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FUEL SUBSIDY REMOVAL AND THE DISPOSABLE INCOME OF PUBLIC SERVANTS IN AKWA IBOM STATE, NIGERIA

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Abstract

This study interrogated the impact of fuel subsidy removal in Nigeria by the present administration of President Bola Ahmed Tinubu on the disposable income of public servants in Akwa Ibom State. This work was premised on the fact that the removal of fuel subsidy in Nigeria represents one of the most contentious socio-economic policy shifts in the nation's history. The cross-sectional survey design was adopted for this study. This design enabled the researcher to collate data from both secondary and primary sources, while the simple linear regression analysis was employed to test the hypothesis at 0.5 significant so as to establish the impact of fuel subsidy removal on disposable income of public servants. The findings revealed that based on the coefficient of determination (r-square), only 13.5% of the total variation in disposable income was explained by fuel subsidy removal. The results of the regression also revealed a significantly negative impact of fuel subsidy removal on the disposable income of public servants in Akwa Ibom State (β = -0.368, t calculated =16.730, t tabulated =1.96, $p< 0.05$). Based on the findings of this study, it was recommended amongst others that the government of the day should ensure that funds recovered from subsidy payment and allocated to the respective state governors are properly put to use so as to help soothe the sufferings of the public servants who bear the brunt of the inflation brought about by the policy.

Keywords: Disposable Income, Inflation, Policy, Public Servants, Subsidy

Introduction

One of the major roles of government beyond the security of human lives and property as well as the territory integrity of the state is to ensure that it provides an enabling environment for businesses to thrive and for its citizens to have value for money spent. Governments the world over achieve this through

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popular policies and reforms which are meant to provide a structure for a functional society. Nigeria as a country is not left out in the comity of states with that responsibility of ensuring that it harnesses the resources at its disposal for the development of the state through the instrumentality of public policies and institutional reforms. Akpo *et al*. (2023) observed that in Nigeria, the fuel subsidy policy started in the 1970s with the government frequently providing fuel at below-cost rates to Nigerians in order to mitigate the impact of rising global oil prices on Nigerians. Following the passage of the Price Control Act in 1977, fuel subsidies became institutionalized, making it unlawful to sell certain items (including gasoline) over the regulated price.

It is noteworthy that in the last decade, the country's experience with the fuel subsidy reforms has been tumultuous, especially given the impact it has had on the standard of living of Nigerians. However, in late May 2023 the government removed long-standing petrol subsidies, prompting an immediate and substantial rise in pump prices across the federation. Where petrol had sold in many states at roughly ₦188-₦199 per litre before the policy change, prices surged to between about ₦488 and ₦577 per litre in the immediate aftermath; some outlets and regions later recorded even higher retail prices as distribution and regional differentials settled (KPMG, 2023; Reuters, 2023).

Within the public service, two structural tensions became salient after subsidy reform. Many public servants continued to receive wages set under pre-reform salary scales even as prices for essentials and transport rose rapidly. In mid-2024 the federal government and labour organisations negotiated an upward revision of the national minimum wage to ₦70,000 per month, and the authorities announced revisions to the Consolidated Public Service Salary Structure (CONPSS). These adjustments reflect an acknowledgement that nominal pay must be reviewed when inflation and nominal living costs shift dramatically (NSIWC, 2024; State House, 2024).

Statement of Problem

The removal of fuel subsidies in Nigeria represents one of the most contentious socio-economic policy shifts in the nation's history. While successive governments justified the decision as a necessary step to curb fiscal leakages, enhance transparency, and redirect scarce public resources to infrastructure and social programs, the consequences have been disproportionately borne by citizens, particularly public servants whose earnings are largely fixed and modest. Public servants, who constitute a significant proportion of Nigeria's middle- and lower-income class, rely heavily on affordable transportation, energy, and basic goods, all of which are directly tied to the pump price of petroleum products. With the removal of subsidy in May 2023, petrol prices increased from an average of ₦185 per litre to over ₦500 per litre within weeks. By July 2023, prices surged further to ₦617 per litre in several states. (Nigerian National Petroleum Company Limited-NNPCL, 2023).

Empirical data underscores the severity of the problem. Headline inflation rose to 27.33% by October 2023, while food inflation reached 31.52%. For public servants whose salaries have remained stagnant, these shifts eroded purchasing power and reduced living standards. For instance, the national minimum wage of ₦30,000, introduced in 2019, lost over 50% of its real value by 2023 due to inflation and subsidy removal (BudgIT, 2023). Many civil servants reported spending over half of their monthly income on transportation alone, leaving limited resources for healthcare, education, housing, and other essentials. The World Bank (2023) observed that the subsidy removal, though fiscally necessary, pushed an estimated 4 million Nigerians into poverty within months, with public workers among the most vulnerable.

Previous approaches to subsidy removal reflect a cyclical pattern of partial withdrawals, public resistance, and government rollbacks. In 2012, the administration of President Goodluck Jonathan attempted full removal, increasing fuel prices from ₦65 to ₦141 per litre. Widespread protests, including organized

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labour strikes under the Nigeria Labour Congress (NLC) and Trade Union Congress (TUC), forced the government to partially reinstate the subsidy, reducing the price to ₦97 per litre. The failure of that reform demonstrated the political and social sensitivity of fuel pricing, particularly for wage-dependent households such as public servants. Similarly, subsequent administrations under President Muhammadu Buhari pursued partial deregulation but continued to reintroduce subsidies during periods of heightened oil prices, further entrenching the fiscal burden while failing to mitigate its effects on household welfare. These cycles reveal the inadequacy of piecemeal strategies, where temporary relief overshadowed long-term structural reforms (Adelabu, 2012).

The persistence of the problem is rooted in structural and institutional weaknesses. Nigeria's heavy dependence on imported refined petroleum products magnifies the pass-through effect of subsidy removal on domestic prices. Poor wage adjustment mechanisms further expose public servants to economic shocks. Unlike private-sector employees who may negotiate adjustments, public sector wage revisions are infrequent, slow, and often politicized. Moreover, the government's post-subsidy palliatives, such as cash transfers and proposed wage awards, have been poorly targeted, underfunded, and insufficient to cushion the steep rise in living costs (World Bank, 2023). By late 2023, reports indicated delays in disbursement of promised palliatives, deepening frustrations among public servants (Centre for Democracy and Development-CDD, 2023).

In view of the economic and social implications of the fuel subsidy reforms in Nigeria, and the indispensability of a functional public service in state governance, the focus of this study is to examine how this policy has affected the disposable income of public servants in Akwa Ibom State of Nigeria.

Research Question

- How has the removal of fuel subsidy affected the disposable income of public servants in Akwa Ibom state?

Objective of the Study

- To examine the impact of fuel subsidy removal on the disposable income of public servants in Akwa Ibom state.

Research Hypothesis

- The removal of fuel subsidy is likely to have a significant impact on the disposable income of public servants in Akwa Ibom state.

Review of Related Literature

Fuel Subsidy

Fuel subsidy is a government policy that aims to reduce the cost of fuel for consumers. It is a form of financial assistance provided by the government to reduce the cost of fuel for consumers. Subsidy is any measure that maintains the prices paid for products or goods by consumers below market level and above market level for producers. It means an assistance given to businesses or individuals by the government in form of tax reduction, cash or reduction of cost of goods and services. The main rationale behind subsidy is to help businesses and individuals purchase needed goods and services which they may under normal circumstances not be able to afford. Subsidies could come in different forms, ones that have direct and those that have indirect impact on prices. Subsidies that have direct impacts include tax reduction, grants and price controls. On the other hand, the subsidies that have indirect impacts include technology sponsored by the government, government regulation in favor of a particular market among others (Adebivi, 2011).

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According to Onyeizugbe & Onwuka (2012), fuel subsidy means that a proportion of the amount consumers are to pay for the usage of petroleum products is paid by the government in order to relieve the burden of the price. The government of Nigeria removed the fuel subsidy declaring that the prices being paid by the citizens are lower than what they are supposed to pay when compared with those of the international market. Fuel subsidy could also be viewed according to Majekodunmi (2013) as a government program which is created to lessen the price to be paid by Nigerians for oil products. These oil products include Automated Gas Oil (Diesel), Petroleum Motor Spirit (PMS) and Dual Purpose Kerosene (DPK). Subsidy of fuel is predominant in countries that produce oil such as Iran, Egypt, Venezuela, Malaysia, Burma, South Korea, and China among others.

Removal of Fuel Subsidy

The removal of the fuel subsidy simply means the government will no longer pay the difference between the pump price and the actual cost of importing fuel. It technically means full deregulation of the downstream sector to pave the way for vibrant competition by other interested investors. With the removal of the fuel subsidy, fuel will have to be sold at the prevailing market price based on the actual cost of importation.

Fuel subsidy removal policies are very responsive to the structure of an economy, a country's level of development, state of the economy and political system. Studies have shown that countries that have succeeded in fuel subsidy removal have taken a slow approach and done a lot of research before implementation. This can be made possible by effective communication as well as a high level of trust between the government and its citizens (Centre for Public Policy Alternatives, 2012).

For Scott and Kvilhaug (2022), subsidies are financial or non-financial incentives provided by the government or other organizations to support specific industries, sectors, or individuals (Scott & Kvilhaug, 2022). They are intended to alleviate economic burdens, promote growth, and address market failures. According to IMF *et al*. (2020), subsidies can take various forms, including direct government expenditures, equity intrusions, tax incentives, soft loans, government provision of goods and services and procurement on favorable terms, and price supports such as price reduction. It has also been argued that subsidies are provided in diverse formats, encompassing direct assistance such as cash grants and interest-free loans, as well as indirect support such as tax exemptions, insurance coverage, low-interest loans, accelerated depreciation, and rent rebates. These forms of support aim to lower the cost of production, encourage investment, stimulate demand, or improve access to essential goods and services. Subsidies are often targeted at specific sectors, such as agriculture, energy, education, healthcare or housing, to achieve desired social and economic outcomes.

Table 1:Trend of Fuel Subsidy Adjustments in Nigeria 1978-2023

S/N	Date	Administration	Price	Percentage Change
1.	1978	Obasanjo	15k	
2.	1990	Babangida	60k	300%
3.	1992	Babangida	70k	17%
4.	1992	Babangida	3.25k	364%
5.	1993	Babangida	#5.00	54%
6.	1994	Shonekan	#11.00	120%

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7.	1994-1998	Abacha	#11.00-	
8.	1998-1999	Abacha	#20.00	82%
9.	2000	Obasanjo	#20.00-	
10.	2000	Obasanjo	#22.00	10%
11.	2001	Obasanjo	#26.00	18%
12.	2003	Obasanjo	#40.00	54%
13.	2004	Obasanjo	#45.00	13%
14.	2007	Obasanjo	#70.00	56%
15.	2007	Yar'Adua	#65.00	7%
16.	2010-2012	Jonathan	#65.00-	
17.	2012	Jonathan	#141.00	17%
18.	2015-2023	Buhari	#141.00-#378.00	62.69%
19.	2023	Tinubu	#378.00-#670.00	77.25%
20.	2024	Tinubu	#898-#1,030	
*21.	2025	Tinubu	#1,500	

Source: Godwin and Lillly-Inia (2024); Author*

Empirical Review

Idisi *et al*. (2024) examined the impact of the fuel subsidy removal on household livelihoods in Bwari Area Council, FCT-Abuja, Nigeria. The study sampled 80 respondents from eight communities using multi-stage and random sampling methods, and analyzed the data with descriptive statistics, multiple regression, and Garrett ranking. The results showed that the fuel subsidy removal resulted in increased transportation costs, higher healthcare expenses, elevated food prices, increased school fees, and negative impacts on business activities. To address these issues, the study recommends that the government implement price control mechanisms and improve distribution channels to curb inflation. Additionally, it suggests enhancing access to credit for farmers, providing public transportation services, implementing social welfare, job creation, and skill acquisition programmes, improving salaries and wages for public/civil servants, and upgrading healthcare service delivery.

Idrees, (2024), assessed the implications of fuel subsidies removal for Nigeria's long-term growth. Using an exploratory research design to underpin the study, the study relied mainly on qualitative methods of data collection. Secondary data were analyzed using qualitative content analysis. Human capital theory served as the theoretical framework of the study. The findings of the study revealed that the removal of fuel subsidies has direct economic consequences on its citizens, including inflationary pressures, fiscal sustainability, debt reduction, increased poverty and vulnerability, as well as protest and social unrest; the study therefore recommends that government should ensure transparency and accountability in the management of funds saved from subsidy removal. The study also recommends that the government should prioritize tackling widespread hunger, increasing unemployment, and declining standard of living.

Ikenga and Oluka (2023) examined the benefits and challenges of the fuel subsidy removal on Nigeria's

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economy during the fourth republic. The study employed descriptive analysis and a qualitative data collection method was deployed. Neo-colonialism theory was used as the theoretical framework for the study. The paper concluded that the previous administration's attempt to reverse the fuel subsidy policy had significant negative effects on citizenry as they led to increased prices of petroleum products, food and transportation. The study recommended that the central government should pay closer attention to the policy impact on the masses by providing palliatives to alleviate their suffering. Additionally, the government should ensure availability of stable electricity supply, essential amenities and infrastructural facilities to mitigate the effects on the citizens.

Okorie and Wesseh (2024) discussed the effects of fuel subsidy removal on economic welfare and environmental quality, using Nigeria's 2020 subsidy reform as a case study. The authors simulate the effects of the reform using the African Energy and Environment Integrated Computable General Equilibrium (AEEICGE) model. They discover that while eliminating the subsidy reduces carbon emissions and the usage of fossil fuels, it has detrimental economic effects as well, especially for Nigerian firms and people because it raises prices and reduces welfare benefits. For the impoverished, the detrimental economic effects are more pronounced. The report suggests redistributing the eliminated subsidy to individuals and companies as transfer payments from the government in order to lessen these effects. The alternative approach reverses the negative economic effects and improves both the economic and environmental welfare results. In particular, the reallocation helps low-income households, who first bear the brunt of the elimination of subsidies, while firms may utilize the money that was transferred to grow and boost productivity. The report emphasizes how crucial it is to take the economy and environment into account when creating subsidy reforms.

Theoretical Framework

Public Choice Theory

Public Choice Theory initiated by economists James M. Buchanan and Gordon Tullock in their foundational text “The Calculus of Consent” (1962), was employed as the framework of analysis for this study. The theory utilizes economic principles to analyze political decision-making, emphasizing the impact of self-interested behaviour on public policy and governance. This theory posits that politicians and bureaucrats are driven by personal motivations, potentially resulting in decisions that diverge from the public interest (Buchanan, 2019). A fundamental premise of Public Choice Theory posits that persons in the public sector operate based on self-interest, akin to their counterparts in the private sector, hence challenging the concept of altruism in public service (Tullock, 2004). Researchers like Congleton (2016) and Lee & McKenzie (2018) have highlighted the ramifications of this theory for comprehending governmental failure and the inefficiencies that may result from inadequately formulated public policy.

The "Public Choice Theory," which contends that public opinion and power dynamics impact government decisions regarding the elimination of fuel subsidies, forms a major part of the theory behind this policy. According to this theory, legislators are logical beings who base their choices on both their own and their constituents' interests. According to the theory, the decision to eliminate fuel subsidies is frequently motivated by the desire to lessen the financial strain on the government and to encourage economic efficiency. Ultimately, Public Choice theory analyzes the behaviour of politicians and government officials from an economic perspective, suggesting that they may act in their self-interest rather than the public interest. Misappropriation of public funds can be seen as a manifestation of this self-interested behaviour, contrary to the expected role of public servants.

Congleton (2016) contends that public choice dynamics may result in the excessive allocation of subsidies, as political actors yield to the influences of special interest groups instead of considering the wider

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economic landscape. This viewpoint is especially pertinent in Nigeria, where subsidy schemes have frequently been exploited for political gain, leading to extensive inefficiencies and corruption (Ogbuagu & Okoronkwo, 2021). Public Choice Theory's significance to fiscal policy and alternatives to subsidy elimination in Nigeria is its ability to elucidate the difficulties of executing efficient fiscal policies in the face of conflicting political interests. The elimination of gasoline subsidies, although economically rational, may provoke political controversy due to possible backlash from impacted constituents (Adenikinju & Falobi, 2019).

Public Choice Theory offers a framework for examining the resistance to subsidy reforms and the likelihood of public opposition stemming from the vested interests of many stakeholders. Moreover, the implementation of this theory is apparent in how policymakers manoeuvre through the intricate political terrain associated with subsidy elimination, frequently necessitating talks and concessions to reconcile diverse interests (Iwayemi, 2020). Public Choice Theory emphasises the importance of formulating fiscal policies that consider political realities, ensuring that economic reforms, like subsidy elimination, are supported by thorough methods that address the concerns of impacted communities.

Research Methodology

Research Design

The cross-sectional survey design was adopted for this study. The term ‘survey’ is commonly applied to a research methodology designed to collect data from a specific population, or a sample from that population, and typically utilizes a questionnaire, as well as, other survey instruments. For this study, a closed-ended questionnaire was utilised to get needed information from the respondents.

Method of Data Collection

The data collection for this study involved both primary and secondary. While the secondary sources included all readymade information and data from published text, credible journal sources, government documents, magazines, etc. the primary sources comprised information obtained through the structured questionnaire as well as other formal and informal discussions with respondents and key informants.

Method of Data Analysis

For this study, frequency counts, tabular presentations, and simple linear regression analysis were adopted for the analysis of data. This method was suitable because it was used to establish the impact of fuel subsidy removal on the disposable income of public servants in Akwa Ibom State. While the frequency counts were used to analyze all the data obtained from the field, the simple linear regression analysis was employed to test the hypothesis at 0.5 significant so as to establish the impact of fuel subsidy removal on disposable income of public servants. These analyses were executed with the Statistical Package for Social Science (SPSS- Ver. 25.0).

Decision Rule: Reject null hypothesis if t calculated is greater than (>) t critical. Accordingly, if the p value is greater than (>) 0.05, then there is no significant contribution, but when the p value is less than (<) 0.05, there is a significant contribution of the independent variable (fuel subsidy removal) on the dependent variable (disposable income of public servants).

Data Presentation

Analysis of Demographic Data of the Respondents

This section of the paper was dedicated to the presentation of results and discussion which consisted of the analysis of demographic data of the respondents, their responses as well as the testing of hypotheses. A total of four hundred (400) copies of the questionnaire were administered to the respondents, out of which

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three hundred and seventy-one (371) were retrieved. This gave a return rate of 92.7%. All analyses were based on these three hundred and seventy-one (371) copies of questionnaires that were retrieved from the respondents.

Table 2: Demographic Data of the Respondents

Demographic Variables	Frequency (N=371)	Percentage
Sex		
Male	179	48.2
Female	192	51.8
Total	371	100.0
Age (years)		
30 yrs & below	198	53.4
31-49 yrs	128	34.5
50 yrs & above	45	12.1
Total	371	100.0
Educational level		
SSCE	1	0.3
OND	152	41.0
HND/B.Sc	62	16.7
Postgraduate	156	42.0
Total	371	100.0

Source: Field Survey, 2025.

Interpretation of demographic data of respondents table

The results of the analysis of the demographic characteristics of the 371 respondents showed that 179 (48.2%) were male and 192 (51.8%) female. The data above also showed that 198 respondents representing 53.4% of the respondents were between ages 30 years and below, 128 (34.5%), 45 (12.1%) were between ages 31-49 years and 50 years and above respectively. Accordingly, only 1 (0.3%) respondent had GCE/SSCE as his highest educational qualification. In the same vein, 152(41.0%) had an ordinary national diploma, 62 respondents representing 16.7% had a Higher National Diploma Certificate or Bachelor degree, while 156 respondents representing (42.0%) had postgraduate certificates.

Analysis of the respondent's responses to Survey Questions

Table 3: Analysis of responses on fuel subsidy removal policy

S/N	Statements	SA	AG	DA	SD	Total
1.	The Federal Government's fuel subsidy removal policy was clearly communicated to public servants before its implementation.	81	71	152	67	371

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2.	The fuel subsidy removal policy was implemented without adequate measures to cushion its impact on public servants.	42	83	151	94	371
3.	The timing of the fuel subsidy removal policy was appropriate considering the prevailing economic conditions in Nigeria.	88	69	124	90	371
4.	The fuel subsidy removal policy reflects effective public policy planning and implementation by the government.	41	97	140	93	371
5.	Adequate alternative support mechanisms (such as wage adjustments or palliatives) were provided to mitigate the effects of fuel subsidy removal on public servants.	58	83	139	92	371

Key:SA = Strongly Agree; AG = Agree; DA = Disagree; SD = Strongly Disagree.

Source: Field Survey, 2025.

Interpretation of responses on fuel subsidy removal policy

As observed in the table above, 21.8% of the respondents strongly agreed that the Federal Government's fuel subsidy removal policy was clearly communicated to public servants before its implementation. However, 19.1% agreed; 41.0% disagreed; while 18.1% strongly disagreed. Accordingly, 11.6% of the respondents strongly agreed; 22.4% agreed; 40.7% disagreed; while 25.3% strongly disagreed that the fuel subsidy removal policy was implemented without adequate measures to cushion its impact on public servants. For the next item on this variable, 23.7% of the respondents strongly agreed; 18.6% agreed; 33.4% disagreed; while 24.3% strongly disagreed that the timing of the fuel subsidy removal policy was appropriate considering the prevailing economic conditions in Nigeria. It was also revealed that 11.1% of the respondents strongly agreed; 26.1% agreed; 37.7% disagreed; while 25.1% strongly disagreed that the fuel subsidy removal policy reflects effective public policy planning and implementation by the government. For the last statement on this variable, 15.6% strongly agreed; 22.1% agreed; 37.5% disagreed; while 24.8% of the respondents strongly disagreed that adequate alternative support mechanisms (such as wage adjustments or palliatives) were provided to mitigate the effects of fuel subsidy removal on public servants.

Table 4: Analysis of responses on disposable income of public servants

S/N	Statements	SA	AG	DA	SD	Total
6.	Fuel subsidy removal has significantly reduced my monthly disposable income as a public servant in Akwa Ibom State.	205	156	9	1	371
7.	Since the removal of fuel subsidy, a larger proportion of my salary is spent on transportation-related expenses.	133	200	34	4	371

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8.	Fuel subsidy removal has made it difficult for me to meet basic household needs after receiving my monthly salary.	101	219	39	12	371
9.	The increase in fuel prices following subsidy removal has negatively affected my ability to save money.	41	97	140	93	371
10.	Fuel subsidy removal has reduced my overall purchasing power as a public servant in Akwa Ibom State.	121	182	47	21	371

Key:SA = Strongly Agree; AG = Agree; DA = Disagree; SD = Strongly Disagree.

Source: Field Survey, 2025.

Interpretation of responses on disposable income of public servants

The data on Table 4.3 have shown that 55.3%; 42.0%; 2.4% and 0.3% respondents strongly agreed; agreed; disagreed; and strongly disagreed respectively that fuel subsidy removal has significantly reduced my monthly disposable income as a public servant in Akwa Ibom State. The responses for the next item also revealed that 35.8% of the respondents strongly agreed that since the removal of fuel subsidy, a larger proportion of my salary is spent on transportation-related expenses. For this item, 53.9% agreed, 9.2% disagreed; while 1.1% strongly disagreed. The majority of the respondents also revealed that fuel subsidy removal has made it difficult for me to meet basic household needs after receiving my monthly salary. To this end, 27.2% strongly agreed; 59.0% agreed; 10.5 disagreed; while 3.2% strongly agreed. It was also revealed that 11.1% of the respondents strongly agreed; 26.1% agreed; 37.7% disagreed; while 25.1% strongly disagreed that the increase in fuel prices following subsidy removal has negatively affected my ability to save money. Accordingly, 32.6% of the respondents strongly agreed; 49.1% agreed; 12.7% disagreed; while 5.7% strongly disagreed that fuel subsidy removal has reduced my overall purchasing power as a public servant in Akwa Ibom State.

Test of Hypotheses

For the purpose of testing, the hypothesis is hereby restated in its null and alternate form:

H_O:The removal of fuel subsidy is not likely to have a significant impact on the disposable income of public servants in Akwa Ibom state.

H_A:The removal of fuel subsidy is likely to have a significant impact on the disposable income of public servants in Akwa Ibom state.

Table 5:Regression analysis for the impact of removal of fuel subsidy on the disposable income of public servants in Akwa Ibom state

Groups	N	β	R Square	df	t calculated	t critical	P value	Decision
Removal of fuel subsidy				1				
	371	-0.368	.135	369	16.730	1.96	.000	H_O: rejected

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β =

regression coefficient

Source: Field Survey, (2025).

Interpretation: The regression output table for the first hypothesis presents the result of the impact of fuel subsidy removal on the disposable income of public servants in Akwa Ibom state. Based on the coefficient of determination (r-square), only 13.5% of the total variation in disposable income was explained by fuel subsidy removal. The results of the regression also revealed a significantly negative impact of fuel subsidy removal on the disposable income of public servants in Akwa Ibom State (β = -0.368, t calculated =16.730, t tabulated =1.96, $p< 0.05$). To this end, the null hypothesis that was stated that the removal of fuel subsidy is not likely to have a significant impact on the disposable income of public servants in Akwa Ibom state is rejected.

Discussion

The outcome of the first hypothesis revealed a significantly negative impact of fuel subsidy removal on the disposable income of public servants in Akwa Ibom State (β = -0.368, t calculated =16.730, t tabulated =1.96, $p< 0.05$). This finding is in line with the view of Ozili (2023) whose study on the implications of the 2023 fuel subsidy removal in Nigeria revealed amongst others that 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. However, the negative implications are that fuel subsidy removal may decrease economic growth in the short term, increase inflation, increase poverty, increase fuel smuggling, and increase crime, increase the prices of petroleum products and loss of jobs in the informal sector.

Accordingly, this finding also agrees with Akanbi (2024) whose study observed that although the elimination of fuel subsidy has resulted in increased revenue for federal, state, and local governments, the situation for many Nigerians has worsened, with more people falling into poverty. Additionally, infrastructure continues to be in a poor state due to the mismanagement of the additional funds by the different levels of government.

The finding also gained support from Idrees, (2024) whose assessment of the implications of fuel subsidies removal for Nigeria's long-term growth led to the findings that the removal of fuel subsidies has direct economic consequences on its citizens, including inflationary pressures, fiscal sustainability, debt reduction, increased poverty and vulnerability, as well as protest and social unrest.

Conclusion and Recommendations

The result of this study has revealed that the fuel subsidy removal policy of the present administration has led to hyper-inflation, hence has reduced the value of disposable income of public servants in Akwa Ibom state. The implication of this is that the prices of goods and services have increased astronomically. Given that the country depends largely on the revenue from oil sales, the policy led to a spike in the price of petrol pump price which has in turn escalated the cost of every other goods and services. Based on the findings of this study, the following recommendations have been made:

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Since one of the justifications for the removal of fuel subsidy is that more money will be available for distribution and for infrastructural development, the government of the day should ensure that these funds, especially those allocated to the respective state governors are properly put to use so as to help soothe the sufferings of the public servants who bear the brunt of the inflation brought about by the policy.

The respective state government should further look into the salary structure of public servants with a view to making an upward adjustment in line with the current cost of living. The take home pay of public servants should be upgraded to a living wage so as to help improve the welfare of the public servants.

The government should increase and improve their intervention in the transportation sector and ensure that the services are extended to all the local government areas in the state. This service should go beyond public servants and also consider the plights of the pupils and students as this will help to reduce the financial stress on their parents given that the cost of transportation has spiked since the pronouncement of the policy.

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