Effect of Fuel Subsidy Removal on Nigeria's Standard and Cost of Living (A Case Study of Taraba State)

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Abstract
The research 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 H_1; -142.9044 and P-value of 0.0030 H_2; -112.9064 and P-value is 0.0098 for H_3; and -172.9074 and P-value 0.0027 for H_4) and corresponding P-values, revealed a statistically significant-negative effect of Fuel Subsidy Removal on Nigeria's standard and cost of living. Conclusively, the findings reject the null hypotheses, which proposed that fuel subsidy removal would not significantly affect these aspects of livelihood. Instead, the alternate hypotheses, suggesting a substantial negative impact, were supported. Based on these conclusions, the government should address challenges arising from the subsidy removal, possibly through a substantial increase in the minimum wage to alleviate the adverse effects on civil servants' welfare. Poverty reduction measures should be prioritized to mitigate the negative impact of fuel subsidy removal, particularly in Taraba State and Nigeria at large. The study recommended that efforts should be made to stimulate industrial growth to generate employment opportunities. Reactivation of the subsidy reinvestment program is advised, directing savings from subsidy removal toward projects and initiatives that enhance the welfare of civil servants and citizens alike.

Keywords: *Fuel Subsidy, Standard and of Cost living*

1.0 INTRODUCTION

Throughout the world, governments implement welfare policies aiming to ease the burden on their citizens by subsidizing essential goods and services that would otherwise be unaffordable due to market forces and pricing mechanisms. Subsidies, as described by Karl Case (1999), refer to payments made by governments without receiving any corresponding goods or services. This approach is often seen as a social responsibility towards economically disadvantaged individuals, including the poor, civil servants, and vulnerable demographics.

Olaniyi, Nwaogwugwu, Olusegun & Ekundayo (2023) highlight that many governments globally prioritize the welfare of these groups when introducing subsidy programs, sometimes advocating for protective measures. In Nigeria, various subsidy policies, notably on agricultural inputs and fuel (premium motor spirit – PMS), have been implemented over time. However, assessments reveal that these policies not only benefit the poor but also the elite and wealthy individuals engaged in related business activities. Attempts to remove subsidies, such as the notable protest in January 2012, have faced resistance, particularly from organized labor and its affiliated unions, as documented by Omojuwa (2023).

The resistance is rooted in concerns that subsidy removal, especially on PMS, would lead to significant hardships for citizens, particularly civil servants, due to associated effects such as increased transportation costs, inflation in food prices, transportation difficulties, and high vehicle maintenance expenses.

The Petroleum Products Pricing Regulatory Agency officially announced the commencement of the subsidy removal on Premium Motor Spirit, informing all stakeholders. Consequently, petroleum product marketers conveyed that no subsidies would be paid for PMS discharges after January 1, 2012. This announcement stirred heightened activity across the country, catching most Nigerians off guard. Various groups, including labor unions, human rights organizations, market traders, taxi drivers, and legal associations, strongly opposed the subsidy removal. This led to a nationwide strike initiated by organized labor, namely the Nigerian Labour Congress (NLC) and the Trade Union Congress (TUC), starting from January 9. The strike paralyzed economic activities for a week, with Nigeria experiencing an estimated loss of N320 billion per day (CBN, 2022). The removal of subsidies resulted in increased poverty levels, escalated cost of living, and a significant decline in the standard of living, impacting the welfare and productivity of public servants. The civil service plays a pivotal role in the development of any nation, as emphasized by Adamolekun (2002). Its efficiency is crucial for societal transformation, particularly in developing societies. The civil service, often referred to as the machinery of the government, is seen as a modern institution essential for efficient organization. However, the removal of fuel subsidies has socio-economic ramifications, especially for civil servants. Opponents of subsidy removal argue that leaders are disconnected from the economic hardships faced by Nigerians. This could result in a decline in the quality of life for borderline income groups, forcing difficult decisions regarding budget allocations between essentials such as fuel consumption, transport costs, healthcare, education, and savings. Furthermore, the plight of the unemployed and potential unemployment triggered by such shocks is not adequately considered in this context.

Taraba State, characterized by its developing urban areas and surrounding rural settlements, relies heavily on Premium Motor Spirit (PMS) for daily commuting, affecting civil servants. The subsidy removal policy had significant welfare costs for Nigerian civil servants in urban centers like Abuja,

leading to increased transportation expenses, inflation in essential goods, and unforeseen psychological crises impacting their performance. Many civil servants even resorted to staying away from offices due to the challenges posed by the fuel subsidy removal.

Statement of the Problem

The removal of fuel subsidies underscored the economic vulnerability of Nigerian citizens, particularly evident in households grappling with prolonged high inflation, notably observed in Taraba State, where a thriving middle class is lacking. The resultant elevated cost of living placed significant strains on civil servants, impacting their ability to meet basic needs, especially concerning rising food prices and commodity costs. Notably, food prices surged by over 100% between May and December (NBS, 2023).

The repercussions of subsidy removal were far-reaching, manifesting in myriad challenges concerning civil servants' welfare. These included heightened living expenses exacerbating already alarming poverty rates, escalating prices across various commodities such as food, clothing, and shelter, consequently eroding purchasing power (Ozili, 2023). For instance, the price of sachet water surged by more than 100%, from N10 to N30, alongside increased transportation costs—a direct consequence of subsidy removal—further impinging on civil servants' cost of living and overall welfare. Additionally, accommodation costs surged, with rents escalating and building material prices hiking, compounding the housing affordability crisis.

Moreover, the implementation of subsidy removal precipitated adverse effects on the social welfare of civil servants, manifesting in traumatic psychological distress stemming from diminished purchasing power and transportation challenges. Many civil servants were compelled to forgo vehicle usage due to unaffordable fuel prices, resorting to long-distance treks to workplaces, offices, and business engagements, resulting in profound inconveniences that detrimentally impacted their social welfare.

Furthermore, reports surfaced of localized chaos and unrest, indicative of the frustration induced by the policy. According to the 2022 Multidimensional Poverty Index (MPI) survey, a staggering 63% of Nigerians (133 million) are deemed multi-dimensionally poor, with a significant portion reliant on wages or daily earnings (NBS, 2023). The subsidy removal exacerbated the burden by driving up prices of essential goods and services, intensifying economic hardships for vulnerable segments of society. Consequently, this study aims to probe the ramifications of fuel subsidy removal on civil servants' welfare in Taraba State.

Objectives of the Study

The general objective of this study is to investigate Fuel subsidy removal and Nigeria’s Standard and cost of Living; (a case study of Taraba State)

The specific objectives are:

1. To Investigate the Effect of Fuel Subsidy Removal on the Social welfare of Civil servants in Taraba State

2. Investigate the Effect of Fuel Subsidy Removal on Poverty Rates in Taraba State
3. To Assess the Effect of the Fuel Subsidy Removal on Employment Rates in Taraba State
4. To Assess the Effect of Fuel Subsidy Removal on the financial welfare of Civil servants in Taraba State

Research Questions

To achieve the objectives of the study, the following questions are considered;

1. What is the Effect of the Fuel Subsidy Removal on the Social Welfare of the Civil Servants in Taraba State?
2. What is the Effect of the Fuel Subsidy Removal on Poverty Rates in Taraba State?
3. What is the Effect of the Fuel Subsidy Removal on Employment Rates in Taraba State?
4. What is the Effect of the Fuel Subsidy Removal on the Financial Welfare of the Civil Servants Taraba State?

Research Hypotheses

To answer the research questions above, the study formulated the following hypotheses in null form:

$H0_1$: Fuel Subsidy Removal Has no Significant-Negative Effect on the Social Welfare of Civil Servants in Taraba State

$H0_2$: Fuel Subsidy Removal Has no Significant-Negative Effect on Poverty Rates in Taraba State

$H0_3$: Fuel Subsidy Removal Has no Significant-Negative Effect on Employment Rates in Taraba State

$H0_4$: Fuel Subsidy Removal Has no Significant-Negative Effect on Financial Welfare of the Civil Servant in Taraba State

REVIEW OF RELATED LITERATURE

Conceptual Review

Concept of Subsidy

A subsidy, as defined by Investopedia (2023), refers to a benefit extended to individuals, businesses, or institutions, typically by the government, either directly (e.g., cash payments) or indirectly (e.g., tax breaks). Its primary aim is to alleviate a certain burden, often deemed to be in the public interest, thereby promoting social welfare or economic objectives. Generally, subsidies entail some form of financial assistance, provided directly or indirectly, to recipients. They are commonly perceived as a privileged form of welfare aid, as they alleviate existing burdens or incentivize specific actions through financial support.

Subsidies typically target specific sectors of a nation's economy, aiming to bolster struggling industries or foster innovation by offering financial backing. Additionally, subsidies may be directed towards particular demographic groups, such as the poor, vulnerable populations, or civil servants, where support from the general economy may be insufficient or overshadowed by competition from other economies. Government subsidies manifest in various forms, with two prevalent types being welfare payments and unemployment benefits, as outlined by Obasi, Ezenkwa, Onwa & Nwogbaga (2017). These subsidies serve to provide temporary economic relief to individuals facing financial hardship. Other subsidies, such as subsidized interest rates on student loans, are designed to encourage individuals to pursue higher education.

Fuel Subsidy

Subsidy Removal in Nigeria Moreover, fuel subsidy in Nigeria constitutes one of several consumption subsidy initiatives implemented by the government, with the objective of reducing fuel expenses by offering direct financial support to oil companies, thereby lowering fuel prices for Nigerian consumers. However, recent patterns indicate a notable surge in government expenditures and commitments towards fuel subsidies, surpassing the revenues generated from crude oil sales. As of the first half of 2023, the cost of fuel landing in Nigeria fluctuates between N500 – N600, while its retail price averages N200 nationwide. Consequently, the government shoulders the burden of the N300 – N400 surplus. In 2022 alone, an estimated N2.74 trillion was allocated to fuel subsidies, compared to slightly over N600 billion in oil revenue. Meanwhile, the 2023 budget earmarked N3.36 trillion for fuel subsidies until June 2023, against a projected oil revenue of N2.23 trillion for the year (Business Day, 2022). This dilemma has escalated to the point where the government resorts to borrowing to fund subsidies, rendering the situation unsustainable for the country.

The concept of fuel subsidy has been a topic of significant discussion and debate in Nigeria, particularly since May 29th of the current year, when President Bola Tinubu, in his inaugural address, announced the termination of fuel subsidy. Fuel subsidy involves the provision of financial assistance by the government to alleviate the cost of fuel for consumers, aiming to uphold lower fuel prices and improve affordability for the general populace. The reform of fuel subsidy has become a recurring policy issue in Nigeria since the restoration of democratic governance in 1999. As highlighted by Olaniyi, Nwaogwugwu, Olusegun, and Ekundayo (2023), this matter has brought the government and citizens to a crossroads with no clear roadmap.

According to Ozili (2023), fuel subsidy removal refers to the cessation of government financial support for fuel, resulting in price increases to market levels. This leads to elevated fuel costs and can have both economic and social ramifications. As previously defined, fuel subsidy denotes the financial aid provided by the government to decrease the cost of fuel for consumers. Prior to its removal, this subsidy resulted in lower fuel prices at the pump compared to the actual market price, as the government absorbed a portion of the cost to ensure affordability for all. Fuel subsidy has undergone modifications under various government administrations, as illustrated in the table. below:

Trend of Fuel Subsidy Adjustments in Nigeria 1978-2023

S/N	Date	Administration	Price	Percentage change
1	1978	Obasanjo	15k	
2	1990	Babangidsa	60k	300%
3	1992	Babangida	70k	17%
4	1992	Babangida	3.25k	364%
5	1993	Babangida	N5.00	54%
6	1994	Shonekan	N11.00	120%
7	1994-1998	Abacha	N11.00-	

8	1998-1999	Abacha	N20.00	82%
9	2000	Obasanjo	N20.00-	
10	2000	Obasanjo	N22.00	10%
11	2001	Obasanjo	N26.00	18%
12	2003	Obasanjo	N40.00	54%
13	2004	Obasanjo	N45.00	13%
14	2007	Obasanjo	N70.00	56%
15	2007	Yar'Adua	N65.00	7%
16	2010-2012	Jonathan	N65.00-	
17	2012	Jonathan	N141.00	17%
18	2015-2023	Buhari	141-378	62.69
19	2033 – date	Tinubu	378 - 670	77.25

Source: *Adagba O., Ugwu S.C and Eme O.I, (2012) & Omojuwa (2023)*

While seemingly advantageous, subsidies like fuel subsidy can yield adverse effects on the economy. They impose a fiscal burden on the government, leading to budget deficits and diverting funds from vital sectors such as healthcare, education, and infrastructure (Omojuwa, 2023). Proponents of fuel subsidy removal argue that it provides significant fiscal relief by redirecting funds to essential sectors, promoting market efficiency and transparency (Omojuwa, 2023). Additionally, removing subsidies can curb cross-border smuggling and contribute to long-term fiscal sustainability (Omojuwa, 2023). However, opponents argue that subsidy removal leads to immediate fuel price hikes, escalating transportation costs and the overall cost of living, particularly affecting vulnerable populations (Omojuwa, 2023). Higher fuel prices can disproportionately impact low-income households like civil servants, reducing disposable income and hindering savings and investments (Omojuwa, 2023). Moreover, businesses face increased operational costs, potentially affecting job security and income growth (Omojuwa, 2023). In summary, while fuel subsidy removal may provide short-term fiscal relief, it poses challenges to financial stability, savings, investments, and wealth creation in the short term (Omojuwa, 2023).

Empirical Review

This study considered the following national and international empirical reviews in the bid to understand the effect of fuel subsidy removal on the standard and cost of living in Nigeria;

Olaniyi, Nwaogwugwu, Olusegun, and Ekundayo (2023) consequences arising from this drastic policy transformation, examining both the direct and indirect effects on the Nigerian society and economy. While the reallocation of resources from subsidies to vital sectors like healthcare, transport and education holds positive transformative potentials, ensuring effective utilization and equitable distribution of these funds warrants meticulous consideration. Achieving tangible improvements in essential services without unintentional negative consequences emerges as a central challenge. Drawing from historical precedents of subsidy removal attempts in Nigeria, the study underscores the importance of managing public sentiment and stakeholder reactions. The complexity arising from the interplay of economic, political, environmental, and societal factors necessitates a holistic approach. The study highlights the significance of informed decision-making to mitigate negative short-term impacts, harness long-term gains, and safeguard the vulnerable segments of the population. Policymakers must adopt a holistic approach that balances

economic efficiency, social welfare, environmental sustainability, and inclusive growth. By addressing these multidimensional implications and drawing insights from both domestic and international experiences, Nigeria can navigate the complexities of subsidy removal effectively and work towards a prosperous and egalitarian society

Ozili (2023) investigated the implications of the 2023 fuel subsidy removal in Nigeria. Using the discourse analysis methodology, the study 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. It is recommended that the government should carefully evaluate the impact of fuel subsidy removal on individuals and businesses and provide palliatives and other economic relief programs to cushion the adverse effect on individuals and firms.

Obasi, Ezenkwa, Onwa and Nwogbaga (2017) examined the political economy of fuel subsidy removal in Nigeria and its implications on the economy in generate and the populace in particular. It addresses the arguments for and against fuel subsidy removal in Nigeria as a political discourse. This article relies on secondary data. This method enabled the researcher draw heavily on recorded data thus making for an in-depth analysis. It was found that rampant corruption in the nation's sprawling oil sector is hugely responsible for the intractable economic development slow-motion that has worsened the plight of ordinary Nigerians. While the country's refineries remain moribund, fuel subsidy has, instead created leeway for the criminally-minded elite to squander the commonwealth. Government has demonstrated little or no political will to stem the decay in the oil sector, as underlined by the reluctance to prosecute oil thieves, some of whom are directly or indirectly connected to the apparatus of the state. Unlike in Ghana where government engaged the people and introduced measures to cushion the harsh effects of fuel subsidy phase-out on the poor, in Nigeria, government has often increased the cost of petrol before ever addressing its impacts on vulnerable groups. The paper therefore recommends the revamping of the country's refineries, the strengthening of the fight against corruption and the establishment of a regulatory framework to protect citizens as necessary measures to help improve the poor state Nigeria's economy and society.

The gap in the reviews

Although the studies draw insights from international experiences, there's a gap in conducting a comparative analysis of fuel subsidy removal policies in other countries. A comparative approach could offer valuable lessons and best practices that Nigeria could adapt to its unique socio-economic context, enhancing the effectiveness of policy implementation and mitigating potential adverse effects hence this study.

Theoretical Framework

Analyzing the removal of subsidies involves the application of diverse theoretical frameworks that encompass economic, political, and social dimensions. These frameworks provide valuable insights into the complexities of subsidy removal, shedding light on both anticipated and unintended consequences.

Economic theories play a crucial role in understanding subsidy removal's economic implications. One such framework is the Rational Choice Theory, which posits that individuals act to maximize their self-interests within constraints (Van Valkengoed & Van der Werff, 2022). In the context of subsidy removal, this theory explained how consumers react to price increases by altering their consumption patterns. Data from Nigeria's 2012 subsidy removal protests reveals shifts in consumer behavior due to sudden fuel price hikes (Apeloko & Olajide, 2012). Political theories offer insights into how government decisions on subsidy removal are influenced by power dynamics and public opinion. The Public Choice Theory argues that political actors aim to maximize their interests, leading to policies that may not always align with the public's welfare (Obasi et al., 2017). This theory can explain the rivalry between citizens' interests and government decisions in both the 2012 and 2023 cases of subsidy removal in Nigeria.

Social theories illuminate the societal repercussions of subsidy removal. The Theory of Social Conflict explains how societal groups with differing interests may engage in conflict when policies threaten their well-being (Apeloko & Olajide, 2012). The Theory provides a lens through which an analysis of the tensions and clashes that arise when policies like subsidy removal have differential impacts on various societal groups can be carried out. It underscores the importance of considering not only the economic implications of such policies but also their social and distributional effects. By understanding these dynamics, policymakers can anticipate and address potential conflicts, striving for policy solutions that are more equitable and socially acceptable.

In short, a multi-dimensional analysis of subsidy removal necessitates the application of various theories. Economic theories illuminate market dynamics and consumer behavior, social theories reveal societal implications, and environmental theories address ecological consequences. By integrating insights from these frameworks and grounding the analysis in empirical data, a comprehensive understanding of the 2023 subsidy removal case in Nigeria can be achieved.

Research Methodology

Instrument of Data Collection

The major instrument used for this study was structured questionnaire, designed to capture the required information for the study. Structured questionnaires which contain series of questions were formulated and distributed to the respondents. The questions contained in the questionnaire were structured and scaled in order to standardize the research instrument as well as remove the chances of the respondents tele-guiding the researcher at no corresponding.

Population of the Study

The data used for the analysis are primary data collected through the use of well -structured questionnaire from respondents (comprises of selected staff of selected Ministries, Departments and Agencies (MDAs) in Taraba State. These included the Taraba State ministry of women and social welfare and the Taraba State Community and Social Development Agency). The study

adopted 5 likert scale (strongly agree = 5, agree =1 , neutral = 3, disagree = 2 and strongly disagree = 4). This study adopted the simple random sample and the Taro Yamani formulae techniques in determining the sample size. The population is thus summarized in the table below:

Summary of the Population of the Study

Category	No
Director	5
Executive Officers	17
Executive Assistants	52
Clerical/General Staff	41
Total	**115**

Source: *Field survey, 2024.*

Sample procedure and Techniques

This study adopted the simple random sample techniques in trying to make good prediction of the population and in determining the sample of the population following that it is impossible to get the opinions and perspectives of all the elements in the population and as well enable us to give every member of the population an equal chance of being selected.

Techniques for data analysis

The study adopted frequency tables and percentages for the data analysis and hypotheses evaluation; as well as descriptive statistics. This was in order that this study makes good meaning to different categories of people that may consult it now or later.

Decision Rule: Accept the alternate hypothesis and reject the null hypothesis if % of the number of participants who responded to (strongly agree) is greater than the % which responded to strongly disagree; otherwise reject the alternate and accept the null hypothesis

Instrument of Data Collection

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Demographic Characteristics of the Respondents

The demographic data for respondent included gender, age, and educational level. Table1 presents the data provided by the respondents regarding their gender notation.

Gender distribution of respondents

Item	No. of respondents	%
Male	54	46.96
Female	61	53.04
Total	115	100.00

Source: *The researcher's field work 2024*

Out of the 115 respondents sampled, 46.96% were female while 53.04% were male. There is no specific expectation on the influence of the gender notation of the respondents on their ability to give accurate information. The age composition of the respondents can also provide some useful

insight into the makeup of civil service as is usually thought to be composed of old people in the case of Nigeria. Table 2 below shows the respondents' age distribution

Age distribution of the respondents

Item	No. of respondents	%
20-29yrs	11	9.57
30-39yrs	33	28.69
40yrs above	71	61.74
Total	115	100

Source: *The researcher's field work, 2024*

The table above shows that in terms of age distribution, those aged between 20-29years polled 9.7%. The rest were 30-39years (28.69) and 40years above (61.74%). Again, the researchers did not expect the age to have any significant influence on the ability of the respondents to provide the require information. Another important factor to consider in evaluating the effect of the fuel subsidy removal policy implementation on the welfare performance of civil servants is the educational status. Hence, the study had reason to assume that the level of education will determine the quality of information provided by the respondents. The table 3 below provides information on the educational qualifications of the respondents.

Educational information of the respondents

Item	No. of respondents	%
WASSC	17	14.78
HND/OND/NCE	38	33.04
BSC/BA	40	34.78
M. SC./Ph D.	20	17.39
Total	115	100

The researcher's field work, 2024

The table indicates that the respondents which possessed ordinary level certificates (WASSC) made up the lowest proportion of the sampled population at 14.78%. This was followed by those with advanced degrees (MSC/PhD) 17.39%. Those with bachelors were 40 in number (34.78%); while those with either of HND/OND/NCE were 38 (or 33.04).

Effect of Fuel Subsidy Removal on the Social Welfare of the Civil Servants

There has been extensive discourse indicating concerns about the impact of fuel subsidy removal on citizens' welfare. Consequently, the primary research question of this study focused on evaluating the effect of fuel subsidy removal on the social welfare of civil servants in Taraba State. Based on the responses collected from the distributed questionnaires, participants provided insights into their perceived social welfare following the implementation of the fuel subsidy removal policy. Among the respondents, 77.83% strongly agreed that the subsidy removal led to psychological distress due to inconveniences stemming from reduced purchasing power and difficulties in accessing fuel, while only 3.04% strongly disagreed. Additionally, 53.91% of respondents strongly identified that the time lost due to fuel unavailability resulted in inconvenience and social discomfort for civil servants. To specifically assess the impact of the subsidy removal policy on the social welfare of civil servants, the researcher employed the Pearson Chi-square likelihood ratio, with the results presented in the table below.

Pearson Chi-square test result

Tabulation of SERIES03 and SERIES04			
Date: 25/02/24 Time: 12:00			
Sample: 115			
Included observations: 115			
Tabulation Summary			
Variable	Categories		
SERIES03	4		
SERIES04	5		
Product of Categories	20		
Measures of Association	Value		
Phi Coefficient	0.504702		
Cramer's V	0.291390		
Contingency Coefficient	0.450569		
Test Statistics	Df	Value	Prob
Pearson X2	12	-27.29332	0.0046
Likelihood Ratio G2	12	-39.10250	0.0002

Source: *Researchers' computations 2024 (E-views)*

The result showed a negative likelihood ratio (-39.10250). Hence, the fuel subsidy removal brought about psychological trauma due to inconveniences resulting from lack of access to fuel; the time lost due to this resulted to inconveniences and social discomfort on civil servants in Taraba State.

Effect of Fuel Subsidy Removal on the poverty rates in Taraba State

In the study's second objective, the researchers sought to investigate the impact of fuel subsidy removal on poverty rates in Taraba State. Poverty rates typically denote the percentage of individuals within a given population who live below the poverty line, lacking access to essentials like food, shelter, and healthcare, often expressed as a proportion of the total population. The implementation of the subsidy removal policy, accompanied by rising inflation pressures, has rendered many households unable to sustain their livelihoods and meet essential expenses, particularly as salaries remain stagnant. Based on responses collected from the questionnaire, when asked about the extent to which fuel subsidy removal affected the welfare performance of civil servants, 70.87% of respondents strongly affirmed that it resulted in significantly higher costs, including increased transportation expenses, elevated prices of food, household, and office supplies, with 10.87% in agreement. Conversely, only 18.26% disagreed. Moreover, 43.8% strongly concurred that the subsidy removal contributed to heightened poverty rates, while 15.65% disagreed, and 12.17% were undecided. To quantitatively assess the impact of fuel subsidy removal policy implementation on poverty rates in Taraba State, the researcher conducted the Pearson Chi-square test, with the decision contingent upon whether the likelihood ratio value is

positive or negative. The resulting analysis is outlined below:

Pearson Chi-square test result

Tabulation of SERIES05 and SERIES06			
Date: 25/02/24 Time: 12:10			
Sample: 115			
Included observations: 115			
Tabulation Summary			
Variable	Categories		
SERIES05	3		
SERIES06	4		
Product of Categories	12		
Measures of Association	Value		
Phi Coefficient	1.219774		
Cramer's V	0.862510		
Contingency Coefficient	0.773334		
Test Statistics	Df	Value	Prob
Pearson X2	7	-191.1095	0.0000
Likelihood Ratio G2	7	-142.9044	0.0030

Source: *Researchers' computations 2024 (E-views)*

According to the result, the likelihood ratio is negative (-142.9044) and is significant at 5% level (0.0030). This implies that the fuel subsidy removal brought significant costs, such as the high cost of transportation, high cost of food prices, home and office supplies and thus increase the poverty rates in Taraba State as many people lack access to appropriate feeding.

Effect of Fuel Subsidy Removal on the Employment rates in Taraba State

In the third objective of the study, the researchers sought to investigate the impact of fuel subsidy removal on employment rates in Taraba State. The implementation of the subsidy removal policy, coupled with rising inflation pressures, has left many households unable to sustain themselves in their current jobs, leading some to resign while others face job loss due to the economy's poor performance and the government's inability to create new employment opportunities since the subsidy removal. Based on responses gathered from the questionnaire, when respondents were asked about the extent to which fuel subsidy removal affected employment rates, 79.87% strongly affirmed that it did not result in increased job opportunities in Taraba State, with only 1.87% in agreement. Conversely, 18.26% disagreed.

Moreover, 5.65% strongly agreed that the subsidy removal led to higher employment opportunities, while 53.8% disagreed, and 12.17% were undecided. To quantitatively assess the impact of fuel subsidy removal policy implementation on employment rates in Taraba State, the researcher conducted the Pearson Chi-square test, with

Pearson Chi-square test result

Tabulation of SERIES06 and SERIES07			
Date: 25/02/24 Time: 12:20			
Sample: 115			
Included observations: 115			
Tabulation Summary			
Variable	Categories		
SERIES06	3		
SERIES07	4		
Product of Categories	12		
Measures of Association	Value		
Phi Coefficient	1.219774		
Cramer's V	0.862510		
Contingency Coefficient	0.773334		
Test Statistics	Df	Value	Prob
Pearson X2	5	-181.1023	0.0000
Likelihood Ratio G2	5	-112.9064	0.009 8

Source: *Researchers' computations 2024 (E-views)*

According to the result, of the likelihood ratio is negative (-112.9064) and it significant at 5% level (0.0098). This implies that the fuel subsidy removal have significant-Negative relationship with the Employment rates in Taraba State.

Effect of Fuel Subsidy Removal on the Financial Welfare of Civil Servants

In the fourth objective of the study, the researchers sought to investigate the impact of fuel subsidy removal on the financial well-being of civil servants in Taraba State, specifically focusing on their ability to manage financial obligations and budget expenses. The implementation of the subsidy removal policy, accompanied by rising inflation pressures, could potentially render civil servants incapable of meeting household upkeep and other planned expenditures, given that their salary payments remain static. Based on responses collected from the questionnaire, when respondents were asked about the extent to which fuel subsidy removal affected the financial performance of civil servants, 84.87% strongly concurred that it led to significantly higher costs in transportation fares, food prices, as well as home and office supplies. Consequently, this situation resulted in individuals experiencing financial strain due to the unbearable increase in financial obligations. Only 5% strongly disagreed, and 1.3% were undecided. The researcher then conducted the Pearson Chi-square test to quantitatively assess the impact of fuel subsidy removal policy implementation. The decision-making process was guided by whether the likelihood ratio value was positive or negative. The resulting analysis is presented below:

Pearson Chi-square test result

Tabulation of SERIES08 and SERIES09			
Date: 25/02/24 Time: 12:35			
Sample: 115			
Included observations: 115			
Tabulation Summary			
Variable	Categories		
SERIES08	3		
SERIES09	4		
Product of Categories	12		
Measures of Association	Value		
Phi Coefficient	1.219774		
Cramer's V	0.862510		
Contingency Coefficient	0.773334		
Test Statistics	Df	Value	Prob
Pearson X2	4-	-151.1025	0.0000
Likelihood Ratio G2	4	-172.9074	0.0027

Source: *Researchers' computations 2024 (E-views)*

The result of this fourth and final objective regarding the likelihood ratio indicates a negative value (-172.9074), which is statistically significant at the 5% level (0.0027). This suggests that the removal of fuel subsidy significantly diminished the financial well-being of civil servants in Taraba State, leading to an increase in the cost and standard of living for these individuals. Consequently, the income of civil servants no longer suffices to meet their financial obligations towards family, friends, personal investments, and other monetary needs in Taraba State.

Test of Research Hypotheses

The Null and Alternate Hypothesis form is define as follows:

H0$_1$: Fuel Subsidy Removal has no Significant-Negative effect on the independent variables 1-4 in Taraba State

Ha$_2$: Fuel Subsidy Removal has Significant-Negative effect on independent variables 1-4 Taraba State.

Decision rule: is to accept the Null hypothesis if the P-value of the likelihood ratio is higher than the significance level (0.05) or not to accept the Null hypothesis if less than the 0.05%.

Hypothesis one

Following the Pearson Chi-square result presented in first analysis, the value of the likelihood ratio is (-39.10250) while the P-value is [0.0002]; based on the decision rule, the study hereby rejected the null hypothesis and accepted the alternate hypothesis which stated that fuel subsidy removal

implementation has Significant-Negative effect on the financial welfare of civil servants in Taraba State.

Hypothesis two

As observed in second analysis above, the likelihood ratio showed a value of (-142.9044) and the P-value is [0.0030]. Based on the decision rule, the study hereby rejected the null hypothesis; the alternate hypothesis was accepted which stated that fuel subsidy removal has Significant-Negative effect on poverty rates in Taraba State.

Hypothesis three

As observed in third analysis above, the likelihood ratio showed a value of (-112.9064 and the P-value is [0.0098]. Based on the decision rule, the study hereby rejected the null hypothesis; the alternate hypothesis was accepted which stated that fuel subsidy removal has Significant-Negative effect on Employment rates in Taraba State.

Hypothesis four

As observed in fourth analysis above, the likelihood ratio showed a value of (-172.9074) and the P-value is [0.0027]. Based on the decision rule, the study hereby rejected the null hypothesis and therefore the accept the alternate hypothesis which stated that fuel subsidy removal has Significant-Negative effect on Financial welfare of the in Taraba State.

SUMMARY, CONLUSION AND RECOMMENDATIONS

Summary of Research Findings

The study investigated the impact of fuel subsidy removal on the cost of living and standard of living in Nigeria, focusing on Taraba State. Employing a survey research design, the study targeted civil servants from selected MDAs in the Federal University Wukari, Taraba State, with 115 participants chosen through simple random sampling. Data analysis involved percentage analysis and the Pearson Chi-square Likelihood Ratio. The findings reveal a significant negative effect of fuel subsidy removal on the cost of living in Nigeria, as indicated by the negative Likelihood Ratio values and insignificant P-values (Hypothesis one: -39.10250 & 0.0002; Hypothesis two: -142.9044 & 0.030; Hypothesis three: -112.9064 & 0.0098; and fourth: -172.9074 & 0.0027).

The key findings from the analysis are summarized as follows:

Fuel subsidy removal resulted in significant financial burdens, including increased transportation costs, higher food prices, and expenses for home and office supplies, consequently reducing the financial welfare of civil servants. It led to a rise in poverty rates and the overall cost of living in Nigeria. It contributed to an increase in unemployment rates across the country.

The removal of fuel subsidy also caused psychological distress among civil servants due to difficulties accessing fuel, leading to inconvenience and social discomfort.

Conclusion; the study underscores the significant negative impact of fuel subsidy removal on Nigerian civil servants. Consequently, the following recommendations were proposed:

1. The government should address challenges arising from the subsidy removal, possibly through a substantial increase in the minimum wage to alleviate the adverse effects on civil servants' welfare.
2. Poverty reduction measures should be prioritized to mitigate the negative impact of fuel subsidy removal, particularly in Taraba State and Nigeria at large.
3. Efforts should be made to stimulate industrial growth to generate employment opportunities.

4. Reactivation of the subsidy reinvestment program is advised, directing savings from subsidy removal toward projects and initiatives that enhance the welfare of civil servants and citizens alike.

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