place skyrocketed with the subsidy removal. This is corroborated by Bagirov and Mateus (2019) that firms are often vulnerable to the economic repercussions of fuel subsidy removal which will instigate an increase in the prices of goods and services.

Lastly, the data analysis showed that fuel subsidy removal has negatively impacted the overall well-being of people in the Aba metropolis. The respondents agreed that the majority of the residents, especially the low-income earners cannot afford three square meals, there has been serious hunger among the residents since the removal of the fuel subsidy, many residents cannot provide their basic needs since the termination of the fuel subsidy and people have been unable to fuel their cars, generators, motorcycle, etc. This implies that the word overall well-being of the residents was adversely affected. This is in line with the postulations of Raji (2018) and Umeji and Eleanya (2021) who believe that fuel subsidy removal will adversely impact the standard of living of the members of a society and increase poverty.

## **6. Conclusion and Recommendations**

The study revealed the intricate nexus between fuel subsidy removal and the standard of living of people in Aba Metropolis. Fuel subsidy removal is a policy decision that reverberates across the numerous fabrics in society with significant socioeconomic implications for the members of the society. The study revealed that the removal of fuel subsidies by the federal government has instigated economic hardship for the residents of Aba Metropolis and by extension, Abia State. The decision by the government spontaneously fostered a hike in transportation costs in the state. This is because transporters using various transportation machineries rely on the utilisation of fuel to functionally operate these machineries. Therefore, the unprecedented price rise meant that transporters started spending more on purchasing PMS and diesel. This automatically prompted a rise in the cost of transportation for the people in the state. Hence, people had to spend more money on transportation on a regular basis. It must be stated that the increase in transportation cost had a domino effect on the prices of goods and services. This is because apart from the fact that the manufacturers use transportation to get the raw materials for their goods and services, they also rely heavily on transportation for the distribution of their products. With the increase in transportation therefore came an increase in the prices of goods and services. Furthermore, in a country where business generally provided their electricity due to the epileptic power supply, the increase in fuel price automatically stimulated an increase in the running cost of business. Hence, the logical response was to increase the prices of goods and services to maintain business profitability. It must be stated that the hike in the cost of transportation and the prices of goods and services invariably reduced the disposable income of residents in the state. With reduced disposable income, many residents have found it difficult to fund their regular lifestyle, and in most cases, afford the necessities of life. Some residents have avoided the use of fuel for as much as possible. This in no doubt indicates a decrease in the standard of living of people in Abia State. Sadly, if the situation is not properly salvaged by the government, prices will continue to rise and the standard of living will continue to be adversely affected. Based on the findings of this study, the following recommendations were made:

1. Due to the amplified impact of fuel subsidy removal on low-income individuals and vulnerable groups in the state, the government should introduce targeted subsidy programmes to cushion the effects of fuel price increases on essential goods and transportation.
2. The government should put efforts into investing and improving public transportation infrastructure to reduce the high cost of transportation for individuals

in the state. This will entail the expansion of public transit outlets and the optimisation of existing systems to create cost-effective alternatives for the residents.

3. The government should carry out an independent inquiry to assess the extent of the impact of fuel subsidy removal on businesses and individuals in Abia State, this will enable them to provide relevant palliative and economic relief programmes for individuals and businesses in the state.
4. The government should engage with relevant authorities in the power sector to improve the power supply in the state to reduce the people's dependence on fuel-related products and by extension increase their disposable income.

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