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AN ASSESSMENT OF THE MEASURES BY THE FEDERAL GOVERNMENT TO CUSHION THE SOCIAL IMPACT OF FUEL SUBSIDY REMOVAL IN THE FCT-ABUJA NIGERIA

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Abstract

The removal of fuel subsidies in Nigeria has produced extensive socio-economic repercussions, particularly within the Federal Capital Territory (FCT), Abuja. This study critically examines the policy responses designed to mitigate the adverse social consequences of subsidy removal and evaluates their effectiveness in alleviating economic hardship and promoting social welfare among residents. Guided by the Liberalization Theory, the study employed a survey research design that integrated quantitative and qualitative approaches through the use of structured questionnaires and key informant interviews. A multi-stage sampling procedure was utilized, combining cluster and simple random techniques to select participants from four (4) purposively chosen Area Councils in the FCT. The sample comprised 400 residents who completed the questionnaire including six (6) officials representing key institutions, via: The Ministry of Petroleum, the Nigeria Labour Congress (NLC), the Trade Union Congress (TUC), and the National Union of Road Transport Workers (NURTW). Additionally, interviews were conducted with officials from the Ministry of Petroleum and the National Youth Council to provide institutional perspectives. Descriptive analysis was applied to interpret the data and identify prevalent trends. Empirical findings indicate that 94.5% of respondents were unaware of existing governmental initiatives aimed at cushioning the effects of subsidy removal. Furthermore, 71.6% reported significant deterioration in living standards, while 92.3% expressed dissatisfaction with the non-accessibility of relief interventions. The results underscore the inadequacy of current social protection strategies and the need for comprehensive policy

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reforms to enhance economic resilience and equitable welfare distribution. The study recommends that government prioritize the establishment of a functional and affordable public transportation network. Strategic investment in mass transit systems such as buses and water transport would substantially reduce the cost burden of fuel on citizens and contribute to sustainable socio-economic development within the FCT.

Keywords: Fuel Subsidy Removal, Socio-Economic Impact, Government Intervention, Policy Measures, Public Awareness, Mass Transit System and Poverty Alleviation.

Introduction

The removal of fuel subsidy remains one of the most controversial policy reforms in Nigeria's history, sparking heated debate among policymakers, scholars, and the public. Initially introduced in the 1970s to stabilize domestic petroleum prices and shield citizens from global oil price shocks, the subsidy was intended as a pro-poor intervention. However, decades later, it evolved into a politically sensitive and fiscally burdensome policy. Evans, Nwaogwugwu, Vincent, Wale-Awe, Mesagan and Ojapinwa, (2023) traced its origins to post-independence economic management, noting that despite Nigeria's status as Africa's largest oil producer, the country's dependence on imported refined products due to weak refining capacity (Itumo and Onyejiuba, 2019) rendered the subsidy system unsustainable. What began as an economic cushion soon became a source of corruption, inefficiency, and massive fiscal leakages. Successive governments attempted to reform or remove the subsidy, but such efforts were repeatedly met with public resistance. The most notable instance occurred in 2012 when President Goodluck Jonathan's administration announced its removal, triggering widespread protests and a partial reinstatement of the policy (Umeji and Eleanya, 2021; Shagali and Yusuf, 2022). These events exposed public distrust toward government reforms perceived as favoring elites while deepening citizens' hardship. The issue resurfaced between 2019 and 2024 under Presidents Muhammadu Buhari and Bola Tinubu, whose administrations argued that subsidy removal was vital to redirect national resources toward education, health, and infrastructure. By 2021, the government was spending over ₦1.4 trillion annually on fuel subsidies an amount deemed unsustainable amid high national debt and dwindling oil revenues. Corruption within the Nigerian National Petroleum Corporation (NNPC) and inflated fuel import figures further weakened public confidence.

Shagali and Yusuf (2022) and Omotosho (2020) highlighted that both domestic fiscal pressure and external influence especially from the International Monetary Fund (IMF) and World Bank pushed Nigeria toward subsidy removal. These international institutions argued that subsidies disproportionately benefited the wealthy and encouraged economic inefficiency. The 2023 removal, therefore, reflected not only internal fiscal necessity but also Nigeria's alignment with global neoliberal reform agendas. Nonetheless, the policy's implementation generated widespread social and economic distress. Ozili and Obiora (2023) report that low-income households lost an average of ₦5,700 in monthly income, while Lawal and Mahmoud (2023) estimated that over seven million Nigerians could fall into poverty as a direct consequence. The situation was especially volatile in Abuja, where protests, strikes, and civil unrest erupted following the 29 May 2023 announcement (Taiwo-Obalonye & Nnamani, 2023). Citizens decried the sharp rise in transportation costs and food prices, viewing the reform as an additional burden amid declining living standards. Although the government proposed palliative measures—such as conditional cash transfers and transport subsidies these interventions were poorly implemented and inadequate (Ogunode, Ahmed & Olugbenga, 2023). Overall, the removal of fuel subsidy in Nigeria illustrates the

tension between economic rationality and social justice, as Udoh (2025) observed that one of the major challenges confronting Nigeria as a nation is poverty, which remains a pervasive obstacle to sustainable development and social stability. The subsidy removal reform was expected to free fiscal resources and improve transparency, it simultaneously deepened hardship for vulnerable groups. Understanding public resistance, particularly in the Federal Capital Territory, Abuja, is therefore crucial to assessing how macroeconomic policy decisions can generate socio-political backlash in an evolving democratic context.

Statement of the Problem

The removal of fuel subsidy in Nigeria remains one of the most controversial policy decisions in the nation's recent history. Implemented in May 2023 by President Bola Ahmed Tinubu, the policy aimed to reduce government expenditure and promote fiscal sustainability. However, while the government presented it as a necessary reform to redirect resources toward development projects, its immediate effects have been overwhelmingly negative, particularly for residents of the Federal Capital Territory (FCT), Abuja. Fuel prices surged dramatically reportedly reaching up to ₦1,000 per litre in some areas triggering sharp increases in transportation costs, food prices, and general inflation. Consequently, the cost of living in Abuja rose significantly, reducing the purchasing power of low- and middle-income households. Many residents have struggled to afford basic necessities, while small and medium enterprises (SMEs) faced higher operational costs due to increased fuel expenses for generators and logistics. As businesses passed these costs to consumers, inflationary pressures deepened further, worsening economic hardship (Oyero, 2023). The policy has also sparked widespread public discontent and protests, as citizens criticized the government's inadequate palliative measures and lack of effective social safety nets to cushion the impact (MPRA, 2023). Although the government insists that savings from subsidy removal will be invested in infrastructure, healthcare, and education, there is limited evidence of tangible benefits so far. The removal has therefore exposed the tension between fiscal reform and social welfare, raising concerns about inequality and governance capacity. In essence, while fuel subsidy removal holds long-term potential for economic stability, its short-term socio-economic consequences rising inflation, business strain, and reduced living standards underscore the urgent need for effective policy interventions to protect vulnerable citizens and ensure equitable economic outcomes (Onyekakeyah, 2023).

Research Questions

The questions guiding this research are as follows:

i. What are the reasons for the removal of fuel subsidy by the Nigerian federal government?
ii. What are the effects of the removal of fuel subsidy on residents in the Federal Capital Territory, Abuja?
iii. What measures have been adopted by government in curbing the effects of the removal of fuel subsidy on residents in Abuja?
iv. How effective and helpful have the measures been on health, transportation, social wellbeing and food security?

Objectives of the Study

The primary objective is to identify, analyse and assess the measures adopted to cushion the social impact of fuel subsidy removal in Abuja. The specific objectives include:

i. To identify the reasons for the removal of fuel subsidy by the Nigerian federal government in Abuja.

ii. To examine the effect of the removal of fuel subsidy on residents living in Abuja
iii. To assess measures adopted by Government in curbing effects of the removal of fuel subsidy on residents in Abuja; and
iv. To discuss how effective and helpful, the measures have been on health, transportation, social wellbeing and food security in the Federal Capital Territory, Abuja

Significance of the Study

This study is of great importance as it highlights the far-reaching implications of fuel subsidy removal on Nigeria's socio-economic landscape. The research underscores how removal of subsidies often results in sharp increases in fuel prices, leading to higher costs of goods and services. Such inflationary pressures tend to hit the low- and middle-income groups, the hardest, aggravating poverty and inequality. Although the policy may enable the government to channel resources toward developmental initiatives such as infrastructure and social services, it also risks provoking public dissatisfaction if not properly managed or accompanied by effective palliative measures. The findings aim to expose this delicate balance between economic reform and social welfare, offering insights into the consequences of subsidy removal on living standards and public sentiment. Furthermore, the study serves multiple beneficiaries, including policymakers, scholars, and citizens. For government authorities, the research provides evidence-based guidance on how to implement fiscal reforms with minimal social disruption while maintaining public trust. For researchers and educationists, it serves as a resource for deepening knowledge of subsidy-related issues and a foundation for future academic inquiry. For the general populace, the study enhances understanding of the political and economic dimensions of subsidy removal, fostering greater civic awareness. Ultimately, it contributes to ongoing discussions on how Nigeria can achieve sustainable economic reform without compromising social stability.

Literature and Empirical Review

A fuel subsidy is a government policy designed to reduce the price of fuel for consumers through direct financial assistance to suppliers or reductions in taxes and levies (IEA, 2021). The primary aim is to cushion citizens from high international oil prices, promote economic stability, and enhance social welfare (Global Subsidies Initiative, 2023). Subsidies may be explicit directly reflected in government budgets or implicit, as seen in controlled pricing systems. Scholars such as Burgess and Stern (1993) and Coady, Parry, Sears and Shang (2015) described fuel subsidies as mechanisms that lower fuel prices below market equilibrium, often creating financial burdens on public expenditure. Similarly, Arezki and Brueckner (2015) defined subsidies as revenue losses incurred when governments sell fuel below market prices, while the OECD (2019) regarded fuel subsidy as fiscal instruments that make fuel more affordable for consumers. Fuel subsidies have been justified as tools to promote social equity and economic growth by reducing living costs and supporting low-income households. According to OPEC (2022), subsidized fuel has played a crucial role in reducing energy poverty in developing economies. In addition, governments often use subsidies as political instruments to gain support or prevent social unrest, as observed in Nigeria during subsidy removal protests in 2012 and 2023 (Ijaseun, 2023). Subsidies also serve as indirect economic stimuli, lowering production and transportation costs to enhance industrial productivity and market competitiveness (UNDP, 2021). However, despite these benefits, the fiscal and environmental consequences of subsidies are significant. The IMF (2021) reported that subsidies often lead to large budget deficits, reduced funding for essential services, and an

overreliance on fossil fuels. Furthermore, wealthier households tend to benefit disproportionately since they consume more energy (Transparency International, 2023).

In recent years, the global debate has shifted toward the gradual removal of fuel subsidies due to their unsustainable financial and environmental costs. The International Energy Agency (2022) estimated global fuel subsidies at over $1 trillion in 2022 funds that could have supported renewable energy or social infrastructure. The World Bank (2021) and UNFCCC (2023) emphasised that subsidies hinder energy transitions and exacerbate climate change through increased fossil fuel consumption. Consequently, countries such as Egypt, India, and members of the European Union have initiated phased reforms, redirecting subsidy funds to social protection programs and clean energy investments (European Commission, 2023). However, such reforms often provoke public resistance, especially where safety nets are weak. For instance, Nigeria's subsidy removal efforts in 2022 triggered widespread protests due to rising living costs (Al Jazeera, 2022). Historically, Nigeria's fuel subsidy originated in the 1970s as a measure to make fuel affordable, but rising global oil prices and systemic corruption have rendered it unsustainable. Successive governments have attempted to reform or remove the subsidy, often facing backlash from the populace. The administration of President Muhammadu Buhari, for example, announced subsidy removal in 2016, sparking intense public criticism and demonstrations in Abuja and other urban centers. Despite the short-term challenges, economists argue that ending fuel subsidies could free up fiscal resources for development and promote more efficient energy consumption. Yet, to ensure public acceptance, such reforms must be gradual, transparent, and accompanied by compensatory measures such as cash transfers or public transportation support to mitigate adverse social impacts.

The removal of fuel subsidy in Nigeria represents one of the most significant economic reforms in the country's recent history, driven by the need to ensure fiscal sustainability, curb corruption, and promote market efficiency. Initially introduced to protect citizens from volatile global oil prices and make fuel affordable, the subsidy system became financially unsustainable due to rising global prices, economic recession, and declining government revenue (IEA, 2022; Onyekakeyah, 2023). By 2021, Nigeria spent over ₦1 trillion annually on subsidies funds that could have been redirected to critical sectors such as infrastructure, health, and education (Evans, Evans, Nwaogwugwu, Vincent, Wale-Awe, Mesagan & Ojapinwa, 2023a). The scheme was also plagued by widespread corruption, with inflated claims and fuel smuggling benefitting elites rather than ordinary Nigerians (Eze, 2020). Consequently, President Bola Ahmed Tinubu's administration removed the subsidy in 2023 to liberalize the oil sector, encourage private investment, and reduce fiscal deficits (Chukwu, 2023). Supported by international institutions like the IMF and World Bank, the policy aimed to redirect savings to targeted social welfare programmes such as conditional cash transfers for vulnerable households (Adebayo, 2023). Although the removal has caused short-term inflation and hardship, it is viewed as a crucial step toward achieving long-term economic stability and transparency in Nigeria's energy and fiscal systems (Emodi & Boo, 2015).

Fuel subsidies, though intended to stabilize fuel prices and support citizens, have posed major fiscal and socio-economic challenges for Nigeria. Their removal has triggered inflation, increased transportation and living costs, and sparked public protests, particularly in Abuja, where citizens and labour unions have expressed discontent over the government's handling of the reform. While the policy aims to reduce fiscal pressure and attract investment into the energy sector, it has disproportionately affected low- and middle-

income earners, intensifying inequality and public distrust in governance. Moreover, the removal has highlighted broader systemic issues such as unemployment, corruption, and weak infrastructure, prompting civic movements and calls for inclusive economic reforms. Despite its potential long-term benefits for fiscal sustainability, the policy's short-term impact underscores the need for better social protection mechanisms to cushion vulnerable populations (Ozili & Obiora, 2023; World Bank, 2022). Although numerous scholars have examined the implications of fuel subsidy removal in Nigeria (Olomola & Adejumo, 2016; Raji, Mohammed, Sulaiman, Adeshina, Abdulbaqi, Joseph & Raji 2018; Sodeeq, Monsuru, Alabi, & Abang, 2016; Ikena & Oluka, 2023), it has been observed that most of these studies lack a sociological interpretation of the issue. While existing research provides broad analyses of the economic and policy dimensions of subsidy removal, few have conducted sector-specific assessments, particularly regarding government interventions aimed at cushioning its social effects. Most prior studies have focused primarily on the general economic impact and its influence on public project delivery, leaving a gap in understanding the long-term social consequences and citizens' responses to government mitigation measures. Specifically, there is a paucity of literature assessing the effectiveness of interventions designed to alleviate the adverse social impacts of fuel subsidy removal within the Federal Capital Territory (FCT), Nigeria. This study, therefore, aims to address this gap by providing a sociological perspective and evaluating the measures implemented to reduce the social burden associated with subsidy removal.

Theoretical Framework

Basic Needs Theory and Liberalization Theory were suitable for the study. Abraham Maslow's Basic Needs Theory, first introduced in his 1943 work *A Theory of Human Motivation*, provides a hierarchical framework for understanding human motivation and behavior. The theory posits that individuals are motivated to fulfill needs in a structured sequence, beginning with basic physiological requirements such as food, water, shelter, and rest before progressing to higher-level needs like safety, belonging, esteem, and self-actualization (Maslow, 1943). Each level of the hierarchy represents a stage of human development where unmet needs can hinder motivation and psychological well-being. Once physiological and safety needs are satisfied, individuals typically seek social connection through love and belonging, followed by esteem needs involving recognition, respect, and achievement. At the peak of the hierarchy is self-actualization the desire to achieve one's full potential, creativity, and purpose in life. The theory has broad applications across psychology, education, economics, and organizational management. In educational contexts, it explains why students facing hunger or insecurity struggle academically, while in the workplace, it underscores the importance of fair compensation, safety, and belonging in fostering productivity (McLeod, 2018). On a broader level, governments and development agencies draw on Maslow's framework to design social policies that address poverty, healthcare, and education, recognizing that fulfilling citizens' basic needs supports social stability and economic growth. However, Maslow's model has faced criticism for its rigidity and cultural limitations, as individuals may not always follow the same linear order of needs, and structural inequalities can prevent some from advancing up the hierarchy despite motivation. Nonetheless, the Basic Needs Theory remains influential for its holistic perspective on human motivation, illustrating how the fulfillment of fundamental needs forms the basis for emotional well-being, social participation, and personal fulfillment.

Liberalisation theory, rooted in classical liberalism and expanded by neoliberal thought, emphasises reducing government control in favour of market-driven mechanisms

to enhance efficiency, competition, and innovation. Originating from the ideas of economists like Adam Smith and David Ricardo, the theory advocates for free markets, privatisation, deregulation, and open international trade as the path to economic growth and societal progress. Institutions such as the World Bank, International Monetary Fund (IMF), and World Trade Organisation (WTO) have further promoted liberalisation through structural adjustment programs in developing nations. The theory argues that removing market distortions such as subsidies and tariffs leads to more efficient resource allocation, stimulates investment, and promotes sustainable growth. However, critics contend that liberalisation can exacerbate inequality, environmental degradation, and financial instability, especially in developing economies with weak institutions or limited social protections. Applied to the removal of the fuel subsidy in Abuja, liberalisation theory suggests that removing subsidies enables market forces to determine fuel prices, improving efficiency and reducing government expenditure. This shift aligns with the theory's emphasis on reduced state intervention and enhanced competition, potentially attracting private investment in the energy sector. Nonetheless, the immediate social consequences include rising living costs, public resistance, and perceptions of inequality. It highlights the challenges of implementing liberalization policies in contexts with fragile social safety nets. In Abuja, such resistance often manifests in protests and demands for government action. While liberalisation promises long-term benefits through efficient resource allocation and economic restructuring, its success depends on complementary measures such as targeted social programmes and public trust in governance to mitigate short-term hardships and ensure equitable outcomes for all citizens.

Method and Materials

This study adopted a descriptive survey research design, deemed appropriate because it allows for identifying characteristics, behaviours, and attitudes of a large population without manipulating variables (Creswell, 2014). The design enabled the researcher to gather data that reflect the opinions and experiences of Abuja residents regarding the impact of fuel subsidy removal and related government interventions. The study area was Abuja, the Federal Capital Territory (FCT) of Nigeria, which had an estimated population of 4,026,000 in 2024 (NPC, 2024). Abuja was selected due to its significance as Nigeria's administrative and political center, hosting key ministries and parastatals, and representing a diverse socio-economic mix. The city's rapid growth, urban expansion, and dependence on fuel for transportation make it ideal for assessing the socio-economic effects of subsidy removal. The population size of the study comprised all residents in Abuja across its six area councils and sixty-two wards (INEC, 2023). The sample size of 400 respondents was determined using the Taro Yamane formula at a 5% margin of error, ensuring fair representation of the total population. The study employed a multi-stage sampling technique, combining cluster, simple random, purposive, and convenience sampling to ensure inclusivity and depth. Four of the six area councils were selected through open balloting, and respondents were proportionally drawn from each. Additionally, purposive sampling was used to select key informants for interviews from institutions such as the Nigeria Labour Congress (NLC), Trade Union Congress (TUC), Ministry of Petroleum, NURTW, and the National Youth Council. Both primary and secondary data were utilized. Primary data were collected using structured questionnaires and in-depth interviews, while secondary data were obtained from books, journals, newspapers, and credible websites. The data collection method centered on field surveys and interviews conducted with selected respondents and officials. For data analysis, descriptive methods involving frequency counts, tables, and percentages were applied to

quantitative data, while qualitative data from interviews were analyzed thematically and descriptively to extract insights relevant to the study objectives (Patton, 2015).

Findings

Socio – Demographic Characteristics of Respondents

The Socio – Demographic Characteristics of Respondents that Participated in this study is summarised below

Table 1: Distribution of Respondents by Demographic Characteristics, N = 380

Characteristics	Categories	Frequency	Percentage
Age	18- 30	93	24.5%
	31-45	250	65.8%
	Above 45	37	9.7%
	Total	380	100%
Marital status	Single	147	39.5%
	Married	200	52.6%
	Divorced/widowed	33	7.9%
	Total	380	100%
Religious Affiliation	Christianity	195	51.3%
	Islam	175	46.1%
	Traditional Religion	10	2.6%
Qualification	FSLC	3	0.7%
	SSCE	31	8.2%
	OND/NCE	156	41.1%
	HND /BSc	153	40.3%
	MSc/PhD/MA	37	9.7%

Source: *Field Work, 2026*

The data in table 1 shows the respondents were classified based on age, marital status, religious affiliation and qualifications. In terms of age, 24.5% of the total respondents are between 18-30 years, 65.8% of total respondents fall within 31-45 years while the remaining 9.7% falls above 45 years old. This implies that the youth dominated the sample as regards the marital status of the respondents, analysis revealed that 39.5% are single, while 52.6% of total respondents are married, while 7.9% of the total respondents are divorced/widowed. This implies that majority of the respondents are married. The table also shows that 51.5% of the total respondents are Muslims, while 46.1 are Christians and the remaining 2.6% are traditionalists. This implies that majority of the respondents are Muslims.

Table 2: Distribution of Respondents by Awareness of Government Interventions to Cushion the effect of Fuel Subsidy Removal, N = 380

Awareness?	Frequency	Percentage
Yes	21	5.5%
No	359	94.5%
Total	380	100%

Source: *Field Work, 2026*

Table 2 shows the rate of awareness of government interventions toward cushioning the effect of fuel subsidy removal by respondents. Most of the respondents (94.5%) were not aware of the government interventions.

Table 3: Distribution of Respondents by the Impact of Fuel Subsidy Removal on daily living cost, N = 380

Level of Impact	Frequency	Percentage
No Impact	-	0%
Mild Impact	7	26.6%
Moderate Impact	101	26.6%
Severe Impact	272	71.6%

Source: *Field Work, 2026*

The above data evaluates the level of the impact of fuel subsidy removal on respondents daily living cost. From the responses, no respondent indicated that there was no impact, while only 1.8% of the respondents said that the impact was mild. 26.6% of respondents rated the impact as Moderate, whereas most (71.6%) said that it was severe. This implies that the impact of fuel subsidy removal on the living cost was relatively severe.

Table 4: Distribution of Respondents by effect of Fuel Subsidy Removal on Transportation Cost, N = 380

Effect on transport cost	Frequency	Percentage
YES	367	96.6%
NO	12	3.4%

Source: *Field Work, 2026*

Data shows respondents' views on fuel subsidy removal and its effects on transportation cost. Majority of the respondents (96.6%) agreed that fuel subsidy removal affected transportation cost. Only 3.4% asserted that fuel subsidy removal did not affect transportation cost. This implies that most respondents are of the view that fuel subsidy removal affected transportation cost.

Table 5: Distribution of Respondents by Challenges faced since the removal of the fuel subsidy, N = 380

Challenges	Frequency	Percentage
Rising inflation on cost of living	72	18.9%
Increased unemployment and job losses	69	18.2%
Soaring fuel prices	100	26.3%
Lack of trust in government	62	16.3%
High cost of transportation	77	20.3%

Source: *Field Work, 2026*

Tables 5 depicts the challenges faced by citizens in Abuja FCT since the removal of the fuel subsidy. The table shows 18.9% of the total respondents' state that rising inflation and cost of living is a major challenge, while 18.2% claimed that subsidy removal leads to increased unemployment and job losses. Soaring fuel Prices is a major challenge that was pointed out by 26.3% of the respondents, whereas lack of trust in government was cited by 16.3, and high cost of transportation was listed 20.3%. This implies that soaring fuel prices is the major challenge the challenges faced since the removal of the fuel subsidy. This can hinder their ability to affect the prices of goods and services in the country.

Table 6: Success rate of government intervention to cushion the impact of removal of fuel subsidy, N = 380

Level of intervention	Successful	Fair	Limited	Unsuccessful	Mean $\bar{x}$
Minimum wage increase for workers	21 (5.53%)	30 (7.9%)	289 (76.0%)	40 (10.5%)	2.08
Public transportation subsidies successful	11 (2.9%)	31 (8.1%)	62 (16.3%)	276 (72.6%)	1.41
Agricultural and food security programmes	9 (2.3%)	37 (9.7%)	57 (15? %)	277 (72.9%)	1.42
Distribution of palliatives	21 (5.53%)	29 (7.6%)	49 (12.9%)	281 (73.9%)	1.45
Reduction of import tariffs on essential goods	10 (2.6%)	11 (2.9%)	32 (8.4%)	327 (86.1%)	1.22

Source: *Field Work, 2026*

Table 6 shows respondents' rating of government intervention to cushion the impact of fuel subsidy removal. The intervention success was assessed with respect to increase in minimum wage, public transportation, agricultural and food security programmes distribution of palliatives and reduction of import tariffs and essential goods. In terms of minimum wage increase, the findings disclosed that majority of respondents (76%) rated this measure as having limited success, suggesting that while the wage increase was acknowledged, it failed to sufficiently offset rising living costs. Similar to transportation, most respondents (72.9%) found this measure ineffective, with a very small success rate of just 2.9%. Despite being the most visible measure, palliative distribution was rated unsuccessful by nearly 74% of respondents, indicating serious concerns over accessibility, equity, or corruption in the process. Reduction of import tariffs received the worst rating, with 86.1% of respondents viewing it as unsuccessful. The very low "successful" rating (2.6%) suggests that any benefits from tariff reduction have not translated into tangible relief for citizens. this implies that most measures implemented by government to cushion the effect of fuel subsidy removal were mostly unsuccessful. One of the most immediate consequences If government intervention failed at this rate to cushion these effects adequately, the cost of essential goods and services rises, reducing the purchasing power of citizens. Businesses, particularly small and medium-sized enterprises (SMEs), may struggle with increased operational costs, leading to reduced productivity, job losses, and lower economic growth. Under a highest scale of 4, none of the mean rating by respondents was close to the average of 2. That suggests abysmal failure of all interventions adopted to cushion the effect of removal of fuel subsidy in the Federal Capital Territory, Abuja.

Table 7: Distribution of respondents by Suggested Measures to cushion the impact of fuel subsidy removal, N = 380

Measures	Frequency	Percentage
Subsidizing transport	200	52.6%
Strengthening Local Refining Capacity	30	7.9%
Expansion of Agricultural and Food Security Programs	29	7.6%
Promotion of Alternative Energy Sources	30	7.9%
Minimum Wage Adjustment and Social Welfare Programs	91	23.9%

Source: *Field Work, 2026*

Table 7 shows that 52.6% of the respondents suggested subsidizing transport as the best measure toward cushioning the impact of fuel subsidy removal, while 7.9% suggested subsidizing transport. Another 7.6% suggested strengthening local refining. Expansion of agricultural and food security programmes was suggested by 7.9%, whereas, minimum wage adjustment and social welfare programmes for workers was suggested by 23.9%. This implies that majority of the respondents suggested subsidizing transport toward cushioning the impact of fuel subsidy removal. While the government argues that subsidy removal is necessary for economic sustainability, the bottom-up imput as presented here, is the voice of the Respondents subsidising transport and minimum wage adjustment are rated higher by the people. These strategies, therefore can help cushion the impact of fuel subsidy removal in Nigeria.

Discussion of Findings

The study revealed that the removal of fuel subsidy in Nigeria, announced by President Bola Ahmed Tinubu in May 2023, resulted in a sharp and immediate rise in fuel prices, significantly affecting the cost of living, transportation, and general economic stability in the Federal Capital Territory (FCT), Abuja. Findings indicate that the primary rationale for subsidy removal was the government's declining revenue, largely due to corruption, oil smuggling, exchange rate crises, and pressure from international financial institutions such as the IMF and World Bank. Although the government introduced several intervention measures such as palliatives, food distribution programs, and financial support schemes to cushion the social impact, most respondents reported that these initiatives were inadequately implemented. Issues such as delays in disbursement, political bias in beneficiary selection, and bureaucratic bottlenecks hindered the effectiveness of these measures. Consequently, many residents, particularly low-income earners, were excluded from accessing support, heightening their economic vulnerability.

The study further found that fuel subsidy removal led to a rapid increase in transportation costs, food prices, and inflation, intensifying the financial burden on households in the FCT. Respondents identified key challenges including unemployment, rising inflation, loss of purchasing power, and a general mistrust in government's handling of the reform. Food inflation emerged as a critical concern, with many residents reporting that staple prices had more than doubled, leading to reduced food consumption and lower nutritional quality. The findings align with earlier studies by Raji, Mohammed, Sulaiman,

Adeshina, Abdulbaqi, Joseph and Raji, (2018) and Sodeeq (2024), which emphasized that subsidy removal adversely impacts the living standards of vulnerable populations. The study concludes that the government's interventions have been largely insufficient in mitigating the economic hardship caused by the policy. It recommends increased investment in affordable public transportation systems, targeted palliative distribution, improved transparency in fund disbursement, and stronger communication strategies to rebuild public trust and ensure that future subsidy reforms are inclusive, equitable, and sustainable.

Conclusion

The study assessed the impact of fuel subsidy removal on residents of the Federal Capital Territory (FCT), Abuja, following the Nigerian government's decision in May 2023. The removal, driven by corruption in the oil sector and dwindling government revenue, led to sharp increases in fuel prices and living costs, disproportionately affecting low- and middle-income households. Guided by the Liberalization Theory, the study found that while the policy aimed to enhance fiscal efficiency, its implementation overlooked social welfare concerns. Government interventions such as cash transfers, wage increases, and transport subsidies proved largely ineffective due to poor coordination and limited reach. The findings revealed that rising inflation, unemployment, and declining public trust remained major challenges, with temporary relief measures failing to alleviate widespread hardship. The study recommended that the government invest in affordable public transportation, strengthen policy transparency, and ensure better management of subsidy savings to cushion economic shocks and promote inclusive, sustainable development. Fuel remains a vital resource to the global economy, serving as the main source of energy for over 90% of vehicles in Nigeria and powering many households and small and medium-scale enterprises (SMEs). However, the removal of fuel subsidy and the consequent sharp rise in the pump price of Premium Motor Spirit (PMS) have severely worsened the socio-economic conditions of Nigerians, particularly the working class and rural dwellers. Many rural communities can no longer transport their goods to urban markets, while small businesses struggle to sustain operations due to increased operating costs. The surge in fuel prices has led to higher living expenses, business closures, and heightened poverty levels. Additionally, the economic strain caused by the subsidy removal has exacerbated unemployment, which may in turn contribute to rising crime rates, especially in vulnerable rural areas.

Recommendations

Based on its findings, the study recommends as follows:

i. This study recommends that government should critically re-evaluate its decision to fuel subsidy removal. Maintaining a partial or well-targeted subsidy system could help improve the living standards of vulnerable and rural populations while fostering sustainable economic development at the grassroots level.
ii. The government should develop an effective communication framework that clearly explains the rationale behind subsidy removal, its potential long-term benefits, and the short-term economic challenges citizens may face. This transparency will help build public trust and encourage cooperation in policy implementation.
iii. A comprehensive review of current government intervention programmes should be undertaken to assess their effectiveness in addressing the socio-economic impact of subsidy removal. Emphasis should be placed on improving access to essential infrastructure, including roads, healthcare services, quality education, and affordable credit facilities for rural farmers.

iv. The government should prioritize investment in mass transit infrastructure and subsidize transportation fares across Abuja, while taking cognizant steps to adjust minimum wage for workers. Such measures would ease the mobility challenges caused by higher fuel prices and help reduce the financial burden on residents, particularly low-income earners.

Contributions to Knowledge

This study makes significant contributions to the fields of Industrial Sociology and Sociology of Development by providing empirical insights into the socio-economic implications of fuel subsidy removal in Nigeria, with particular focus on the Federal Capital Territory (FCT), Abuja. It enhances understanding of how government policies and interventions affect the welfare and adaptive strategies of urban residents in times of economic reform. The research contributes to existing scholarship by revealing the effectiveness and limitations of government responses aimed at cushioning the adverse effects of subsidy removal. Furthermore, it provides a framework for evaluating policy responsiveness, emphasizing the need for socially inclusive and development-oriented strategies to improve living conditions and promote economic stability among residents of the FCT.

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