AN EXAMINATION OF THE BENEFITS AND CHALLENGES OF THE FUEL SUBSIDY REMOVAL ON THE NIGERIAN ECONOMY IN THE FOURTH REPUBLIC

IKENGA, A. Francis¹ & OLUKA, N. Lucas²

¹&² Department of Political Science, Delta State University, Abraka, Delta State, Nigeria

*Corresponding Author: IKENGA, A. Francis
Corresponding Author Email: anthony.kifordu@yahoo.com

Article Received: 03-07-23 Accepted: 21-07-23 Published: 02-08-23

Licensing Details: Author retains the right of this article. The article is distributed under the terms of the Creative Commons Attribution-Non Commercial 4.0 License (http://www.creativecommons.org/licenses/by-nc/4.0/) which permits non-commercial use, reproduction and distribution of the work without further permission provided the original work is attributed as specified on the Journal open access page.

ABSTRACT

The removal of fuel subsidy has emerged as a persistent issue in the second quarter of Nigeria's Fourth Republic. Despite the long-term benefits of the policy, Nigerians have consistently resisted attempts by the regime to revert to it. However, this government policy has received negative feedbacks from the public, public institutions, professional associations, and labour unions. The recent pronouncement by the newly inaugurated administration of Senator Bola Ahmed Tinubu as President elect of the Federal Republic has resulted to high prices of petrol and transportation fares all over the nation, even if it has not been fully implemented. It is based on this development that this study examined the benefits and challenges of fuel subsidy relapse on national economy. Descriptive analysis was adopted, and qualitative method of data collection was utilised to collect data for the study. Secondary sources of data, notably, books, journals, dailies, periodicals, and internet materials were utilized to obtain data. It was found out that several attempts by the previous administrations to reverse fuel subsidy policy have high negative effects on the citizens because prices of petroleum products, food items and transportation increases. The study recommends among others that the central government...
should pay special attention to the effects of the policy on the masses by providing palliatives to alleviate the sufferings of the people. In addition, government should provide steady electricity, regulate prices of goods and services, including transportation fare and provide adequate social amenities and infrastructures to cushion its effects on the citizens.

**Keywords:** Subsidy, Fuel, Fuel subsidy, Subsidy Removal, Nigerian Economy, Regime, Benefits, Challenges.

### INTRODUCTION

Unquestionably, oil has played a significant role in the growth of Nigeria's national economy, increasing its percentage contributions to GDP since the 1960s. This development has always been linked to the politics of eliminating fuel subsidies in order to ensure the best possible performance of the country's economy, as well as the availability of Premium Motor Spirit, PMS (also known as fuel, petrol, or gasoline), and other petroleum products to mitigate the effects of actual market prices of these products for the benefit of the general public. Successive governments in Nigeria, including the military government, implemented fuel subsidies to make sure the oil shock didn't recur. Fuel subsidies, in the words of Alozie (2009), "have a very long history that started during the military era." Government policy sought to lessen the burdensome market price of fuel placed on the poor in general. However, it was for this reason that the military government decided to pay a portion of the total cost of fuel for every Nigerian.

The public is currently calling more frequently for the government to change its subsidy policy, regardless of the possible consequences. Any policy that keeps the prices consumers must pay for goods below what consumers would otherwise pay is referred to as a "subsidy." There are many different types of subsidies, including grants, tax breaks and exemptions, and price controls. It indicates that under the subsidy system, the government pays a portion of the total cost of fuel. The goal of this policy is to temporarily lessen the impact of the current petroleum product market price. On 31 March 1986, General Ibrahim Babangida increased fuel pump price that was 20k to ₦39.5k resulting to 97.5% increment. The administration of Chief Olusegun Obasanjo on 1st June 2000 increased fuel pump price that was initially ₦20.00 to ₦30.00 which resulted to about 50% increment. This development subdued and defeated the reason for the adoption of fuel subsidy policy by the military government (Eyiuche, 2012; Omotosho, 2019).

The benefits to the average citizens, who are more numerous, who the federal government claims spent over N1.4 trillion subsidizing kerosene imported into the nation through the Nigerian National Petroleum Corporation (NNPC) during the period were short-lived. Most economists considered the fuel subsidy policy to be highly corrupt and wasteful, as well as a means by which money is stolen from the state treasury into the private pockets of wealthy fuel importers, given the fact that majority of Nigerians have not benefited from the policy. The federal government's announcement on January 1, 2012, to end the fuel subsidy program with the goal of using the funds raised to expand other facets of the economy of the nation and ensure sustainable growth and wealth creation, was the obvious reality. The news papers' front pages during that time were dominated by this development. It turned out to be one of the most unpopular government
policies ever imposed on Nigerians, leading the populace to believe that the only languages the government understood were protest and verbal combats. As a result, this has led to a glaring lack of trust in the government, particularly among young people (Onanuga, 2012).

Fuel subsidy removal however appears to have finally gotten to a perturbing stage in the country. On 1st January 2012, Nigerians received a shocking New Year gift from former President Goodluck Ebele Azikiwe Jonathan of the Peoples Democratic Party (PDP) when he announced his administration’s decision to withdraw fuel subsidy policy following the decision reached by the National Economic Council (NEC) headed by the his deputy, Mr. Namadi Sambo on Monday, 12 December 2011. As a consequence, Nigerians on daily basis faced long queues at filling stations where petrol was sold above ₦65.00k per litre (Daily Sun, 2012:18). Several attempts by President Muhammadu Buhari who succeeded former President Jonathan to withdraw fuel subsidy were resisted by Nigerians. Several warnings were directed to the government by concerned professional groups including members of the Nigeria Labour Congress (NLC) and the Trade Union groups.

Olayinka, Chibueze, and Otaru (2023) argue that even though President Buhari's administration spent over two (2) Trillion Naira on social investment programmes (SIP) since he was sworn in as president in 2015, an estimated 133 million Nigerians were left in poverty and another 24.2 million had severe food insecurity. Instead of implementing a functional policy framework to address the severe economic relapse that followed the collapse of the global economy brought on by a drop in oil prices and the unanticipated emergence of the COVID-19 pandemic, the Buhari administration attempted to end the fuel subsidy policy. This development complicated the already paralysed economy of the country and increased unemployment rate that is about 40.6 percent. Aside the hardship insecurity has caused, Nigerians living beyond poverty line encountered more hardship because of the hikes in the prices of fuel which consequently increased prices of commodities and services following the withdrawal of fuel subsidy by the present administration.

Under the circumstances, the current administration has upheld the controversial fuel subsidy withdrawal that was announced during President Bola Ahmed Tinubu's inauguration on May 29, 2023. Subsidies can no longer be justified by their ever-increasing rate in the wake of Nigeria's resources running out, according to President Tinubu, who stated that funds for them will be diverted to public infrastructure, education, health care, and job creation (Akanbi, 2023; Bakare, 2023; Ogunyemi, 2023; News Agency of Nigeria, 2023). Based on recent events, it is clear that the new administration cannot maintain fuel subsidies due to the significant financial burden. Though, this is not the only medium through which revenue can be generated but funds to be saved from this policy could be channelled into developmental projects by the government. However, despite its conceived long-term benefits, it is conceived to have immediate negative impacts because of its accompanied skyrockets prices of goods and services.

**Statement of the Problem**

Many debates have surrounded government retention to lapse fuel subsidy policy over the years. Because of the anticipated social and economic ramifications, attempts by the previous regimes to reverse retention of this policy have significantly sparked debate. Although the idea of subsidies is a noble one, there have been serious allegations of corruption (Ejumudo and Ikenga)
and poor management regarding their implementation and management under the previous regimes (Ogwu, 2023). As soon as Senator Ahmed Bola Tinubu, the newly elected president, announced the planned subsidy withdrawal on May 29, 2023, prices for goods and the costs of services, including transportation, rose sharply. Motorcyclists also changed their fare. Artisans including welders, aluminium window filters and tailors, and market men and women who cannot afford power generators raised their charges for services rendered to their customers. Nigerian youths engaged in riding of commercial motorcycles and tricycles, and into street hustling just to keep body and soul together are now finding it very difficult to cope following the recent development.

According to Adeyeye (2023), the new administration's intention to eliminate the current fuel subsidy, which it views as a burden on governments, has a negative impact and, if not properly managed, its economic benefit could be meaningless. The fact remains that the new administration has to act in this way because a significant amount of money was spent on subsidizing imported fuel into the nation. Additionally, there is the issue of inflation and rapidly rising prices for goods and services. What President Tinubu administration intends to achieve with the withdrawal of subsidy policy might contradict peace and security because previous administrations that tried it were confronted with serious resistance from the Nigerian Labour Congress (NLC). As Omoniji (2012) puts it, “while young Nigerians always react to the withdrawal of fuel subsidy through protest on the major highways, government workers, especially members of NLC engaged the government on negotiation, and whenever this fails, members always embark on strike action to express their dissatisfaction. Such developments in the past made the central government to lose millions of dollars translating into billion of naira”. One of the major problems associated with government withdrawal of its policy on fuel subsidy is mass poverty as prices of goods and services increased while public workers incomes remained constant. In some occasions, it resulted to violent demonstration that distorted peace and tranquillity. In 2012, motorists who were returning to their homes after the New Year and Christmas celebrations were hit by sudden hikes on petrol prices. Prices rose dramatically ranging between ₦140 and ₦150 per litre and between ₦170 to ₦200 on black market (Omoniji, 2012).

Emeh (2012) averred that when former President Jonathan announced fuel subsidy withdrawal on January 1, 2012 Nigerians, especially members of the NLC reacted negatively. The strike action that followed this announcement made the government to lose a huge amount of money close to ₦100 billion naira. It also generated inflation which brought about high cost of fuel and other items in marketplaces. In addition, poverty rate increased because prices of goods and services increased while the incomes of people remained constant. Not minding the usual reactions that follow pronouncements of withdrawal of fuel subsidy, President Ahmed Bola Tinubu on the day of his inauguration announced his administration’s intention to push aside subsidy policy formulated and implemented by the previous administrations. As it has always been the case, the announcement was greeted with reactions from the masses. There was also a skyrocket price of goods and services that do not only traumatized Nigerians of all categories but threatened the existence of the poor masses. Even though the implementation of the policy has always been disgracefully marred by corruption, the reversion of the policy by the present
government is greeted with opposition from the citizens. It is on this background that this study examined the benefits and challenges that follow the withdrawal of fuel subsidy in Nigeria with the Fourth Republic in focus.

Objectives of the Study
The major objective of this study is to examine the politics of fuel subsidy removal in Nigeria with a focus on the Fourth Republic. While the specific objectives are to examine:

i. The benefits of fuel subsidy removal in Nigeria’s Fourth Republic
ii. The challenges associated with fuel subsidy removal in the country, and
iii. To proffer solutions to these challenges associated with removal of fuel subsidy.

Research Questions
The following questions are raised to guide this study:

i. What are the benefits of fuel subsidy removal in Nigeria’s Fourth Republic
ii. What are the challenges associated with the fuel subsidy removal in the country?
iii. What are the solutions to the challenges associated with the fuel subsidy removal in the country?

RESEARCH METHOD
This study adopted the historical method of data collection. Qualitative method of data collection was utilised to collect data for the study. Secondary data, notably, books, journals, newspapers, periodicals and internet materials were extensively utilised. Secondary data are materials that are not originally from a researcher but from already existing literature. The relevance of this design lies in its effort to provide enabling conditions for a researcher to be able to interpret past events, and have a clearer perspective of the present.

LITERATURE REVIEW
Subsidy and Fuel Subsidy Removal: Conceptual Explanations
Governmental policy on subsidies can take many different forms, including financial, labor, export, consumption, housing, and others. Scholars who have researched the term's relevance to policy have offered several definitions. According to Gordon and Suzanne (2023), a subsidy is "a benefit provided by a government to an individual, business, or institution and is typically offered to relieve burdens deemed to be in the general interest of the public." In accordance with economic theory, it is used to counteract market imperfections and increase economic efficiency (Gordon & Suzanne, 2023). It also promotes social good. World Trade Organisation (2016) conceived it as a widely used economics term that is sometimes used as antonym to tax. Also, it described the term as, “a transfer of money by a government to an entity, including the private sector to subsidise the market price of a certain good or service”. For Corporate Finance Institute (CFI, 2019), it is “an incentive set aside by the government to an individual or a business in the form of cash, grants, or tax breaks to improve the supply of goods and services”. With it in place, consumers can access cheaper products and commodities. Its types include production subsidy, consumption subsidy, export subsidy and employment subsidy (CFI, 2019).

The Economic Times (2023) defined it as “a transfer of money from the government of a state to an entity, usually a firm or company with the aim of subsidizing the market price of goods and services”. In most cases, subsidy leads to a fall in price of the subsidized product and bolster the welfare of the citizens. Its types include petroleum subsidy, food subsidy, indirect rate subsidy,
etc (The Economic Times, 2023). Civic Keypoint (2023) defined the term as, “any grant of financial aid from the government used to maintain the prices of some items at certain level”. As it applies to fuel subsidy, it is government effort in paying a portion of the pump price of fuel in petrol stations. Paying the difference in price means the government makes it to be sold at a lower price to ease the burden of the citizens especially that of the lower income class (Civic Keypoint, 2023). Anyanruoh (2023) conceived it, “as the transfer of economic resources by government to consumers or producers of goods or suppliers of services”. The resultant incentive that follows retention of subsidy policy cannot be overemphasized. It increases production and consumption of a commodity over what it would otherwise have been without subsidy. Ogunleye-Bello (2023) described subsidy removal as government withdrawal of its provision of financial support to reduce the cost of fuel for users of fuel in a country. He argued that “when it is removed by government, it causes increase in fuel price which mean that people must pay more to buy petrol. Subsidy therefore is a grant by the government to private persons or companies to subsidize their services or products to the final users or consumers. It is money given as part payment for the price of a commodity or service to be rendered to the public. It reduces the cost of producing food or a product to help to keep the price low for consumers. Fuel subsidy policy withdrawal by government in Nigeria has always been associated with protest. Despite this challenge, withdrawal of the policy helps government to save money and allocate resources realised to other sectors of the economy such as education and health.

Theoretical Framework
The theory adopted for this study is the Neo-liberalism theory. Neo-liberalism is a contemporary form of economic liberalism that emphasizes the efficiency of private enterprise, liberalised trade, and relatively open markets to promote globalisation. Neoliberals seek to maximise the role of the private sector in prioritizing world economy (Cohen, 2007). Neo-liberalism seeks to transfer control of the economy from public to the private sector under the belief that it will produce a more efficient government and improve the economic health of the nation (Prasad, 2006). Neo-liberalism became prominent following the establishment of the Mont Peleri Society in 1947 Its founding members include Friedrich Hark, Milton Friedman, Karl Popper, George Stigler, Ludwig Von Mises, and James Buchanan (Andrew, 2009; Stanford Encyclopaedia of Philosophy, 2021). The neo-liberal thought is a term used to signify the late 20th century political reappearance of the 19th century ideas associated with free-market capitalism after it fall into decline following the outbreak of World War II. It is also associated with the policies of economic liberalisation, including privatisation, deregulation, globalisation, free trade, monetarism, austerity, and reductions in government spending in attempt to increase private sector involvement in economic drive of a nation (Bloom, 2017). Manning (2022) described the term as, “a policy that encompasses both politics and economics, and favours private enterprise and seeks to transfer the control of economic factors from the government to the private sector”. “In essence, any liberal policy that targets efficient functioning or free market capitalism or that focused on limited government spending, regulation and ownership of major means of production and distribution is known as neo-liberal thought” (Manning, 2022). However, the main points of neo-liberalism include: first, the rule of the market which liberate “free” enterprise or private enterprise from any bonds imposed by the
government (the state) no matter how much social damage this causes. It reduced wages by de-unionising workers and eliminating worker’s right that had been won over many years of struggle. No more price control, all in all, total freedom of movement for capital, goods, and services. An unregulated market is the best way to increase economic growth which will ultimately benefit everyone. Secondly, is the cutting off public expenditure for social services such as education and health care, reducing the safety-net for the poor and even maintenance of roads, bridges, water supply. In reducing government’s role, neo-liberalists do not oppose to government’s subsidies and tax benefits for business but are concerned about the operations. Third is privatisation which is the sale of state-owned enterprise, goods, and services to private investors. This includes banks, key industries, rail roads, toll highways, electricity, schools, hospitals, and even fresh water. Although, this is usually done in the name of efficiency which is often needed in the state to ensure citizens enjoy these services (Prasad, 2006). Privatisation has the effect of concentration of wealth even more in a few hands and making the public pay even more for its needs as evident in the privatisation policy of government in Nigeria. Nigerians pay more during privatization regime of government, especially in the electric power sector. This becomes one of the reasons subsidy regimes in the country is questioned by the present administration. Deregulation which reduces government’s regulation of everything that could diminish profits, including protecting the environment and safety on the job raised serious concern to the public. This is what it means that having fuel subsidy regime in place will benefits both private sector and the populace. It however lowers prices of fuel and raise greater supply of the product. On the contrary, a relapse of the policy by the present government may have its challenges as well as its benefits which include the development of other sectors such education, health care and other infrastructure development with funds to be realised from withdrawal of subsidy.

RESULT AND DISCUSSIONS OF FINDINGS

Benefits of Fuel Subsidy Removal in Nigeria

The benefits of fuel subsidy policy no doubt equate the benefits of taking it away. In either way, the policy is beneficial both to the government and citizens. The problem with the policy in the Nigeria context is implementation and management. Its regime dates to 1973 when General Yakubu Gowan led military government raised the price of a litre of fuel from 6 kobo to 8.5 kobo (K). In 1986, Gen. Ibrahim Badamasi Babangida raised the price of fuel from 20kobo to 39.5koko. Also in 1988, the regime raised it from 39.5kobo to 42 koko, and in 1989 the regime increased it from 42kobo to 60kobo which it said it was for private vehicles only, but it remained 42kobo for both commercial vehicles. On 19 December 1989, it moved to a uniform price of 60kobo. On March 6, 1991, the price of a litre of fuel was again increased from 60kobo to 70kobo and remained so until he stepped aside in August 1993. On 8 November 1993, the Interim National Government (ING) led by Chief Ernest Shonekan that succeeded the Gen. Babangida regime increased the price from 70k to N5.00. This development caused mass protest that saw Gen. Sani Abacha overthrow the interim government through a bloodless military coup d’état. On assumption of office as the President and Commander-In-Chief of the Armed Forces

Again, on 2 October 1994 Gen. Abacha increased the price of fuel to N15.00 from N3.25K. This increment was later reduced to N11.00K on 4 October 1994 following massive protest by the citizens. This remained the price of fuel until Gen. Abacha died on 8 June 1998. On 20 December 1998, the Gen. Abdulsalami Abubakar caretaker regime raised the price from N11.00K to N25.00. After days of sustained protests, the regime was forced to reduce the increment to N20. On assumption of office as the civilian President, Chief Olusegun Matthew Obasanjo adopted fuel subsidy as the bedrock of its economic policy. On 1 June 2000, his administration effected increment in fuel price to N30.00, but protests and mass rejection forced the administration to reduce the increment to N25.00K on 8 June 2000 and further down to N22.00 on 13 June 2000. The administration was again to increase the price to N26.00 on 1 January 2002 and again to N40.00 on 23 June 2003. By the time he left office in May 2002, it was raised up to N70.00. His successor, Alhaji Umaru Musa Yar’Adua reduced it to N65.00K, after general protest the new price regime. Although the Yar’Adua government made efforts to increase the price of petroleum products, it could not scale through following increased mass disapproval for such act (Ademola, 2012; Okocha, 2021).

Billions of dollars meant to be directed to the development of other sectors of the economy such as education, employment and infrastructure development are spent on subsidising fuel, depriving these sectors optimum development. Over the years, this development has continued to overshadow other development spending in the country. By comparison, in 2012 the country’s total allocation for education was about $2.2 billion and it wasn’t much higher for health care. Similarly, mortality rate remains unacceptably high at 90.4 per 1000 live births. In 2004 alone, it was estimated that only 15% of the county’s road were paved. The billions from the fuel subsidy could help to address some of these issues. While corroborating the view of the Nigerian House of Senate, the National Economic Council (NEC) of Nigeria which is the highest economic policy organ of the Nigerian government in its analysis state that it costs the country’s treasury one trillion naira yearly to subsidise petroleum products. NEC suggested that it would be better if the huge sum of money spent on subsidy is used in smoothing potholes roads, providing hospitals, rehabilitant and building health facilities and schools or supplying portable drinking water and other basic amenities and infrastructures (Daily Sun Newspaper, 2012).

President Goodluck Jonathan who succeeded President Yar’Adua after his demise also attempted taking away of fuel subsidy policy of government. The administration claimed that removing it will save the nation over 1.3trillion to 1.5trillion Naira annually which it will channel into infrastructure development. This became the reason the administration on 1 January 2012 increased fuel (petrol) pump price from N65.00 to N141.00. Nigerians as always, protested against the increment which prompted the administration to reduce it to N97.00. Over the years, the reason for the fuel subsidy withdrawal remained the same from one administration to another. However, the growing liability to government budget allocation for subsidizing fuel remains the leading reason for the several attempted relapse of government subsidy policy in Nigeria. A large portion of Nigerian National Petroleum Corporation (NNPC) withholding fund spent on fuel
subsidy payment, which is vulnerable to misappropriation and excessive spending will be ameliorated with the relapse of the policy by government. Several petroleum subsidy litigations in courts exposed massive graft by government official and private participants in the oil sector. With the recent withdrawal of the policy by President Tinubu this form of practice no doubt will be eliminated (Ayanruoh, 2023).

In 2008, the initial budget for petroleum subsidy fund (PSF) in Nigeria was N150billion. In 2007, it increased to over N1.5trillion, and since then subsidising prices of petroleum products over the years has not only led to unacceptable high fiscal burden on the federal government (Nkwagu 2012:42). It has also imposed high economic cost and as well bred several unintended consequences and practices including smuggling of petroleum products out of the country, and generating rents that must likely accrue to upper income groups. Largely, the policy while still in operation benefited the consumption of upper income groups. Substantial evidence indicated that the poor and the near poor consume only a small fraction of this product. Contrary to popular belief, it is the rich and the cabals not the poor, who disproportionately benefits from Nigerian’s fuel subsidy.

With the federal government subsidizing the pump price of domestic fuel to keep its price low, it is those who consume the most that have greater benefit from the subsidy regime of government. Nigerians’ poor rely primarily on public transportation as such their per capital fuel consumption is significantly less than the country’s rich who use private vehicles. Some Nigerians wanted the government to checkmate the oil cabal, but the government saw the withdrawal policy as the easiest and most effective means to address the issue, hence the policy withdrawal by the Tinubu administration. While the current situation affects Nigerians, it will in a long-run benefits Nigerians because there will be sufficient fund for the development of other sectors of the country’s economy. It will also stop corruption that made a few individuals exceptionally rich without owing any industries. In addition, it will bring about a resource balance and benefit to majority of the populace.

The benefits of the removal policy in Nigeria are numerous, though President Tinubu said it is gone because there is no provision for it in the 2023 federal budget, but the truth remains that its long-term benefits cannot be underestimated. As Hussaini (2023) rightly stated, “the removal of the heavy fuel subsidy will no doubt free-up funds for other public services, including healthcare and infrastructure projects, and liberalised the fuel industry which will in return benefits the economy”. On a general perspective, the benefits of the removal policy include: ensuring private sector participation in importation of petroleum products which will subsequently free-up the market and empower many Nigerians, as well allows government to focus on other key sectors of the economy; ensuring the availability of petrol at all times for all Nigerians as market will be saturated with petrol since there will be no diversion by marketers; and curbing of greed for higher profits and sabotage by a few individuals in the oil sector (Hussaini, 2023).

In 2023 budget, the federal government allocated N3.6trillion to pay fuel subsidies for the first quarter of the year. This shows a huge gap compared to the N443billion allocated for January to June 2022 subsidy payment. It shows that government could possibly utilise the enormous budget allocated for subsidizing fuel to fund other strategic sectors. Funding of other sectors, inarguably, will attract investors into the country. Subsidizing fuel increases fuel diversion and smuggling by
corrupt government officials. Its removal thus will remove economic necessity as the subsidy funds could provide funds for major development gains (Oluwabukola, 2023). Civic Keypoint (2023) argued that the removal of fuel subsidy by government will not only ensure there is competition in the sector rather than monopoly by a few individual marketers but will permanently eliminate queues from petrol stations and free the country from endless pains and sufferings that are associated with scarcity of petrol. The problem with this policy in Nigeria is implementation. Its management is dominated by corrupt government officials and private individuals. This is the obvious problem associated with the policy in the country and not the policy itself.

**Challenges of Fuel Subsidy Removal in Nigeria**

Taking a leaf from other countries like the United States, China, Pakistan and Saudi Arabia, there is actually nothing wrong with the policy regime in Nigeria. The only problem is corruption in its implementation and management. As Ray (2023) puts it, “what is wrong with subsidy regime in Nigeria is corruption in its management and implementation, and most disturbing is that government pays for ghost products that were never supplied”. Commentators of this development in Nigeria have questioned this development, though, there is no evidence to substantiate this claim among the ordinary populace because of the high level of secrecy that exist among the cabals and gluttonous bourgeoisies who the beneficiaries of the loot are. Every concerned Nigerian have been asking same question, but no appropriate answer has been provided by government and NNPC. How can a population of about 200million people consume about 65m litres per day while countries like Pakistan with similar population reports consumption rate that is less than one-third of Nigeria’s (Ray, 2023).

Citing the 2023 World Population Review Ranking of Fuel Subsidies by Countries, Ray (2023) stated that fossil fuel subsidies across the G20 countries are approximately $290billion. While Republic of China, for example, provides approximately $30billion in fossil fuel subsidies to companies, Saudi Arabia provides approximately $28.7billion, Russia provides approximately $24billion, and the United States provides approximately $20billion in fossil fuel subsidy every year. This is an indication that there is nothing wrong with the policy since the practice is obtainable in all most all the oil producing and consuming countries in the world. The problem in the case of Nigeria is corruption (Ikenga, 2018). The oil sector has been regarded as the epicentre of corruption since political leaders and government officials encouraged corrupt practices in the sector, which has militarized the Niger Delta region (Ikenga and Agah, 2020, Agah and Ikenga, 2007) In August 2021, the average daily consumption of petrol was estimated to be 48.903million litres. Between January and August same year fuel consumption rate shows that the average daily consumption stood at 55.39million litres. In January 2022, the former minister of finance, Mrs. Zainab Ahmed declared the daily consumption rate of fuel in the country as 65.7million litres. It means that from January and August 2021, and January 2021 and January 2022, the consumption rate of fuel increased by 10.31million litres per day. This was the reason NNPC demanded for N3trillion subsidy fund for the 2022 fiscal year which was premised on the daily consumption rate of 65.7million litres and oil price regime of $80 per barrel. Currently, there is heightened contestation concerning the claim of the amount spent on subsidizing fuel and money declared as revenue by the government
and its agency, NNPC (Ray, 2023). What seems to be most affected by the removal policy is the cost of commodities at various markets. Commercial motorcyclists instantly adjusted their fares as soon as the removal was announced. The prices of goods and services rose while there is no assurance that the landlords will not increase rents when they have families to feed too. Power Holding Company of Nigeria (PHCN), schools, hospitals, organisations, and other employers might want to pay their workers more to enable them cope with the higher cost of living. Nigerians might also experience increase in school fees, electricity tariff, hospital bills, etc. This means that more children will drop out of school because their parents are likely to find it very difficult to pay tuition fees. More of the sick will die in hospitals or home because they are unable to afford the hospital bills or medicines as food takes priority causing untold hardship for the citizens with the sustained removal policy. To worsen the situation the salaries and wages of workers have remained constant. Put differently, Nigerians are likely to shut down their small-scale industries that are supposed to serve as the backbone of the economy while awaiting the long-time benefits of withdrawal policy of government.

According to Ugo (2011), business enterprises in Nigeria have historically struggled to survive due to an unfavourable business environment, which is occasionally made worse by increases in the price of petroleum products. In order to avoid having to shut down their businesses, artisans and technicians who depend on petrol (PMS) motor spirit to power their generators must pass the cost on to their customers. One of the ills the government claims the removal policy will address, unemployment, may get worse. The number of unemployed people in the nation will keep growing because not everyone has the means to leave its borders (Ugo, 2011). One obvious impact of this removal policy is anti-subsidy protests which will weaken the already fragile Nigerian economy. Employers of labour have warned the government of the implication of the removal policy, yet it was announced by the current administration.

**CONCLUSION AND RECOMMENDATIONS**

Majority of Nigerians have embraced the government's most recent policy because they do not directly benefit from it. With this development, the government's plan to invest money obtained from the subsidy removal in other economic sectors for the public to benefit is supported by the majority of Nigerians. Not because people don't understand the withdrawal policy's significance or how it will help them in the long run, but rather because there is a great deal of mistrust in the government, is why there are protests it. One obvious problem is the administration of President Tinubu's policies being implemented at the wrong time. The people are now asking the government to provide palliatives or measures that would help cushion the effects in the short run, such as an increase in the cost of goods, school fees, transportation, spare parts, and house rents, as well as an increase in health risk, since the relapse fuel subsidy policy has become permanent. However, if the government manages the removal of the fuel subsidy properly, Nigerians will benefit. However, there is no doubt that the policy will play a significant role in sustaining and reviving other areas of the national economy. The challenges that the nation's fuel subsidy removal policy must address must be addressed with the following suggestions:

1. The government should pinpoint areas where there are wastes in governance, such as the distribution of booty and largesse under the guise of allowances. The proposed spending
in the 2023 budget to pay for fuel subsidies should be adjusted and reprioritized in a way that addresses social needs and enhances the wellbeing of all citizens.

2. To mitigate the effects of the policy, the government should also provide palliatives before withdrawing subsidy policies. Basically, the government should work to make sure that the minimum wage is enforced in all sectors, including the private sector. If this is done, it will moderate the impact the policy will have on the general populace.

3. Deregulation can also be accomplished in stages, which would mean that the current increment would be spread out over a period of six years or longer. If this goes down, there won't be a significant impact on policy because there won't be much of one.

4. Law enforcement organizations like the ICPC and EFCC should have full authority and adequate funding to carry out their duties, and once more, the cabals that receive fuel subsidies should be investigated, brought to justice, and punished for their corrupt actions.

5. The federal government of Nigeria should focus on and adequately develop other sectors, such as the educational, agricultural, communication, transportation, tourism, health, and provision of social amenities and infrastructure, which will significantly increase employment opportunities and the standard of living of the populace. The above miracle cure will significantly alleviate the suffering in Nigeria and put the issue of subsidy removal to rest.

References
tinubu-declares-html. Accessed 05/06/2023


