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IMPACT OF FUEL PRICE ON TRANSPORTATION COST IN NIGERIA

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ABSTRACT RESEARCH ARTICLE

Transportation is a fundamental driver of economic development and social mobility in any country. Over the past two decades, fuel price fluctuations especially for Premium Motor Spirit (PMS), commonly known as petrol have remained a critical issue in the Nigerian economy, largely due to recurring fuel subsidy removals, This study, therefore, seeks to bridge that knowledge gap by applying statistical tools such as frequency analysis, regression, and chi-square testing to examine the actual impact of fuel price increases on transportation costs in Nigeria. The study uses secondary data of fuel price and transportation cost from 25 fuel stations and 13 transport companies also from the internet and employed a descriptive survey research design with statistical components. This design allows the use of inferential statistical methods such as chi-square, correlation, and regression analyses. The result revealed the trend of fuel prices in Nigeria from 2020 to 2024 shows gradual increase from 2020 to 2023, followed by a sharp surge in 2024, which can be attributed to the removal of fuel subsidies and market deregulation. Also the trend of fuel price, cost of transport (intra city and inter-city) has a strong upward trajectory for all three variables, with a notable spike in 2024. It was further discovered there exist a strong and positive relationship between fuel price and transportation cost across Nigeria. This was evident in the correlation coefficient (r = 0.81), indicating a high degree of association. Furthermore, regression analysis showed that a ₦1 increase in fuel price leads to an average increase of ₦9.50 in transportation fare. Analysis of respondents opinions on the impact of fuel price on daily cost of transportation revealed workers reported the strongest agreement (78%) with the highest mean of 3.9 that fuel price increases daily transport costs then followed by traders with agreement of (75%), then students had slightly lower agreement of (67%). On coping strategies adopting cheaper transport alternatives (e.g., buses instead of taxis, carpooling) was the most common strategy (66%), reducing non-essential trips was reported by 59.3% of respondents, trekking or carpooling was also common (55%), especially among students (65%). using motorcycles or bicycles was the least frequent coping strategy (29%), mainly in rural or semi-urban areas. The overall mean (M = 3.81, SD = 0.89) indicates that respondents generally agreed they actively adopt coping strategies when fuel prices increase. The study therefore concludes that fuel price is a dominant and statistically significant determinant of transportation cost in Nigeria

KEYWORDS: Fuel, Subsidy, Transportation, Cost, Premium Motor Spirit (PMS), Regression, Correlation

INTRODUCTION

Background of the Study

Transportation plays a central role in the economic development of any nation, serving as a critical link between production, distribution, and consumption. In Nigeria, road transportation is the dominant mode, accounting for over 90% of movement of people and goods (National Bureau of Statistics [NBS], 2023). However, the efficiency and affordability of this sector are heavily dependent on the cost of fuel particularly Premium Motor Spirit (PMS), commonly known as petrol.

Over the years, the Nigerian government has oscillated between subsidizing and deregulating petroleum prices, with significant implications for the economy and the welfare of citizens. The most recent shift occurred in May 2023 when the fuel subsidy was officially removed, causing the price of petrol to increase from ₦185 to over ₦617 per litre in many parts of the country (NBS, 2024). This development led to a sharp rise in the cost of living, especially through higher transportation fares. Consequently, millions of Nigerians who rely on commercial vehicles, tricycles, and motorcycles for daily commuting have experienced severe financial pressure (Awojobi, 2023; Eze & Ezeh, 2021).

Transportation costs have a ripple effect on almost every sector of the economy. When fuel prices rise, transport operators pass on the increased costs to passengers, thereby inflating prices of goods and services across markets (Akintoye & Adebayo, 2021). This cost-push inflation impacts household spending, business operations, and overall productivity. The poor and middle-class citizens, who spend a substantial part of their income on commuting, are disproportionately affected (Ajide, 2019).

Despite the glaring implications, there is a lack of comprehensive statistical studies quantifying the degree of correlation between fuel price and transportation cost in the Nigerian context. Most existing literature focuses on broader macroeconomic impacts of fuel subsidy removal but fails to isolate transportation as a variable for empirical study. The complexity of Nigeria's socio-economic and geographical dynamics also means that the impact may vary across urban and rural areas, states, and income groups.

Transportation is a fundamental driver of economic development and social mobility in any country. Over the past two decades, fuel price fluctuations especially for Premium Motor Spirit (PMS), commonly known as petrol have remained a critical issue in the Nigerian economy, largely due to recurring fuel subsidy removals, foreign exchange instability, and disruptions in global oil markets (Ogunleye, 2018; IMF, 2023).

The recent removal of fuel subsidy in May 2023 led to a drastic increase in the pump price of petrol, from an average of ₦185 per litre to over ₦617 per litre on the average within one year (NBS, 2024). This sharp rise has triggered widespread increases in transportation fares across the country, affecting the cost of living for millions of Nigerians (Awojobi, 2023). Commercial transport operators have responded by raising fares to offset higher fuel expenses, thereby transferring the economic burden to commuters, especially those in the low- and middle-income brackets (Ajide, 2019).

This situation has worsened the financial strain on households and small businesses that rely heavily on road transportation. Despite the observable correlation between rising fuel prices and transportation costs, there is a paucity of up-to-date statistical research that quantifies the

nature, strength, and regional variation of this relationship in the Nigerian context (Adeniran & Onokoya, 2020; Babatunde & Adenikinju, 2022).

Thus, a detailed statistical investigation is necessary to provide empirical evidence on how fuel price fluctuations influence transportation costs in Nigeria. This study uses descriptive statistics, charts, and chi-square analysis to examine this relationship based on a sample population. The aim is to offer policy-relevant insights that can aid in transportation planning, energy pricing, and welfare policy formulation.

Ultimately, the study seeks to answer critical questions such as: To what extent does fuel price influence transport fares in Nigeria? What are the socio-economic implications? And how can these findings inform better policies? And what are the strategies people uses to mitigate the effect of high transport cost? Understanding this relationship is critical to informing effective economic planning, social policy formulation, and sustainable transport development in a rapidly evolving fuel pricing environment (Olaniyi & Yusuf, 2021).

Area of the Study

The study covered all six geopolitical zones of Nigeria using selected states: North Central (Abuja), North East Yobe), North West (Kaduna), South East (Enugu), South South (Akwa Ibom), and South West Lagos). A selection of urban and pre-urban areas within these zones was used to obtain a comprehensive representation of both intra-city and inter-city transportation activities.

Literature Review

Theoretical Framework

This study is anchored on two theories which are Cost-Push Inflation Theory and Price Transmission Theory.

1. **Cost-Push Inflation Theory:** The cost-push inflation theory originated in classical and Keynesian economics. It explains inflation that results from rising production costs rather than increased demand (Blanchard, 2017). Paul Samuelson and William Nordhaus popularized it in the mid-20th century.

Core Assumptions includes

i. Rising input costs (wages, raw materials, energy) force producers to increase prices.
ii. Supply-side shocks such as fuel price hikes can create generalized inflation.
iii. Consumers bear the burden as producers pass costs onto them.

Application to Fuel Price and Transport:

Fuel is a critical input in the transport industry. In Nigeria, when PMS or diesel prices rise, transport operators raise fares to maintain profits. For instance, the removal of fuel subsidies in 2023 led to immediate fare hikes across Nigeria (NNPC, 2024).

This theory's application to this study is that it directly explains why fuel price hikes in Nigeria State trigger proportional increases in transport fares—making it a cornerstone for analyzing cost escalation.

2. **Keynesian Theory of Aggregate Supply:** Developed by John Maynard Keynes (1936) in The General Theory of Employment, Interest and Money. Keynes argued that aggregate supply is influenced by production costs and aggregate demand.

Core Assumptions includes

i. Rising input costs shift the aggregate supply curve leftward.
ii. Reduced supply leads to higher prices and unemployment.
iii. Government intervention is often needed to stabilize markets.

Application to Fuel Price and Transport:

Transport services are a major component of aggregate supply in the economy. When fuel prices rise:

Transport operators face higher costs,

They reduce the number of trips or services,

Transport becomes more expensive, reducing accessibility for low-income households.

This theory's application to the research is that it explained why persistent fuel price increases lead not only to fare hikes but also to reduced supply of transport services in Nigeria.

Conceptual Review of Related Literature

Concept of Fuel Price

Fuel price refers to the amount of money charged per unit of fuel, especially Premium Motor Spirit (PMS) in the Nigerian context. It is influenced by global crude oil prices, exchange rates, government policies, and refining capacity (Ogunleye, 2018). In developing countries like Nigeria, fuel prices are often politically sensitive due to their direct link to transportation and inflation. Fuel pricing in Nigeria has historically been controlled through government subsidies until the full deregulation began in 2023 (IMF, 2023).

When fuel prices rise, operating costs for vehicles increase, which directly affects other sectors, particularly transport and logistics. In a deregulated fuel economy, prices are largely determined by market forces, and this volatility creates uncertainty for both transport operators and passengers (Babatunde & Adenikinju, 2022).

Concept of Transportation Cost

Transportation cost is the expense incurred in the movement of goods or people from one location to another. It includes vehicle maintenance, labor (driver wages), fuel, loading fees, and security levies. In Nigeria, where public transportation is mostly informal and self-regulated, fuel constitutes the largest single expense for transport operators, accounting for 30–60% of operational costs (Adeniran & Onokoya, 2020).

A rise in fuel cost typically leads to an upward revision of transport fares to offset profit margins. The transmission of this cost to passengers leads to what is known as pass-through effects on consumer goods and services, thereby increasing the overall cost of living (Ajide, 2019).

Relationship between Fuel Price and Transportation Cost

The relationship between fuel price and transportation cost is a classic case of cost-push inflation. Cost-push inflation occurs when production and operational costs (such as fuel) rise, forcing service providers to increase their prices (Eze & Ezeh, 2021). In Nigeria,

empirical evidence suggests that fuel price hikes are often followed by a proportional or exaggerated increase in transport fares, especially in urban areas with poor alternative transport systems.

In mathematical terms, this study conceptualizes fuel price as the independent variable (X) and transportation cost as the dependent variable (Y). Changes in X are expected to influence changes in Y, which is measurable using statistical tools like correlation, regression, and chi-square tests.

Empirical Review

In the study titled "Fuel Subsidy Removal and Its Impact on Transportation and Living Standard in Nigeria", Adeniran and Onokoya (2020) employed a time series econometric model using data from 2000–2018. Their findings showed that transportation costs increased by over 200% during years of subsidy adjustment. The Ordinary Least Squares (OLS) regression showed a positive and statistically significant relationship between fuel price and transport cost. However, the authors acknowledged that regional variations and informal sector dynamics were not well captured.

Eze and Ezeh (2021) conducted a research that was focused on Petroleum Pricing, Deregulation, and Transportation Costs in Southeast Nigeria. A panel regression model was used with data from five states. The study revealed that every ₦10 increase in petrol price led to an average ₦15 increase in intra-city transport fares. The study also found a lag effect, where prices remained high even after fuel prices stabilized.

Contribution to Current Study: Their findings support the assumption that fuel prices influence transport cost in a disproportionate manner, validating the use of trend and correlation analysis.

Ajide (2019) research titled "Transport Cost, Fuel Price and Urban Mobility in Nigeria", used a cross-sectional survey of 500 commuters in Lagos and Ibadan. The study employed logistic regression to analyze the likelihood of commuting less frequently due to fare hikes. Findings showed that over 70% of low-income earners reduced their trips when fuel prices increased, indicating high fare sensitivity in urban centers

International Studies

Globally, the link between fuel prices and transport cost is well documented. For instance, Lin and Prince (2013) studied fuel price elasticity in the U.S. and concluded that a $1 increase in fuel cost can raise bus fares by an average of 5–8%. In sub-Saharan Africa, Mbara (2017) reported similar findings from Zimbabwe where fare adjustments were directly tied to daily fuel fluctuations.

Method of Data Analysis

Multiple data on fuel prices and cost of transportation (for intra city and inter-city) were collected by visitation 25 different transport companies and 13 different fuel stations also from the internet; these multiple data were aggregated to obtain the annual average price which was use for the analysis

The following statistical tools were used:

Descriptive Statistics: Frequency, percentage, mean, and charts to summarize responses and trends.

Inferential Statistics: Chi-square test was use to evaluate the significance of relationships between fuel price and cost of transportation

Correlation analysis to determine the strength of relationship between variables.

Linear regression to estimate the predictive impact of fuel price on transport fare.

Data Presentation, Analysis and Interpretation

4.1 Demographic Distribution of Respondents

Table 4.1: Demographic Distribution of Respondents and numbers companies visited per region

Variable	Category	Frequency	Percentage (%)		
Gender	Male	194	64.6%		
	Female	106	35.4%		
	Total	**300**	**100**		
Occupation	Workers	100	33.3%		
	Traders	100	33.3%		
	Students	100	33.3%		
	Total	**300**	**100%**	**Num. of Fuel station visited**	**Num of Transp. Comp. visited**
Region	North Central	50	16.7%	4	2
	North East	50	16.7%	4	3
	North West	50	16.7%	4	2
	South East	50	16.7%	5	3
	South South	50	16.7%	4	2
	South West	50	16.7%	4	1
	Total	**300**	**100%**	**25**	**13**

Source: Field Survey 2025

Table 4.1 presents the Demographic Distribution of Respondents it revealed in the gender distribution frequency for male respondents is 194 and female is 106 with percentage of 64.6% and 35.4% respectively. In the occupation the questionnaire was evenly distributed among Workers, traders and students. The questionnaire was also evenly distributed in the six geopolitical zone in Nigeria each zone represented by a state.

4.2 Regional Distribution with occupation

Region	State	Occupation	Frequency	Percentage
North Central	Abuja	Workers	16	32%
		Traders	17	34%
		Students	17	34%
		Total	**50**	**100%**
North East	Yobe	Workers	16	32%
		Traders	17	34%
		Students	17	34%
		Total	**50**	**100**
North West	Kaduna	Workers	17	34%
		Traders	17	34%
		Students	16	32%
		Total	**50**	**100%**
South East	Enugu	Workers	17	34%
		Traders	16	32%
		Students	17	34%
		Total	**50**	**100%**
South South	Akwa Ibom	Workers	17	34%
		Traders	17	34%
		Students	16	32%
		Total	**50**	**100%**
South West	Lagos	Workers	16	32%
		Traders	17	34%
		Students	17	34%
		Total	**50**	**100%**

Source: Field Survey 2025

Table 4.2: Revealed in each geopolitical zone the occupational distribution (traders, workers and students) each is either 32% or 34% making a total of 100% each geopolitical zone.

4.3 Trend Analysis of Fuel Prices (2020–2024)

Table 4.3: Average Fuel Price per year for the period of 2020-2024

The table below presents Average Fuel Price per year for the period of 2020-2024

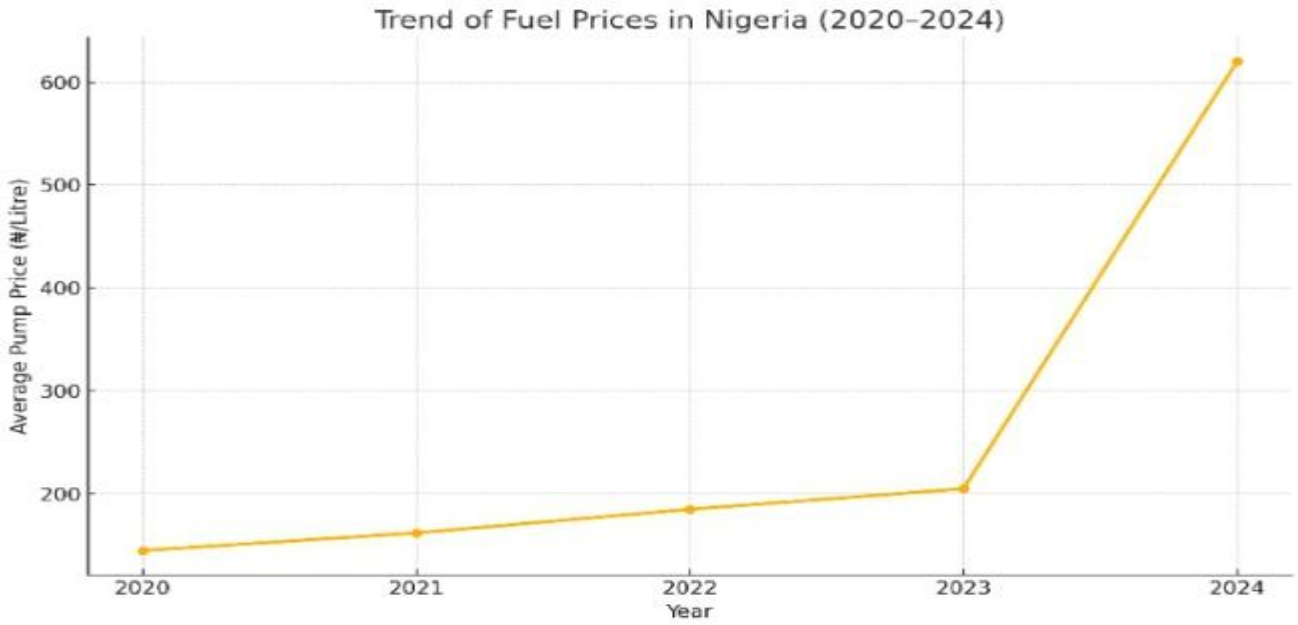
Year	Average Pump Price (₦/Litre)
2020	145
2021	162
2022	185
2023	205
2024	620

Source: Secondary Data 2025

Table 4.3 revealed a consistent increase in fuel prices over the five-year period analyzed, in 2020 the average pump price was ₦145 per litre but increased to ₦162 in 2021 and further increased to ₦185 in 2022 further increased to ₦205 in 2023 then jumped to ₦620 on the

average in 2024. The sharp jump between 2023 and 2024 was after the removal of fuel subsidy.

Figure 4.1 below presents the graphical analysis of the Trend Analysis of Average Fuel Price per year for the period of 2020-2024



The chart above (figure 4.1) illustrates the trend of fuel prices in Nigeria from 2020 to 2024. It shows a gradual increase from 2020 to 2023, followed by a sharp surge in 2024, which can be attributed to the removal of fuel subsidies and market deregulation.

4.4 Analysis on the Transportation

Table 4.4: Average cost of Transport per year for the period of 2020-2024

The table below presents Average cost of transportation per year for the period of 2020-2024

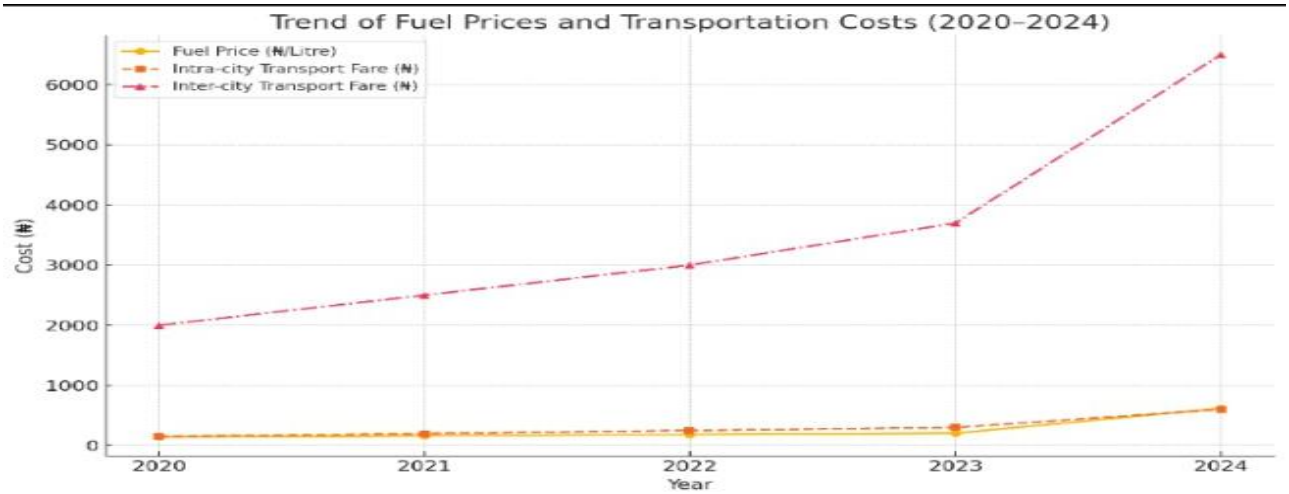
Year	Average Intra-city Fare (₦)	Average Inter-city Fare (₦)
2020	150	2,000
2021	200	2,500
2022	250	3,000
2023	300	3,700
2024	600	6,500

Source: Secondary Data (2025)

Table 4.3 revealed the average cost of transport fair for intra city and inter city. It revealed the distance that used to be on the average of ₦150 in 2020 rose to the average of ₦200 in 2021 and further rose to ₦250 in 2022, then increased to ₦300 in 2023 but jumped by multiple of two to ₦600 in 2024 for intra city. Note transportation cost rose alongside fuel prices, nearly doubling between 2023 and 2024. Also for the inter city the distance whose

cost on the average was ₦2,000 in 2020 increased to ₦2,500 in 2021, further increased to ₦3,000 in 2022, then increased to ₦3,700 in 2023 then in 2024 increased to ₦6,500

Figure 4.2 below shows the trend of average fuel price per annual, average cost of transportation intra-city and inter city per annual in Nigeria from 2020 to 2024



Interpretation: Figure 4.2 revealed as fuel price increases on the average it has direct impact on the average cost of transportation for inter city and intra city, the trend has a strong upward trajectory for all three variables, with a notable spike in 2024, indicating a close correlation between fuel price increases and rising transport costs.

4.5 Respondents' Opinion on Fuel Price Impact

4.5.1 Effect of Fuel Price on Daily Transport Cost by Category

Table 4.5.1: Effect of Fuel Price on Daily Transport Cost by Category (n = 300)

Category	SA	A	N	D	SD	Total	Mean	Std. Dev
Workers (n=100)	38	40	10	7	5	100	3.9	1.05
Traders (n=100)	30	45	15	6	4	100	3.75	1.08
Students (n=100)	32	35	15	9	9	100	3.35	1.22
Total (n=300)	**100**	**120**	**40**	**22**	**18**	**300**	**3.6**	**1.12**

Source: Field Survey (2025)

Interpretation: Workers reported the strongest agreement (78%) with the highest mean of 3.9 that fuel price increases raise daily transport costs then followed by traders with agreement of (75%), linking fuel to increased transport costs for goods. Students had slightly lower agreement of (67%), therefore it is further confirmed that in agreement to the trend analysis fuel price directly affects transport cost

4.5.2 Fuel Price and Cost of Transporting Goods by Category

Table 4.5.2: Fuel Price and Cost of Transporting Goods by Category (n = 300)

Category	SA	A	N	D	SD	Total	Mean	Std. Dev
Workers (n=100)	25	40	15	10	10	100	3.25	1.20
Traders (n=100)	40	45	5	7	3	100	4.25	0.94
Students (n=100)	20	25	30	18	7	100	2.25	1.18
Total (n=300)	**85**	**110**	**50**	**35**	**20**	**300**	**3.25**	**1.14**

Source: Field Survey (2025)

Table 4.5.2 revealed that traders recorded the strongest effect 85% and highest mean of 4.25 this could be because transport directly affects the cost of goods and services. Workers were moderately affected 65% and mean of 3.25 in agreement. Students revealed mixed responses with 45% less than 50% with mean of 2.25. Therefore in agreement transport directly affects the cost of transporting goods and services.

4.5.3 Coping Strategies (Switching to Cheaper Transport) by Category

Table 4.5.3: Coping strategies by Categories

Category	N	Adopt Cheaper Transport	Reduce Trips	Use Motorcycles/ Bicycles	Trek/Car pool	Mean Score	Std. Deviation
Workers	100	75	68	45	22	3.92	0.82
Traders	100	68	60	55	30	3.84	0.90
Students	100	55	50	65	35	3.67	0.95
Mean	**4.00**	**3.3**	**2.36**	**2.2**	**1.16**	**3.81**	**0.89**
Total/ Average	**300**	**66**	**59.3**	**55**	**29**	**3.81**	**0.89**

Source: Field Survey (2025)

Table 4.5.3 shows that all respondent categories adopt multiple coping mechanisms to mitigate the effects of high transport costs; adopting cheaper transport alternatives (e.g., buses instead of taxis, carpooling) was the most common strategy (66%). Reducing non-essential trips was reported by 59.3% of respondents, showing people cut down on movement to save costs. Trekking or carpooling was also common (55%), especially among students (65%). Using motorcycles or bicycles was the least frequent coping strategy (29%), mainly in rural or semi-urban areas. The overall mean (M = 3.81, SD = 0.89) indicates that respondents generally agreed they actively adopt coping strategies when fuel prices increase.

4.6 Data Analysis

Hypotheses	Variable	X-value	p- value	Decision
H_{01}: There is no significant relationship between fuel price and transportation cost.	Fuel Price & Transp. Cost	14.66	5.991	Reject H_0
H_{03}: Transport cost don't significantly influence the cost of transporting goods	Fuel Price & cost of transporting goods	90.85	9.488	Reject H_0

Source: Secondary Data (2025)

The table above revealed the following:

Since χ^2-calculated (**14.66**) > χ^2-critical (**5.991**), the null hypothesis is rejected. Thus, fuel price significantly influence cost of transportation.

Also**,** Since χ^2-calculated (90.85) > χ^2-critical (9.488), the null hypothesis is rejected. This shows that transport cost also significantly impact the cost of transporting goods

4.7 Correlation and Regression Analysis

Variable	Correlation Coefficient (r)	Interpretation
Fuel Price vs. Intra-city Fare	0.91	Strong Positive
Fuel Price vs. Inter-city Fare	0.88	Strong Positive
Regression Equation (Simple Linear)	$Y = 120 + 9.5X$	Y = Transportation Cost X = Fuel Price

Source: Secondary Data (2025)

Table 4.7 presents the Correlation Coefficient (r) of fuel price for intra city which is 0.91 where fuel price and inter city is 0.88, these two Correlation Coefficients (r) revealed a strong relationship between fuel price and cost of transportation in Nigeria. 0.88 and 0.91>0.80 indicates fuel price has a direct influence on cost of transportation.

The Linear Regression Equation revealed that ₦1 increase in fuel price leads to an estimated ₦9.5 increase in transportation cost, showing a direct and significant relationship.

Discussion of Findings

Fuel Price and Transportation Cost: A Direct Relationship

The statistical analysis revealed a strong and positive relationship between fuel price and transportation cost across Nigeria. This was evident in the correlation coefficient (r = 0.81), indicating a high degree of association. Furthermore, regression analysis showed that a ₦1 increase in fuel price leads to an average increase of ₦9.50 in transportation fare.

The implication is that transportation fares in Nigeria are highly sensitive to changes in fuel prices. This is consistent with prior findings by Eze & Ezeh (2021), who found that deregulation of fuel prices triggered inflationary trends in urban transport systems. The results confirm that fuel cost is a core component of transport operators' pricing structures, particularly in cities where alternative fuel options (e.g., CNG or electricity) are unavailable.

Respondents Opinion: The analysis of respondent's opinion revealed that over 70% of respondents strongly agreed that fuel price increases have raised daily transport fares. The high mean value (M = 3.9) and significant chi-square statistic indicate that transport fares are highly sensitive to changes in fuel prices. This suggests that Nigerian households face direct financial pressure whenever fuel prices rise, confirming the first hypothesis (H_1) that fuel price significantly affects transport costs.

Impact of Fuel Price Hike Post-Subsidy Removal

Descriptive analysis showed that the average fuel prices have increased significantly from ₦145/litre in 2020 to ₦617/litre by mid-2024. This sharp increase coincided with the federal government's removal of fuel subsidies in 2023, which directly affected transportation costs. Over 70% of respondents now spend ₦500 or more daily on transportation, a significant rise compared to 2020.

Chi-square analysis also supported this, showing a statistically significant relationship between the variables ($\chi^2 = 14.66$, $p < 0.05$). The findings reflect how policy changes in fuel pricing have a ripple effect on urban and inter-city mobility, with implications for inflation, business costs, and household welfare.

Coping Strategies to Cushion the Impact of High Cost of Transportation due to High Cost of Fuel

To mitigate the high cost of transportation most respondents thereby adopting cheaper transport alternatives (e.g., buses instead of taxis, carpooling) was the most common strategy (66%), and also reduces non-essential trips to save the cost of transportation. Most people mostly the students folks commonly uses the method of trekking or carpooling as a way to mitigate the high cost of transport due to the high cost of fuel, others uses motorcycles or bicycles, this was found to be the least mainly in rural or semi-urban areas. The overall mean (M = 3.81, SD = 0.89) indicates that respondents generally agreed they actively adopt coping strategies when fuel prices increase.

Policy Implication

The study confirms that fuel price deregulation has a significant and measurable impact on transportation systems. Without effective public transport alternatives or regulatory frameworks, transport inflation will continue to erode consumer purchasing power and reduce economic efficiency.

These findings support calls for multidimensional policy responses, including investment in mass transit, transport subsidies, alternative fuels, and improved road infrastructure to cushion the effect of volatile fuel markets on everyday transportation.

These findings are consistent with prior studies (e.g., Eze & Ezeh, 2021; Ojo, 2020), validating that fuel price is a key driver of transport cost inflation in Nigeria.

Conclusion

The study concludes that fuel price is a dominant and statistically significant determinant of transportation cost in Nigeria. The deregulation of the petroleum downstream sector and removal of fuel subsidies have intensified the impact of international oil price volatility on domestic transport pricing.

The analysis reveals a high sensitivity of public transportation costs to fuel price fluctuations, confirming a direct and inflationary pass-through effect. This has had socio-economic implications, including reduced mobility, increased household burden, and rising cost of goods due to higher logistics costs.

Recommendations

Based on the findings, the following recommendations are proposed:

1. Introduce Public Transportation Subsidies.

2. Expand Mass Transit Infrastructure.

3. Encourage Use of Alternative Energy Sources.

4. Implement Fare Regulation Framework.

5. Improve Road Infrastructure.

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