



## Impact of Fuel Subsidy Removal on Transportation Costs among Staff and Students of Federal University of Lafia Nigeria.



Rilwanu Y. M.<sup>1\*</sup>, Abam A. O.<sup>2</sup> & Saleh. I. M<sup>3</sup>

<sup>1</sup>Department of Mathematics/Statistics Isa Mustapha Agwai I Polytechnic, (IMAP), Lafia

<sup>2&3</sup>Department of Statistics Federal University of Lafia (Fulafia)

\*Corresponding Author Email: [yakuburilwanu2017@gmail.com](mailto:yakuburilwanu2017@gmail.com)

### ABSTRACT

In this article, the impact of fuel subsidy removal on transportation costs among staff and students of federal University Lafia (Fulafia) was studied for national development in Nigeria. The data used for this study was primary data obtained through google form with the aid of artificial intelligent (AI) sent to members of staff and students of Federal University Lafia (Fulafia) using various WhatsApp groups in the Institution. The transportation costs, distance of kilometers cover, transportation means used to their respective accommodation from school were captured in the questionnaires. The data analysis used were frequencies, simple percentages and descriptive statistics such as mean, standard deviation and variance. Results showed that the costs of transportation fare has an increased unbearably due to fuel subsidy removal and that impacted negatively on some staff and students of the University with transport cost of ₦2000 per day for kilometer between 2-4km distance and of ₦5000 per day for kilometer between 8-10km distance from their houses to the institution. This resulted several consequences on students' Academic pursuit and staff service delivery. The study recommends that Management of federal university, Lafia and their Union should provide loan to staff/students to purchase bicycles, motor cycles and cars to ease transportation fare to school and also the Nasarawa state government should provide support to minimize the effect of subsidy removal on cost of transportation costs to reduce hardship on staff and student in the institution.

### Keywords:

Impact,  
Fuel,  
Subsidy,  
Removal,  
Transportation,  
Costs.

### INTRODUCTION

The Academics Dictionary of Economics (2006), subsidy can be defined as the cash incentive given by the government to an industry with a view to lower the price of the product of the concerned industry and to raise its competitive power. World Bank (1997), fuel subsidy is any policy by the government that is aimed at reducing the price of energy consumed by citizens relative to what the price would have been in the absence of such policy. Fuel subsidy was a government programme created to reduce how much Nigerians have to pay for petroleum motor spirit (PMS), automotive Gas Oil (Diesel), and to protect the citizens from crude oil volatility on the international market. One important objective of subsidy is to keep its prices below the cost of production in the industries.

The reality of subsidy is that as the pump price of fuel increases, invariably the cost of everything in Nigeria increases. Therefore, the essence of subsidizing the cost of pump price of fuel is to make the cost of living, production and services affordable to every Nigerian and as well maintain fairly good standard of living. The removal of fuel subsidies resulted in an immediate increase in transportation costs, leading to higher fares for commuters and elevated operational expenses for transport operators (Oni, Folarin, & Ali, 2018). This rise in transportation costs disproportionately affects low-income earners, who heavily rely on public transport for their daily activities. Moreover, the increased cost of fuel translates to higher operating costs for commercial vehicles, which may result in reduced profitability for transport businesses.

The importance of transport in any region cannot be overemphasized. Transportation refers to the process of conveying or moving of goods and people from place to place (Anyanwu et al., 1997). According to Good and Jebbin (2015) transportation is a system for carrying passengers, raw materials and goods from one place to the other both internally and internationally, often through power driven machines. It is commonly said to refer to movement of people and goods from one place to another (Okefor, 1998). Transportation service is the port of physical distribution activity which is concerned with the actual movement of goods to their various consumers (Good and Jebbin, 2015). Without transportation, production cannot be achieved, meanwhile, production is said to be achieved if goods get to the final consumers. In addition to the immediate effects on transportation costs and operational dynamics, the removal of fuel subsidies also stimulates structural changes within the transportation sector. Owoeye and Sanusi (2020) discovered a shift in consumer preferences towards alternative modes of transportation, such as motorcycles and tricycles, which are perceived as more fuel-efficient and cost-effective options in the absence of subsidized fuel.

Oxford English Dictionary defines transport was derived from two Latin words 'trans' which mean 'across' and 'portare' which mean 'carry'. Transportation is the movement of people and goods from one location to another (Microsoft Encarta, 2009). Merriam Webster Dictionary, transportation is an act, process, or instance of transporting or being transported. The same dictionary also defines it as a means of conveyance or travel from one place to another or a public conveyance of passengers or goods especially as a commercial enterprise.

According to Dictionary of Contemporary English (2003), transportation as a process or business of taking goods from one place to another or a system for carrying passengers or goods from one place to another. Transport costs are a monetary measure of what the transport provider must pay to produce transportation services. They come as fixed (infrastructure) and variable (operating) costs, depending on a variety of conditions related to geography, infrastructure, administrative barriers, energy, and on how passengers and freight are carried. Three major components, related to transactions, shipments and the friction of distance impact on transport costs (Jean, Claude and Brian, 2006). The booby trap in fuel resource is that in one hand, it is one of the major sources of revenue generation for the federal government and on the other hand, it is through the subsidization of the pump price that the standard of living and wellbeing of Nigerians are enhanced. In this circumstance, any slight increase in the pump price of fuel without a palliative measure in place inflicts economic hardship on Nigerians and usually generates resistance and protest from the organized labour, civil society coalition and the

masses in general. The reason being that the fuel subsidy is the principal way ordinary Nigerians benefit from the country's oil wealth (Campell, 2011).

The Federal Government of Nigeria continuous to increase price of fuel before government of President Obasanjo in 1978 to improve welfare of people. President Obasanjo administration increased price of fuel from 9k to 15.30k in 1987 with 70% increased and the price remained constant till 1982 when government of president Alhaji Shehu Usman Shagari increased the price from 15.30k to 20k with an increase of 30.7%. Government of president Ibrahim Badamasi Babangida increase price of fuel from 20k to 70k per liter between 1986 to 1993 and handed over the country to Chief Ernest Shonekan who changed the price from 70k to ₦5.00 in November, 1993. The president General Sani Abacha increase price from ₦5.00 to ₦11.00 between 1993 to 1996 while Administration of General Abdulsalam Abubakar increase price of fuel from ₦11.00 to ₦25.00 and later reduced to ₦20.00 between 1996 to 1999 when he handed over the Elected president Olusegun Obasanjo in May 29<sup>th</sup>, 1999 and president Olusegun Obasanjo also increase price from ₦20.00 to ₦30.00 and later to ₦100.00 before handing over to the next Elected president Alhaji Umaru Yardua in 2007. The president Umaru Yardua administration is the only government that did not increase price of fuel but rather reduce the price from ₦100.00 to ₦65.00 before he die in 2007 where his Deputy president Dr. Goodluck Jonathan Continuous with Administration of late Yardua and he increase the pump price of fuel from ₦65.00 to ₦97.00 in 2012 and later reduced to ₦87.00 per liter between 2012 to 2015 and handed over to another Elected president Muhammad Buhari in 2015 who also increase the pump price from ₦87.00 per liter to ₦145.00 per liter with an increase of 66.7% and the last budget of his administration of 2022, fuel subsidy captured about ₦6 trillion and ₦3.6 trillion in 2023 budget for just only January to June, 2023. NNPC Group Manager Melekyari. (Daily Trust, 31<sup>st</sup>may, 2023). The administration of Asiwaju Bola Ahmed Tinubu has not only increase the fuel but completely removed the subsidy during his inaugural speech at Eagle square, Abuja announce the removal of subsidy on fuel (subsidy is gone). He said the subsidy can no longer justify its ever-increasing cost in the wake of drying resources. We shall instead re-channel the funds into better investment in public infrastructure, education, health care, and jobs that will materially improve the lives of millions." Nigerian wake up on 30<sup>th</sup> May, 2023 with new prices ranging from ₦517 to ₦600 and many filling stations were closed to adjust their price. (Daily Trust Tuesday, 30<sup>th</sup>May 2023). Nigerian have been enjoying fuel subsidy by federal government for the past forty years without break and gradually removal some percentage of subsidy on petroleum motor spirit (PMS), Automotive Gas Oil (AGO) The government of president Asiwaju Ahmed

Bola Tinubu in May 2023 removed subsidy completely on fuel that affect transportation cost in Nigeria. The Federal university Lafia was newly Established by Government of president Goodluck Jonathan in 2011 to promote Education activities to average Nigerian in North central part of the country. The institution lack accommodation facilities for Staff and Students to easy their accessibility to the campus, therefore Staff and Students were force to lodge within the nearby communities and pay transport fare to and from to received lectures and other academic activities in the school. The removal of fuel subsidy by Government affect their smooth movement from far and near destination as a result of high cost of transport fare because of shooting in price of fuel from ₦350 to above ₦500 per liter. Nigerian wake up on 30<sup>th</sup> May, 2023 with new prices ranging from ₦517 to ₦600 and many filling stations were closed to adjust their price as a result of subsidy removal by the government. (Daily Trust. Tuesday, 30<sup>th</sup> May 2023).

The problem is that Nigerian depend sole on subsidy on petroleum motor spirit (PMS), which staff and students of federal university of Lafia benefit from such gesture too. The federal government of Nigeria completely removed subsidy that caused hardship to less income staff and students of Fulafia that mandate the researchers to investigate the Impact of fuel subsidy removal on transportation cost among staff and students of fulafia for National Development in Nigeria.

The main aim and objectives of this paper are:

- (i) To determine the impact of fuel subsidy removal on transportation cost among staff of Fulafia
- (ii) To determine the impact of fuel subsidy removal on transportation cost among students of Fulafia
- (iii) To suggest possible solutions to the impact of fuel subsidy removal on transportation problem among staff and students of Fulafia.

A study of this nature will be significance in the field of research; more so that fuel subsidy removal affects means of transportation in Nigeria which is the current issue in our daily newspapers and conferences. It will also serve as a reference material for further researchers.

#### Research Questions

- (i) To investigate how fuel subsidy removal, affect staff of Federal University Lafia
- (ii) To investigate how fuel subsidy removal, affect students of Federal University Lafia

#### Research Hypothesis

**$H_0$ :** There is no significant different between transportation costs among Staff and Students of Federal University of Lafia during the subsidy removal in Nigeria.

## MATERIALS AND METHODS

The research will cover staff and students of federal University Lafia as our study population

### Population of the study

The population of the study consist of members of staff and students that responses to the google form questionnaires only 40 respondents were able to fill the online questionnaire because of increase in the price of data as at the time of this research (Febuary,2025- May, 2025)though the sample large since is greater than 30( $n \geq 30$ ).

### Method of Data Collection

The data used for this research were primary data obtained through google form questionnaires with the aid of (AI) Artificial Intelligent from various WhatsApp groups platform of staff and students of Federal University of Lafia. The questionnaire was structured to captured transportation costs and distance in kilometer of staff and students from the Institution.

### Method of Data Analysis.

To analyses the data collected, were used frequencies, simple percentages and descriptive statistics with the help of SPSS (statisticalpackage for social science) software to achieve the objectives.

The descriptive statistics are: Mean, Standard deviation and Variance,

$$\text{Mean } (\bar{x}) = \frac{\sum X}{N} \quad (1)$$

$$\text{Standard deviation } (\delta) = \sqrt{\frac{\sum (X_i - \bar{X})^2}{N}} \quad (2)$$

$$\text{Variance } (\delta^2) = \frac{\sum (X_i - \bar{X})^2}{N} \quad (3)$$

Where  $\bar{x}$  is the mean, N is the total number of observation and  $X_i$  is the observed values,  $\delta$  and  $\delta^2$  are population standard deviation and variance respectively.

## RESULTS AND DISCUSSION

Table 1: Shows items, frequency and percentages

Items	frequency	percentage
<b>Are you a staff/students of Fulafia</b>		
Staff	25	62.5%
students	15	37,5%
<b>Sex of the respondent</b>		
Male	35	87.5%
female	05	12.5%
<b>Age of the respondent</b>		
20-29 years	5	12.5%
30-39 years	29	72.5%
40-49 years	5	12.5%
50 years & above	1	2.5%
<b>Qualification of the respondent</b>		
SSCE	16	40%
OND/NCE	7	17.5%
HND/BSC	10	25%
MSc/PhD	7	17.5%
<b>Do you have accommodation in school?</b>		
Yes		
No	5	25%
<b>Where do you leave?</b>	35	75%
Gandu/mararaba		
Tudun kauri/Gimare	15	37.5%
GRA/ Millionare Quarter	3	7.5%
Doma Road/ 500 house Est		
Coal/ Shabu town	6	15%
Others	5	12.5%
	5	12.5%
<b>What is your distance from school?</b>	6	15%
1km		
2-4km		
5-7km	15	37.5%
8-10km	8	20%
	7	17.5%
<b>How much you spend on transport cost daily?</b>	10	25%
Less than ₦2000		
₦300		
₦4000		
₦5000	17	42.5%
	12	30%
<b>Which of the transport means you use?</b>	5	12.5%
Private car	6	15%
Commercial car		
Kake nape		
Motor cycle		
<b>Do you get support from MGT of Fulafia?</b>	5	12.5%
Yes	4	10%
No	15	45%
<b>Which of the following you use?</b>	13	32.5%
Free bus		
Subsidies bus		
<b>How affordable in the bus?</b>	12	30%
High	28	70%

Medium	5	12.5%
Low	35	87.5%
<b>How many lecturers you missed because of transport?</b>		
1 day	11	27.5%
2 days	19	47.5%
3 days	10	25%
4 days		
	10	25%
	10	25%
	12	30%
	8	20%

<b>Table 2 : Shows Items, Number of sample, mean, standard deviation and Variance</b>				
Items	N	Mean	Std. Deviation	Variance
Are a you staff/student of fulafia	40	1.3750	.49029	.240
sex of the respondents	40	1.1250	.33493	.112
age of the respondents	40	2.0500	.59700	.356
qualification of the respondents	40	2.2000	1.15913	1.344
Do you have accommodation in the university?	40	1.5000	.50637	.256
If No, where do you leave?	40	3.0000	1.90815	3.641
what is your distance from school?	40	2.3000	1.22370	1.497
How much you spend on transport to and from daily?	40	2.0000	1.08604	1.179
Which of the transportation means you use?	40	2.9750	.97369	.948
Do you have any support from management due to fuel subsidy removal?	40	1.7000	.46410	.215
If yes, which of the following	40	1.8750	.33493	.112
How affordable is the transportation cost to the University?	40	1.9750	.73336	.538
How often do you missed lectures because of transportation cost?	40	2.4500	1.08486	1.177
Valid N (listwise)	40			

In table 1 and table 2 above the frequency of 25 with 62.5% members of staff responded and frequency of 15 with 37.5% as students of federal University Lafia. The

descriptive statistics revealed that mean of 1.3750, standard deviation of 0.49029 and variance of 0.280. The sex of responded had frequency of 25 with 87.5% for male and 5 responded with 12.5% for female and descriptive statistics of mean of 1.1250, standard deviation of 0.33493 and variance of 0.112. While age of



the responded had frequency of 5 with 12.5% for age between 20-29 years, 29 responded with 72.5% for 30-39 years, 5 responded with 12.5% for 40-49 years and 1 responded with 2.5% for age 50 and above and descriptive statistics of mean of 2.05, standard deviation of 0.597 and variance of 0.350. Qualification of the responded had frequency of 16 and 40% with SSCE, 7 responded and 17.5% with OND/NCE, 10 responded and 25% with HND/BSC and 7 responded & 17.5% with MSc/ PhD certificates and descriptive statistics of mean of 2.20, standard deviation of 1.15913 and variance of 1.344.

For Staff or students with accommodation only 5 responded with 35% had accommodation and 35 responded with 75% had no accommodation in the school with descriptive statistics of mean of 1.50, standard deviation of 0.50637 and variance of 0.256 and where students leave had frequency of 15 responded with 37.5% leave at Gandu /Mararaba, 3 responded with 7.5% leave at Tudun Kauri/ Gimare, 6 responded with 15% leave at GRA/ Millionaire Quarters, 5 responded with 12.5% leave at Doma Road/ 500 housing estate, 5 responded with 12.5% leave at CAOL/ Shabu town and 6 responded with 15% leave at other place with descriptive statistics of mean of 3.000, standard deviation of 1.90815 and variance of 3.641.

The distance of staff/ students from school had frequency of 15 responded with 37.5% that leave 1 kilometer, 8 responded with 20% leave between 2-4 kilometer, 7 responded with 17.5% leave between 5-7 kilometer and 10 responded with 25% leave between 8-10 kilometer with descriptive statistics of mean of 2.30, standard deviation of 1.2237 and variance of 1.497 and how much staff/students spend on transportation cost daily had frequency of 17 responded with 42.5% that spent less than ₦2000, 12 responded with 30% spent ₦3000, 5 responded with 12.5% spent ₦4000 and 5 responded with 15% spent ₦5000 with descriptive statistics of mean of 2.000, standard deviation of 1.08604 and variance of 1.179. The transportation means used by staff/students had frequency of 5 responded with 12.5% used private cars, 4 responded with 10% used commercial cars, 15 responded with 45% used kake nape and 13 responded with 32.5% used motor cycle with descriptive statistics of mean of 2.9750, standard deviation of 0.97369 and variance of 0.948.

Whether staff/students get support from management of Federal University Lafia had frequency of 12 responded with 30% that got support and 28 responded with 70% did not get support from management with descriptive statistics of mean of 1.700, standard deviation of 0.48410 and variance of 0.215 and which of the following ride staff/students use most had frequency of 5 responded with 12.5% used free bus and 35 responded with 87.5% used subsidies bus with descriptive statistics of mean of

1.8750, standard deviation of 0.33493 and variance of 0.112

How affordable the ride staff/students use had frequency of 11 responded and 27.5%, 19 responded with 47.5% and 10 responded with 25% for high, medium and low respectively with descriptive statistics of mean of 1.9750, standard deviation of 0.73336 and variance of 0.538 and staff/students that missed lecture because of transportation cost had frequency 10 responded with 25% missed 1 day lecture, 10 responded with 25% missed 2 days lectures, 12 responded with 30% missed 3 days lectures and 8 responded with 20% missed 4 days lectures with descriptive statistics of mean of 2.4500, standard deviation of 1.08488 and variance of 1.177

## CONCLUSION

This study revealed that staff and students had least vacancies space of accommodation and leave far from school with some cover 8km to 10 kilometer distance from the institution that cause an increased in Transportation and cost more than ₦5000 per day to some staff/ students as transportation fare to the Institution. It also discovered that some staff and students lack support from management and various union at the Institution to aid them in transporting themselves to school. Hence, the research concludes that many Staff and Students used kake nape (tricycle), motorcycle and subsidies bus as well as missed lectures because of transportation cost. Based on this research, it is recommended that:

- (i) The management and Union of Federal University of Lafia (Fulafia) should provide subsidy on transportation and Accommodation to staff and students.
- (ii) The management and Union of Federal University of Lafia (Fulafia), should provide soft loan to members of staff and students to purchase motor cycle or Bicycle to reduce cost of transportation fare.
- (iii) The management of Federal University of Lafia (Fulafia), should adjust their Lecture time table to 3 days instead of 5 days for students to ease transportation fare.
- (iv) The Government of Nasarawa state should provide support to federal University of Lafia on transportation cost in the Institution.

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