



The Politics of Subsidy Removal and the Nigerian Economy (A Study of Nigeria between 2012 – 2015)

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ABSTRACT

The topic “Fuel subsidy removal and Nigeria economy” was selected from the verities of topic due to the inspiration the research felt forms the topic. Petroleum is the major source of income of Nigeria and it determines most of other aspect of lifes and sectors of the economy. He researcher examines how Nigerians reacted towards the fuel subsidy removal, the strikes, violent demonstrations, high cost of fuel and transportation, high cost of food items and so on. This motivated the research to carry out this research. The research tries to find out how the subsidy removal on fuel has affected the economy and the lifes of the people, he developed so theories (3) which he used to explain the topic and from the research he discovered that majority of Nigerian did not benefit from the fuel subsidy removal as it was mainly enjoyed by rich fuel importers. Also it was discovered that the removal of fuel subsidy lead to an imbalance in the economic sector as prices of goods and services rise drastically leading to protest, strikes, low standard of living in inflation. Finally, the researcher discovered that the fuel subsidy regime is very corrupt, this is because good sum of money were missing and misused and cannot be accounted for. The money gotten from the subsidy removal was supposed to be channeled into other aspect of the economy but this was not the case because there was low impact in Agricultural sector, infrastructures and provision of basic social amenities. Therefore, he discovered that if the other sectors of the economy are in a very good shape, it will go a long way in sustaining and reviving the economy and promote growth and development in Nigeria.

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Introduction

A subsidy by definition is any measure that keeps prices consumers pay for a good or produce below market level for consumer or for producers. Subsidies take different forms, these include grants, tax reduction and exemptions or price controls. Others affect prices or cost indirectly such as regulations that skew the market price in favour of a particular fuel, government, sponsored technology or research and development.

The benefits of fuel subsidy to the average Nigerian was short lived. The federal government claim to have spent over \$1.4 trillion on fuel subsidy in the past five years. It also claimed to be paying heavy to subsidize kerosene which is imported into the country through the Nigerian National Petroleum Cooperation (NNPC), the fuel subsidy policy has also bred several unintended consequences and practices such as smuggling of petroleum products out of the country, the federal government also claimed that the fuel subsidy policy has made them unable to tackle problems of our collative infrastructure which are the roads, power, agriculture, fixing the refineries and so on Omoniji (2012).

The removal of fuel subsidy by the Nigerian government raised lot of dust. It can be said to be the most talked about issue since the inception of democracy in Nigeria. It can also be said that the subsidy will go down in history as one of the most unpopular policies ever imposed on Nigerians. The

protest and war of words that the policy generated pointed out glaringly the mistrust Nigerians, most especially the youths have for the government due to years upon years of fanned promises and unaccomplished government policies/programmes. Nigerians got a shocking New Year gift from the federal government on January 1st 2012. They found long queues at the filling stations where petrol was sold above N65 per liter. Fuel subsidy removal which federal governments under the leadership of President Goodluck Jonathan has canvassed and lobbied for since he was sworn in on May 29, 2011 appeared to have finally got to be blast off stage. It was on Monday, December 12, 2011 that the National Economic Council headed by the Vice President Nnamdi Sambo decided that government should finally remove the subsidy come January 2012. The body consist of the Vice President, governors, strategic ministers and Central Bank of Nigeria (CBN) claimed that subsidy renewal had become inevitable to avert the collapse of Nigerian economy.

The withdrawal of fuel subsidy by the federal government generated heated debates by Nigerian Labour Congress (NLC) owing to its socio-economic implications on the nation's economy. The prices of goods and services rose, the cost of transportation also rose drastically up till now, even commercial motorcycle instantly adjusted their fares as soon as the subsidy removal was announced. Many artisan welders, aluminum comdow filters, tanors, who cannot afford

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power generators are today out of work, many Nigerian youths have taken to riding commercial motorcycle and tricycle while others went into street hawtony just to keep body and soul together.

The NLC and government workers went on strike which resulted the Nation to lose choose 60 \$617 million daily, translating into about N100 billion, this removal brought about mass poverty to Nigerians as the prices of goods and services increased while distorted peace and tranquility in the country. Following the pronouncement, motorist who was travelling back to their various destinations after the year and Christmas celebration were hot by sudden likes on petrol prices. Prices rose dramatically ranging between N140 and N150 per litre and at between N170 to N200 on the black market. Omonji (2012:4).

The stake holders, unions and people made snide comments about the removal of fuel subsidy, that say that the policy is unconstitutional because the poiny does not favour the poor masses, and they did not seek the consent of the people and then full support before implementing such policy. They also stated then view saying that subsidy removal is not the only means that the government can accure or scale money to develop other sectors of the economy.

Statement of Problem

The idea of the fuel subsidy lead to so many embezzlements of fund by most rich fuel importers. Fuel became the main business of the day as every individual and government attention was directed toward it. Some economist and political analyst stated that most Nigerians did not benefit from the subsidy and this was so because the money realized from the subsidy goes into the pockets of these rich fuel importers. They misuse the fund and thereby making the policy highly corrupt, wasteful and for a particular group in the society. The intention of the fuel subsidy programme or policy was to use the money accrued from the subsidy to develop other sectors of the economy and also to ensure sustainable development and wealth creation for the nation, but this wasn't the case as the programme turn out to become an opportunity for exploitation and misuse of national fund. This lead to its removal by the government of Goodluck Jonathan an on January 2012.

Nigerians did not embrace the new policy of fuel subsidy removal by the federal government, they reacted negatively toward such policy. The Nigerian Labour Congress and government workers went on strike which made the Nation to lose huge amount of money close to 100 billion naira. Emeh (2012).

The removal of fuel subsidy also generated inflation in the country which brought about a high cost of fuel and other items in the market, not only did it bring inflation, it was also accompanied with mass poverty due to increase in prices while income remain constant. The new brought about violent demonstrations which disorted the peace and tranquility of the country. It was these problems that prompted the researcher to carry out a through research on the impact of fuel subsidy removal on the Nigerian economy.

Research Question

1. Was the fuel subsidy removal beneficial to the greater number of Nigerian citizens?
2. Do you consider removal of fuel subsidy essential in improving the economy of the state?
3. How has the fuel subsidy removal helped in the minimization of corrupt practices in Nigeria?

Subsidy can be defined as a financial assistance to certain products or category of industry so that the price will be low and hopefully continue provide jobs and spin off economy activities. Subsidies have been around for ages and it comes in many forms such as cash labour form, export, consumption, education, housing etc. according to sun newspaper MAY 2, 2012; one idea of subsidizing petroleum, product to Nigerians was born following the collapse of the nation's four refineries which had forced the country from being a massive producer of refined products to becoming a net importer of petroleum products notably, petrol, kerosene and diesel for domestic uses. In the mid of 1990's Nigerian refineries in Kaduna, Port Harcourt and Owerri had collapsed due to the negligence of its management to carry out a routine turn around maintenance (TAMJAs the refineries collapsed. It created a short fall in the system as the supply of petroleum products could not match the demand by local consumers.

Benefits of Fuel Subsidy Removal

The federal government's partial deregulation of the downstream sector will, no doubt, be an incentive to private refiners, and boost capacity utilization as well as employment generation in the sector. Many believe the move is long overdue and will go a long way to freeing enormous resources into infrastructure development. Ejiofor Alike reports. The federal government recently removed petrol subsidy and ushered in a regime of partial deregulation in the downstream sector of the Nigeria's oil and gas industry.

Though the sector would have preferred full deregulation the action is a right step, which will eventually lead to the ultimate goal if the government could muster the political will to move a step further in the future, this belated action is however coming when the crude oil price has hit the bottom level, with corresponding drop in the price of refined products. But for the high cost of foreign exchange which has led to high cost of product, the drop in the crude oil would have made mockery of the subsidy removal as there would have been nothing to subsidies.

Subsidy removal would have made more economic sense when crude oil price was high to save the trillions of naira wasted on payment of subsidy. But when former president Goodluck Jonathan attempted to remove subsidy on January, 1 2012, the then opposition All Progressive Congress (APC) used the organized labour and other civil society groups to ambush and frustrate him, forcing the former administration to reverse it.

However, even though the price of refined products have dropped but with the high cost of sourcing for force at the official exchange rate of n197, which is far below the N315 black market price. Apart from the trillions of naira spent over the years in payment of subsidy and its attendant corruption, perennial crises in the downstream sector occasioned by government. Interference in the market through the management of subsidy regime has also fueled the need for deregulation, be it full or partial.

The new pricing regime will no doubt resolve the recurrent fuel scarcity crisis by ensuring availability of products as markets will now import products to their full capacity without governments restriction in the form of import approval. It will reduce smuggling and diversion substantially and stabilize price at the actual product price. The new regime will also ensure market stability through private sector participation. And it will create labour market stability potentially creating new jobs through new

investment in private refineries retails and prevent potential loss of jobs in existing investments.

Politics of Subsidy Removal

The issue of fuel subsidy has come to the crucible of socio-economic life of Nigerians. Politics of fuel subsidy withdrawal has been a recurring issue over the years, from the time of General Yakubu Gowon as head of State. No government has come without harassing and intimidating Nigerians with fuel pump price increase and/or complete removal of fuel subsidy, otherwise called deregulation.

It appears to have become a pastime for our rulers especially when they want to make scapegoats for their corruption, failures and economic naivety. All governance ineptitude by the political rulers are heaped on fuel subsidy. It is the reason for the country's backwardness, abysmal infrastructure, debt burden, poverty, corruption e.t.c. That is the reason the populace is intermittently administered with some obsolete concoctions of the benefits of subsidy removal by every successive government.

Indeed, as long as fuel subsidy is concerned, Nigerians have gone through a lot of fortune in the hands of various governments. We have been harassed, tormented and bamboozled ,protests against fuel pump price increase/subsidy removal have cost lives, wastage and destructions. The ruling class are, of course, not the victims. The victims are the commoners, on whom they unleash their mediocrity and sadism. Like the ancient Roman emperors, the governments of Nigeria revel in seeing their subjects fights with the beast of subsidy now and again in the amphitheater. It is entertainment for them to hear us cry, see us abandon our legitimate duties and spill to the streets in protest, and our children roam the streets because schools are shut. Otherwise, how can a president or the ruling class that say they understand our pains add to the same pains instead of ameliorating it?

The government knows that petroleum products, especially the premium motor spirit, PMS, is one thing that affects the lives of all Nigerians irrespective of their social status or age. All aspects of life is based on it, and that is why the people do not react happily to any tampering with its price. With a high currency exchange rate that has triggered inflation and put private businesses at risk, the removal of fuel subsidy at this time is nothing but rubbing salt in a putrefying done. Yet they tell us they understand our pains, our suffering. That is political innuendo – killing us and at the same time putting us at the back.

Ironically, some of the staunch opponents of the fuel subsidy withdrawal by Jonathan administration are the leaders of the party in power today and supporters of President Muhammadu Buhari, who has unleashed this latest torment on us. Bola Tinubu, a leader of APC, had on January 10, 2012, accused the Goodluck Jonathan's presidency of shirking its social contract wish the people by suddenly removing fuel subsidy, must be removed at all, it must never be at one fell swoop. Rather it must be on calibrated phrases, on which the promised gains are measured and confirmed before moving to the next phase of removal". Pastor Tunde Bakare, a friend and formal presidential running mate of Buhari was the leader of save Nigeria group, the socio-political protest movement against fuel subsidy cut by the last administration. Pastor Bakare is not against total deregulation of fuel price but has some conditions upon which it can be acceptable. "Time has come for the citizens of the country to hold the government accountable and demand the prosecution

of those bleeding our nation to death. Until this government downsizes, cuts down its profligacy and leads by example in modesty and moderation, the poor people of this country will not and must not subsidise the excesses of the oil sector fat cats and the immorality cum fiscal scandal of the self-centred and indulgent lifestyles of those in government", he said to his congregation on January 15, 2012.If selective fight against corruption and a 26,000 British pounds yearly college fee for a daughter are evidences of meeting those conditions, Pastor Bakare should rejoice in self-adulation.

President Buhari himself said on October 2011 that "if anybody says he is subsidizing anything, he is afraid" Relating to the statement made by the then President, Dr. Goodluck Jonathan in Abuja November 2011, Buhari was said to have "thrown his weight behind the anti-people measure called "subsidy removal" which the then PDP government wanted to force on the throat of Nigerians". The major concern in the whole politics of subsidy is not its removal but the insincerity, hypocrisy and dishonesty of the leaders towards it as demonstrated by Ahmed Tinubu Buhari's colleagues. It is dubious for a leader to support what he had earlier condemned just because he is in power now. That is selfishness and opportunistic. If removal of fuel subsidy was allowed in 2012, Nigerians and the economy would have adjusted to it long ago. It wouldn't have been as painful as it is today.

After all, the only difference between the past and what Buhari government has done is that while the government of the past nibbled at the subsidy issue and offered the citizens euthanasia, Buhari has hit the nail on the head without fearing the reactions of the people.

Rational for Fuel Subsidy Removal

We should know that now in the view of the subsidy removal the price for the petrol will raise dramatically, as you know, it used to be N86.50 thanks to the subsidies. However, now without them, the price will rise up to N148, this hike is considered to be the most dramatic in the whole history of Nigeria. After consulting the main stakeholders of this field, they came to a conclusion that will allow the petroleum station selling fuel at 145 or higher but not less. People have been striking for several days after the announcement of the changes coming into action in May.

However, not all the states joined it in the view of the second benefit from the subsidy removal under such conditions, petrol is more likely to be available everywhere and at any time. This has been a problem in smaller cities of different states, and knowing that it can prevent deficiency, people decided to accept and supports the removal.

The other reason to support this decision is that it can bring positive influence into the economy by preventing creating of artificial prices. This move will also let one other players into the field, not just the biggest once or the most corrupt once. In other words this subsidy removal aims to trigger the competition that was not likely to happen under the former regulations.

Nevertheless, it seems that the government did not think. It was important to explain and go into details on reasons that pushed them to such as decision. A proper vision presented to people could have prevented many misunderstanding with all of their consequences and the mistrust people can feel about authorities that make decisions without paying attention to the will of the people.

We will see the results of subsidy removal very soon both in this field and in other once, as the government will now have more line for other sector as well.

Theoretical Framework of Analysis

The theory to be adopted for this study is the neo-liberalism theory. Neo-liberalism is a contemporary forum of economic liberalism that emphasize the efficiency of private enterprise. Liberalized trade and relatively open markets to promote globalization. Neo liberals therefore seek to maximize the role of the private sector in determining the political and economic priorities of the world. Neo liberalism seeks to transfer control of the economy from public to the private sector Cohen (2007) under the belief that it will produce a more efficient government and improve the economic wealth of the nation Prasad (2006). Its main point include:

The Rule of the Market

Liberating "free" enterprise or private enterprise from any bonds imposed by the government (state) no matter how much social damage this causes. Greater open to international trade and investment as in international relations. Reduce wage by de-unnozing workers and eliminating workers right that had been won over years of struggle. No more price control, all in all in all total freedom of movement for capital, goods and services. To convince us this is good for us, they say "an unregulated market is the best way to increase economic growth which will ultimately benefit everyone.

Cutting Public Expenditure for Social Services

Like education and health care, reducing the safety-net for the poor, and even maintenance of road, bridges, water supply. Again in the name of reducing government role of course, they don't oppose government subsidies and tax benefits for business.

Deregulation

Reduce government's regulation of everything that could diminish profits including the environment and safety on the job.

Principles of Socialism

1. Social Control of Economic Power: In capitalist society, the accumulation of wealth is not an end in itself but a prelude to the acquisition of power, a situation that leads to differentiations in status symbol – socialism is opposed aggressively so to speak on the notion of "First Among Equals".

2. Substantial Social Equality: Socialism is committed to the equality of man atleast in the area of social status and potentials.

3. Establishment of a Co-operative and Harmonious Society: Socialism seek to create a co-operative and harmonious society where peace and stability reigns supreme for when people fell there is justice and fair play in the system, co-operation and participation is enhanced.

Social Ownership

This refers to the collective ownership of wealth as against capitalist private accumulation and appropriation of wealth. This means that the government is involved in the regulation of a fair and peaceful society.

Socialism Relevance in Fuel Subsidy Removal Policy

The theory was adopted in this work because of its principles, fuel subsidy removal was carried out by the government and they paid for all the money for the subsidy and this was a problem because billions of naira was wasted in the process of subsidizing fuel. There should be a free

society where every individual contributes to the growth of the state and its economy. There should be a patriotic feeling by the people for their country and they should also learn to think of what they will do for the country and not what the country will do for them.

The policy of fuel subsidy removal was very corrupt most of the funds used in subsidizing fuel can be properly channeled into another area of the economy to develop its but instead at rich oil importer pocketed the money that was necessary for the development of the nation, so the practice was highly corrupt and lots of fund was misused.

It is true that the removal of fuel subsidy lead to inflation and disorderliness in the society as prices for goods and services rose, the people should be allowed to contribute in the growth of the nation with the help of the contribute in the growth of the nation with the help of the government. They should be allowed to give in into the activities of the state especially the economy which is the sole determinant of the strength of the Nation. So this theory is very relevant and applicable in the policy of fuel subsidy removal and how it has affected the Nigerian Economy.

Subsidy Removal and the Economy of Nigeria

In this chapter we are going to try to examine how the removal of fuel subsidy has affected the economy of Nigeria, the pros and cons of fuel subsidy removal on Nigeria economy. The economy is the structure in which other sub structures lies and depend on, and there is no doubt that fuel is the main stay of the Nigeria economy therefore, these two variables are necessary to determine what Nigeria is and what it will become.

The removal of subsidy on fuel by the federal government of President Goodluck Jonathan on first January 2012 have so many impact on the economy of Nigeria as well as the citizens. It lead to so many political instability, environmental chores, loss of lives and properties, high cost in transportation services, high cost of goods and services, reduction in the standard of living, high cost of petroleum and so many other indices of a destabilized society. The research now tries to examine and explain some of these factor above and state how they have affected the economy and the people of Nigeria.

The Federal government of President Goodluck Jonathan announced the removal of fuel subsidy which lead to so many havock in the society the price of fuel rose from 65 naira per litre to atleast 141 naira in filling station and 200 naira in black market per more. This is not the first time Nigerians are hearing of fuel subsidy, but this rise in the price of fuel affected the people and the economy in so many some of those areas affected by the fuel subsidy removal include;

1. Increase in Cost of Living

With the new price of Premium Motor Spirit (PMS) increased, the economy will face a sudden surge of inflation. By inflation we mean a general and progressive increase in the prices of goods and services. As inflation rate sets in, more naira con purchase fewer goods causing depreciation in its value and therefore affecting the standard of living of the people as the poor con find it difficult to purchase goods and pay for services. Unlike other nations of the world, Nigeria economy is not diversified, this means Nigeria depend only on oil as its source of revenue, this makes oil to be the controlling factor in the economy as almost every group and individual and activities are controlled and affected by the price in on. When the price rose up to 146 in filling stations and 200 in black market things turn around, the economy was

no longer the same, prices for goods increased drastically making it difficult for the people, a loaf of bread that was sold for N300 now costs N450; a small tin of rice which worth N70 now rose to N100, Barbering saloons that take N100 now increase to N2500 and so on. The average and poor in the society that manage to eat twice a day now struggle to once a day all just in the name that the subsidy on fuel has been removed.

With the majority of Nigerians living on less than 2 per day, cheap petrol is viewed by many Nigerians as the only tangible benefit they received from the state. Hence the widespread disapproval. In addition, the economy is heavily reliant on crude oil, meaning that other seemingly unrelated items are tied to the price of fuel as has occurred from previous price hikes. Due to the absence of stable electricity gasoline generators are a common energy alternative for small businesses and residence but now it is difficult for the people to purchase fuel at affordable price thereby causing them to live in darkness. All these affected the standard of living of the people of Nigeria therefore leading them to go out on the streets and protest against the fuel subsidy removal.

2. Cost of Transportation

Transportation cost has gone up as much as 300 percent since the N141 – 145 litre increase in the price of fuel. This increase has caused a triple effect on other sectors of the economy which revolves around transportation. It is very true and correct as well that transportation is an important sector of life that cannot be neglected especially in under developed nations like Nigeria. In Nigeria freedom of movement is one of the basic rights of the citizens. Also the country is faced with too many population as a matter of fact the most populated black nation in the world therefore, has so many human beings moving from one place to another. Aside from the high cost of living, this is another area where the people felt the pain in the increase of the price of fuel. People find it difficult to pay for transportation as a good number of Nigerians cannot afford their own private cars. Most Nigerians travel on public transport and this increase in the price of fuel made them pay higher, this is due to the fact that public transportation companies or even personal drivers find it difficult to get fuel and even when they get the fuel, they see themselves paying more, therefore making them charge more and therefore reducing the number of people traveling, therefore reducing the amount of money in circulation and then affecting the economy of the nation. Even those that have private cars find it difficult to be on the long queue to get petrol, making some to park their cars at home therefore movement was minimized and the economy affected.

The high price for goods and services also can be traced to the issue with transportation. This is because people find it difficult to transport their goods from one place to another due to the high amount they pay to the party that transports their goods making them increase the amount they sell their goods and amounts they collect for services, leading to the low patronage of their goods and services and then falling back on the economy.

3. Increase in the Cost of Small Scale Business Services

Individuals and groups have intentions of going to business and most of these businesses depend on subsidized fuel to render services because the public electricity supply PHCN is not reliable and recently expensive, but there is no available fuel for them therefore affecting their production and the economy in the larger scale. Also big factors and

industries depend on petroleum for their operation and production and they will experience some difficulty and have to increase production cost in order to meet market demand. This is as a result of lack of steady and available power supply and also high cost in the price of petroleum.

4. Customer Abuse

A monopoly in the market could lead to customer tip off, marketers can choose to create petrol product prices at will just like the telecommunication sector. Hence the government needs to empower the regulatory bodies to help control such abuses and reduce monopoly in order to enhance a competitive business environment and give the people a chance to choose between alternatives.

The removal of fuel subsidy is a difficult topic, especially with the masses. Most people don't understand the need to be educated on such serious economic issues about its pros and cons. Nigeria is in dire need of economic policies that will improve its sustenance and growth as a strong African economy.

Nevertheless, I believe and have come to discover that there are reasons why the government as of then removed fuel subsidy, the policy and programme of fuel subsidy was so corrupt as so many funds were missing and misused and could not be accounted for. These resources are to be used to develop other sectors of the economy.

So far, governments' plans have only been discernable from press statements or interviews given by officials, Nigeria currently does not meet any of the listed criteria in the framework adopted in a UNEP 2003 study on energy subsidy. So far, governments have attributed some statement as at 3 October 2011 suggesting a number of plans and projects including:

- a. Setting up a fund from the withdrawn subsidy to be managed by a committee of higher respected Nigerians.
- b. Infrastructural and social services projects involving road constructions, major public maintenance work and improving on the progress made in power generation and distribution through additional investments.
- c. Facilitation of a comprehensive mass transportation system scheme for skilled and unskilled youths, social programs targeted at pregnant women, children and elderly.
- d. Public private partnership to establish refineries and increase domestic fuel production and supply.

According to the government, the fuel subsidy removal will have some positive effect on the economy and the people which will help in growing Nigeria. They have some other projects which they wanted to embark with the money used during the subsidy. Some of those factors considered by government in removing fuel subsidy include:

- a. That the new pump price will hopefully resolve the recumbent fuel scarcity crisis by ensuring availability of products as marketers will be able to import products to the fullest capacity without government restrictions on import approval.
- b. That it will help reduce hoarding, smuggling and diversion of petroleum products and help ensure product price and free market stabilize the labour market, enabling employment and loss of excess crude via gas flaring.
- c. It will ensure competition in the industry and market forces which will drive down the price of petrol in the long run as witnessed in the telecom sector. They wanted to reduce monopoly so that other establishments and organizations can come in to encourage effective competition.

d. Improving the power sector: The current fuel price will lead to the research for cheaper power generation alternatives. In time this will reduce the over dependence oil, increase competition and help generate a developing economy.

e. Increase in government interest in other sectors of one economy. The subsidy removal will give government access to more funds for development of other sectors such as the educational sector, health sector, employment, transportation and communication and so on.

But the big question is “How well have they gone in implementing these policies?” Because the nation is still suffering from power failure, poor infrastructures, unemployment, dependency on oil and so many others. There the government of Goodluck Jonathan and subsequent governments have failed in executing these policies.

Therefore the federal government is yet to present a detailed plan with specific projects that will cushion and initiate shock to the economy and difficulties that may be suffered by the poor and vulnerable groups in the society.

Buhari’s government removes subsidy

Fuel now sells for n145 per litre

Government has finally removed subsidy from sale of premium motor spirit. DMS, also known as petrol with immediate effect. The minister of state for petroleum, Mr. Ibe Kachikwu on Wednesday, depended the jerking up of the pump price of premium motor spirit. PMS, also known as fuel by the federal government from 186 to N145, saying that it was only a way out of the exorbitant prices of N150 to N250 Nigerians were subjected to at many filling stations across the country.

He however, stated that government had articulated many social protection programmes in the 2016 budget to cushion the effect the like may have on Nigerians.

Rising from a meeting chaired by Vice President, Yemi Osibanjo which also had other various stakeholders including the leadership of the senate. House of representative, Nigerian governors forum and labour unions, at Aguda House, official residences of the vice president, kachikwu noted that the reason for the current problem is the inability of importers of petroleum products to source foreign exchange at the official rate due to the massive decline of foreign exchange canings of the federal government.

As a result, private marketers have been unable to meet their approximate 50% portion of total national supply of PMS: The minister who briefed the state house correspondents on the resolution of the meeting said that to wet the country with fuel, any entry was now feel to import the product subject to existing quality specifications and other guide lines by Regulatory Agencies kachikwu explained that consequent upon government’s analysis and research, it was discovered that Nigeria can fluctuate the fuel market in accordance with the crude oil market fundamentals. He also maintained that the federal government could not afford to subsidize the product as a result of the fraud which surrounds its operation.

Therefore, after the Federal government on Wednesday Mayll 2016, announced the removal of fuel subsidies in Nigeria, many Nigerian criticized President Muhammadu Buhari for the move. They reacted to this on many media platforms and other means. Most Nigerians blamed the government for removing subsidies on fuel stating that he is the problem of Nigeria today because polices like this results into hardship and leads to economic recession and fall.

Fuel Subsidy Removal and Corruption in Nigeria

Corruption is one of the underlying factors that necessitated the removal of fuel subsidy. The regime of fuel subsidy was so corrupt that a lot of money was misused and siphoned and cannot be accounted for. Nigerians did not benefit from the programme. The major beneficiaries of the fuel subsidy regime include some oil firms and individuals such as Nasaman Oil Services, Eterna Oil and Gas Plc, Nadabo Energy Limited, Pacific Silver One Limited, Axenagy Limited, Fago Petroleum and Gas Limited, Integrated Resources Limited and Pinnode Oil and gas. Indicted person include Mamman Nasiri Ali, Christian Taylor, Mahmud Tukur, Ochonogor Alex, Walter Wagbastoma, Adaocha Ugo – Ngadi, Fakuade B. Ebenezer, Ezekiel Olaleya Ejidele, Abubaka Ali Peters, Jude Agube Abalaka and so on.

The level of corruption was so high that the federal government wasted so much, the oil sector or those films that import oil all they have to do is to demand some amount of money to import fuel and it would be given to. This lead to its removal after the government acknowledged both institutional and system weakness in its management of the oil subsidy and oil industry at large and took certain steps to restore the people’s confidence and as well continued to canvass for the complete removal of oil subsidy.

Fuel Subsidy Removal Affects Corruption in the Oil Sector

After the investigation and prosecution of the oil companies and individual who involved in the mismanagement of National revenue in the name of importing refined oil products, the Nation witnessed some levels of change in the oil sector with regards to the level of corruption.

The government instead of paying though huge amount of money for fuel to be imported said no to that and allowed those oil companies and any interested individual to import oil into the country as long as it is subjected to the existing quality specification and other guidelines issued by the regulatory bodies or agencies. This is because the government could not pay more money for fuel subsidy, so much have been wasted on it, the other sectors of the economy is suffering because of so much that have been spent on subsidizing fuel and also because of the corrupt nature of those individuals and film involved in the practice.

After the removal of fuel subsidy, these companies now have to sit down and plan how to manage the available resources at their disposal and make good use of it. They plan how to use little to get more because they now buy these petroleum with their own money and not the nations money. This have gone a long way to tackle the problem with corruption, huge amount of money were not wasted any longer by the government in the name of subsidizing fuel. Those corrupt sectors or companies that have siphoned and convinced the government to play on their tune are now facing the punishment in the law courts. The EFCC and other agencies have tried to bring them to book and fish out all the crimes and investigate the money they collected from the government and how effective it was used.

After the investigations it was discovered that lot of money cannot be actually accounted for meaning that they must have gone into the pockets and account of these fuel importers making them rich and famous while the masses are struggling. But with the removal, we can see that corruption has gone down in the oil sector.

The NNPC have discovered a way of importing this fuel product by themselves in conjunction with other companies and with this the level of National revenue mismanagement in the name of fuel subsidy has reduced and the oil sectors are no longer getting those fallows from government. Despite the removal of fuel subsidy corruption is still present in the oil and gas sector though cannot be compared to the formal regime of fuel subsidy scheme. Also government removed the fuel subsidy with the aim of developing Nigeria sectors but have failed or is still yet to do that.

But in conclusion, the removal of fuel subsidy has helped tackle the problem with corruption in Nigeria on and gas sector.

Conclusion

Majority of Nigerians accepted the fuel subsidy removal but they were not actually the once benefiting from it. It was the hope of the masses that the government would use the money that accrued from the removal of subsidy on fuel to develop other sectors of the economy from which the masses called benefits. The agitated against the removal of subsidy on fuel not because they did not know its importances and what they would benefits from it in the long run, but because of the high level of mistrust they had in government and also the ioning timing and execution of the policy. Since the fuel subsidy removal has come to stay, the people are now asking the government should provide palliatives measures that would help custom the adverse effects on the short run. In summary the removal of fuel subsidy can be of good to Nigerians and if properly applied would go a long way in running and sustaining the other sectors of the economy.

Recommendations

There are some panacca that if properly put in place will go a long way in resolve the hardship of Nigeria and rest the issue of subsidy removal.

1. Government should identify areas of wastages in governance such as the allocation of largest and booties in the name of allowances.
2. Government should also try and adjust and reproprotise one proposed spending in the 20R budget to find fuel subsidy and in away that addresses social needs and improve the well being of all citizens.

3. The palliatives should have been put in place before removing subsidy on fuel in other to help cushion the adverse affect of the subsidy removal.

4. The government should try and implement the N18,000 minimum wage which the president signed into law at heal of elections.

5. Deregulation can also be attained in phasis/stages, that is current increment can be spread over period of six years or more.

6. Also various law enforcement agencies such as ICPC and EFCC should be fully empowered and well-funded to perform effectively and again the tables that constitutes the beneficiaries of the fuel subsidy that help the country and its economy to ransom should be identified and be brought to book immediately.

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