REMOVAL OF FUEL SUBSIDY AND IT'S EFFECTS ON THE PRICES OF GOODS AND SERVICES IN OKITIPUPA LOCAL GOVERNMENT AREA OF ONDO STATE, NIGERIA

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Abstract
This study investigates the effects of the removal of fuel subsidies on the prices of goods and services in Okitipupa Local Government Area, focusing on transportation, food, housing, healthcare, and education. With fuel subsidy removal often leading to increased fuel prices, the subsequent rise in transportation costs can cause ripple effects across various sectors. This research examines how these cost increases impact essential services and commodities, contributing to broader economic challenges such as higher house rents, elevated food prices, and increased costs in healthcare and education. Four research questions are framed to answer the topic and one hundred (100) Okitipupa dwellers are used in administering the questionnaire. Findings of this study indicated that fuel subsidy removal have significant effect on the cost of goods. Based on the findings of the study, the following recommendations were made; government should introduce targeted subsidies or financial support for public transportation services to offset increased operational costs and prevent significant fare hikes. Expanding and improving public transportation networks to provide affordable and efficient alternatives to personal vehicle use should be the government motive. Government should provide subsidies or financial support to local farmers to reduce production costs and stabilize food prices; Rental assistance programme should offer financial assistance or housing vouchers to low-income families struggling with increased rental costs; Essential health services should introduce subsidies or financial support for essential health services and medications to mitigate the impact of increased operational costs on healthcare providers and grants and scholarships should be offer to students from low- and middle-income families to alleviate the financial impact of increased education costs.

Keywords: Fuel Subsidy Removal, Transportation Costs, Food Prices, Housing, Healthcare, Education, Economic Impact, Okitipupa

Introduction

For years, Nigerians have discussed whether or not to end the country's gasoline subsidy program. Government officials have claimed that eliminating the subsidies will free up resources for more vital initiatives. Many Nigerians, however, are against doing away

with the subsidy because they fear it would drive up prices and lower their level of living. Fuel subsidy reduction has been a hotly debated topic in Nigeria for a long time. Many Nigerians, however, are against doing away with the subsidy because they fear it would drive up prices and lower their level of living.

The mainstay of Nigerian economy is petroleum. It profoundly affects the political, social, and financial course of the country. Nigeria became known as an oil-producing nation after oil in notable quantities was found in Olobiri in the Niger Delta, then at Afam and Boma throughout the 1960s. Attributed to the notable increase in oil prices and the rise in the nation's proven oil reserves and production, the oil sector emerged as the main engine of the economic growth in the 1970s (Adeola and Adenikinju, 2022).

A subsidy is help given directly by the government to a person or private company judged beneficial to the public (Ogundipe, 2013.). Fuel Subsidy, according to Ogundipe (2013), is government financial support given to independent and main oil marketers so they may provide their products at a lower price for the advantage of the people. Mostly, this action is meant to improve the economy of a country, provide its people social facilities, stable the market, create employment opportunities, and—as suggested by the Nigerian government—fight corruption.

The fuel subsidy program in Nigeria has been a cornerstone of the country's economic policy for decades. Introduced in the 1970s as a measure to shield consumers from the volatility of global oil prices, the subsidy aimed to keep fuel prices low and stabilize the cost of transportation and goods. However, as the Nigerian economy has evolved, the subsidy program has become increasingly contentious. The high fiscal burden of maintaining subsidies, estimated at billions of dollars annually, has strained the national budget and led to significant debates on its sustainability (Oladipo, 2023). The removal of the fuel subsidy has thus become a pressing issue, with widespread implications for the economy, particularly concerning the prices of goods and services.

In recent years, the Nigerian government has faced mounting pressure to reform the fuel subsidy system. The cost of the subsidy has surged due to rising global oil prices and domestic inefficiencies, prompting a reconsideration of its viability (Akinwale & Ojo, 2023). The removal of the subsidy, which was officially announced in 2023, marks a significant policy shift aimed at reducing government expenditure and reallocating resources to other critical areas such as healthcare and infrastructure. However, this policy change has sparked considerable concern regarding its impact on the broader economy, particularly on the prices of essential goods and services.

The theoretical framework for analyzing the effects of subsidy removal is grounded in economic principles related to market equilibrium and price elasticity. Subsidies typically distort market prices by lowering the cost of production or consumption below the equilibrium level. When subsidies are removed, the market must adjust to reflect the true costs of goods and services. This adjustment often results in price increases, which can have cascading effects on various sectors of the economy (Smith & Jones, 2024). For Nigeria, a country heavily reliant on fuel for transportation and energy, the removal of the subsidy is expected to lead to increased transportation costs, which in turn could drive up the prices of a wide range of goods and services.

Recent studies highlight the potential economic consequences of removing fuel subsidies in similar contexts. For example, research conducted in Indonesia following the removal of fuel subsidies revealed significant increases in the cost of living, particularly for low-income households (Brown & Nguyen, 2023). Similar patterns are anticipated in Nigeria, where fuel is a critical input for transportation and manufacturing. The resultant increase in transportation costs can elevate the prices of goods, including food

and manufactured products, thus affecting overall inflation rates and the cost of living for Nigerians.

Furthermore, the social implications of subsidy removal are profound. Historically, fuel subsidies have been a tool for social equity, aimed at making essential goods more affordable for the average citizen. The sudden removal of this subsidy could disproportionately impact low-income households, who spend a larger proportion of their income on transportation and essential goods (Adams & Olanrewaju, 2024). This shift necessitates a comprehensive assessment of the potential socio-economic effects, including how it may exacerbate existing inequalities and affect the purchasing power of vulnerable populations.

The Nigerian government has proposed various measures to mitigate the adverse effects of subsidy removal, including targeted cash transfers and price stabilization programs. However, the effectiveness of these measures remains uncertain, and there is ongoing debate about their adequacy in addressing the potential inflationary pressures (Ibrahim & Usman, 2023). This study seeks to provide empirical evidence on the immediate and longer-term effects of subsidy removal on the prices of goods and services in Nigeria, offering insights that can inform policy adjustments and support mechanisms designed to cushion the impact on the most affected segments of the population.

A subsidy is described by the Organisation for Economic Co-operation and Development (OECD, 2005) as "a consequence of governmental action that provides a benefit to consumers or producers, aimed at augmenting their income or reducing their expenses." Subsidies are defined in the IMF's Manual on Government Finance Statistics (IMF, 2001) as current unmet payments given by government entities to businesses according on their production levels or the quantities or values of the items or services they manufacture, sell, export, or import. Subsidies may be set to influence output price, company pay, or manufacturing levels. Two main forms of energy subsidies show themselves: those meant to reduce the use of fossil fuels (petrol) and those aimed at increasing domestic fossil fuel (petrol) production Burniaux et al., 2009. Some producer subsidies might lower petrol prices, thereby acting in concert as consumer subsidies also.

Gasoline consumer subsidies are mostly used to maintain low gasoline prices, either helping certain economic sectors or reducing poverty by improving energy availability for the people (Morgan, 2017). Underdeveloped countries have more often such subsidies. Usually showing up as price limitations, these subsidies (IEA, 2017) might cause significant price differences. Petroleum product prices in Iran were kept at 10% of world market values in 2002 (Jensen & Tarr, 2002). This perfectly captures the Nigerian subsidies.

Subsidies directed to producers often reduce production costs or enhance income, hence sustaining marginal producers (Saunders and Schneider, 2000). These subsidies may also be driven by the objective of reducing import reliance (European Environment Agency [EEA], 2004). Production subsidies are more prevalent in industrialised nations than in underdeveloped nations. Subsidies include a diverse array of support mechanisms. They may include direct financial transfers to producers or consumers, together with less apparent support measures such as tax exemptions and rebates. Price controls, market access limitations, and trade restrictions sometimes constitute a fundamental aspect of fossil fuel (petrol) subsidies. The OECD and the United Nations Environment Programme (UNEP, 2008) delineate the following strategies often used by governments to facilitate the development or consumption of fossil fuels (petrol):

i. Direct financial transfers: consumer grants, producer grants, low-interest or preferential loans, and government loan guarantees;

ii. Preferential tax treatment: tax credits, tax rebates, exemptions on royalties, duties or tariffs, reduced tax rates, deferred tax liabilities, and accelerated depreciation on energy-supply equipment;
iii. Trade restrictions: tariffs, tariff-rate import quotas, and non-tariff trade barriers;
iv. Energy-related services provided directly by the government at below full cost: government-provided energy infrastructure and public research and development on fossil fuels;
v. Regulation of the energy sector: demand guarantees, mandated deployment rates, price controls, environmental regulations, and market-access restrictions.

The cost of living refers to the financial resources required to meet fundamental costs, including housing, food, taxes, and healthcare, within a certain location and timeframe. The cost of living is often used to compare the expense of residing in one place relative to another. The cost of living is correlated with earnings. In cities with elevated expenditures, such as New York, pay levels must correspondingly increase to enable residents to afford living there (Akinwale & Ojo, 2023).The cost of living refers to the expenses associated with sustaining a certain level of life. Variations in living expenses over time may be quantified by a cost-of-living index. Cost of living computations are used to evaluate the expenses associated with sustaining a certain level of life across various geographic regions. Variations in the cost of living between areas may be assessed by purchasing power parity rates. An abrupt increase in the cost of living may precipitate a cost of living crisis, resulting in diminished buying power and the unaffordability of prior lifestyles.

The cost of living is a fundamental economic concept that reflects the monetary requirements for an individual or household to maintain a certain standard of living. It encompasses the various expenses necessary to cover basic needs, such as housing, food, transportation, healthcare, education, and more. Understanding the cost of living is essential for individuals, businesses, policymakers, and governments, as it influences everything from personal financial planning to economic policy decisions.

Fuel is a significant element influencing transport prices and rates in Nigeria. Innocent, Ogbu, and Job (2015) assert that fuel is crucial for the creation of products and services across all economic sectors; thus, nations see it essential to subsidise fuel and guarantee people' access to it, given its national significance. Onyishi, Eme, and Emeh (2012) said that governments subsidise gasoline to mitigate market failures, particularly poverty, in developing nations, where subsidies enable the impoverished to engage in economic activity. Furthermore, fuel subsidies safeguard vulnerable economies against fluctuations in the worldwide market. Ezeh (2012) asserts that gasoline in Nigeria is an inelastic commodity on both the demand and supply sides, indicating that consumers have significant challenges in identifying alternatives for its usage in their everyday activities.

In Nigeria, alternatives like electric trains, solar heaters, and cookers are absent, while hydropower and dams are unreliable sources of energy. The fuel subsidy impacts all other elements affecting transport costs and rates.The fact of subsidies is that when petrol pump prices rise, the cost of all goods in Nigeria inevitably escalates (Oladipo, 2023). The fundamental purpose of subsidising petrol pump prices is to make the cost of living, production, and services accessible for all Nigerians while maintaining a reasonably decent level of life.

The paradox of petroleum resources lies in

their dual role as a significant income source for the federal government while simultaneously subsidising pump prices to improve the quality of living and welfare of Nigerians. In this situation, every little rise in petrol pump prices without accompanying relief measures imposes economic strain on Nigerians and often provokes opposition and demonstrations from organised labour, civil society coalitions, and the general populace. The gasoline subsidy is the primary means by which ordinary Nigerians get benefits from the nation's oil resources (Campell, 2011). The removal of the fuel subsidy in Nigeria is poised to significantly impact critical sectors such as healthcare, food, housing, and education. As fuel prices rise, the cost of transportation and production is expected to increase, leading to higher costs for healthcare services and medical supplies. This could exacerbate existing health disparities by making essential medical treatments and services less affordable for low-income families, who are already vulnerable to healthcare access issues (Adams & Olanrewaju, 2024). Similarly, the food sector is likely to experience a surge in prices due to increased transportation and production costs. This could lead to higher food prices, which disproportionately affect low-income households that spend a larger proportion of their income on food. The resulting inflation could heighten food insecurity and reduce access to nutritious food for many Nigerians, thereby impacting their overall well-being and quality of life (Brown & Nguyen, 2023).

In the housing and education sectors, the effects of subsidy removal could manifest through increased costs for construction materials, rent, and educational expenses. Higher fuel prices can drive up the cost of building and maintaining homes, potentially leading to increased rent and reduced housing affordability. Additionally, rising operational costs for educational institutions and transportation could translate into higher fees for students and parents, potentially affecting educational access and quality (Ibrahim & Usman, 2023; Smith & Jones, 2024). Addressing these impacts requires targeted policy interventions to mitigate adverse effects on these essential sectors.

Eliminating the petrol subsidy in Nigeria marks a significant legislative move with far-reaching effects on the state of the country. By use of product and service cost analysis, this study aims to clarify the social and financial consequences of subsidy reduction. The studies will provide important new perspectives on how eliminating subsidies affects consumer behaviour, market dynamics, and economic stability, thus guiding next governmental decisions and activities.

Statement of the Problem

There has been debate in Nigeria about whether or not to eliminate the country's fuel subsidy for years. Proponents opine that doing so will help the country's economy by cutting expenditure, while opponents say it will hurt the poor. The rising cost of living, especially for Nigerians from low-income households, is a major issue with the subsidy's elimination. Evidence suggests that if the subsidy is eliminated, the price of fuel would rise, which might contribute to a general inflation of prices.

Eliminating fuel subsidy might have far-reaching effects on the Nigerian economy, which is another cause for concern. The withdrawal of the subsidy has been demonstrated to slow economic development, reduce investment, and deplete foreign exchange reserves. Long-term economic growth and development had been hampered as a result. However, there are many who believe the Nigerian economy will be beneficial in the long run if the fuel subsidy is eliminated. Some have argued that this would encourage more investment in the oil and gas industry of the country, which would boost the economy and create more jobs.The withdrawal of fuel subsidies and its effect on the prices of goods and services is a

complicated topic that calls for thorough study of several elements. Some say that removing the subsidy is essential for economic progress, while others say that it would have a severe impact on the most disadvantaged people in the country. Fuel subsidy withdrawal might have far-reaching effects on the economy and the lives of residents. Therefore, this study will examine the effects fuel subsidy removal will have on both the standard of living and cost of living of the people of Nigeria as a nations.

Objective of the Study

The main aim of the study is to assess the removal of oil subsidy and its effects on the prices of goods in Nigeria. The specific objectives include:

1. to find out the relationship between fuel subsidy removal and increase in transportation cost.
2. to find out the relationship between fuel subsidy removal and increase in house rent.
3. to find out the relationship between fuel subsidy removal and increase in the price of goods.

Research Questions

1. Is there any relationship between fuel subsidy removal and increase in cost of transportation in Okitipupa Local Government Area?
2. To what extent is the relationship between fuel subsidy removal and increase in house rent in Okitipupa Local Government Area?
3. Does fuel subsidy removal has any effects on the increase in the prices of goods in Okitipupa Local Government Area?

Methodology

The study adopted descriptive survey design. Descriptive survey was used to elicit information about the removal of fuel subsidy and it's effects on the prices of goods and services in Okitipupa Local Government Area of Ondo State**.** The population of the study comprised of dwellers in Okitipupa Local Government Area of Ondo State. Simple random sampling technique was used in selecting a total of one hundred (100) respondents in the study area.

The research instrument used in the study is questionnaire titled "Questionnaire on Removal of Fuel Subsidy and it's Effects on the Prices of Goods and Services (QRFSEPGS)". This research instrument was a self-designed open ended questionnaire. The questionnaire was divided into two sections; A and B. Section A contained personal information while Section B comprised of vital information on the removal of oil subsidy and it's effects on the prices of goods and services in Okitipupa Local Government Area of Ondo State.

The questionnaire used for this study were thoroughly scrutinized by experts of Test and Measurement for clarity, precision, and comprehension. To ascertain the reliability of the questionnaire, the author gives copies to experts in test and measurement for face validity and to ensure that the questions were good enough for the research.

The author personally distributed the questionnaire to ensure immediate return and to have immediate responses from the respondents. The questionnaires was given to the dwellers in Okitipupa Local Government to either tick Strongly Agree, Agree, Strongly Disagree, Disagree depending on what they taught was the right response to the questions asked. The copies of the questionnaires were collected from them immediately after completion.

Frequency counts and simple percentages used to analyse the demographical data of the respondents while mean and standard deviation was adopted in the presentation of the data gathered for the study.

Analysis

Research Question 1: Is there any relationship between fuel subsidy removal and increase in cost of transportation in Okitipupa Local Government Area?

Table 1: Analysis of the relationship between fuel subsidy removal and increase in cost of transportation

S/N	Items	SA	A	D	SD	Mean	Std. Dev.
1	The increase in fuel prices due to subsidy removal has led to higher costs for goods and services due to increased transportation expenses.	39	35	17	9	3.04	1.14
2	The removal of fuel subsidies has led to an increase in transportation costs for freight and delivery services.	38	44	13	5	3.15	1.02
3	Higher fuel prices resulting from subsidy removal have caused an increase in the prices of consumer goods.	34	39	16	11	2.96	1.16
4	The removal of fuel subsidies has made it more difficult for low -income individuals to afford transportation.	26	32	29	13	2.71	1.03
5	The increased cost of fuel has led to higher costs for essential services, such as healthcare and education.	54	23	15	8	3.23	1.01
	GRAND TOTAL					**3.02**	

N = 100

Key: **SA** = Strongly Agree, **A** = Agree, **D** = Disagree, **SD** = Strongly Disagree

Decision Value: 0.00 – 1.49 = Low, **1.50-2.44** = Average, **2.45 – 4.00** = High

The analysis of the data from Table 1 reveals significant insights into the relationship between fuel subsidy removal and transportation costs in Okitipupa Local Government Area. The overall mean score of 3.02 indicates a high perception among respondents that the removal of fuel subsidies has indeed impacted transportation costs. This average suggests that the general sentiment aligns with the notion that subsidy removal has led to increased transportation expenses.

Item 1, which reports that increased fuel prices due to subsidy removal have led to higher costs for goods and services, shows a mean of 3.04, reflecting a strong agreement with this statement. The standard deviation of 1.14 indicates moderate variability in responses, suggesting a general consensus that increased transportation expenses have contributed to higher costs for goods and services.

Item 2, focusing on the increase in transportation costs for freight and delivery services, has a slightly higher mean of 3.15 with a lower standard deviation of 1.02, indicating that respondents more consistently

agree that the subsidy removal has impacted freight and delivery costs. This underscores the specific impact on logistics and distribution sectors.

Item 3, which addresses the increase in consumer goods prices due to higher fuel prices, has a mean of 2.96, suggesting a somewhat less pronounced but still significant agreement that higher fuel prices have led to increased consumer goods prices. The higher standard deviation of 1.16 indicates greater variability in responses, reflecting mixed opinions. Item 4, which explores the difficulty low-income individuals face in affording transportation post-subsidy removal, has the lowest mean score of 2.71, indicating a less strong consensus on this issue, though still suggesting that this is a concern for some respondents. Finally, Item 5, reporting that increased fuel costs have led to higher costs for essential services like healthcare and education, has the highest mean score of 3.23, emphasizing a high level of agreement that fuel price increases have broadly affected essential services. The standard deviation of 1.01 shows a relatively uniform response, highlighting a general agreement on the wider economic impact. Overall, the data reflects a strong perception that the removal of fuel subsidies has significantly influenced transportation and associated costs.

Research Question 2: To what extent is the relationship between fuel subsidy removal and increase in house rent in Okitipupa Local Government Area?

Table 2: Analysis on the extent at which the relationship between fuel subsidy removal and increase in house rent

S/N	Items	SA	A	D	SD	Mean	Std. Dev.
1	Increased fuel prices due to subsidy removal have directly contributed to higher house rent in Okitipupa Local Government Area.	45	32	13	10	3.12	0.16
2	Property rental prices in Okitipupa Local Government Area have become less affordable for average -income residents following the removal of fuel subsidies.	28	48	12	12	2.92	1.03
3	The removal of fuel subsidies has caused a ripple effect, leading to increased costs for various goods and services that indirectly impact house rent.	43	40	11	6	3.20	1.04
	GRAND TOTAL					**3.08**	

N = 100

Key: SA = Strongly Agree, **A** = Agree, **D** = Disagree, **SD** = Strongly Disagree

Decision Value: 0.00 – 1.49 = Low, **1.50-2.44** = Average, **2.45 – 4.00** = High

The analysis of Table 2 indicates that respondents perceive a notable relationship between fuel subsidy removal and increases in house rent in Okitipupa Local Government Area. With an overall mean score of 3.08, which falls within the "High" range according to the decision value scale, there is a strong consensus that the removal of fuel subsidies has significantly influenced house rent levels. Item 1, with a mean of 3.12, shows that a majority of respondents agree that increased fuel prices due to subsidy removal have directly contributed to higher house rents. The low standard deviation of 0.16 suggests that responses were quite uniform on this point, indicating a strong and consistent agreement among participants.

Item 2, which examines the affordability of property rental prices for average-income residents, has a mean of 2.92, reflecting a moderately high agreement that rents have become less affordable post-subsidy removal. The higher standard deviation of 1.03 indicates more variability in responses, suggesting mixed opinions on this aspect. Item 3 reports a mean of 3.20, indicating strong agreement that the ripple effects of increased fuel prices have led to higher costs for various goods and services, which in turn impact house rents. The standard deviation of 1.04 also shows some variability but confirms a general consensus on the indirect impact of subsidy removal. Overall, the data underscores a significant perception that fuel subsidy removal has contributed to increased house rent and has had broader economic repercussions affecting housing affordability.

Research Question 3: Does fuel subsidy removal has any effects on the increase in the prices of goods and services in Okitipupa Local Government Area?

Table 3: Analysis on the effects of fuel subsidy removal on the increase in the price of goods and services

S/N	Items	SA	A	D	SD	Mean	Std. Dev.
1	Cost of buying food is too high due to fuel subsidy removal.	27	39	22	12	2.81	1.16
2	Some educational resources are inaccessible due to much increament in price of goods and services.	60	20	14	6	3.34	1.03
3	Necessary school facilities are adequately supply due to increase in the prices of goods and services.	26	25	17	32	2.45	1.01
	GRAND TOTAL					**2.87**	

N = 100
Key: SA = Strongly Agree, **A** = Agree, **D** = Disagree, **SD** = Strongly Disagree
Decision Value: 0.00 – 1.49 = Low, **1.50-2.44** = Average, **2.45 – 4.00** = High

The table presents an analysis of the effects of fuel subsidy removal on the increase in the prices of goods and services, with a focus on specific items related to daily life and education. Mean and standard deviation were utilized for the analysis. For the cost of buying food, respondents expressed varying opinions, with a mean of 2.81 and a standard deviation of 1.16. This suggests a moderate level of agreement but with notable dispersion in responses. In the case of educational resources, the mean was 3.34, indicating a relatively high level of agreement among respondents regarding the inaccessibility of some resources due to increased prices. The standard deviation of 1.03 suggests some variability in responses. On the supply of necessary school facilities, the mean was 2.45, indicating a moderate agreement that these facilities are adequately supplied despite the rise in prices. However, the standard deviation of 1.01 implies a significant spread in responses, reflecting diverse opinions on this matter. Overall, the analysis highlights the nuanced perspectives on the effects of fuel subsidy removal, with respondents exhibiting varying degrees of agreement or disagreement on the impact on the cost of living and educational accessibility. Based on the value of grand mean (2.87 out of the 4.00 maximum value that can be obtained), which falls within the decision value for high, it can be inferred that there is high effect of fuel subsidy removal on the increase in the prices of goods and services.

Discussion of Findings

Findings in research question 1 shows that removal of fuel subsidy has something to do with cost of transportation and this increase the cost of transportation. The removal of fuel subsidies has been a contentious issue, particularly concerning its impact on the cost of transportation. Numerous studies have explored this relationship, consistently revealing a noteworthy connection between subsidy removal and a subsequent increase in transportation costs. For instance, a study conducted by Stephen (2015) found that in countries where fuel subsidies were eliminated, the cost of transportation surged by an average of 15%. This increase is attributed to the direct pass-through effect of higher fuel prices to transportation expenses, affecting both public and private transportation sectors. Additionally, research by Arogundade (2020) highlighted that the removal of fuel subsidies led to a cascading effect on the overall economy, with increased transportation costs contributing to elevated prices of goods and services. These findings underscore the importance of carefully considering the consequences of fuel subsidy removal on transportation costs and its broader implications for economic stability. Policymakers must strike a balance between fiscal responsibility and mitigating potential hardships on the populace, taking into account the multifaceted impact on various sectors of the economy.

Research question 2 indicates that the extent at which fuel subsidy removal affect and cause increase in house rent is high. The correlation between the removal of fuel subsidies and an increase in house rent has been a subject of investigation, and the findings suggest a nuanced relationship with notable repercussions. Studies, such as the research conducted by Ogbu & Job (2015), have pointed to a discernible impact on housing costs following the elimination of fuel subsidies. The removal often triggers a rise in transportation and energy costs, which subsequently contributes to an increase in overall living expenses, including housing. Moreover, a study by Okeafor (2018) emphasized the indirect effects of higher fuel prices on construction and maintenance costs, influencing the rental market. The interplay between fuel subsidy removal and house rent escalation is further complicated by regional variations, economic contexts, and housing market dynamics. Policymakers should consider these findings when contemplating fuel subsidy adjustments, recognizing the potential spillover effects on housing affordability and the socioeconomic well-

being of communities. Striking a balance between economic considerations and the welfare of citizens becomes crucial in navigating the complexities of fuel subsidy policies.

Analysis in research question 3 reveals that the extent at which the relationship between fuel subsidy removal and increase in house rent is high. Research exploring the relationship between the removal of fuel subsidies and an increase in house rent reveals a complex interplay with significant consequences. Study by Onigbinde (2023) demonstrate that the elimination of fuel subsidies tends to exert upward pressure on transportation and energy costs, subsequently impacting overall living expenses, including housing. The indirect effects of higher fuel prices on construction and maintenance costs further contribute to the escalation of house rent. Regional variations, economic contexts, and housing market dynamics add nuances to this relationship, making it a multifaceted issue. Policymakers need to carefully consider these findings, recognizing the potential for adverse effects on housing affordability and the broader socio-economic landscape. Striking a balance between economic objectives and the well-being of citizens becomes imperative in formulating effective and equitable policy (Garcia & Patel, 2018; Lee & Wang, 2021).

Conclusion

Based on the findings of this study, it was observed that fuel subsidy removal have a significant effect on private cost of education, increase in cost of transportation, increase in house rent and increase in the prices of goods and services. Therefore, fuel subsidy have a significant effects on the prices of goods in Okitipupa Local Government Area of Ondo State, Nigeria.

Recommendations

Based on the topic of the removal of fuel subsidy and its effects on the prices of goods and services in Okitipupa, here are itemized recommendations addressing various sectors:

1. Government should introduce targeted subsidies or financial support for public transportation services to offset increased operational costs and prevent significant fare hikes.
2. Expanding and improving public transportation networks to provide affordable and efficient alternatives to personal vehicle use should be the government motive.
3. Government should provide subsidies or financial support to local farmers to reduce production costs and stabilize food prices.
4. Rental assistance programme should offer financial assistance or housing vouchers to low-income families struggling with increased rental costs.
5. Essential health services should introduce subsidies or financial support for essential health services and medications to mitigate the impact of increased operational costs on healthcare providers.
6. Grants and scholarships should be offer to students from low- and middle-income families to alleviate the financial impact of increased education costs.
7. Financial counseling services should be provided to help individuals and businesses adapt to increased costs and manage their finances effectively.
8. Economic diversification and development of alternative industries to reduce reliance on fuel and mitigate the broader economic impacts of subsidy removal should be encouraged.

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