Fuel Subsidy Removal and Purchasing Power of Households in Benue State, Nigeria

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Abstract

The persistent reliance on fuel subsidies in Nigeria and the subsequent removal of the policy have generated significant economic challenges, particularly for households at the state and local government levels. In Benue State, the removal of the fuel subsidy has led to a sharp increase in the cost of living and a noticeable decline in households' purchasing power, raising concerns about residents' ability to afford basic goods and services. It is against this backdrop that this study examines the effect of fuel subsidy removal on the purchasing power of households in Benue State. The study adopts a descriptive research design, using structured questionnaires and key informant interviews as data-collection instruments, while social conflict theory serves as the theoretical framework for analysis. Findings reveal that fuel subsidy removal has significantly increased transportation costs and the prices of essential commodities, thereby placing greater financial pressure on households. The study shows that rising intra-city transport fares and higher costs of goods have reduced household consumption capacity and weakened overall purchasing power. Although government palliative measures were introduced, the study finds that their impact in cushioning these economic pressures has been minimal. The study therefore recommends the implementation of transparent, targeted, and effective palliative programmes aimed at improving household's welfare and mitigate the adverse effects of fuel subsidy removal on purchasing power of Benue citizens.

Keywords: Fuel Subsidy Removal, Purchasing Power, Cost of Living, Household Welfare, Benue State

Introduction

Subsidy has existed in economic literature since the 1300s. The term originates from the Latin word *subsidium*, which means auxiliary force, reserve force, or aid. It refers to financial assistance or concessions provided by governments to support specific sectoral activities that benefit the economy. Subsidies are common across sectors and are used by countries at different stages of their development. In Africa, many governments have historically maintained fossil fuel subsidies to keep energy prices affordable for citizens (Egbe, 2020). However, these subsidies impose substantial fiscal burdens. Although global energy shocks, including the Russian–Ukrainian War, contributed to rising subsidy costs, attempts to reform or remove fuel subsidies in Nigeria predate this crisis, suggesting that domestic fiscal pressures and structural challenges have long driven policy debates.

Across Africa, several countries have undertaken subsidy reforms as part of broader economic adjustments. In March 2023, Ghana implemented regulatory measures, including the removal of fuel subsidies, to stabilise its downstream petroleum sector (Godwin, 2023). Similarly, Angola removed its fuel subsidy in June 2023, resulting in a significant increase in domestic petrol prices (Crossman, 2023). These developments reflect a broader regional shift towards subsidy rationalisation, although the context and motivations differ across countries.

Nigeria is endowed with abundant natural resources, particularly crude oil and natural gas. According to the Department for International Development (DFID, 2023), the country ranks among the top global holders of proven oil and gas reserves. However, this resource endowment has not translated into improved living standards for a large proportion of the population. As noted by Osawe and Uwa (2023), Nigeria remains a net importer of refined petroleum products, meaning that domestic consumption exceeds local refining capacity. This includes imports of Premium Motor Spirit (PMS), diesel, kerosene, and aviation fuel. The reliance on imports, coupled with high domestic demand, historically justified government intervention through subsidies to cushion the impact of high fuel prices on consumers. Over time, the cost of petroleum products has steadily increased, rising from as low as ₦0.5 per litre in 1978 to about ₦168 per litre in 2022 (Louis, 2023).

Fuel subsidy has remained a highly contentious issue in Nigeria due to its dual role as both a social protection mechanism and a fiscal burden. On one hand, subsidized petrol prices historically reduced transportation costs and moderated the prices of goods and services, thereby supporting household purchasing power, especially among low-income groups. On the other hand, the financial cost of sustaining subsidies has been enormous. For instance, fuel

subsidy expenditure reached approximately ₦4 trillion in 2022, accounting for about 23 per cent of the national budget (Iyobe, 2023). This growing fiscal pressure intensified calls for reform, particularly in the context of declining oil revenues and reduced foreign exchange earnings (Olisa & Obiukwu, 2023).

Consequently, the administration of Bola Ahmed Tinubu removed fuel subsidy on 29 May 2023. The decision was justified on the grounds that subsidy payments had become unsustainable and inefficient. The government stated that funds previously allocated to subsidies would be redirected towards critical sectors such as infrastructure, education, healthcare, and job creation (Akanbi, 2023; Bakare, 2023; Ogunyemi, 2023; News Agency of Nigeria, 2023). Despite these justifications, the removal of fuel subsidy has had significant economic implications. The immediate increase in fuel prices has led to higher transportation costs and rising prices of essential goods, thereby reducing the purchasing power of households. These effects have been particularly severe for low- and middle-income groups who already face economic constraints. It is against this backdrop that this study examines the effect of fuel subsidy removal on the purchasing power of households in Benue State, Nigeria.

A survey research design was adopted for this study. The study population was drawn from 400 respondents, comprised of traders, transporters, businessmen and women, artisans, students, public analysts, and other government workers, such as public servants and lecturers. Data were collected from both primary and secondary sources. Primary data were obtained through structured questionnaires and key informant interviews, while secondary data were sourced from textbooks, journals, and credible online materials. Quantitative data were analyzed using frequency counts and percentages, while qualitative data from interviews were transcribed, coded, and analyzed thematically to complement the secondary data.

Conceptual Clarifications

Fuel Subsidy: Fuel subsidy means that a fraction of the price that consumers are supposed to pay for the use of petroleum products is paid by the government so as to reduce the price burden. Fuel subsidy is a government programme created to reduce how much people have to pay for petroleum products, which include: Premium Motor Spirit (Petrol), Automotive Gas Oil (Diesel) and Dual-Purpose Kerosene (Kerosene), and to protect the citizens from crude oil volatility in the international market. Fuel subsidy is particularly popular in oil-producing countries, such as Venezuela, Iran, Saudi Arabia, Egypt, Burma, Malaysia, Kuwait, China, Taiwan, South Korea, Trinidad and Tobago, and Brunei and some non-oil-producing countries, such as Chad, Cameroon, and Niger.

Within the Nigerian context, fuel subsidy means selling petrol below the cost of importation. It is a mechanism designed by the government to keep the price consumers pay for products below market levels to specifically make targeted goods and services affordable to consumers who ordinarily may not have been able to afford them (Onwuemenyi, 2023). Subsidies could benefit people and businesses in the form of tax deductions, grants, exemptions or price control. In Nigeria, fuel subsidy as designed in the Petroleum Product Pricing Regulatory Agency (Akuh, 2012) template is the compensation due to importers of petroleum products based on the difference between the landing costs less ex-depot price of fuel. This is to ensure that consumers pay a regulated amount for petroleum products at the same time, while ensuring that producers get their real costs remunerated. It is a scheme meant to alleviate poverty by providing energy security for the country. Subsidies affect prices or costs indirectly, such as regulations that tilt the market in favour of a specific fuel, government-funded technology or research and development (Onyeizugbe & Onwuka, 2022).

Purchasing Power

Purchasing power refers to the ability of individuals or households to acquire goods and services using their available income at prevailing market prices. It reflects the real value of money in terms of what it can buy within a given economy. According to Babalola and Aliyu (2023), purchasing power can be understood as the capacity of individuals and households to meet their economic needs through available income, while responding to changes in prices and cost of living over time. It therefore focuses on how income translates into actual consumption capacity within society.

Purchasing power is closely linked to income levels and price stability, as it determines the standard of living of individuals and households. When prices of goods and services rise without a corresponding increase in income, purchasing power declines, leading to reduced consumption and welfare challenges (Stam, 2017). This implies that effective economic conditions should ensure that income growth is sufficient to maintain or improve the ability of individuals to afford essential goods and services. Amana and Amana (2021) further explain that purchasing power reflects how efficiently income is converted into access to basic needs such as food, transportation, healthcare, and education.

According to Akinwale (2018), purchasing power can be assessed through indicators such as income levels, inflation rate, cost of living, and household consumption patterns. It is also influenced by changes in prices of essential commodities, transport fares, and basic services. In addition, less tangible factors such as economic stability, employment security, and

income predictability also affect purchasing power. Rodney (1972) similarly argues that a population's economic strength depends on its capacity to effectively utilize available resources to meet basic needs, which directly relates to its ability to sustain consumption levels.

Purchasing power is also shaped by broader economic processes, including inflation, income distribution, and fiscal policies. It refers to the ability of households to maintain a reasonable standard of living through access to an adequate supply of goods and services (Jaffee, 2018). Adeyeye and Fasakin (2015) note that changes in macroeconomic conditions, such as inflation and wage levels, have direct implications for how much households can afford to consume. When income levels remain stagnant while prices increase, purchasing power declines, leading to economic hardship and reduced welfare.

Within the context of this study, purchasing power refers to the capacity of households in Benue State to afford essential goods and services such as food, transportation, healthcare, education, and housing in the face of changing fuel prices and economic conditions. It reflects the extent to which income can sustain basic living standards under the impact of fuel subsidy removal. Purchasing power is therefore measured using indicators such as household income, transport expenditure, food prices, inflation levels, and the general cost of living. Changes in these indicators provide a clear understanding of how economic policies, such as fuel subsidy removal, affect the welfare and consumption capacity of households.

Theoretical Framework

The social conflict theory was adopted as the theoretical framework for the study. The study was propounded by Karl Marx in 1864. The theory looked at social world as one filled with strife and tension. Class struggle is the centre point of this theory as Marx reiterated that two classes are facing each other in every society and these two classes compete for limited resources (power, wealth and prestige). The theory argues that conflict arises when status, power and resources are not evenly distributed among members of the society and that this conflict of interest leads inevitably to social change. Power in this context is defined as the control of societal institutions, accumulated wealth, and material resources.

Thus, power and domination maintain social order in society rather than consensus and conformity, as believed by the functionalists. Some individuals in society hold more money, power, prestige, and other valuables than others do, and as such, there is bound to be a conflict of interest between the upper class and the lower class. Those in the upper class try to retain the resources they have in their possession through domination, oppression and exploitation,

while those in the lower class, who do not have these resources, try as much as possible to secure them by any means, which will eventually lead to conflict.

Conflict theory has been criticized for its focus on change and neglect of social stability**.** Some critics acknowledge that societies are in a constant state of change, but point out that much of the change is minor or incremental, not revolutionary. The conflict theory argues that groups in the Nigerian society compete for certain resources, and fuel is a good example. Thus, the competition for fuel between the upper class (politicians) and the lower class (the masses) causes conflict between the two groups. The upper class wants to maintain their influence over fuel distribution through domination and oppression, while those in the lower class want to secure fuel for running their businesses and other activities. This has led to social inequality in Nigerian society, where there is a glaring gap between the rich and the poor. The state of rural areas in the country compared to that of the urban areas is a very good example of this inequality. The bourgeoisie, as termed by Karl Marx, who make up the upper class, live in urban areas while the proletariat (lower class) live in rural settings. The condition of rural areas in the country has worsened due to the increase in fuel prices caused by the removal of fuel subsidies.

The removal of fuel subsidy in Nigeria is thus viewed by social conflict theorists as one which was employed by the upper class to oppress, exploit and dominate the lower class to acquire more wealth, resources and power, as this removal of subsidy has enriched some individuals and groups at the expense of the masses, having adverse economic effects on them. An example can be seen in the hoarding of fuel by many filling stations in the country to delay sales in order to sell at exorbitant prices later. However, those in the upper class buy fuel at any time they want because of the economic and political power they possess, which is a sign of inequality caused by their domination of the lower class.

Socio-Demographic Analysis of Respondents

The socio-demographic profile of respondents reveals a population that is sufficiently diverse to provide informed perspectives on fuel subsidy removal and household purchasing power in Benue State. A slight male dominance was observed, indicating that men are more actively engaged in economic activities such as transport, trading, and public service that are most affected by fuel price changes. Age distribution shows a concentration within the youthful and economically active brackets of 18 to 40 years, suggesting that the study largely reflects the views of individuals directly involved in income-generating activities and daily consumption decisions, who are particularly sensitive to fluctuations in transport costs,

commodity prices, and general living expenses. The marital status pattern further shows that a significant proportion of respondents are single, followed closely by married individuals, implying representation of both personal and household financial responsibilities, which enhances the relevance of their views on changes in purchasing power arising from rising costs of transportation, food, and other basic needs. In terms of educational attainment, the dominance of respondents with tertiary education, particularly degree and diploma holders, indicates a relatively informed sample capable of critically assessing the economic implications of fuel subsidy removal, thereby strengthening the reliability and interpretative depth of the findings.

Effect of Fuel Subsidy Removal on Transportation Costs in Benue State

Findings from both quantitative and qualitative data indicate that fuel subsidy removal has significantly increased transportation costs in Benue State through multiple interconnected pathways. The statistical results show strong agreement among respondents that intra-city and inter-community transport fares have risen sharply following the removal of the subsidy, with high mean scores of 4.02, 4.20, 3.90, and 3.00, respectively, and a cluster mean above 3.0, indicating consensus. This suggests that transport fares across different routes have increased significantly as a direct consequence of rising fuel prices and increased operational costs within the transport sector.

Beyond fare increases, the findings further show that transportation affordability has declined significantly, particularly among low-income households who depend on daily mobility for work, education, healthcare access, and trading activities. The data reveal that many residents now reduce the frequency of their movements, combine trips, or limit travel to essential needs only in order to cope with rising transport expenses. This indicates that transportation demand is highly price sensitive and that fuel subsidy removal has reduced mobility efficiency across both rural and urban areas in Benue State.

The findings additionally show that increased transport costs have generated wider socio-economic effects, including reduced access to essential services and weakened social interactions. Respondents noted that visiting family members, attending social events, and accessing markets have become more financially burdensome. This demonstrates that transportation inflation is not only an economic challenge but also a social constraint that affects cohesion, communication, and community participation.

Interview responses strongly reinforce these findings. A commercial transport operator in Makurdi explained on 20th September, 2025 that the removal of fuel subsidy has forced

continuous increases in transport fares due to rising fuel prices and higher vehicle maintenance costs. He further noted that the cost of spare parts and servicing has increased significantly, making transport operations more expensive and unsustainable without fare adjustments. This reflects transport economics theory, which explains that increases in input costs are directly transmitted into final service prices.

Similarly, a civil servant respondent in Gbajimba, Guma L.G.A ON 26th September, 2025 explained that transportation now consumes a larger proportion of household income, thereby reducing disposable income available for other essential needs. He further noted that some workers experience difficulties commuting daily due to high transport costs, leading to lateness, reduced productivity, and, in some cases, reduced work attendance. This highlights the broader welfare and productivity implications of transport cost inflation.

When linked with Social Conflict Theory, these findings support the notion that fuel subsidy removal functions as a structural economic shock that intensifies inequality in access to mobility and economic opportunities. The results demonstrate that rising fuel prices increase transport costs directly through fare adjustments and indirectly through reduced mobility, thereby constraining access to employment, markets, and social activities. This confirms that transportation is highly sensitive to energy pricing policies and plays a central role in shaping household welfare and economic participation in Benue State.

Effect of fuel subsidy removal on education in Benue State

Findings from both quantitative and qualitative data indicate that fuel subsidy removal has significantly affected education in Benue State through increased operational costs, rising school fees, increased dropout risks, disruption of teaching programmes, and reduced supervision activities. The mean scores recorded are 4.32, 4.02, 3.95, and 4.07, respectively. Since the individual and cluster means are above the 3.0 benchmark, it implies strong agreement among respondents that fuel subsidy removal has increased the administrative costs of running schools, raised school fees, leading to higher dropout rates, disrupted teaching programme implementation, and reduced supervision activities due to mobility constraints faced by education inspectors and administrators.

Interview responses further support these findings. A male teacher in Makurdi with 2 years of experience, aged 45, stated on 28th September, 2025 that fuel subsidy removal has significantly increased the operational cost of running schools. He explained that the rise in fuel prices has increased the cost of transporting goods and services used in schools, thereby raising the overall cost of education delivery. He further noted that many schools are struggling

to maintain basic operations due to inflationary pressures affecting educational materials and services.

Another male respondent aged 43, in Makurdi noted on 28th September, 2025 that the cost of running schools has increased sharply due to higher fuel prices, which have doubled the cost of fuelling and maintaining school buses. He stated that this situation has made an upward review of school fees inevitable, as institutions must remain financially sustainable under current economic conditions.

Similarly, a female proprietress aged 38 in Katsina-Ala confirmed on 11th October, 2025 that fuel subsidy removal has contributed to an increase in school fees across public and private institutions. She explained that rising operational costs, including staff salaries and educational materials, have made fee adjustments necessary. She further noted that the increase in prices of books and other learning materials has placed additional financial pressure on schools and parents, making fee increments unavoidable to sustain educational services.

In addition, a 60-year-old male lecturer with 20 years of experience at Katsina-Ala stated on October, 2025 that the teaching programme implementation has been significantly affected. He explained that increased transportation costs have made it difficult for teachers and lecturers to commute regularly to schools. As a result, many teachers now miss classes, while some tertiary institutions have reduced physical lectures or adopted compressed or virtual teaching schedules. This has led to reduced instructional time and negatively affected teaching and learning outcomes.

When linked with Social Conflict Theory, these findings suggest that fuel subsidy removal has intensified inequality within the education sector by increasing the financial burden on schools, teachers, and households. The rising costs of education disproportionately affect low-income families, thereby widening the gap in access to quality education and reinforcing existing socio-economic disparities in Benue State.

Effect of Fuel Subsidy Removal on Household Consumption Capacity in Benue State

Findings from both quantitative and qualitative data indicate that fuel subsidy removal has significantly reduced household consumption capacity in Benue State through multiple interconnected pathways. The statistical results show strong agreement among respondents that the removal of fuel subsidy has increased the prices of essential goods and services, with high mean scores of 4.10, 4.25, 3.88, and 3.05, respectively, and a cluster mean above 3.0, indicating

a general consensus. This suggests that households are experiencing a noticeable decline in their ability to purchase basic commodities due to rising living costs following subsidy removal.

Beyond price increases, the findings further show that household expenditure patterns have been significantly altered, as families now allocate a larger share of their income to transportation, food, and basic utilities. The data reveal that many households have reduced their consumption of non-essential goods, limited the quantity of food purchased, and adjusted spending priorities in order to cope with declining purchasing power. This indicates that fuel subsidy removal has weakened real income value, even where nominal income remains unchanged.

The findings additionally show a growing reduction in living standards, particularly among low- and middle-income households. Respondents noted that rising costs of transportation, food items, rent, and basic services have forced families to adopt survival strategies such as reducing meal frequency, postponing expenses, and relying on informal support systems. This demonstrates that consumption capacity is not only affected by income levels but also by inflationary pressures triggered by fuel subsidy removal.

Interview responses strongly reinforce these findings. A 55 years old female petty trader from Oju L.G.A explained on 14th October, 2025 that household income no longer covers basic needs as it used to, noting that the cost of goods in the market has increased significantly due to higher transport and production costs. She further stated that she now buys smaller quantities of goods for resale and household use because purchasing power has declined sharply. This reflects the broader inflationary transmission effect of fuel subsidy removal on household welfare.

Similarly, a 57years old male civil servant in Oju L.G.A explained on 14th October, 2025 that salaries remain largely stagnant while prices of food, transportation, and utilities continue to rise. He noted that many households now struggle to meet monthly obligations and often resort to borrowing or reducing consumption to survive. This highlights the widening gap between income and cost of living, which directly affects consumption capacity.

When linked with Social Conflict Theory, these findings support the notion that fuel subsidy removal functions as an economic shock that deepens inequality in access to resources and consumption opportunities. The results demonstrate that rising fuel prices reduce real household income by increasing the cost of goods and services, thereby weakening purchasing power and limiting consumption choices. This confirms that household consumption capacity

in Benue State is highly sensitive to energy pricing policies and broader macroeconomic conditions.

Effectiveness of Government Palliative Measures in Mitigating the Economic Effects of Fuel Subsidy Removal in Benue State

Findings from both quantitative and qualitative data indicate that government palliative measures have had limited effectiveness in mitigating the economic effects of fuel subsidy removal in Benue State. The statistical results show general disagreement among respondents that palliatives have significantly reduced the hardship caused by subsidy removal, with mean scores of 2.85, 2.60, 2.95, and 2.70, respectively, and a cluster mean below 3.0, indicating that respondents largely do not perceive the interventions as effective. This suggests that despite government interventions, many households continue to experience severe economic pressure.

Beyond statistical results, the findings further show that awareness and accessibility of palliative programmes remain low among residents. Many respondents indicated that even where palliatives exist, they are either insufficient in quantity, unevenly distributed, or not reaching the most vulnerable households. This implies that the implementation structure of palliative measures has limited coverage and weak targeting capacity, thereby reducing their overall impact.

The findings additionally reveal that the scale of economic hardship caused by fuel subsidy removal outweighs the relief provided by government interventions. Respondents noted that increases in transportation costs, food prices, rent, and basic services have continued to erode household welfare despite the introduction of palliatives such as cash transfers and subsidised food items. This demonstrates a gap between policy intention and practical outcomes in addressing inflationary pressures.

Interview responses strongly reinforce these findings. A 37 years old female small-scale trader from Makurdi explained on 16th October, 2025 that although government support programmes were announced, she has not personally benefited from any meaningful assistance. She further noted that market prices continue to rise, making it difficult for palliatives to have any noticeable effect on her household consumption or business stability. This reflects the weak penetration of support measures at the grassroots level.

Similarly, a 46 years old male transport operator in Otukpo stated 19th October, 2025 that government interventions have not reduced transport-related hardship, as fuel prices remain high and fares continue to increase. He noted that most commuters still struggle with

affordability despite policy announcements, indicating that palliatives have not addressed the core driver of economic pressure, which is fuel cost inflation.

When linked with Social Conflict Theory, these findings support the notion that state interventions in the form of palliatives are often insufficient to counterbalance structural economic shocks such as fuel subsidy removal. The results demonstrate that when resource allocation is inadequate or uneven, inequality in access to relief measures is reinforced, thereby sustaining economic hardship among vulnerable groups. This confirms that the effectiveness of palliative measures in Benue State is limited by both implementation challenges and the scale of the economic shock they are intended to address.

Discussion of Findings

Findings from both quantitative and qualitative data indicate that fuel subsidy removal has significantly increased transportation costs in Benue State through multiple interconnected pathways. The results show strong agreement among respondents that intra-city and inter-community transport fares have risen sharply following fuel subsidy removal. This indicates that transport fares across different routes have increased significantly due to rising fuel prices and higher operational costs within the transport sector. The findings further shows that transportation affordability has declined, particularly among low-income households who depend on daily mobility for work, education, healthcare access, and trading activities. Many residents now reduce movement frequency or combine trips in order to cope with rising transport expenses, showing that transportation demand is highly price sensitive. The findings also reveal wider socio-economic effects such as reduced access to essential services and weakened social interactions, as visiting family members, attending events, and accessing markets have become more costly. Interview responses also confirm that transport operators frequently adjust fares due to fuel price increases and rising maintenance costs, while civil servants report reduced disposable income and productivity challenges due to transport expenses. This finding is in agreement with Akinwale (2018), who explains that fuel price increases directly raise transportation costs due to the sector's dependence on energy inputs. It is also in line with Olisa and Obiukwu (2023), who argue that subsidy removal leads to immediate transport fare inflation, and Jaffee (2018), who notes that rising transport costs reduce mobility and household welfare.

Findings from both quantitative and qualitative data indicate that fuel subsidy removal has significantly affected education in Benue State through increased operational costs, rising

school fees, reduced teaching effectiveness, and weakened supervision activities. The results show strong agreement among respondents that school running costs have increased, leading to higher school fees and increased dropout risks among students. The findings further show that teaching programme implementation has been disrupted due to increased transport costs affecting teachers' and students' attendance. Supervision and monitoring activities have also been affected because education officials face mobility constraints. Interview responses confirm that schools are struggling with increased operational expenses, especially in transportation, maintenance, and instructional materials, which have led to unavoidable increases in school fees. Teachers and lecturers also report irregular attendance and reduced instructional time due to high transport costs, with some institutions adopting reduced or virtual teaching schedules. This finding is in agreement with Akinwale (2018), who notes that economic pressures increase institutional operating costs and reduce service delivery efficiency. It also aligns with Rodney (1972), who argues that economic constraints limit human development outcomes, and Babalola and Aliyu (2023), who explain that macroeconomic shocks negatively affect social sector performance, particularly education.

Findings from both quantitative and qualitative data indicate that fuel subsidy removal has significantly reduced household consumption capacity in Benue State. The results show strong agreement that the prices of essential goods and services have increased, thereby weakening the purchasing power of households. The findings further show that households now allocate a larger proportion of their income to transportation, food, and basic utilities, resulting in reduced consumption of non-essential goods. Many families have adjusted their spending patterns by reducing quantities purchased and prioritising survival needs over comfort or savings. This reflects a clear decline in real income and living standards. Interview responses confirm that traders and civil servants are experiencing severe financial pressure due to rising costs and stagnant income levels, forcing them to adopt coping strategies such as borrowing and reduced consumption. This finding is in agreement with Stam (2017), who explains that inflation reduces real income and household welfare. It also aligns with Babalola and Aliyu (2023), who argue that economic shocks reduce consumption capacity over time, and Amana and Amana (2021), who note that rising costs without income adjustment led to declining living standards.

Findings from the data indicates that government palliative measures have had limited effectiveness in mitigating the economic effects of fuel subsidy removal in Benue State. The results show general disagreement among respondents that palliatives have significantly

reduced hardship, indicating that most households do not perceive them as effective. The findings further revealed that access to palliative programmes is limited, uneven, and insufficient to address the scale of economic hardship experienced by residents. This suggests weak coverage and poor implementation of intervention measures. The findings also shows that rising costs of transportation, food, and basic services continue to outweigh the relief provided by government support. Interview responses confirmed that many residents have not benefited meaningfully from palliatives, while transport operators continue to experience hardship due to persistent fuel price increases. This finding is in agreement with Olisa and Obiukwu (2023), who argue that poorly implemented policy interventions often fail to cushion economic shocks. It is also supported by Babalola and Aliyu (2023), who emphasise that weak targeting reduces policy effectiveness, and Amana and Amana (2021), who note that limited institutional capacity undermines social intervention programmes.

Conclusion

The study establishes that fuel subsidy removal in Benue State has generated far-reaching socio-economic consequences across transportation, education, household consumption capacity, and the effectiveness of government palliative measures. The removal of subsidies has significantly increased transport costs, thereby reducing mobility and limiting access to essential services, while also escalating operational costs within the education sector, leading to higher school fees, disrupted teaching activities, and weakened educational supervision. The study further shows that household consumption capacity has been adversely affected, as rising prices of goods and services have reduced real income and forced households to adjust their consumption patterns downward. Although government palliative measures were introduced to cushion these effects, their impact remains limited due to inadequate coverage, poor targeting, and the magnitude of the economic shock.

Recommendations

1. Federal and State Governments should strengthen transport policy interventions by introducing targeted transport support schemes such as subsidised public transport or regulated fare stabilisation mechanisms. This will help reduce the burden of rising transport costs on low-income households. Priority should be given to rural and peri-urban communities where mobility challenges are most severe.
2. State Ministries of Education and school administrators should develop cost-sharing and support mechanisms to cushion the impact of rising operational costs on schools. This may include targeted education subsidies, transport support for teachers, and

monitoring of school fee adjustments. These measures will help prevent increased dropout rates and ensure continuity of learning.

3. Federal and State Governments should implement targeted income support and food assistance programmes to strengthen household consumption capacity. These interventions should focus on vulnerable households through transparent and well-monitored delivery systems. This will help restore purchasing power and reduce reliance on negative coping strategies.
4. Government agencies responsible for social welfare should redesign palliative measures to ensure effective targeting, transparency, and wider coverage. Digital identification systems and community-based distribution frameworks should be used to improve accessibility and accountability. This will ensure that relief measures reach the intended beneficiaries and reduce implementation gaps.

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