



Global Advanced Research Journal of Agricultural Science (ISSN: 2315-5094) Vol. 3(12) pp. 400-408, December, 2014 Special Anniversary Review Issue.

Available online <http://garj.org/garjas/index.htm>

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Review

The Effects of Subsidy Removal on Food Items in Nigeria: The Battle Ahead

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Accepted 24 November, 2014

Governments faced with growing budget deficits are cutting much social expenditure, including costly food subsidy programs that have provided benefits to the rich and poor alike. Because the poor spend a larger share of their income on food than do the rich, however, such cuts usually have negative distributional, welfare and nutritional effects. One of the most contentious issues in the country since the beginning of this year is that of whether or not the government actually pays subsidy on petroleum products enjoyed by Nigerians. The government claimed that the burden of subsidy that amounted to N1.3billion last year was too much for it to bear. As a result of this, the government on January 1, 2012 increased the pump price from N65 to N140. Nigerians protested in a manner that was never witnessed. At the end of the day President Jonathan was forced to reduce the price to N97 per litre of petrol. Since then, there have been allegations and counter allegations regarding the veracity of government's claims on subsidy. The truth of the matter is that Nigerians deserve to know why they are being forced to pay for the ineptitude of government in the name of subsidy. As a result of the removal of the subsidy, there has been major increase in the process of food items across the Nigerian cities in the two months. The paper examines the effects of the subsidy removal on the prices of food stuffs in Nigeria since 2012. The paper concludes by positing that Nigerians are daily grappling with increases in prices of food and other essential items without commensuration from government.

Keywords: Subsidy, Food stuff, Exploitation, Political crisis, De-regulation and Petroleum Products.

INTRODUCTION

Nigerians get 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 N140 per liter. Gone was fuel subsidy, which gave way to deregulation.

Fuel subsidy removal which the Federal Government under President Goodluck Jonathan has canvassed and

lobbied for since he was sworn in last May 29, appeared to have finally got to the blast off stage, Monday, December 12, 2011. That was when the national Economic Council (NEC), headed by vice President Namadi Sambo decided that government should finally remove the subsidy come January 2012. The body which consists of the Vice President, governors, strategic ministers and Central Bank of Nigeria (CBN), claimed that subsidy removal had become inevitable to avert the collapse of Nigerian economy.

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Briefly, the media at the end of their meeting held in Abuja, former Governor Peter Obi of Anambra State had said the removal of subsidy was the best option left for the polity to take at the current scheme of things, if it must avert bankruptcy. On the side of Obi were government officials, including finance minister, Dr. Ngozi Okonjo Iweala, Petroleum minister, Mrs. Diezani Alison-Madueke, then Central Bank Governor, Sanusi Lamido Sanusi and others. They explained why the subsidy which the government says cost about ₦1.3 trillion in 2011, should go. According to Sanusi Lamido:

If we borrow to subsidize today, it is our children that are subsidizing us let us take a difficult decision today and make tomorrow better by supporting the removal of subsidy (Onanuga, 2011:3)

Governor Obi, however, lamented that what had made the current situation most difficult for government was the fact that Nigerians no longer trust government on issues; a situation which he said could be traced to the disappointments they have suffered under past and present governments. Corroboratory Obi's thesis, the finance minister Dr. Ngozi Okonjo-Iweala while speaking at the Town Hall meeting of the Newspapers proprietors' Association of Nigeria, NPAN, in Lagos, December 22, 2011 adds that: There is a lot of cynicism about everything the government says and does. What we are saying is give us a chance to rebuild that confidence. You have a programme that is correcting this (Sobowale, 2012:42).

Countering the Minister's thesis, I.F Stone, who in 1929 in the eve of the great depression, wrote that, "Every government is run by liars and nothing they say should be believed (Sobowale, 2012:42). One need not to go as far as stone but our national history since independence is strewn with unfulfilled government promises. For instance, Jonathan was vice president in a government which reached an agreement with the Academic Staff Union of Universities in 2009. Government had failed to fulfill its part of the agreement.

Similarly, the Petroleum Industry Bill (PIB) which government has announced would be signed into law by May 2011, expired with the sixth National Assembly. A new bill has not been sent to the National Assembly till today. Meanwhile, the minister of petroleum resources recently declared that the new bill had been made "more equitable" to all stake holders.

Dr. Okonjo-Iweala was also the minister of finance in 2004; when the National Economic Empowerment Development Strategies (NEEDS), was launched filled with promises and a very few of which were redeemed. One cardinal promise related to the launching of NEEDS II. Nobody in government discusses NEEDS I any more, certainly NEEDS II has been consigned to the dustbin.

Incidentally, the declaration made by NEC did not make much impact with Nigerians as was the budget presentation to the joint session of the National Assembly on December 13, 2011 by President Jonathan. To many

angry Nigerians that budget presentation convinced them that the government was indeed ready to dare Nigerians on the issue of fuel subsidy.

The development provided grounds for many Nigerians and groups to express suspicion that the president's silence on the subsidy issue was an indication that he has, indeed, decided to do away with subsidy. Supervising minister on the economy and Minister of Finance, Dr. Okonjo-Iweala, however, tried to calm frayed nerves of the Nigerian populace when she came out on the 14th day of December 2011 to declare that the Presidency had not really decided on the subsidy issue, but was still consulting with Nigerians.

As a matter of fact, the president has been making consultations. In a recent meeting with Civil Society Organizations, the president had told them that his mind was made up, and that without removing the subsidy, the polity would be broke before two years. He therefore, said, "even if we deregulate and I am shamed, posterity will be there to judge me, that I did the right thing; and I will be vindicated when Nigerians start enjoying the benefits of my decision (Maduabuchi, 2011:15).

Again, President Goodluck Jonathan told Nigerians to brace up for a tough year. The President spoke at the First Baptist Church, Garki, where he attended the New Year Service at the church. He said:

The Journey will be tough, but it is not going to be too painful. Anyway, I know that leaders who inflicted pain on the people always end up badly. Leaders who think they are so powerful always end up badly and no leader will want to be reckoned with as one who inflicted pain on the people. We are all writing our history, whatever you saw as a leader, even if you are dead and gone, the story will be told how you brought pain on the people. So, nobody will bring pains on Nigerians (Ofikhenua, 2012:4).

Notwithstanding their explanations, it is not lost on many Nigerians that the consultations had not actually been to seek the input of the people, or to gauge their feelings and opinions concerning the issue, instead analysts felt that was meant to reform them if they resolve to go ahead with the policy. Food sellers and their customers are equally experiencing the hardship occasion by the policy, thus, protesting against the removal.

They came in their numbers and their ages cut generations. They were mostly women, though, and were equally very aggressive in their approach to the issue on ground.

It was a mass protest by perishable foodstuff sellers association from the Ketu and Mile 12 international markets against the Federal Government's removal of subsidy on premium motor spirit (PMS) popularly known as petrol.

The Gani Fawehinmi Freedom Park at Ojota Lagos state, which has never witnessed such a massive crowd since it was commissioned in memory of the late activist, Gani Fawehinmi (SAN) in 2010 became a Mecca of some sort

for everyone who is aggrieved about the removal of the subsidy.

And for one uninterrupted week markets across several states of the federation remained shut and many traders could not but join in the mass protest against the removal of petrol subsidy.

For most of the sellers of perishable and non-perishable foods in most parts of the country, therefore, it has certainly not been the best of times.

For those who sell in the Southern parts of the country, the dependence on supply from the North was affected as trailers of papers, tomatoes, onions, vegetables and other consumables are unable to travel down South while those who have hoarded some stuff were unable to open their stalls for business. The few who had managed to keep some stock are selling at exorbitant prices.

And so for two days during the week, these market women came out in their hundreds to protest what they called "a cruel policy".

The group of women chanted various songs to express their displeasure at what was also termed "unwise decision" by government to punish the masses with hunger and malnutrition, vowing not to put a stop to the struggle until their wish is granted in anger. According to one of the women:

I sell pepper, (but) I can't trade again because I can't afford the cost of buying baskets of pepper and tomatoes because of the hike in petroleum. We are all angry with the President Jonathan because as it is stands, most of us can't buy biscuit for our children, let alone buy clothes for them. Before now, many families went to bed hungry; and now, many more, who managed to feed on two meals after making sales, to bed with just a meal and children are hungry too. We are appealing to him not to incur our wrath or else we will go naked and curse him. We are suffering and he is making life unbearable for us. (Soyingbe,2012:ii).

Against the allegation that some politicians funded the women to come and protest at the rally, the leader of the market women and men association said: we were not funded; we came here on our own volition. We are Nigerians and we are interested in what goes on in this country. We encourage our children to come here; why then should we wait for politicians to sponsor us before we protest against what is wrong?

We have resolved that we won't be tired of protesting, we don't mind feeding on water. We are tired with cruel policies. Failure to revert the price by Jonathan, we will curse him and he will regret his action. Before the increase, we faced untold hardship; now he has increased price of petroleum and things are more difficult (Shonkunbi & Omidiji, 2012: iii).

With the lingering mass protest and the report of disruption of night markets report of disruption on night markets by hoodlums, Nigerians are expressing fear than in a situation where neither the Federal Government nor

labour bats an eyelid, the agony of consumers would remain endless.

Already, cost of food items are going up with the attending effect which is hunger, and malnutrition sharing at the faces of many more millions of Nigerians. At the moment, 22 million Nigerians are said to go to bed hungry daily because they feed mostly on a meal often calculated as 0-1-0 (only lunch) or 1-0-0 (only breakfast).

Another angry vegetable trader who is identified herself as *Iya Moria* also at the protest ground-lamented that a bunch of vegetable, which hitherto sold for N20 (three for N50 now sells for N100) (Soyingbe, 2012: iii).

This article seeks to explore the effects of subsidy removal will have on food items on Nigerians.

Clarification of Concept

Subsidy

It is defined as money that is paid by a government or an organization to reduce the cost of producing goods and services so that their prices can be kept low (Hornby, 2005:1476). According to the writer, subsidies can be granted in agricultural area or housing projects. In his own understanding of subsidy, Agu (2009:286), saw it as a payment made by government to producers of certain goods and services, to enable them produce and sell at lower prices than they would otherwise. Agu was of the view that the policy helps to lower the market prices below the factor costs, so that consumers would have the privilege to pay less for the goods and services than they cost the producer to produce same. In the same vein, Ezeagba (2005:45), believed that subsidy exists in a situation when consumers of a particular commodity are assisted by the government to pay less than the market price of the commodity in question. On the producers' side, Ezeagba saw it as the payment to producers of certain commodities by the government not to produce at all or augment their incomes when the prices of their products are less than break-even point.

In his own definition of the concept, Ovaga (2010:117) stated that it is a device employed by government to assist either the consumers or producers to consume or produce certain commodities at prices below the prevailing market prices. According to him, it is also an incentive given to either side (consumers or producers) to consume or produce more of the goods and services.

Todaro (1980:287), in his own understanding of subsidy, saw the importance of applying it in education sector for the less privileged ones in the society. He was of the view that low income groups should be provided with sufficient subsidies to permit them to overcome the sizeable costs of schooling. The essence of the policy in this circumstance is to reduce the costs of education for the less privileged

ones, thereby encouraging them to avail themselves the opportunity of benefiting from the benevolence of the government. Ruffin and Gregory (1983:354-355), saw subsidy as a vital instrument for economic development and growth in a country. They said, when a foreign government subsidizes its exports, the ultimate beneficiaries are the citizens of the country. For instance, United States, which in 1970s had comparative advantage in commercial aircraft, subsidized the export of this very product, through below-market loans to the Boeing and McDonnell Douglas Corporation. It is in the light of the above that the writers claimed that foreign export duties are gifts to the American people.

Fuel subsidy was before the coming of the Jonathan administration, a policy of federal government meant to assist the people of Nigeria to cushion the effects of their economic hardship. Conceptually, fuel subsidy seeks to enhance financial capacity but also to accept the implied financial capacity but also to accept the implied financial losses by it in the spirit of its national responsibility to ensure the well being of the populace. In other words, if a product, like fuel, is to sell for N141 per litre, but for some considerations, it cannot be sold at that rate but at N97 per litre and if government then accepts to pay the difference between N141 and N97, that is N44, this simply means that there is a subsidy to the tune of N85 for every litre purchased at the filling stations. Hat are particularly significant about the fuel subsidy are its politics and its national and international implications. At the domestic level, both the proponents and opponents of fuel subsidy have valid theses. Secondly, both of them also maintain a non-compromising altitude. That is, while the government is talking about no alternative to removal of petrol subsidy to the opponents insist on no negotiation with government until government restores fuel subsidy which was removed on January 1, 2012.

Thirdly, the disagreement over removal of fuel subsidy has led to a nation wide-strike whose implications have now gone beyond the economic considerations of oil subsidy. In fact, the international dimensions are such that Nigerian's international image has become first victim.

Beyond these considerations, the removal of oil subsidy has provided a good platform for national reflection. One of the issues is the extent of political sovereignty. This is because true sovereignty belongs to the people. The paper concludes by positing that there is no disputing the fact that both the politics of oil subsidy removal and the strike have become a compelling factor for governmental accountability and good governance. It will go a long way in defining the success of President Jonathan in 2015 and the regimes after.

Effect of Subsidy Removal on Food Items

The Euphoria of the yuletide as still thick in the air among Nigerians, many of whom had spent so much money to

make purchases for the end of year celebrations, and for many who had traveled out of their duty and work stations to enjoy the Christmas and New Year holidays with their loved ones in the villages, the ecstasy of crossing over to the New Year alive was infectious with lots of parties and spending.

But all of these were soon short-lived when the executive secretary of the Petroleum Products Pricing Regulatory Agency (PPPRA), Reginald Stanley, on January 1, 2012 issued a release announcing the removal of subsidy on Premium Motor Spirit (PMP) known as petrol with immediate effect and unexpectedly, the pump price of petrol, which hitherto sold officially at N65 per litre, jumped to between N148 and N200, depending on point of purchase.

For many, the effect of the rise in pump price of petrol was spontaneously felt as the cost of transportation rose astronomically and cost of transporting goods and commodities to the markets equally hit the roof.

For most traders who had taken a break from the markets during the festive season, it was tough meeting up on the new trend as prices of procuring new stock had shot up and this had to be borne by final consumers.

According to Abigael Nwosu, a trader at Iddo International Market in Lagos, "I am still in shock over the sudden rise in cost of our dried crayfish; suddenly, stocking the goods is becoming unbearable for me.

"A mudu of crayfish during Christmas was sold here at N1000 now sells for N1,500."(Nwokolo,et al,2012:1).

At the popular Oyingbo market which is noted for dried pepper, a standard measure of pepper at Christmas sold for N1,800; but during the week, it went up to N2,600. A measure of melon seed, another staple, which sold at N,200 at Christmas now sells at N1,600.

The ever-busy Mile 12 Market however seems to have become a shadow of itself, as there were just a few buyers making purchases and the sellers seem to attribute the low patronage to the holiday and cost of transportation.

Investigations revealed that housewives who hitherto thronged the market to stockpile foodstuff at wholesales are now devising special means of pulling resources together and sending only an individual to make bulk purchases to be shared (Soyingbe,2012:iv).

Messrs Yemisi Ojebede and Victoria Onamusi were seen by The Nation reporter sharing baskets of pepper and onions as well as yam tubers, which had been bought at wholesale by Onamusi that volunteered to go to the market with her car, after the cost of fuelling the vehicle had been shared by the two women.

Some of the market women who still had old stock at Mile 12 they were unsure of how much to sell their wares since there is still uncertainty over what the new rates would be when next they make new purchases.

Many of those who sell non-perishable items like beans, rice, yam and even provisions like milk, noodles, sugar, beverages and tomato paste among others have therefore

resorted to hoarding, since no one has an idea of what exactly would be the actual effect of the sudden rise in fuel price.

Emeka Osai, who sells beans and rice at Mile 12, said he had decided to keep some of his old stock till he's sure of what the market trend would be like "especially with the call for an indefinite strike by the Labour union, No one is sure if there would be selling and buying and hat exactly the new price of commodities would be like by middle of January"(Soyingbe,2012:ii).

It was the same with those who sell household provisions at the market, for they were undecided on what the new price tags should be like, unlike their counterparts at Ogba retail market in Ojodu Local Government Area who have increased the cost of commodities just to ensure that sales continued.

One item that has however received the immediate hike in price is drinking water bottled and sachet. Before the deregulation, a bag of "pure water" was sold between N60 and N80 depending on brand, but a bag of pure water, now sells for between N150 and N200 in most parts of the country, while bottled water costs between N1,000 and N2,000 depending on brand and bottle size as well.

"It is now a luxury to buy sachet water or even bottled water to drink and I think we are being pushed back to the days of observed Pa Biodun Badejo who was shocked when he was told that a sachet of pure water sells for N10 and a popular brand sells for N15 at Ota, Ogun State (Nwokolo,et al,2012:ii).

Food prices are reacting to the sudden rise in petrol prices. They are going up. For instance, at Oyingbo market in Lagos, a small bowl of tomato now costs N1000. In September, the same portion sold for N50.

A tomato and pepper seller attributed the increase in the price to the hike in petrol price. A small bowl of crayfish costs N1000. It was N500 in December.

A small size of stock fish sold for N500 in December, against N350 last November.

A small tin of garri, which cost N300, now sells for N400. But loaves of bread still cost N50, N100 and N150

A small bundle of vegetable sells at N300. It was N50 before petrol subsidy was removed. Palm oil price jumped by 20 per cent. A gallon is N6000. A gallon of groundnut oil now sells for N7,500, up from N7000.

From now, the concern is how to stabilize the prices of corn, sugar, rice and other commodities, which remain unchanged.

Speaking with The Nation, a goat meat seller, Mr Akin Akanni, said the price of a goat has increased from N12,000 to N17,000.

Meat prices have increased in Oyingbo and other markets. A small portion, which sold at N500 now sells for N1,200. The cost of frozen fish has increased. A medium sized carton of fish is selling for between N250 and N350 as against N130 and N180. Prices of fruits such as orange have also risen. A small heap of oranges sells for N300

instead of N100. A small heap of oranges sells for N300 instead of N100.

Five tubers of yam. Which is sold for N500 now sell for between N800 and N1000?

At Daleko market, a bag of sweet beans is N7,500. A bag of big brown beans sells for N12,500.

Women and other shoppers are groaning in Ibadan, the Oyo State capital as they watch prices of foodstuff climb.

A congo (local container measuring 10 tin cups) of rice which used to sell for N270 has been jerked up to N350.

A measure of beans which used to sell for N300 now goes for N350 while maize has moved from N120 to N160. A measure of garri which sold for N150 has been jerked up to 200 while soya beans have moved from N80 to N130. A measure of yam flour now sells for N350 up from N250.

Others prices include tubers of yam which sold for 250 but now N370. Bread is also hit by the increase as a loaf which sold for N150 is now N70 while a bag of sachet water rose from N60 to N120. A bottle of N150cl Eva water, which was sold for N120, now costs N150.

In Abeokuta, a 50kg bag of rice, which was sold at N7000 during the Yuletide, now goes for N7,800 at the Kuto market. A 25 litres keg of palm oil sold at N3,500 is now N5000.

Also, a medium size tin of Bournvita has increased from N650 to N750. The refill pack rose from N600 to N650. Sachet water is now N10, as against the pre-subsidy N5.

Also, affected are the prices of fish, which climbed from N10,000 to N11,500 a carton. A carton of chicken and turkey N5200 has moved up to N7,500 while fifty pieces of stock fish rose from N4,000 to N5,000. A bag of beans now sells for N12,000. It as sold for N10,000.

In Abakaliki a paint can of beans that cost N480 before the subsidy withdrawal now costs between N500 and N550. A bag of imported rice that cost between N9,000 now cost N10,500 while a basket of pepper that cost between N3,000 and N7000 and 7,500.

A carton of stockfish that cost N45,000 now N60,000 a carton of ice fish which cost between N8,500 is now N10,500, one kilo of meat now sells for N900 instead of N1000 while 25 litres of palm oil is N550 instead of N460 before now.

In Jos, a measure of beans which was N150 and N200 depending on the species is sure of garri which was N100 is now between N110 and N120, a N25 litre of palm oil, N7000 a bag of sugar which was N9,600 sells for N9,800, spaghetti which was N110 per pack is now N120.

In Bauchi metropolis, beef (red Meat) sells at N10 from N8,50. A cup of OGBONO which before the subsidy removal sold for N300 is now N500. While a large size bottle of palm oil sold at N400 is no N600.

A tin of Gino canned tomatoes which sold for N40,00 now sells for N60,00. Imported Rice (Mama Gold) which sold for N8,500 new yam which sold for between N250/N300 now sells for N400,00.

The same is the case with other brands of rice such as Mama Africa which sold for N8,500 but now sells for N8,450 Caprice sells for N9,100 from N8,800 while Royal Stallion which sold for N10,000 now sells for N10,500.

A small paint can of garri which sold for N220 now sell for N260.00. A bottle of four corner bottle of palm oil which sold at N220.00 now sells for N300,00.

A packet of Tom-Tom sweets which sold for N180.00 now sells for N190.00 while Cabin Biscuits which sells for N850.00 now sells for N200.00.

A packet of Biloxi biscuits which sells for N670.00 now sells for N680.00. A survey at the popular Akpan Andem Market, Uyo showed that prices of staple food items have doubled.

Her words: "What we are still selling is our old stocks. We have not gone to the market to renew our stocks. When we go to the market, the prices of good items are likely to go up.

"The price of a carton of knorr maggi has gone up from N5,000 which we sold during the Christmas period to N6,800. Even a create of Egg which used to be N650 is now selling at N750,

In Niger State, the effect of the subsidy removal is yet to take its toll on the people, as cost of things are yet to jump up.

In Minna, the state capital, prices of food items have remained stable. A 50kg Thailand Rice sells between N8,300 and N8,600, a 10kg bag of Semovita goes for N1,600 while beverages of different brands range from between N1,250 and N1,350.

However, the prices of farm produce, such as yam locally grown rice and beans have jumped up by about 50 per cent. A set of five tubers of yam that sold for N300 before now goes for N450, while the local rice has jumped up from N150 to N230. Brown beans now goes for N250 from N180.

A bag of 20 sachets of water which sold for between N50 and N60 now sells for N120. Apart from the prices of foodstuffs, other essential commodities have risen in most markets across the country following the recent announcement of fuel subsidy removal. In Lagos, many consumers were seen complaining of the increase in food prices which prevented them from buying what they wanted to buy. While some traders attributed the price hike to the removal of fuel subsidy and its attendant high cost of transportation, others blamed the rising cost of foodstuffs on the high demand during the festive period in addition to personal costs incurred by retailers from suppliers.

LEADERSHIP Survey [2012] showed that prices of fruits like oranges, pineapples and banana have risen with a bag of oranges now selling for between N7,000 and N7,500 from the previous N4,000 and N5,000. A big bunch of banana now goes for N1,5000 and N2,0000 from the previous N700 and N1,000 while the price of water melon has increased from N400 to N600. A

bag of rice now goes for N9,500 and N10,000 from the previous N7,000 and N7, 500. The survey also showed that the price of perishable goods like tomatoes has gone up with a big basket of the commodity selling for between N19,500 and N18,000 as against the former price of between N8,500 and N9,000.

Prices of frozen fish, and vegetable oil have also skyrocketed. The cost of frozen fish has increased with a medium sized fish selling for between N250 and N350 as against N130 and N180, previously. Mrs. Risikat Yusuf, a fish seller, said the increase in the price of fish in the country was a bad omen. For her, iced fish has never been that costly over the years like what we are experiencing today because of high cost of transport since yesterday. Our fish is costly and we don't know what caused it. Since I have been in this business, I've not experienced increase in prices of fish as it is now. The same amount we used to buy a carton now was used for two bags in the past. The smallest fish is between N200 and N250 as against the initial price of N170. Before three fishes sold for N400 [Leadership Survey, 2012].

Ten litres of foreign vegetable oil, which formerly sold for between N2,800 and N3,000 is now selling for between N4,500 and N5,000 depending on the brand, while a bag of big brown beans now sells for N17, 200 as against the former price of N15,000.

Ikechukwu Nnakwe, a trader said that a tin of powdered Peak Milk now sells for N900 as against the former price of N650.

According to him, the economic situation of the country is so unbearable that, "we don't even know what is going on in the country again. Everything is so high especially transport fare. I am confused. I don't know if this government is not listening to our cries". Meanwhile, three days into the removal of fuel subsidy, the effect is gradually being felt in the prices of some food stuff and consumables in Minna, the Niger State capital. A check by LEADERSHIP revealed that the removal of fuel subsidy has taken its toll on the prices of yam, tomatoes, pepper and onions which require daily transportation from the producers to major cities in the State. Yaya Rabi, a meat seller, said a cow was sold yesterday for N140,000 as against its initial price of N80,000. He said: "We traders are really sad about what is happening, how can we cope with all these high costs of transport and how can we make gains so that we can feed our families?" [Leadership Survey, 2012].

Meanwhile, three days into the removal of fuel subsidy, the effect is gradually being felt in the prices of some food stuff and consumables in Minna, the Niger State capital. A check by LEADERSHIP revealed that the removal of fuel subsidy has taken its toll on the prices of yam, tomatoes, pepper and onions which require daily transportation from the producers to major cities in the State.

Whereas the prices of foodstuffs like rice have maintained an upward trend before the Christmas and New

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Leadership correspondents gathered that although the price of foodstuffs has not yet risen in Bauchi, the service providers who consume fuel in their businesses such as the okada riders, barbers, grind millers and welders have however, increased their charges since the announcement of the subsidy removal in 2012.

| City | Item | Before subsidy removal | After subsidy withdrawal |
|------------|----------------------|------------------------|--------------------------|
| Lagos | Cray fish | ₦500 | ₦ 1000 |
| | Garri | ₦ 300 | ₦ 400 |
| | Vegetable | ₦ 350 | ₦ 500 |
| | Ground nut oil | ₦ 7000 | ₦ 7500 |
| Ibadan | Congo of rice | ₦ 270 | ₦ 350 |
| | Congo of beans | ₦ 300 | ₦ 350 |
| | Maize | ₦ 120 | ₦ 300 |
| | Congo of garri | ₦ 150 | ₦ 200 |
| | Tuber of yam | ₦ 250 | ₦ 350 |
| | Bottle of water | ₦ 120 | ₦ 150 |
| Abeokuta | Rice 50kg | ₦ 7000 | ₦ 7800 |
| | Palm oil (25 litres) | ₦ 3000 | ₦ 5000 |
| | Fish carton | ₦ 10,000 | ₦ 11,500 |
| | Chicken carton | ₦ 5200 | ₦ 7500 |
| | Stock fish (50kg) | ₦ 4000 | ₦ 5000 |
| | Bag of beans | ₦ 10,000 | ₦ 12,000 |
| Kaduna | Rice (50kg) | ₦ 8000 | ₦ 9000 |
| | Kilo of meat | ₦ 800 | ₦ 1000 |
| Abakaliki | Bean (Paint) tin | ₦ 480 | ₦ 550 |
| | Bag of rice | ₦ 9000 | ₦ 10,000 |
| | Basket of pepper | ₦ 3000 | ₦ 7500 |
| | Carton of stock fish | ₦ 45000 | ₦ 60,000 |
| | Carton of ice fish | ₦ 85000 | ₦ 10,000 |
| Asaba | Bag of rice | ₦ 8000 | ₦ 9,000 |
| | Tuber of yam | ₦ 300 | ₦ 400 |
| Benin City | Basket of tomatoes | ₦ 2000 | ₦ 4000 |
| | Carton of fish | ₦ 7500 | ₦ 8000 |
| | Basin of cray fish | ₦ 4000 | ₦ 6000 |

Year celebrations, tubers of yam which were maintaining stable price have suddenly gone up. Five tubers of yam which normally cost between N250 to N500 now sell for N800 to N1,000 in the popular Gwari Market in Minna.

Some of the yam sellers attributed the high cost to the increase in transport fares being paid by them to transport the commodity from the villages to the city and other markets.

A yam seller who gave her name as Habiba told LEADERSHIP that “from my village in Shiroro Local Government, a Pick up load of yam used to cost about N3,000 but now we pay as much as N5,000 to N6,000 so we don’t have any option than to increase our price”.

Also, tomatoes, onions and pepper sellers who transport their goods on daily basis from villages attributed the increase in the price of the items to the hike in fuel price. A medium size basket of tomatoes which used to sell for N3,000 now goes for as much as N5,000.

Similarly, prices of fish, meat and chicken have also increased while providers of laundry, barbing, tailoring services were said to be holding meetings to determine current prices for their services just as our visit to some Super markets saw adjustment in the prices of items on display. Also, traders in Bauchi have vowed to increase prices of their commodities if transportation fares are increased by transporters to reflect the new fuel price.

Speaking to LEADERSHIP yesterday, the Secretary Wunti Market Traders and Artisans Association, Bauchi Malam Babayo Ahmed, explained that the prices of goods in the market were still normal as at yesterday, but disclosed that traders who made new purchases at higher costs were the only ones that have increased their prices.

The trader feared that the removal of the subsidy would affect their business negatively because people would be buying only essential commodities. He therefore called on

all trade unions in the country to take immediate action on the matter adding that it would worsen the condition of the people especially the poor ones in the country who were merely surviving.

Leadership correspondents gathered that although the price of foodstuffs has not yet risen in Bauchi, the service providers who consume fuel in their businesses such as the okada riders, barbers, grind millers and welders have however, increased their charges since the announcement of the subsidy removal in 2012.

CONCLUSION

The Federation Account Allocation Committee (FAAC) has said it will sustain its campaign to get fuel subsidy removed once and for all by the Federal Government.

Addressing Journalists at the end of the April 2014 FAAC meeting in Abuja yesterday, Chairman, Finance commissioners Forum of FAAC Mr. Timothy Odah, said the committee it set up to investigate issues of petroleum subsidy was still carrying on with its work.

Odah said the Finance Commissioners' Forum is determined to ensure the removal of the petroleum subsidy which recommendation it had submitted to the Federal Government. In March this year, a committee comprising six Accountants-Generals and commissioners for finance was mandated to investigate the impact of subsidy on the country.

At the end of the plenary session of the FAAC meeting yesterday, the sum of N634.721 billion was shared between the Federal Government, States and Local Government as revenue for the month of April. Food prices are already reacting to the impending rise in petrol prices. They are going up. For instance, at Oyingbo market in Lagos, a small bowl of tomatoes now cost N100. In September, 2011, the same portion sold for N50. From the study, the prices vary at various markets. For now, the concern is how to stabilise the prices of corn, sugar, rice and other commodities, which remain unchanged. The implication of the removal far outstrips whatever gains the President and his advisers think will come out of the exercise. The man on the street does not believe that the government took his interest into consideration before removing subsidy. In conclusion, the high cost of petrol, a fall out of the removal has added to the burden of the Nigerian populace.

RECOMMENDATIONS

It is axiomatic to posit that the Nigerian economic cannot sustain this price shock. This is because prices will go up, there will be Job losses, homelessness for those who will no longer be able to afford exorbitant house rents, surge in crime level and high cost of doing business will make our

economy unattractive for local and foreign investment. These are not positive and encouraging signs for robust economy.

But the cart was put before the horse. It is not too late to reverse the decision and do the right things first. Among the first thing to do is to:

1. Publish subsidy Reinvestment and Empowerment Programme (SUREP) and commence implementation
2. Set April 2015 date for commencement of total implementation of policy.
3. Reset the pump price towards to N65. It is clear from the preamble to SUREP that it is possible to re-adjust the price.
4. Commence other reform steps to reduce recurrent expenditure of Federal Government.
5. Subsidy on agricultural product and farm implements should not be abolished or reduced and agricultural budget.

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