



Fuel Subsidy Removal and its Effect on Students of Public Universities in Cross River State, Nigeria

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Abstract

Original Research Article

The removal of fuel subsidies in Nigeria has had profound socio-economic consequences, particularly for students of public universities in Cross River State. This study examines the impact of this policy change on students, focusing on transportation costs, cost of living, and overall academic well-being. Utilizing a survey research design, data were collected from 180 final-year undergraduate students across two major public universities in the state. The findings reveal a strong positive correlation between transportation costs and students' ability to attend classes regularly, as well as between the rising cost of living and students' financial struggles. Many students face increased transportation expenses, higher accommodation costs, and greater financial insecurity, leading to potential declines in academic performance and mental health challenges. The study highlights the urgent need for policy interventions, such as government-subsidized transportation schemes and student welfare support programs, to mitigate these effects. The research underscores the necessity for inclusive policies that ensure continued access to higher education despite economic shifts.

Keywords: Fuel Subsidy Removal, Socio-Economic Impact, Public Universities, Transportation Costs, Cost of Living, Academic Well-Being, Student Financial Struggles.

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INTRODUCTION

Fuel subsidy removal in Nigeria has remained a contentious economic and political issue, eliciting debates on its socio-economic implications across various sectors. In May 2023, the Nigerian government officially removed the long-standing fuel subsidy, citing the need to free up funds for infrastructural development, reduce corruption in the petroleum sector, and promote economic stability. However, this policy shift has had far-reaching consequences, particularly for vulnerable populations, including students of public universities in states like Cross River. Cross River State is located in Nigeria's South-South region, is a home to several public universities, including the University of Calabar and University of Cross Rive State (UNICROSS), where a significant percentage of students come from low and middle-

income backgrounds. The removal of the fuel subsidy has led to a "sharp increase in transportation costs, accommodation expenses, and the overall cost of living". Given that many students rely on financial support from parents who may already be struggling with economic hardships, the policy has placed an additional burden on their ability to afford higher education. Moreover, the increase in fuel prices has led to a rise in operational costs for universities, affecting services such as electricity supply, internet connectivity, and academic resources. Many students who depend on part-time jobs to sustain themselves are also experiencing financial strain due to increased expenses and stagnant wages. Consequently, this policy has implications for academic performance, mental health, and overall student well-being.

Fuel subsidy is a form of government financial support aimed at reducing the cost of fuel for consumers and

producers. This support can manifest as direct financial assistance, tax breaks, or price controls that keep fuel prices below market levels. The primary objectives of fuel subsidies are to make energy more affordable for consumers, stimulate economic activities, and promote energy security. However, these subsidies often lead to significant fiscal burdens on governments, market distortions, and environmental challenges. Aniemeké (2024): The removal of fuel subsidies in Nigeria led to increased prices of premium motor spirit, contributing to inflation. However, it also enhanced government revenue, reduced cross-border smuggling, and curtailed corruption in the petroleum sector. Bala (2023): Eliminating fuel subsidies can undermine household welfare by eroding real income, decreasing aggregate demand, and raising production costs. While it may positively impact revenue savings and the environment, in developing countries like Nigeria, such a policy could exacerbate poverty and economic challenges. Ozili and Obiora (2023): The 2023 fuel subsidy removal in Nigeria could free up financial resources for other sectors, incentivize domestic refineries, and reduce dependence on imported fuel. Conversely, it may lead to short-term economic downturns, increased inflation, heightened poverty, and job losses in the informal sector. Ighomereho and Ezeabasili (2024): The Nigerian government's decision to remove fuel subsidies without adequate public engagement led to public opposition. The authors suggest that applying marketing principles in public policy could have facilitated better communication and acceptance of the policy.

Akpan and Uford (2024): Removing fuel subsidies in Nigeria has direct economic consequences, including increased product prices and higher fuel pump costs. As fuel is an integral to production across all sectors, its price hike leads to a corresponding rise in consumer goods prices. International Monetary Fund (IMF) (2023): The IMF emphasizes that while subsidies are intended to protect consumers by keeping prices low, they come at a substantial cost. Subsidies have sizable fiscal consequences, promote inefficient allocation of resources, encourage pollution, and are not well-targeted at the poor. Removing subsidies can lead to more efficient resource allocation and environmental benefits. Brookings Institution (2019): Brookings defines fuel subsidies as deliberate policy actions by governments that specifically target oil, gas, coal, or fossil-fuel-based energy, aiming to reduce the net cost of energy purchased lower production or delivery costs, or increase revenues retained by energy suppliers. World Bank (2022): The World Bank discusses that fuel subsidy removal can have significant economic costs and alter the cost structure of other sectors of the economy, such as agriculture and fisheries, with the risk of a nutritional crisis.

This study aims to critically examine the impact of fuel subsidy removal on students of public universities in Cross River State. It will explore how rising transportation costs affect school attendance, assess the coping mechanisms adopted by students, and analyze potential policy interventions that could mitigate these challenges. By shedding light on this issue, the study contributes to ongoing discussions about the economic realities of students in Nigeria and the need for inclusive policies that safeguard their access to quality education. It is

upon this worrisome situation that the researcher is saddled to venture in investigation of fuel subsidy removal and its effect on students of public universities in Cross River State, Nigeria.

STATEMENT OF THE PROBLEM

The removal of fuel subsidies in Nigeria has led to a significant increase in the cost of petroleum products, resulting in widespread economic hardship across various sectors. One of the most affected groups is students in public universities, particularly those in Cross River State, where a substantial number come from low-income backgrounds. The sudden and steep rise in fuel prices has triggered a chain reaction, leading to higher transportation costs, increased accommodation expenses, and a general rise in the cost of living. Many students who commute daily to their universities now struggle with the affordability of transportation, leading to decreased class attendance and academic disruptions. Additionally, the higher cost of goods and services including food, internet access, and essential learning materials has further strained students financially. Those who rely on part-time jobs or family support face even greater difficulties as inflation erodes disposable incomes. As a result, the quality of student life and academic performance is at risk, with some students considering dropping out due to financial constraints.

Despite these challenges, there has been limited research and policy response addressing the specific impact of fuel subsidy removal on university students in Cross River State. The extent to which these economic pressures affect academic performance, mental health, and overall well-being remains underexplored. Therefore, this study seeks to bridge this knowledge gap by critically analyzing the socio-economic consequences of fuel subsidy removal on students in public universities in Cross River State. It also aims to highlight possible coping mechanisms and recommend policy interventions to mitigate these challenges. Yet, the problem of hardship among students of tertiary institutions persist in the alarming rate which is the researcher's concerned with the question of what is the relationship between fuel subsidy removal and its effect on students of public universities in Cross River State, Nigeria?

LITERATURE REVIEW

TRANSPORTATION

Danielle (2022) the result revealed that transportation eligibility increases attendance rates and lowers the probability of chronic absence. These effects are largest for economically disadvantaged students, who experience 0.5 to 1 percentage point increase in attendance rates and a 2 to 4 percentage point decrease in the probability of being chronically absent. These results are compelling evidence that school-provided transportation increases attendance for students most at-risk to miss school. However, the finding showed no effect of school transportation on student achievement outcomes. Given the high costs of school transportation, targeting additional transportation services to chronically absent students as an attendance intervention may be more efficient than increasing

bus services for all students. Bakrad (2018) it was found that the average traveling time as well as commuting distance to school negatively affects pupil's school performance. At the same time, no significant correlation found between the transportation modes (bus, car, walking) or stress levels with student's school performance, also no correlation was found between transportation time and student stress levels.

Johanes (2014) the findings indicate that transportation system has significant effects on students' school attendance. Some students miss first periods in the morning, escape afternoon sessions as they try to get transport, skip school day due to lack of bus fare, beg for money and private cars assistance which put them into temptations and the traps of devils as well as harassment from bus operators. Mlagara (2016) findings revealed that the current system of public transport is mainly managed by the private sector. It is partly regulated by the government especially on the routes they serve. It is also used by most students to travel to school within the city. But the private buses have no fixed known time schedule in providing transport services in the city. It was learned from the study that students who use public transport arrive to school late when the first classes have started. They also fail to get enough time to do homework or revise at home because of limited time. Their time for homework and private studies is spent on the way struggling to board the public buses.

COST OF LIVING

Tok and Yong (2024) findings from the present study showed that a large proportion of students spent between Ringgit Malaysia (RM) 201 and RM400 per month. Young, male students tended to spend more than older, female students. Expenditure was higher among Chinese students than Malays. Educational levels and income were found to correspond to spending. Having good financial knowledge was associated with reduced expenditure. Students who were influenced by their peers were likely to indulge in high spending compared to those who were not. The findings have important implications for strategic planning and to assist policymakers, parents, and university authorities in formulating better intervention measures aimed at improving students' spending behaviour, thereby lowering cost of living. Adam, Neason and Riveen (2024) findings indicated that the cost of living crisis is creating more barriers to young people from under-resourced backgrounds who want to attend university. Their determination to do so is resolute despite financial insecurities, and more must be done to maintain and improve access to educational opportunities

Olajide , Akshay and Oluwadamilola (2024) The study showed that rising inflation, PMS prices, agriculture production cost and exchange rate depreciation have led to shrinking incomes, thereby reducing household purchasing power and increasing poverty The study showed that rising inflation, PMS prices, agriculture production cost and exchange rate depreciation have led to shrinking incomes, thereby reducing household purchasing power and increasing poverty. Shu'ara and Okechukwu (2023) the results revealed those ineffective government economic policies (53.2%) and a hike in petroleum prices (21.3%), were the major factors of the high

cost of living in the area. Other minor factors identified include corruption among public and private officials (16.3%) and the global economic crisis (7.6%). The finding also revealed the high crime rate (28.6%), social ills (25.6%), and hunger (25.2%) and the implications of the high cost of living among households in the area

PURPOSE OF THE STUDY

The main purpose of this study was to investigate the relationship between fuel subsidy removal and its effect on students of public universities in Cross River State. Specifically the study sought to;

1. ascertain whether there is a relationship between transportation and its effect on students of public universities in Cross River State
2. find out if there is a relationship between cost of living and its effect on students of public universities in Cross River State

RESEARCH QUESTIONS

- 1 to what extent does transportation affect students of public university in Cross River State?
- 2 how does cost of living affect students of public universities in Cross River State?

STATEMENT OF HYPOTHESES

1. transportation does not significantly affect students of public universities of Cross River State
2. there is no significant relationship of cost of living on students of public universities in Cross River State

METHODOLOGY

This research was carried out in Cross River State, Nigeria and the study area is Cross River State Cross River is one of the 36 states in the Federal Republic of Nigeria bounded by Cameroon. It is located in the South-South geopolitical region of the country with Calabar as the capital city. The state is located on latitude 5o 45 'North of the equator and longitude 8o 30' East of the Greenwich meridian. It is a coastal state in the Niger Delta and it occupies 20,156 square kilometres (Cross River State Government, 2014). Cross River State is bound in the North by Benue state, in the West by Ebonyi and Abia states, in the East by Cameroon Republic and in the South by Akwa-Ibom State and the Atlantic Ocean. Established in 1975, University of Calabar, also called Unical is a public higher education institution currently headed by Prof. Florence Banku Obi was the institution's first female vice chancellor and its eleventh. And located in the small city of Calabar (population range of 250,000-499,999 inhabitants), Cross River State. Officially accredited and recognized by the National Universities Commission, Nigeria, a very large (enrollment range: 40,000-44,999 students) coeducational higher education institution. It offers courses and programmes leading to the award of degrees such as bachelor and postgraduate degrees in several areas of study. This 50 years old higher-education institution has a selective admission policy based on entrance examinations and international applicants are eligible to apply for enrollment. The state-owned Cross River University of

Technology, formerly known as CRUTECH and now known as the University of Cross River State (UNICROSS), has multiple campuses in Calabar, Ogoja, and Okuku. The University was established in 2002 after the merging of three higher institutions: the Polytechnic of Calabar, Ibrahim Babangida College of Agriculture and Government Technical College Ogoja and University of Calabar campus Okuku respectively. The 23-year-old institution offers undergraduate and graduate degree programs. The design of this study was a survey. This was because the design allowed the researcher to sample the opinions of respondents through the use of questionnaire, describe and interpret the findings based on the information obtained from the sample. It equally allowed the researcher to generalize the findings of the study to other areas that was not covered by the study. This design was chosen to examine how fuel subsidy removal and its effect on students of correlate.

The population of the study consists of final year undergraduates students. Census and stratified random sampling techniques were used. However, A total of 180 (30 percent) of the 600 final years undergraduate students from four Faculties (Social Science, Education, Sciences, and Management Sciences) in Unical and Unicross were randomly sampled to assess their opinions. The final year undergraduate students were sampled for the study because the researcher believed that they could provide unbiased information, and they have understanding of the market economy. The Fuel Subsidy Removal and its Effect on Students of Public Universities in Cross River State Questionnaire (FSRAESPUQ), a 12-item questionnaire with a four-point modified Likert scale, was used

to collect data from respondents. The instrument was validated by experts in Measurement and Evaluation as well as Educational Management Department of the University of Calabar. The reliability 0.73 to 0.89 was established using Cronbach alpha method. This value was considered appropriate for the instrument to be used for the study. Data obtained were analysed using Pearson Product Moment Correlation.

Data collection and analysis; the instrument was administered by the researchers directly to the participants upon permission obtained from the Deans and Departmental Heads At the end of the whole exercise, all copies of the questionnaires were collated for analysis. Thus, data collected were also coded and analyzed using Pearson Product Moment Correlation coefficient with the use of Statistical Package for Social Sciences (SPSS) version 27.

RESULTS

HYPOTHESIS ONE

Transportation does not significantly affect students of public universities of Cross River State

Descriptive statistics and Pearson product moment correlation analysis was used to analyzed this hypothesis as presented in Table 1

Table 1; descriptive statistics and Pearson product moment correlation was used for the analysis of the relationship between transportation and its effect on students of Public Universities in Cross River State.

Table One

Variables	N	\bar{X}	SD	DF	R	SIG
Transportation	180	16.09	2.829	178	1.00	259
Effect on students	180	15.44	2.101	178	1.00	259

**Significant at .05 level

Based on the statistical evidence, the result on Table one above shows there is a strong positive relationship between transportation and its effect on students of public universities in Cross River State ($r = 1.00$) which implies that there is perfect positive correlation of transportation and its effect on students of public universities in Cross River State, Nigeria. And a strong correlation when the (p- value = 259) in line with the available statistical proof on table as depicted. Therefore, the null hypothesis was accepted (retained).

HYPOTHESIS TWO

There is no significant relationship of cost of living on students of public universities in Cross River State

Descriptive statistics and Pearson product moment correlation analysis was used to analyzed this hypothesis as presented in Table 2

Table 2; descriptive statistics and Pearson product moment correlation analysis of the relationship between cost of living and its effect on students of Public Universities in Cross River State.

Table Two

Variables	N	\bar{X}	SD	DF	R	SIG
Cost of living	180	15.07	2.334	178	1.00	231
Effect on student	180	15.43	2.101	178	1.00	231

**Significant at .05

The statistical evidence provided on Table two above depicts a strong positive significant relationship between cost of living and its effect on students of public universities in Cross River State ($r = 1.00$) that implies a perfect positive correlation of the statistical result. However, there was a strong correlation when the ($p - \text{value} = 231$) with the available statistical indication. Therefore, the null hypothesis was accepted or retained.

DISCUSSION OF RESULTS

This study investigated Fuel Subsidy Removal and its Effect on Students of Public Universities of Cross River State, Nigeria. The result of the hypothesis one revealed that there was a strong statistical positive correlation between transportation and its effect on students of public universities in Cross River State. The implication of the findings revealed that there is perfect positive correlation of transportation to its effect on students of public universities in Cross River State, Nigeria. The result of the hypothesis is in view of Danielle (2022) the result revealed that transportation eligibility increases attendance rates and lowers the probability of chronic absence. These effects are largest for economically disadvantaged students, who experience 0.5 to 1 percentage point increase in attendance rates and a 2 to 4 percentage point decrease in the probability of being chronically absent. These results are compelling evidence that school-provided transportation increases attendance for students most at-risk to miss school. However, the finding showed no effect of school transportation on student achievement outcomes. Given the high costs of school transportation, targeting additional transportation services to chronically absent students as an attendance intervention may be more efficient than increasing bus services for all students. The finding also is in tandem with the assertion of Bakrad (2018) it was found that the average traveling time as well as commuting distance to school negatively affects pupil's school performance. At the same time, no significant correlation found between the transportation modes (bus, car, walking) or stress levels with student's school performance, also no correlation was found between transportation time and student stress levels.

The hypothesis one result is in sequence with believe of Johanes (2014) whose findings indicate that transportation system has significant effects on students' school attendance. Some students miss first periods in the morning, escape afternoon sessions as they try to get transport, skip school day due to lack of bus fare, beg for money and private cars assistance which put them into temptations and the traps of devils as well as harassment from bus operators. The result also agreed with Mlagara (2016) findings revealed that the current system of public transport is mainly managed by the private sector. It is partly regulated by the government especially on the routes they serve. It is also used by most students to travel to school within the city. But the private buses have no fixed known time schedule in providing transport services in the city. It was learned from the study that students who use public transport arrive to school late when the first classes have started.

They also fail to get enough time to do homework or revise at home because of limited time. Their time for homework and private studies is spent on the way struggling to board the public buses.

This study investigated Fuel Subsidy Removal and its Effect on Students of Public Universities of Cross River State, Nigeria. The result of the hypothesis two revealed that there was a strong statistical positive correlation between cost of living and its effect on students of public universities in Cross River State. The implication of the findings revealed that there is perfect positive correlation of cost of living to its effect on students of public universities in Cross River State, Nigeria. The result of the hypothesis is in tandem with the study of Tok and Yong (2024) findings from the study showed that a large proportion of students spent between Ringgit Malaysia (RM) 201 and RM400 per month. Young, male students tended to spend more than older, female students. Expenditure was higher among Chinese students than Malays. Educational levels and income were found to correspond to spending. Having good financial knowledge was associated with reduced expenditure. Students who were influenced by their peers were likely to indulge in high spending compared to those who were not. The findings have important implications for strategic planning and to assist policymakers, parents, and university authorities in formulating better intervention measures aimed at improving students' spending behaviour, thereby lowering cost of living. In addition, the result agrees with Adam, Neason and Riveen (2024) whose findings indicated that the cost of living crisis is creating more barriers to young people from under-resourced backgrounds who want to attend university. Their determination to do so is resolute despite financial insecurities, and more must be done to maintain and improve access to educational opportunities

However, the finding is in direction of Olajide , Akshay and Oluwadamilola (2024) the study showed that rising inflation, PMS prices, agriculture production cost and exchange rate depreciation have led to shrinking incomes, thereby reducing household purchasing power and increasing poverty The study showed that rising inflation, PMS prices, agriculture production cost and exchange rate depreciation have led to shrinking incomes, thereby reducing household purchasing power and increasing poverty. The hypothesis two result also point to the view of Shu'ara and Okechukwu (2023) the results revealed those ineffective government economic policies (53.2%) and a hike in petroleum prices (21.3%), were the major factors of the high cost of living in the area. Other minor factors identified include corruption among public and private officials (16.3%) and the global economic crisis (7.6%). The finding also revealed the high crime rate (28.6%), social ills (25.6%), and hunger (25.2%) and the implications of the high cost of living among households in the area.

CONCLUSION

It was concluded from the results of the findings obtained that there was a perfect significant positive correlation

of the statistical evidence of transportation and cost of living and its effect on students of public universities cross river state, Nigeria. This further implies a strong positive relationship of the findings. The study evidence revealed that if the students are given timely assistance by government and other educational stakeholders, it will go a long way to cushion the plight of students' sufferation struggling with inflation.

RECOMMENDATIONS

1. Government should at all means provide possible alternatives of transportation to haul students to school as well as investing in other means of transportation such as railway and water transport.
2. Government should provide palliatives for students as well as encouraging and supporting the farmers to increase food production.

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