

# Implication of Fuel Subsidy Removal on Academic Performance of Students in Tertiary Institutions, Nigeria

Adeniyi Adewale Ojo, PhD

Chinwendu Ngozi Emeka-Nwosu, (M. A)

Faculty of Education Department of Educational Foundations and  
Counseling Psychology Lagos State University, Ojo, Lagos State.

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**Abstract:** *This paper examines the implication of fuel subsidy on academic performance of tertiary institutions in Nigeria. Thus, fuel subsidy removal announced by President Bola Ahmed Tinubu on his inaugural speech day has been generated to many problems in our country which affected all segments of human life in Nigeria, particularly the people of lower class who have been found it cumbersome to eat three times daily. Yet, these problems lead to hiking the prices of foodstuffs and other an essential materials like transportation, health and education e.t.c. However, thousands of the students of less privilege were out of the campuses throughout the country while many students are involved anti – social behaviours such as hook up, Yahoo, kidnappers and commercial sex workers, because they wanted to meet their needs for their studies at all cost. Similarly, the prices of transportation went up, created more problems for the students who are schooling in other states have been found it difficult to travel back to their respectful institutions. Meanwhile, thousands of parents could not be met up the needs of their children, because of their inability to provide their siblings school pre-requisites for their studies. Consequently, the fuel subsidy removal has been changed many responsible students live to become beggars in all tertiary institutions in three major zones in Nigeria (North, South, and East), while others are struggling to attend their lectures in their respectful institutions with stressful in order to satisfy their owned curiosity on campuses in the various tertiary institutions. Nigeria. (Universities, Colleges of Education and Polytechnics)*

**Keywords;** implication, subsidy, fuel, removal, institution, tertiary, performance, students, campus, administration, prices.

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## INTRODUCTION

The explicit of fuel subsidy removal implication on academic performance of tertiary institutions in Nigeria. Thus, fuel subsidy removal by president Bola Tinubu's government pronounced has been generated to many problems in our country which affected all segments of human life. Then, in Nigeria the lower class found it hardship to eat three times daily. Yet, these problems led to hiking the prices of food stuffs and other essential commodities like transportation, health and education. However, thousands of the students of less privilege were out the campuses throughout the country immediately that Mr. President announced the subsidy is gone, while many students were involved anti social behaviours such as hook up, Yahoo, kidnappers and commercial sex workers, because they wanted to complete their studies at all cost. Similarly, the prices of transportation went up, while many students schooling in other states had been found it difficult to travel back to their respectful institutions. Meanwhile, thousand of parents could not meet up the needs of their children again because of the hardship of economy in country which led to the inability of many parents to overlook an essential things which they have needed to provide for their siblings school pre-requisites for their studies.

Consequently, the fuel subsidy removal have been changed many responsible and intelligent boy students to become beggars, and while girls become hook up in all tertiary institutions in Nigeria. Meanwhile, others are struggling to attend their lectures with stressful and hardship in their respectful institutions in order to satisfy their owned curiosity on campuses in various institutions in Nigeria. (universities, colleges of education and polytechnics).

George (2023) Explains that subsidy is the direct pecuniary aid furnished by a government to a private industrial undertaking, a charity organization or the like a sum paid, often with a treaty, by one government to another to secure some service in return. Many studies have focused on examining the implications of fuel subsidy for the Nigerian economy. For instance, Umar and Umar (2013) and Siddig et al. (2014) noted that Nigeria's subsidy regime distorts fiscal planning, encourages inefficient consumption, and increases inequality as richer households benefit more. Siddig et al. (2014) further showed that subsidy reduction increases the GDP and reduces household income. It has also been shown that fuel subsidy removal in Nigeria could cause inflation and reduce economic welfare (Adenikinju, 2009); hurt economic growth and reduce household income (Ocheni, 2015); and make firms less competitive (Bazilian and Onyeji, 2012). These studies applied either the computable general equilibrium model (Siddig et al., 2014; Adenikinju, 2009), analysis of survey data (Ocheni, 2015), or the narrative approach (Bazilian and Onyeji, 2012).

Adeniyi et al., 2011; Bazilian and Onyeji, 2012; Berument et al., 2010; Coady et al., 2017; Krane and Monaldi, 2017). The interest in this area of research grew following the work of Hamilton

(1983), which showed that seven out of the eight post-World War II recessions were preceded by significant oil price increases. Almost four decades after Hamilton (1983), empirical evidence still abounds regarding the non-trivial influence of oil price shocks on both domestic economies and the global economy at large (Fueki et al., 2018). In order to ameliorate the welfare and macroeconomic impacts of oil price shocks, fuel subsidy programmes have been implemented in several countries, especially the oil-producing ones (Di Bella et al., 2015; Estache and Leipziger, 2009). In recent times, however, there has been an increasing call for fuel subsidy reforms globally as policy-makers have expressed concerns regarding the efficacy of such programmes as well as its implications for fiscal sustainability (see, for example, Sdrulevichet et al, 2014; Coady et al., 2015; Ebeke and Ngouana, 2015; Jakob et al., 2015; Salehi -Isfahani et al., Adeniyi et al., 2011; Bazilian and Onyeji, 2012; Berument et al., 2010; Coady et al., 2017; Krane and Monaldi, 2017). The interest in this area of research grew following the work of Hamilton (1983), which showed that seven out of the eight post-World War II recessions were preceded by significant oil price increases. Almost four decades after Hamilton (1983), empirical evidence still abounds regarding the non-trivial influence of oil price shocks on both domestic economies and the global economy at large (Fueki et al., 2018). In order to ameliorate the welfare and macroeconomic impacts of oil price shocks, fuel subsidy programmes have been implemented in several countries, especially the oil-producing ones (Di Bella et al., 2015; Estache and Leipziger, 2009).

However, there has been an increasing call for fuel subsidy reforms globally as policy-makers have expressed concerns regarding the efficacy of such programmes as well as its implications for fiscal sustainability<sup>3</sup> (see, for example, Sdrulevichet et al, 2014; Coady et al., 2015; Ebeke and Ngouana, 2015; Jakob et al., 2015; Salehi-Isfahani et al., 2015). It has also been argued that, contrary to its intention, badly-targeted subsidy programmes have worsened the problem of inequality. Consequently, a subset of the literature on oil-macro-economy relationship has focused on the potential impacts of fuel subsidy reforms on domestic economies of oil-producing countries (Alleyne and Hussain, 2013; Anand et al., 2013; Clements et al., 2013; Calvo-Gonzalez et al., 2015; Breton and Mirzapour, 2016; Dennis, 2016). Our research falls within this strand of the literature, taking the case of Nigeria.

Clements et al., (2013) lists the consequences of fuel subsidies to include: aggravating fiscal imbalances, crowding-out priority public spending, and depressing private investment, distorting resource allocation by encouraging excessive energy consumption, and accelerating the depletion of natural resources, amongst others. Oil plays important roles in the Nigerian economy, contributing about a third of the country's gross domestic product (GDP) in the 1980s and 1990s. Although its share of the economy has waned in the subsequent decades due to declining oil prices and the changing structure of the economy, the oil and gas sector still accounts for about 11.2 per cent of the GDP in the current decade .

### **Causes of Fuel Subsidy Removal in Nigeria**

Obviously, the present President of Nigeria emphasized more on fuel subsidy removal on his inauguration day in order to curb the following crucial reasons, while the fuel subsidy must removal in Nigeria. Yet, the president has optimistic that removal of fuel subsidy will bring meaningful advantageous to all Nigerians, instead that only few people were benefitting in subsidy in Nigeria.

**Corruption;** Undoubtedly, corruption is too high in oil sectors in Nigeria, whereby only few groups of people are entitled to benefit from it. Meanwhile, federal government spends huge amount millions of Naira yearly on the fuel subsidy without yield any good results. Moreover, many petrol tanker divers involved struggling of fuel to neighboring countries such as Niger, Togo and Came room just mentioned a few for their owned benefits. Similarly, all these neighboring countries are benefited more than us without paying any amount for the subsidy. Thus, this affects the economy of Nigeria, because the money which federal government supposes to be used for important things such as education, health, road and so on had been diverted to subsidy. Meanwhile, it affect the transparent and accountability in oil sectors in Nigeria. For instance, former president Buhari tried to remove it twice occasions, but all his efforts were abortive, because the citizen of Nigeria found it hardship to survive without the subsidy.

**Transparent and Accountability ;** Another causes of fuel subsidy removal by present administration as his inception as a president of Federal republic of Nigeria was the problem of transparent and accountability in oil sectors, undoubtedly majorities of keys management of oil sectors are not trustworthily, irresponsible and unreliable, while federal government still paying huge amount money for the subsidy and it had been siphoned by just only few groups of people without proper records to give accountability and transparent on how more they have been spending on the subsidy and this subsidy does reflect on economy of Nigeria. Similarly, as federal government has been paying for subsidy yearly the problems still persistence in our country. In addition, people are complaining everyday on situation of the food, education, health and transportation in country to extent that many Nigerians found it hardship to eat three times daily. For instance, during Covid 19 pandemic in Nigerian particular when the federal government shutdown the whole country, people cried out that it good for them die by Covid 19 rather than hunger to kill them, why? because the poverty was high in this country and federal government has been paying huge amount subsidy to veer the price to be avoidable for Nigerians, since the fuel is blood of nation.

**Elimination of Struggle of Fuel to Neighboring Countries;** indeed, the evident had been showed that the transporters of fuel diverted it to neighboring countries such as Togo, Cameroon and Niger just to mentioned a few. However, the removal of fuel subsidy drastically reduce the transporters of fuel to transport them to neighboring countries in Africa. Yet, this diverting

also does not create room for the transparent and accountability in the oil sectors in the country. However, president Bola Tinubu removal fuel subsidy to stop only group of peoples who are only benefitting from oil sector. Thus, recently the Minister of Petroleum explicated that as Mr. president removed fuel subsidy all Nigerians would benefit. Yet, there is hope that gain from the oil will be used judiciously for education, health, Road . e.t.c. Meanwhile, the people of the country would have benefitted from it. If the subsidy had been removed from the petroleum since long decade.

**Poor Management of the Sectors;** Another problem associated to the removal of subsidy in Nigeria is poor management operators of oil companies in Nigeria. For instance there is no transparent and accountability in oil sectors. Thus, likely a few groups of People properly contributed to the challenges we have in oil sectors and how to manage the oil sectors in Nigeria. For instance, egocentrism and tribalism existed in oil sector while proper management is not emerge among the people in charge of the sector. Therefore, since federal government are paying subsidy on fuel to subsidised the price of fuel was not yield good result. However, group of people are fully benefitted from it. Moreover, former President attempted three times to removal the fuel subsidy but all his efforts were jeopardized by cabal on the sectors. Yet, present president removed it now many Nigerians find it hardship to survive, because all the price of health, education, transportation arose, indeed, many students step down while other still are struggling to continues their studies in their respected institutions in Nigeria.

**It Cause High Debt to Federal Government ;** Fuel subsidy cause high debt to federal government budgets yearly without yield any positive results, while only groups of people are only benefitted. Thus, yearly federal government will have been making budgets for fuel subsidy which it might cause millions of naira. Undoubtedly, yet, the evident had been showed that the Federal government still owned debt to pay the management of oil sectors. However, as the federal government removed the subsidy, this leads to decentralized the price of fuel from the filling stations in Nigeria. Although, it is not easily for masses to survive, but the federal government still optimistic that the future of the country is bright and citizenry would benefit from it.

### **Implication of Fuel Subsidy Removal on Academic Performance of Tertiary Institutions in Nigeria.**

1. **Food stuffs ;** The fuel subsidy removal affected the price of food stuffs in the markets. For instance, a student who collected #20,000 for the food stuffs the same quantity afore removal subsidy needed to collect #40,000 presently because high cost of food stuffs. Moreover, the abject poverty affecting 70% of Nigerians (UNESCO 2018). Presently, thousand of parents were complaining bitterly on the prices of foodstuffs in the markets. Meanwhile, some parents encouraging their children to go for vocational training instead to seek for admission in tertiary institutions to further

- their studies in order to avoid the problems of hardship economy which was caused through fuel subsidy removal which affected the prices of foodstuffs and essential things in the markets all over the country.
2. **Transportation;** Similarly, the price of transport fare increasing daily to the extent that students schooling other states within Nigeria had found it difficult to resume back to their respectful institutions, after the fuel subsidy have been removal because of inability of their parents to meet up their children requested for transportation and even others materials. For instance, the transport fare from Lagos to Ibadan was #2,000 before removal of fuel subsidy, now transport is rate of #6, 000 to #8, 000 yet, it is not stable because the removal of the subsidy affected the transportation throughout the country. Consequently, some students managed to resume back to their campuses but they might find it difficult to go back home when schools have finished semester.
  3. **Accommodation ;**Indeed, the accommodation is another challenges facing the students in tertiary institutions in Nigeria, but only few tertiary institutions have Hotels, while majority of the students staying out. However, since President Bola Ahmmed removed the subsidy on petrol in Nigeria majority of landlords and landladies increased double prices of the house rent. Yet, many students complained bitterly about the house rent increasing in their respectful institutions throughout the country.
  4. **Textbooks;** Thousands of students could not avoid textbooks. Thus, it is compulsory for the students to have enough textbooks for their courses to improve their academic abilities and knowledge and to help them perform excellent. However, the subsidy removed could not permit them to purchase the textbooks for their studies in all tertiary institutions in Nigeria.
  5. **Research;** Yet, the Increasing of fuel affect the transportation whereby the might carry out research, this is limited the students abilities to carry research in all tertiary institutions. Even, it affect them to think crucially how to carry out research which are relevant to the areas of their studies in all tertiary institutions in Nigeria. In addition, it imperative for the all tertiary institutions such college of education, polytechnic and Universities to carry out research periodically as bonfire students.

### **Effect of Fuel Subsidy on Academic Performance of Students in Tertiary Institution in Nigeria**

Definitely, fuel subsidy removal contributed to the inability of many students to concentrate fully on campuses while many are involved anti- social behaviour because of high cost of goods and services inside and outside the institutions. Yet, many responsibly students are performed worth fully because of lack of focus concentration on their studies. Similarly, thousands of girls become hookup all institutions in order to meet their curiosity while rituality increasing daily among the male students in tertiary institutions. Meanwhile, the authority of institutions find it cumbersome to handle cases occur on campuses, why many students are involved in other mirror criminality on various campuses too in Nigeria, because of hardship economy. Consequently,

there are many incident of robberies in many tertiary institutions in Nigeria . For instance, there was a case of a student tried to use his colleague for money in Federal University Fuoye- Ekiti ,Ekiti State last year. Indeed, many students are involved in anti- social behaviours because of hardship of economy in our country.

Similarly, the problem of poor economy leads to poor academic achievement of many intelligent and responsibly students who are the future of tomorrow in Nigeria. Indeed, removal subsidy discouraged thousands of parents to send their children to higher institutions especially single parents because of high cost goods and services in the country. Presently, thousands of degree holders could not defend their certificates due to hardship of economy which does not allow them to stay in schools and study assiduously. However , hardship of economy drastically reduced the population of students in many tertiary institutions in the country and the most cause was the removal of the subsidy since the petrol is the blood of nation , which we can not do without directly and indirectly in Nigeria , even in the global world.

Similarly, it affect the students to carry the research because of shortage of funds to finance their projects. Moreover, it is necessity for the tertiary institution students to carry out research periodical on respectful department but the hardship of economy affected students to perform well on their duties as students of tertiary institutions. It is compulsory for the tertiary institutions to have excursion to compliment their studies the high cost of the transportation limited the excursion of thousands of students of the tertiary institutions in Nigeria. However, excursion is compulsory for all the tertiary institutions, because they would learn and understand fully than only class demonstration by their lecturers but as they have excursion to particular place it make them to have self confident and create room for them acquire fully knowledge than abstract only from their tutors in all tertiary institutions.

## **CONCLUSION**

Obviously, the removal of fuel subsidy will have been eliminating corruption and it will be fixed transparency and accountability in the oil sectors in Nigeria. Therefore, citizens of Nigeria are waiting to see the positive changes on economy and development that can make life meaningful for all Nigerians. However ,the expectations of the people is to make judiciously use the money that has been generated from the subsidy and implement the policy to fight again corruption and accountability in oil sectors in our country Definitely, all Nigerians have hoped and expectation that would be achieved if the government can do it . Similarly, Federal government needs to look into the strategies to assist the tertiary institution students particularly, on necessities such as transportation, accommodation, education materials and their other needs to subside the prices fuel in order to make learning conductive for the students in their respectively tertiary institutions in Nigeria the most populous in Africa. Undoubtedly, once there is subsidized on the essential materials especially on education and others necessities to the students. Definitely, it

would encouraging the students in all tertiary institutions in Nigeria to concrete on their studies and this will definitely bring good results to make graduates to defend their certificates because once the life is easy for the them to read in conductive and peaceful environment. Definitely they must perform excellent. Similarly, each students would have confident to carry out research without or little efforts of their lecturers in respectful tertiary institutions in Nigeria.

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