

Fuel Subsidy Removal and Its Effect on the Cost of Living of Students: A Study of Nnamdi Azikiwe University, Awka, Anambra State

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Abstract

Fundamentally, how fuel subsidy removal affects the cost of living of students in Nnamdi Azikiwe University, Awka was the fulcrum of this study. Specifically, the effect of fuel subsidy removal on transportation fare, foodstuffs, house rent, and price of stationeries' was ascertained. This study is pursued within the premises of the cost-push inflation and transport-cost transmission mechanisms postulations. This study employed descriptive survey research design, using primary data obtained from questionnaires shared to students of the Awka Campus of the University. The total population of the study was three hundred (300) respondents. The Taro Yammne formula for sample size determination was used to deduce the sample size of the study to be one hundred and fifty (150). The Ordinary Least Square (OLS) was adopted to analyze the data gotten from the respondents. The findings revealed that fuel subsidy removal has significant effect on transportation fare, foodstuffs, house rent, and stationeries. The study concluded that cost of living of students of Azikiwe University, Awka, is significantly affected by fuel subsidy removal. In view of the findings of this study, the Federal Government should prioritize providing palliatives for the transportation sector to alleviate the impact of the fuel subsidy removal. This can be done through reducing passenger fares, addressing excessive taxes on public transport operators, and implementing mass transportation solutions. Embracing compressed natural gas (CNG) as an alternative fuel and establishing the necessary infrastructure can help reduce the cost of fuel and subsequently decrease in cost of living.

Keywords: Fuel subsidy, transportation fare, foodstuffs, house rent, and price of stationeries'.

1. Introduction

Basically, subsidies are provided by the government to specific industries with the aim of keeping the prices of products and services low for people to be able to afford them and also to encourage production and consumption. Petroleum is the mainstay of the Nigerian economy. It plays a very crucial role in shaping and modifying the economic, political and social destiny of the country. Governments frequently employ subsidies to boost economic activity in a variety of fields, including education. Eliminating subsidies, however, has the potential to significantly alter the educational landscape, including access, quality, and price. For marginalized communities, financial aid plays a key role in making higher education more accessible. For instance, subsidies can assist bring the price of schooling down to a level that's more manageable for families on a tight budget. However, people who are already at a disadvantage may have their access to education diminished if subsidies are eliminated. This is due to the fact that if tuition keeps rising, some families may be unable to afford it, resulting in a drop in student enrolment. Education quality may also be affected by subsidies. Subsidies can be used to upgrade infrastructure, such school buildings and supplies (Akpo,Chukwurah, Okpe, & Ugbadu, 2023). In addition to enhancing learning outcomes, subsidies can be utilized to recruit and retain highly skilled educators. However, particularly in low-income communities, the elimination of subsidies might result in a decline in educational quality. This is because schools may lack the funds necessary to properly maintain and upgrade their facilities and teaching methods.

Education costs can be affected by subsidies as well. Subsidies, for instance, might lessen the financial burden of things like school fees and textbooks. Subsidies can also help families with lower incomes by covering some of the costs of a child's education. Arise in tuition costs is especially problematic for low-income families if subsidies are no longer available. This may cause fewer students to enroll and more students to dropout. In sum, the loss of subsidies can have serious consequences for the educational system, especially in terms of access, quality, and cost. The elimination of subsidies may have varying effect a number of variables, such as the extent to which they are supported by the government, the accessibility of alternative financing sources, and the prevailing economic and social conditions (Balogun, 2025). That's why it's crucial to weigh the pros and cons of eliminating subsidies before making any changes to the educational system. Subsidy is almost always aimed at boosting the economy of country, providing social amenities for the people, stabilizing the market, creation of employment opportunities and of course the new theory of it is capable of fighting corruption as postulated by the Nigerian government. The issue of subsidy is not alien to the nation's down-stream because it existed during the military regime when the four refineries of the nation could only produce little which could not even satisfy the domestic needs of the people (Abiodun & Ajuwon, 2025). Then, a need arose for the importation of finished petroleum products such as diesel, petrol and kerosene to meet the domestic need of Nigerians. For this reason, the influential Nigerians and those in the corridor of power considered the sudden wealth that will result from this opportunity and started acquiring the various wells in the country and finally, they over took the petroleum industries. This undoubtedly was the birth of the child of fuel problems Nigerians are nurturing today especially as it affects petroleum.

On the first day of January, 2012 Nigerians woke up to face one of the greatest shock of their lives when the removal of fuel subsidy was announced by the Federal Government at a time perceived

wrong, in a way many saw as erroneous, in a situation several believed was unstable and with arguments many opined came with a sinister motive (Udoh, Ibanga, & Ataire, 2025). This raised the price of a liter of petrol from N65 to N141. A drive through the memory lane revealed that subsidy was once removed on kerosene and diesel by the then Federal government of Nigeria on reasons similar to one gave by the President Jonathan led administration and with promises that such policy will have a long lasting positive effects on all areas in the nation. However, nothing tangible could be said to be the celebrated outcome of the said policy. It was argued by the then Federal Government that the removal of subsidy on diesel and kerosene would make the products available and affordable but it turned out to be fallacious fabrications, the products have become more scarce and expensive, instead of the promise of its expensive, instead of the promise of its availability. Saddening enough, none of the crippled refineries was brought back to its feet from the money realized from the removal of subsidy on diesel and kerosene. One begins to wonder if the time honored saying once bitten twice shy was not the rhythm in the minds of long-suffering Nigerians when the Petroleum Products Pricing and Regulatory Agency (PPRA) announced the infamous policy on the 1st January, 2012.

After weeklong protests by Nigerians, which was led by the Nigerian Labour Congress (NLC), Trade Union Congress (TUC), and some civil society groups, government bowed to public pressure not to remove the fuel subsidy entirely in view of some negative effects it would unleash on the populace, especially where there was absence of palliative and coupled with the fact that the government took the people by surprise. The government after much hesitation, made a U-turn in her policy, partially removed the subsidy and reduced petrol price from N141 to N97 per liter. Although, it was not a return to status quo, Nigerians had wanted but they heaped much of their hope on government planned palliative to cushion the negative effects the partial removal of the fuel subsidy would have on the masses Yahaya (2025). Unfortunately, most of the promised palliative such as massive job creation, easy transportation and other goodies did not get out of government's drawing board. Early 2014, the same government was again touting with the idea of removing what remained of the subsidy, which the people thought is the only benefits they derive from the nation's naturally endowed petrol – dollar largesse. The government argued that a tiny percentage of Nigerians called the cabal are the ones hugely profiting from the subsidy largesse and that the current low price of oil will always encourage smuggling of the product along our numerous porous borders. Government also said that the total fuel subsidy removal will attract more investment in the downstream oil sector which will boost employment and the economy. Although, the government arguments may sound convincing, Nigerians have a pathetic tale and manifold frustrations to express over many years of government's fuel price hike based on terrible regimes and the failure by the government to deliver on its promises.

Problem Statement

The effects of subsidy removal on students' academic performance can be significant. When fuel subsidies are removed, the cost of fuel increases, which in turn increases transportation costs, cost of foodstuffs, house rents, stationeries, etc. This can have a direct impact on education as students and teachers may have to spend more to enable them get to school, markets, offices and some other places that crucial for the academic success and economic survival. Additionally, schools may also have to spend more on transportation for field trips or other educational activities. Furthermore, the

increased cost of fuel can also lead to higher prices for goods and services, including, textbooks, school supplies, and school meals. This can put a strain on families and make it more difficult for them to afford education-related expenses. Moreover, the removal of fuel subsidies can also have indirect effects on education. For example, if the cost of fuel increases, it can lead to higher inflation rates, which can affect the overall economy. This can result in reduced government spending on education, leading to budget cuts and a decrease in the quality of education provided. It is important to note that the fuel subsidy removal and its effects on cost of living on students can vary depending on the specific context and country. Different countries have different education systems and levels of government support for education. Additionally, the extent to which fuel subsidies are removed and the overall economic conditions of the country can also influence the cost of living on students as well as impact on their academic performance. President Bola Tinubu has explained the reasons why he ended the fuel subsidy regime in the country. Bola Tinubu noted that the fuel subsidy had to end because the country cannot maintain it. He added that the trillions of Naira yearly spent to sustain the subsidy were meant to better the healthcare and transportation sector, schools, housing, and national security, among others. Speaking in a nationwide broadcast on Monday, Bola Tinubu said the money was being funnelled into the deep pockets and lavish bank accounts of a select group of individuals. This group had amassed so much wealth and power that they became a serious threat to the fairness of our economy and the integrity of our democratic governance. To be blunt, Nigeria could never become the society it was intended to be as long as such small, powerful yet unelected groups hold enormous influence over our political economy and the institutions that govern it. “The whims of the few should never hold dominant sway over the hopes and aspirations of the many. If we are to be a democracy, the people and not the power of money must be sovereign. He maintained that Former President Muhammad Buhari’s administration saw the looming danger as well and it made no provision in the 2023 Appropriations for subsidy after June this year. “Removal of this once helpful device that had transformed into a millstone around the country’s neck had become inevitable,” he said. It is against this backdrop that this study seeks to examine the effect of fuel subsidy removal on cost of living of students in Nnamdi Azikiwe University, Awka, Anambra State.

2. LITERATURE REVIEW

Clarification of Fuel Subsidy

Fuel Subsidy can be said to be the financial aid granted to autonomous and foremost oil marketers by the government for them to supply their products at a cheaper rate for the good of the masses. The issue of subsidy is not alien to the nation’s down-stream because it existed during the military regime when the four refineries of the nation could only produce little which could not even satisfy the domestic needs of the people. Then, a need arose for the importation of finished petroleum products such as diesel, petrol and kerosene to meet the domestic need of Nigerians. For this reason, the influential Nigerians and those in the corridor of power considered the sudden wealth that will result from this opportunity and started acquiring the various wells in the country and finally, they overtook the petroleum industries. This undoubtedly was the birth of the child of fuel problems Nigerians are nurturing today especially as it affects petroleum. Nigeria is not the only country to remove fuel subsidy. In 1997, Indonesia removed fuel subsidy after the Asian financial crisis. The

removal of fuel subsidy increased the domestic price of fuel. Intensified civil unrest and loss of political backing forced Suharto to step down in 1998, ending his 32-year rule 1998 (Chelminski, 2018). Fathurrahman, Kat, and Soytaş (2017) showed that the reallocation of subsidy payments to low-income households could slow down economic development but improve social welfare. However, removing fuel subsidy usually comes with the promise of using the money saved from subsidy to undertake targeted reform. But in Indonesia, citizens find promises to replace fuel subsidies with targeted spending less credible and would resist the reform if they believe the government is corrupt (Kyle, 2018).

Fuel subsidies are often provided by governments to make fuel more affordable for their citizens. When these subsidies are removed, the cost of fuel increases. This can lead to arise in transportation costs, which can indirectly affect the cost of education. For instance, school buses might need to charge more to cover their increased fuel costs. Students' body lamented that the effects of the school fees increment has led to over their thirty percent students becoming drop-outs and contributing negatively to the society, adding that the consequences of subsidy removal will be dire (Tyohemba, 2023). Nigerians want their education to be subsidized ahead of any social amenities such as fuel. Business Day poll reveals that 98% of respondents want the government to subsidize education ahead of fuel as against two percent that prefer otherwise (Business Day, 2023). For students who commute to school or university, this could mean higher expenses, which could make education less affordable. The removal of fuel subsidies can lead to an increase in the cost of goods and services. This is because fuel is a significant input in many industries, and when its price goes up, the cost of production also increases. This could affect the cost of school supplies, food, and other goods and services that students need. Schools and universities themselves also use fuel for various purposes. When fuel prices rise, these institutions may face higher operating costs. They might pass these costs on to students in the form of higher tuition fees or other charges.

Theoretical Postulation

Theoretically, this study is pursued within the premises of the cost-push inflation and transport-cost transmission mechanisms postulation. Cost-push inflation is the result of businesses raising their selling prices due to rising production costs. Cost-push inflation comes from the supply side of the economy, as opposed to demand-pull inflation, which is caused by excessive aggregate demand. The marginal and average costs of businesses rise when labour, energy, imported inputs, raw materials, transportation, and other production-related costs rise. Businesses transmit these extra expenses on customers thru increased pricing when they are unable or unable to absorb them thru reduced profit margins. In Nigeria, key sources of cost-push pressures include exchange-rate depreciation, energy costs, imported raw materials, labour, electricity costs, finance charges and logistics. Because it raises the cost of imported machinery, intermediate goods, spare parts, and production inputs in home currency, exchange-rate depreciation is especially significant. Businesses that rely on imported inputs may raise the cost of their goods as a result. Similarly, increasing energy costs raise the operating expenses of manufacturers, farmers and service providers, putting extra pressure for enterprises to modify pricing. Second-round impacts may result from cost-push inflation. The real purchasing power of households is diminished by an initial increase in fuel, food, or transportation expenses. In order to make up for the rising cost of living, workers may therefore demand higher wages. Increased wages raise labour expenses for businesses, which could lead to

further price hikes. If businesses and people anticipate that inflation will continue, wage negotiations and pricing decisions may take these expectations into account, increasing the persistence of inflation.

Increases in transportation costs are transferred to commodity and service prices via a particular supply-side channel known as the "transport-cost transmission mechanism." Because raw materials must be carried to production sites and completed commodities must then be transferred to wholesalers, retailers, and customers, transportation is a crucial intermediate input. The final prices of goods may therefore rise due to rises in fuel prices, vehicle maintenance costs, spare part prices, freight charges, road user costs or other logistics expenses. For food prices, the mechanism is especially crucial. Rural areas often produce agricultural goods that are consumed in metropolitan areas. Even if the farm-gate price stays constant, the delivered price of food increases when the cost of transporting agricultural products rises. As a result, transportation expenses provide a crucial connection between production facilities and consumer markets. Spatial price transmission, in which geographically remote markets see higher price rises due to their increased reliance on transportation from the production center, can also result from higher transportation costs. According to the International Monetary Fund (IMF, 2026), rising food and transport expenses continue to be significant obstacles to economic activity, and rising global fuel and food prices have rekindled inflationary pressures in Nigeria. According to the IMF, Nigerian inflation increased to 15.4% year over year in March 2026 as a result of domestic prices being impacted by increasing gasoline and food costs abroad. Thus, there is a strong relationship between cost-push inflation and transport-cost transmission. An increase in transportation costs might start a larger cost-push process because transportation is an input into production and distribution. For instance, a rise in fuel prices drives up the cost of operating a truck, which rises freight charges. Wholesalers and merchants must pay greater acquisition costs, and manufacturers must pay more to transport inputs and deliver completed goods. Eventually, these extra costs are transferred to customers in the form of higher pricing.

Empirical Studies

Nnamani and Uchechi (2026) ascertained the effects of fuel subsidy removal on the direct cost components of building projects in Abuja, Nigeria, with specific focus on materials (cement, reinforcement steel, and aggregates), labour, and plant costs between 2020 and 2025. A quantitative research design was adopted using market survey data analyzed through Pearson correlation and linear regression techniques using Jamovi software. Hypothesis testing was conducted to determine the significance of the relationship between fuel price fluctuations and direct construction cost components. The results indicate a very strong positive and statistically significant relationship between fuel prices and direct cost components of building, leading to the rejection of the null hypothesis. Cement prices increased by 45.8%, reinforcement steel by 44.4%, and aggregates by 32% in the post-subsidy removal period. Significant increases were also observed in mason and helper wages, rising by 25% and 37.5%, respectively.

Abiodun and Ajuwon (2025) determined the impact of removing the petrol subsidy, as reflected in the increase in PMS prices, on Nigeria's inflation trajectory. We hypothesize that the removal of petroleum subsidies does not generate inflationary pressures and test this hypothesis using the innovative Dynamic Simulated Autoregressive Distributed Lag (DS-ARDL) framework. The

outcome of the study shows that fuel-subsidy removal has a significant impact on the cost of living and inflation level in Nigeria, indicating that as 1 unit of subsidy removal increases, the cost of living and inflation level increase by 73.8%.

Utilizing monthly data from the 2000 to 2024 subsidy removals, Balogun (2025) analyzed inflation trends, transportation costs, public sentiment, and fiscal adjustments. It also estimated via econometrics model, the short-term partial effects of gasoline price subsidy removal on transportation costs and aggregate consumer prices. Findings reveal significant inflationary pressures, social unrest, and disproportionate impacts on low-income households, alongside modest fiscal gains.

Yahaya (2025) empirically investigated the relationship between fuel subsidy removal and household living costs in Nigeria over the period 1986 to 2025, incorporating a rich array of control variables: inflation rate, exchange rate, GDP growth rate, income level, household size, urban/rural location, social welfare programs, alternative energy policies, international fuel prices, and transportation costs. Using an Autoregressive Distributed Lag (ARDL) bounds testing approach and Error Correction Model (ECM), the study establishes both short-run and long-run dynamics between subsidy policy shifts and the cost-of-living index for Nigerian households. The results confirm that fuel subsidy removal exerts a statistically significant positive effect on household living costs in both the short and long run, with the burden falling disproportionately on low-income, large-household, and rural populations. Transportation costs and exchange rate depreciation emerge as the strongest amplifying channels. Social welfare programs and alternative energy policies demonstrate modest but statistically significant buffering effects.

Udoh, Ibanga and Ataire (2025) strategically assessed fuel subsidy removal and household expenditure pattern of public servants in Akwa Ibom state, a case study of Akwa Ibom State University. Descriptive survey design was adopted for the study. The population of this study consisted of 996 members of both Academic and Non-Academic staff of Akwa Ibom State University and random sampling technique was used to select 277 respondents. Both primary and secondary source of data was utilized for the study. It was established in the study that the highest-rated impact is the increase in the cost of staple foods (Mean = 4.34), followed closely by the reduction in the quantity of food purchased (Mean = 4.30). The highest-rated impact is the reduction in the ability to afford medications (Mean = 4.29), followed closely by the increase in hospital visit costs (Mean = 4.25). The data indicate that many staff members struggle with the rising expenses of medical care, leading to a decline in regular check-ups and specialist visits. The findings highlight the financial strain faced by households, necessitating adjustments in their food consumption patterns due to rising costs.

Toby and Toby (2025) examined the immediate and long-term implications of this policy shift on important sectors of the Nigerian economy, such as transportation, manufacturing, unemployment, inflation, public finances, and income inequality in Nigeria. The study adopted functionalism theory to explain the topic under investigation. The study was exploratory and purely qualitative; with 20 participants, it made use of an in-depth interview guide in eliciting the required responses and adopted a purposive and convenience sampling technique. The study revealed that the removal of

fuel subsidies has significantly impacted inflation, government revenue, and fiscal stability, leading to increased transportation and manufacturing costs, higher living costs for lower income households, high inflation, and price hikes.

Iyase (2025) investigated the effects of fuel subsidy removal on Nigeria economy: a case study of president Bola Ahmed Tinubu administration. This study employed both descriptive and inferential statistics in analyzing the data obtained. The descriptive statistics used include frequency distribution; mean and standard deviation test was used as an inferential statistic to test the research hypotheses. All hypotheses were tested at 5% level of significance. Findings from the study revealed that the removal of fuel subsidy has significantly increased the cost of goods and services in Nigeria. Also it was shown that majority of the respondents do not agree that the fuel subsidy system helped to make fuel prices affordable for ordinary Nigerians. It was seen that majority of the respondents agree that strongly agree that Loss of skilled manpower influence the organizational performance.

Nwosu (2024) delved into the effect of Fuel Subsidy Removal on Nigeria's Standard and Cost of Living, with Taraba State serving as a case study. Employing primary data sources, structured questionnaires, descriptive statistics, Simple Random Sample, and Taro Yamani form techniques to determine the sample size, frequency tables, percentages, and Pearson Chi-square for data analysis and hypotheses evaluation. The Pearson Chi-square results across all analyses, with likelihood ratio values (ratio value of -39.10250 and P-value 0.0002 for H1; -142.9044 and P-value of 0.0030 H2; -112.9064 and P-value is 0.0098 for H3; and 172.9074 and P-value 0.0027 for H4) and corresponding P-values, revealed a statistically significant-negative effect of Fuel Subsidy Removal on Nigeria's standard and cost of living.

Using the discourse analysis methodology, Ozili and Obiora (2023) offered some insight into the macroeconomic and microeconomic implications of the 2023 fuel subsidy removal in Nigeria. The positive implications are that fuel subsidy removal would free up financial resources for other sectors of the economy, incentivize domestic refineries to produce more petroleum products, reduce Nigeria's dependence on imported fuel, increase employment, channel funds for the development of critical public infrastructure, reduce the budget deficit and generate a budget surplus in the near future, reduce government borrowing, curb corruption associated with fuel subsidy payments, increase competition, reinvigorate domestic refineries and reduce pressure on the exchange rate. The negative implications are that fuel subsidy removal may decrease economic growth in the short term, increase inflation, increase poverty, increase fuel smuggling, increase crime, increase the prices of petroleum products and loss of jobs in the informal sector.

Akpo,Chukwurah, Okpe and Ugbadu (2023) ascertained the impact of fuel subsidy removal and university lecturers' job effectiveness in Cross River State, Nigeria. The study was guided by two research objectives and questions. Two research hypotheses were formulated and tested at the 0.05 level of significance. The population of the study comprised all forty-seven (47) business education lecturers in federal and state universities in Cross River State, Nigeria. The entire population of forty-seven (47) lecturers was used for the study. The instruments for data collection were questionnaires constructed by the researchers. The questionnaire is titled "Fuel Subsidy Removal and University Lecturers' Job Effectiveness Questionnaire (FSRULJEQ)". The instrument was validated by two experts in the department of vocational education in University of Calabar,

Nigeria. The reliability of the instrument was tested on 15 lecturers who were not part of the study, and the data was subjected to statistical analysis using the Cranach alpha reliability coefficient estimates, which ranged from .86 to .94. The instrument was administered by the researchers with the help of two research assistants. After collecting the questionnaire, codes and scores were assigned to each item. Descriptive statistics were used to answer research questions, and research hypotheses were tested at the 0.05 level of significance using an independent t-test statistic. The basic decision level was 2.50. Any item with a mean score of 2.50 is either for or against. At the 0.05 level of significance, the calculated t-value was compared with the t-value. The result of the findings shows that university lecturers are facing financial difficulties after the removal of fuel subsidies. More so, the study also revealed that the university lecturers did not receive any financial incentives during and after the fuel subsidy removal. It was concluded that the removal of fuel subsidies had given birth to a high standard of living in society. Both the transportation and food stocks in the market had skyrocketed, and the university lecturers' salaries couldn't meet up with the reality of the present condition.

Bisong, Ushie, Tersoo and Agbeh (2023) examined the impact of fuel subsidy removal on the people's well-being in Calabar Metropolis. Thus, specifically, the study aims to find out the reasons for fuel subsidy removal and to investigate the economic effect of the fuel subsidy removal on the people's well-being in Calabar Metropolis. The structural functionalism theory was selected and utilized in this study. This study adopts a qualitative research method, and in-depth interviews were used for data collection using traders, students, and academic staff from the University of Calabar, artisans, political stakeholders, and commercial drivers. The ten (10) key in-depth interviews were purposefully selected using the snowball sampling method. Two themes were developed, and thematic data analysis was adopted. The results indicate that the elimination of fuel subsidies was driven by factors such as addressing corruption, fostering growth in crucial national development sectors, and supporting the growth of domestic refineries. The research findings underscore that the removal of fuel subsidies has had significant repercussions on people's well-being, primarily in the form of increased transportation costs and higher prices of essential food items. Consequently, the study concludes that poverty remains a prevalent issue in Nigeria. While in the long term, this move is expected to benefit the economy by reallocating resources to sectors like agriculture, education, and healthcare, its negative effects are particularly pronounced in the absence of government-implemented relief measures to mitigate the impact on citizens.

Pinga, Tyokyaa and Banka (2023) investigated the socio-economic impact of removal of fuel subsidy on management of universities in Benue State, Nigeria. The study was guided by three research questions and three hypotheses were formulated and tested. The study used a descriptive survey design. The population comprised 3,887 academic and non-academic staff from four universities. A total of 389 academic and non-academic staff from two universities were sampled using multistage sampling procedure. A 4-point structured questionnaire titled Removal of Fuel Subsidy and Management of Universities Questionnaire (RFSMUQ) and "Key Informant Interview (KII)" were developed by the researchers and used for data collection. The data collected were analyzed using Mean and Standard Deviation to answer the research questions, while Chi-square test of goodness-of-fit was used to test the hypotheses at .05 level of significance. The findings of the study revealed that removal of fuel subsidy has significant negative impact on

operational costs, students' support services and school attendance in universities in Benue State. The removal of fuel subsidies in Nigeria poses challenges for university management, impacting budgets and operations, potentially affecting education quality.

3. METHODOLOGY

This study adopted descriptive survey research design. The area of the study is Nnamdi Azikiwe University, Awka, Anambra State. Nnamdi Azikiwe University is a respected federal university offering affordable tuition, diverse academic programs across multiple campuses, and a vibrant student life and strong prospects for career self-reliance. The population of the study is made up of three hundred (300) students of the Awka Campus of the University. The students were drawn from the faculties of Management Sciences, Arts, Bio-Sciences, Education, Engineering, Environmental Sciences, Law, Physical Sciences, Social Sciences, and Agriculture. The researchers used direct questionnaire distribution method in collecting the data. The sample size is very necessary for a clear understanding of the population in question. Therefore, given the total population to be three hundred (300) students from ten (10) faculties in the Awka campus of the University, the researchers adopted the Taro Yamane formula for finite population. Therefore, the sample size as gotten using the taro Yamane formula is one hundred and fifty (150). The questionnaire used as the research instrument was subjected to face its validation. This research instrument (questionnaire) adopted was adequately checked and validated by the supervisor his contributions and corrections were included into the final draft of the research instrument used. The Ordinary Least Square (OLS) was adopted to analyze the data gotten from respondents.

4. DATA PRESENTATION AND ANALYSIS

A total of one hundred and fifty four (154) questionnaires containing eight (8) questions were distributed respondents. 150 questionnaires were completed and returned thus, showing a responses rate of 97.40%. From the questions asked in the questionnaire, five (5) questions were of direct relevance to the stated hypotheses, while some of the questions served as a check on the answer provided by the respondent. Table 4.1 shows the number of questionnaire distributed and returned, which (150) and 97.40% were returned while (4) 2.60% were not returned.

Table 4.1: Distribution of Respondents

No of Sent	Number	Number Not	Percentage Returned	Percentage Not Returned
Questionnaire	Returned	Returned		
154	150	4	97.4	2.6

Source: Researcher's Field Survey February, 2024

Sex Distribution of Respondents

Table 4.2 reflects the sex pattern of the respondents. However, from Table 4.2, it is crystal clear that 56% of the respondents are male while, 44% are female. This shows a clear indication that both male and female are experiencing the effect of fuel subsidy removal in Nigeria.

Table 4.2: Sex Distribution of Respondents

Sex	Respondents	Percentage of Respondents
Male	84	56
Female	66	44
Total	150	100

Source: Researcher's Field Survey February, 2024

Age Distribution of Respondents

From Table 4.3, 16 % of the respondents are between 16 – 17 years, 46% are between the ages of 18 – 20 years, while 38% deals with 21 years and above.

Table 4.3: Age Distribution of Respondents

Age	Respondents	Percentage of Respondents
16-17 years	24	16.00
18-20 years	69	46.00
21 years and above	57	38.00
Total	150	100

Source: Researcher's Field Survey February, 2024

Marital Status Distribution of Respondents

From the Table 4.4, 96% of the respondents are bachelors and spinsters, while only 4% are married. No respondent was a divorcee or a widow/widower. The bachelors and spinsters gulping 96% may be attributed to the fact that majority of students in the University especially regular students are single/spinster.

Table 4.4: Marital Status Distribution of Respondents

Marital Status	Respondents	Percentage of Respondents
Single	144	96.00
Married	6	4.00
Divorced	0	0.00
Widow	0	0.00
Total	150	100

Source: Researcher's Field Survey February, 2024

Distribution of Respondents on Fuel Subsidy Removal and Cost of Living of Students Distribution of Respondents on Fuel Subsidy Removal

On the respondent's level of the effect of fuel subsidy removal, the study found that majority of the respondents strongly agreed that fuel subsidy removal has skyrocketed the prices of goods and services in the economy with a response score of 100. Forty respondents agreed that fuel subsidy removal has skyrocketed the prices of goods and services in the economy. Five persons strongly disagreed that fuel subsidy removal has skyrocketed the prices of goods and services in the economy, while four people and one person respectively disagreed and undecided that fuel subsidy removal has skyrocketed the prices of goods and services in the economy.

Table 4.5: Distribution of Respondents on Fuel Subsidy Removal

	SA	A	SD	DA	UD	TS	SD	M
Fuel subsidy removal has skyrocketed prices of goods and services in the Nigeria economy	100	40	5	4	1	684	42.26	4.56

Source: Researcher's Field Survey February, 2024

Note: SA = Strongly Agreed; A=Agreed; SD=Strongly Disagreed; DA=Disagreed; UD=Undecided; TS=Total Score; SD-Standard Deviation; and M=Mean

Distribution of Respondents on Cost of Living of Students

Table 4.6 shows the distribution of the respondents on the different dimension of cost of living. The study found that majority of the respondents is of the opinion that prices of foodstuffs in the market have increased due to fuel subsidy removal as shown by the mean score of 4.71. A large number of the respondents agreed that the prices of stationeries vide photocopying, printing, lamination, soft and hard binding have increased drastically attributed to fuel subsidy removal as evidenced by the mean score of 4.68. In terms of transportation fare, the research found that a greater percentage of the respondents are emphatically expressed their view on the high transportation fare in the economy owing to fuel subsidy removal. On the other hand, majority of the respondent also affirmed that landlords have increased house rents owing to fuel subsidy removal which have affected prices of building material and maintenance of already built edifice. This is why houses in Ifite axis of the student environment are expensive, especially new houses. This could be the reason why students resort to living outside Awka metropolis.

Table 4.6: Distribution of Respondents on Cost of Living of Students

	SA	A	SD	DA	UD	TS	SD	M
Transportation fare has increased due to fuel subsidy removal	90	53	4	3	0	684	40.11	4.56
The prices of food stuffs in the market have increased due to fuel subsidy removal	110	39	0	0	1	707	47.75	4.71
Landlords have increased house rents owing to fuel subsidy removal which have affected prices of building material and maintenance of already built edifice	85	61	2	2	0	679	40.17	4.53
The prices of stationeries' vide photocopying, printing, lamination, soft and hard binding have increased drastically attributed to fuel subsidy removal	102	48	0	0	0	702	45.30	4.68

Source: Researcher's Field Survey February, 2024

Note: SA = Strongly Agreed; A=Agreed; SD=Strongly Disagreed; DA=Disagreed; UD=Undecided; TS=Total Score; SD-Standard Deviation; and M=Mean

Test of Hypotheses

Decision Criteria: If the p-value of the variable(s) concerned is less than 0.05 (5% level of significance), the null hypothesis is rejected and alternate hypothesis accepted. On the other hand, if the p-value is greater than 0.05 (5% level of significance), the null hypothesis is accepted and alternate hypothesis rejected.

Hypothesis One

Restatement of Hypothesis

HO: Fuel subsidy removal has no significant effect on transportation fare.

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the Table 4.7 the value of

adjusted R squared was 0.951, an indication that there was variation of 95.10% in transportation fare due to fuel subsidy removal. This shows that 95.10% changes in transportation fare could be attributed to changes in price of fuel owing to removal of subsidy. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in

Table 4.7 there was a strong positive relationship between the study variables as shown by 0.981.

Table 4.7: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.981 ^a	0.963	0.951	8.91407
<i>Source: SPSS 22.0 Data Output</i>				

From the ANOVA statics in the Table 4.8, the processed data, which is the population parameters, is significant at 5% level of significance which shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is greater than 5%. The F-statistic in Table 4.8 is statistically significant at 5% level of significance as evidenced by the p-value of 0.003.

Table 4.8: ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6195.618	1	6195.618	77.971	.003 ^b
	Residual	238.382	3	79.461		
	Total	6434	4			

Source: SPSS 22.0 Data Output

Table 4.9: Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.058	5.09		0.404	0.713
	Fuel Subsidy Removal	0.931	0.105	0.981	8.83	0.003

Source: SPSS 22.0 Data Output

Table 4.9 reveals that holding fuel subsidy removal constant, transportation fare would be 2.05. There is a positive but significant relationship between transportation fare and fuel subsidy removal. Fuel subsidy removal coefficient of 0.981 suggests that a unit increase in fuel subsidy removal would result on 0.981 factor increase in transportation fare.

The result in Table 4.9 shows that fuel subsidy removal has significant effect on transportation fare. In the light of this, the null hypothesis that fuel subsidy removal has no significant effect on

transport fare of students would be rejected on the ground that the p-value of fuel subsidy removal is significant at 5% level of significance.

Hypothesis Two

Restatement of Hypothesis

HO: Fuel subsidy removal has no significant effect on price of foodstuffs.

From the regression outcome in the Table 4.10 the value of adjusted R squared was 0.997. This entails that there was fluctuation of 99.7% in price of foodstuffs due to fuel subsidy removal. This shows that a 99.7% change in price of foodstuffs was attributed to removal of fuel subsidy. R is the correlation coefficient which shows the relationship between the study variables, from the result depicted in Table 4.10 there is a strong positive relationship between fuel subsidy removal and prices of food stuffs as shown by 0.99.

Table 4.10: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.999 ^a	0.997	0.997	2.8135
Source: SPSS 22.0 Data Output				

Table 4.11: ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9098.253	1	9098.253	1149.385	.000 ^b
	Residual	23.747	3	7.916		
	Total	9122	4			

Source: SPSS 22.0 Data Output

The ANOVA statistics in the Table 4.11, the processed data, which is the population parameters is significant at 5% level of significance which shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is less than 5%. Furthermore, the F-statistic of 1149.385 is statistically significant at 1% level of significance.

Table 4.12: Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.86	1.606		-2.403	0.096
	Fuel Subsidy Removal	1.129	0.033	0.999	33.903	0
Source: SPSS 22.0 Data Output						

Table 4.12 shows that there exist a positive and significant relationship between price of foodstuffs and fuel subsidy removal. The coefficient of the constant implies price of foodstuffs would be -3.86 by holding fuel subsidy removal constant. A unit increase in fuel subsidy removal would lead to 112.9% increase in price of food stuffs. From the result in Table 4.12, it is crystal clear that fuel subsidy removal has significant effect on price of foodstuffs. As a result, the null hypothesis that Fuel subsidy removal has no significant effect on price of food stuffs is rejected.

Hypothesis Three

Restatement of Hypothesis

HO: Fuel subsidy removal has no significant effect on house rent.

Adjusted R squared is coefficient of determination which tells us the variation in the dependent variable due to changes in the independent variable. From the findings in the Table 4.13 the value of adjusted R squared was 0.873, an indication that there was variation of 87.3% in house rent was due to fuel subsidy removal. This shows that 87.3% changes in house rent could be attributed to fuel subsidy removal which have affected prices of building material and maintenance of already built edifice. R is the correlation coefficient which shows the relationship between the study variables, from the findings shown in Table 4.13 there was a strong positive relationship between the study variables as shown by 0.951.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.951 ^a	0.905	0.873	14.31191

Source: SPSS 22.0 Data Output

Table 4.14: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5839.508	1	5839.51	28.509	.013 ^b
	Residual	614.492	3	204.831		
	Total	6454	4			

Source: SPSS 22.0 Data Output

The ANOVA statistics in the Table 4.14, the processed data, which is the population parameters is significant at 5% level of significance which shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is less than 5%. Furthermore, the F-statistic of 28.509 is statistically significant at 1% level of significance.

Table 4.15: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.873	8.172		0.352	0.748
	Fuel Subsidy Removal	0.904	0.169	0.951	5.339	0.013

Source: SPSS 22.0 Data Output

Table 4.15 shows that there exists a positive and significant relationship between houses rent and fuel subsidy removal. The coefficient of the constant implies house rent would be 2.873 by holding fuel subsidy removal constant. A unit increase in fuel subsidy removal would lead to 90.40% increase in house rents. From the result in Table 4.15, it is clear that fuel subsidy removal has significant effect on house rent. As a result, the null hypothesis that fuel subsidy removal has no significant effect on house rent is rejected.

Hypothesis Four

Restatement of Hypothesis

HO: Fuel subsidy removal has no significant effect on price of stationeries.

From the regression outcome in the Table 4.16 the value of adjusted R squared was 0.987. This entails that there was fluctuation of 98.7% in price of stationeries' was due to fuel subsidy removal. This shows that a 98.7% change in price of stationeries was attributed to removal of fuel subsidy. R is the correlation coefficient which shows the relationship between the study variables, from the result depicted in Table 4.16 there is a strong positive relationship between fuel subsidy removal and prices of stationeries' as shown by 0.995.

Table 4.16: Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.995 ^a	0.99	0.987	5.09929

Source: SPSS 22.0 Data Output

Table 4.17: ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8129.992	1	8129.992	312.658	.000 ^b
	Residual	78.008	3	26.003		
	Total	8208	4			

Source: SPSS 22.0 Data Output

The ANOVA statistics in the Table 4.17, the processed data, which is the population parameters is significant at 5% level of significance which shows that the data is ideal for making a conclusion on the population parameters as the value of significance (p-value) is less than 5%. Furthermore, the F-statistic of 1149.385 is statistically significant at 1% level of significance.

Table 4.18: Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-2.008	2.912		-0.69	0.54
Fuel Subsidy Removal	1.067	0.06	0.995	17.682	0

Source: SPSS 22.0 Data Output

Table 4.18 shows that there exist a positive and significant relationship between price of stationeries and fuel subsidy removal. The coefficient of the constant implies that price of stationeries' would be -2.00 by holding fuel subsidy removal constant. A unit increase in fuel subsidy removal would lead to 99.5% increase in price of stationeries. From the result in Table 4.18, it is crystal clear that fuel subsidy removal has significant effect on price of stationeries'. As a result, the null hypothesis that fuel subsidy removal has no significant effect on price of stationeries is rejected.

Discussion of Findings

Fuel subsidy removal was found to have significant effect on transportation fare, foodstuffs, house rent, and price of stationeries. This shows that the removal of fuel subsidies in Nigeria has led to a significant increase in transportation costs, resulting in financial difficulties for many Nigerians. Bailey (2023) found that Nigeria's transport and storage industry shrank for the second time in the third quarter of 2023, entering a recession for the first time in 30 months, largely on the back of petrol subsidy removal. The result of this study is in unison with Balogun (2023) who found that

due to higher prices in petroleum products, the devaluation of the Naira, and higher crude oil prices, the growth in the transportation sector stayed in the negative. The higher transportation cost will reduce customers' demand and road transport owners' margins. The result of this study also aligns with Mustard insights (2023) that in August 2023, after the removal of the fuel subsidy, the average fare for city bus journeys per drop increased to N1,336.38 from N650.70 in January 2023. The average transport fare for inter-state bus journeys in August was N5,918.18, significantly higher than in January. Motorcycle rides also became more costly, with an average charge of N646.12 per person.

5. CONCLUSION AND RECOMMENDATIONS

This study examined fuel subsidy removal and its effect on cost of living of students focusing on Nnamdi Azikiwe University, Awka, Anambra State. Specifically, the study examined the effect of fuel subsidy removal on transportation fare, price of foodstuffs, house rent, and price of stationeries'. The findings revealed that fuel subsidy removal has significant effect on transportation fare, foodstuff, house rent, and stationeries. The study concluded that cost of living of students of Azikiwe University, Awka, is significantly affected by fuel subsidy removal. In view of the findings of this study, the Federal Government should prioritize providing palliatives for the transportation sector to alleviate the impact of the fuel subsidy removal. This can be done through reducing passenger fares, addressing excessive taxes on public transport operators, and implementing mass transportation solutions. Embracing compressed natural gas (CNG) as an alternative fuel and establishing the necessary infrastructure can help reduce the cost of fuel and subsequently decrease passenger fares. Additionally, addressing affordability by reducing contributing factors to transportation cost hikes or increasing the minimum wage can tackle the issue of transport poverty. To prevent price gouging and ensure fair pricing, the government should implement effective price regulation mechanisms. By monitoring fuel prices and enforcing regulations, authorities can prevent exploitative practices in the market. This helps maintain a competitive environment and ensures that citizens are not subjected to exorbitant prices in food stuff. To offset the immediate impact on vulnerable populations; the government should introduce targeted financial assistance programs. These programs can provide direct cash transfers or subsidies to low-income households, ensuring they have the means to cope with the sudden increase in house rent. By focusing on those most affected, such assistance can provide temporary relief while individuals adjust their budgets and seek alternative solutions. The government should accelerate investments in renewable energy sources. By diversifying the energy mix, reducing dependence on fossil fuels, and promoting clean energy initiatives, the impact of fuel subsidy removal can be mitigated which will help in reducing the prices of stationeries' orchestrated by fuel subsidy removal.

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