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Currency Devaluation and Fuel Subsidy Removal for Nigeria's Economic Development

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Abstract

Currency devaluation and fuel subsidy removal are policies that are phenomena to the Nigerian economic environment. The implementation of the policies has further caused more challenges in the pursuit for economic development than remedy to alleviate the crisis in the Nigeria economy. However, the continuous exploration of this policies by successive administration was a concern to this research work. It is as a result of this persistent policies that this paper wants to analyse its viability for economic development in Nigeria.

The paper adopted survey research design with the use of questionnaire administered to 387 respondents. Three major organizations were purposefully selected as sources for data collection which were the Central Bank of Nigeria (CBN), National Petroleum Corporation (NNPC) and the Nigeria Union of Petroleum and Natural Gas Workers (NUPENG).

The paper found out that currency devaluation and fuel subsidy removal is a resultant effect of the mono-productive characteristics of the Nigerian economy which has continually led to balance of payment deficit, low competitiveness in the economy and fall short in living quality of the citizenry. Further exposition revealed that not until diversification of the economy is attained, revitalization of the power sector and industrialization for local manufacturing; economic development might not be feasible. Therefore, it is recommended that industrialization of the economy is highly overdue, infrastructural development imperative and economic policies such as devaluation and subsidy regime should be mildly used when economic downturns are experienced.

Keywords: currency devaluation, fuel subsidy removal, economic development

1. Introduction

The experience of the Nigerian state as it relates to the economic historical dispensation cannot be well digested without the era of currency devaluation and fuel subsidy saga. Over the years, these issues have confronted the nation which hit its height during the Babagida's era (1985) when Structural Adjustment Programme (SAP) was floated and austerity measure, devaluation and inflation worsen the economy of the country. Also, the fuel subsidy saga that started during the Obasanjo era, became more pronounced during the Yar'dua administration but actually turned into a lacuna of economic system during the Jonathan period resulting into a corruption if not nab in the bud will destroy the Nigeria economy. However, because the government of the day then (Jonathan administration) has no political will to arrest the situation and stop the flow of subsidy, the Buhari administration in its inception into office removed the subsidy because of cases of corruption found and the non-competitive environment such economy system is doing to the downstream sector.

The aftermath of the above aforementioned had made many scholars to debate on this controversial issues. According to Adigwe (2013), he posits that currency devaluation and fuel subsidy removal are two key macro-economic policies, that have over time become thought provoking and controversial issues in the Nigerian economic system, and of which they have been and are still being used as principal tools in handling economic crisis.

Currency devaluation according to Ike (1984) was first carried out in Nigeria in 1973, where her currency was devalued by 10%, this resulted in Nigeria recording an increase in her foreign exchange reserve by 773.5% in 1974, which made the essence of devaluation of currency the previous year worthwhile. However, devaluation of currency and fuel subsidy removal became problematic thereafter as a result of the abrupt reduction in government revenue and economic development resulting from the oil glut in 1981 which left a long-lasting print on Nigeria's economy. The question then is why engaging in a non-profitable policy venture?

The answer, according to Eyiuche, (2012) while dwelling on subsidy is that, the federal government operated fuel subsidy with the aim of making petroleum products available to cushion the effect of actual market prices of the product on the general populace. The federal government in the military era was also of the opinion that subsidising fuel would leverage the cost of production and transportation of fuel from poor masses. This cause, however, was eroded when in 1983, General Ibrahim Babangida increased the pump price of petrol from 20k per litre to 39.5k per litre. Indeed, the gross national product (GNP) per capita per year declined 4.8 per cent from 1980-1987 resulting in Nigeria been regarded as a low income country by the World Bank. Ever since, the Nigerian state has been moving in circle while the backlog and spillage of past devaluation and subsidy policies continue to trail and limit growth and development of the economy.

1.2 Statement of the Problem

It has been observed that the policies of Currency Devaluation and Fuel Subsidy Removal is a current issue in the economic system of most developing countries. The implementation of the policies had further caused more challenges in the pursuit for economic development than remedy to alleviate the crisis. Akindiyo and Olawole, (2015) explained that Nigeria's mono-cultural characteristic has caused it to be estranged with global crisis that makes currency devaluation the most resorted policy whenever Nigeria is faced with financial dilemma.

Equally, Adagunodo (2013) examines the removal of fuel subsidy as an economic necessity and a political dilemma. He concluded that the subsidy funds could lead to major development of the refineries, increase potential oil revenues and job creations if channel well in the economy. But unfortunately, the devaluation of currency and removal of fuel subsidy have tremendously challenged the import and export rate in Nigeria due to non-industrialisation of the economy and dysfunctional state of the four refineries. Consequently, all these factors, put together; are the propelling reasons for studying a research of this nature. Hence, two major objectives are derived to channel focus of the paper, these are to:

1. determine the impacts of currency devaluation on Nigeria's economic development.
2. analyse the influence of fuel subsidy removal on the Nigerian economic development

1.3 Methodology

This paper adopted a survey research design that was based on primary data in order to generate the required information needed for the research study. The quantitative method involved the use of questionnaires for the research survey. The questionnaire was divided into two parts, the first section covered the personal information about the correspondents and the second section was concerned with questions relating to the research study, currency devaluation and fuel subsidy for Nigeria's economic development. The correspondents constituted personnel from both, oil and finance sectors in Nigeria. There major establishment formed the basis of our respondents, the Central Bank of Nigeria (C.B.N) Lagos branch. National Petroleum Corporation (N.N.P.C) Lagos branch, Nigeria Union of Petroleum and Natural Gas Workers (N.U.P.E.N.G) Lagos branch. Secondary sources from books, journals, articles and publications as well as internet sources equally consulted.

2. Literature Review and Theoretical Framework

The concept of subsidy has been defined by various authors and ideas drawn from various perspectives of; producer, consumers, and government agencies. Subsidy is a financial assistance paid to a business or economic sector mainly by the government to avoid a decline in the industry (Todaro, 2009). Also, according to Pearce (1983:373), the concept of 'subsidy' is a payment made by the government and sometimes individuals which serves as hold between the price consumers pay and the cost incurred by the producers, such that purchasing price is less than the marginal cost. Fuel subsidy is particularly popular in oil producing countries such as Venezuela, Kuwait, China, Taiwan, South Korea, and Nigeria amongst others.

Subsidies are a part of the drivers of public policy with the primary aim of changing the effects of operating a free market which most times is antagonised; politically, socially and developmentally. Subsidy payments are made to producers or distributors of the commodity in order to reduce cost of production and importation of the goods and further, the prices of goods and services to consumers. It is key to note that subsidy may be implemented for government to achieve certain objectives which include; a transfer from tax payers to producers or consumers of a particular good in order to raise income to influence the behaviour of suppliers or consumer with respect to the mechanism of elasticity of supply or demand.

Within the Nigerian context, fuel subsidy means the money paid by the Federal Government to reduce the purchasing cost as against the actual cost of importation and to protect the citizens from crude oil instability on the international market system (Ihegwara et al., 2014). According to Sun Newspaper May 5, 2012, the idea of subsidizing petroleum products to Nigerians was due to the collapse of the nation's four refineries, which had led the country from being a substantial producer of refined product to becoming residual importer of petroleum majorly in; petrol, kerosene and diesel for domestic users.

The fuel subsidy scheme was introduced firstly in 1988 as part of the Structural Adjustment Program. It was an evaluation for the nation's refineries that was undergoing rehabilitation and in addition to mitigate the statistical increase of daily production in order to measure up with the teeming population. It is evident that the idea of fuel subsidy has been insulted and undermined by most stakeholders as it has become an avenue for them to amass wealth instantaneously.

2.1 Policy for Removal of Fuel Subsidy

Lack of functional refineries in Nigeria resulted into the continuous importation of refined crude oil which caused an imbalance in the state's capital expenditures and balance of payment leading to the overwhelming debate on removal of fuel subsidy which was initially instituted by President Jonathan in the 2012 Fiscal Strategy Paper and 2012-2015 Medium Term Expenditure Framework submitted to the National Assembly on September 22, 2011. It is vital to recall that in January 2012, the Goodluck Ebele Jonathan's administration declared a removal of fuel subsidy owning to the gross degree of corruption and abuse of the policy, by most oil marketers who were constantly in the business of converting nation's wealth to their own possession.

This policy statement made by President Goodluck Ebele Jonathan on the removal of fuel subsidy in 2012 which was initially supposed to last for six months, increased fuel price from N65 per litre to N141 per litre. This development caused a revolt amongst the masses amidst strike actions by the Nigerian Labour Congress (N.L.C) and mass protest further disturbing the economic activities in the nation. On the 16th January 2012, President Goodluck Jonathan agreed to subsidize fuel price in order to reduce it to about $2.75 a gallon which is N97 per litre (Guardian, 2012).

However, upon assumption of office by President Muhammed Buhari, fuel subsidy was seen as a facade use by the preceding government to scam the majority of Nigerians, and tie strings of allegation to only the cabals. Therefore, the federal government had leading pressures from both, domestic and international environment on the need to remove fuel subsidy based on Nigeria's revenue and expenditure report which reflected in the non-provision for payment of fuel subsidy in the 2016 budget plan submitted by President Muhammadu Buhari in December 2015 (Anaeto et al., 2015).

2.2 Currency Devaluation

According to (Campbell, 2004), currency devaluation is seen to be an intentional reduction in value of a currency official exchange as against another currency as established by the government. Devaluation is a monetary policy implemented by the government through the Central Bank which further diminishes the value of the currency with relations to goods and services or other legal tenders that can be exchanged for it. The first instance of devaluation in Nigeria was in 1986 under the leadership of General Ibrahim Babangida who established the Structural Adjustment Program (SAP) as a policy devised to achieve a reasonable exchange rate for naira that was by then, over-valued. Over time, in the bid to tackle economic crisis that constitute the mono-cultural characteristic of Nigerian economy, the government has resulted into this policy but most times which experience has been bitter.

Devaluation is a policy established by the government in order to deal with trade imbalances which leads to a reduction in cost of exportation, and creates an avenue for favourable competition in the global market. The International Monetary Fund (IMF), according to Jim (2014), allows countries to devalue their currency in order to correct "fundamental disequilibrium". It is a permissible method of restoring the exchange rate value of a currency with respect to the existing supply and demand reality. This is the reason why Akindiyo and Olawole (2015) posit that currency devaluation in Nigeria follow Copernicus-Gresham's law which states that "Bad money drives out good". Hence, with a misaligned exchange rate economic development in Nigeria might not be feasible.

In as much as the removal of fuel subsidy has a telling effect on the economic balance of the nation, so does devaluation of currency. The removal of fuel subsidy leaves the prices of petroleum products to market forces, which basically explains that there will be less or no opportunity for local marketers and importers to make claims for subsidy. The local marketers can no longer make alarming reimbursement claims and divert products already paid for by the government to another country where the pump price is higher. With the devaluation of naira, Nigeria would need to gather all the funds it can locally and internationally to keep the economy afloat, of which fuel subsidy removal is certainly one of the ways the nation can help sustain itself.

2.3 Historical Review of Currency devaluation and Fuel Subsidy Removal

An analysis of the historical background of currency and fuel subsidy removal will not be complete without highlighting the Structural Adjustment Program initiated by General Babangida's administration. According to Aiya (2004), the Structural Adjustment Program was a policy implemented to achieve a workable exchange rate for the naira that was overvalued. With regards to the aforementioned, second-tier foreign exchange market was made to strike a balance in exports and imports trade which was done through fiscal and credit incentives for exportation reducing imports prohibition list. The Naira declined by 66 per cent, from N1=$0.64 to N1.56=$1. In 1989, Naira still depreciated and foreign exchange market was unified but manufacturing firms and local producers relied more on resources and materials from within the country making non-oil exports grow from $200 million to $1,000 million within 1986-198

With the advent of democracy in 1999, this problematic issue continues when on June 1st, 2000 Chief Olusegun Obasanjo increased fuel pump by 50%. The expected benefits of fuel subsidy to the average Nigerian has been short-lived. Reason for this action, according to Omoniji (2012) was that the federal government claimed that the fuel subsidy policy created impossibilities in tackling infrastructural problems germane to the Nigerian economy such as; roads, agriculture, technology, revival of refineries. Giving the obvious fact that most Nigerians never benefited from fuel subsidy, the Goodluck Jonathan administration announced the removal of fuel subsidy on January 1st 2012 but because of lack of political will he was unable to actualize and implement the policy to the latter. Equally, within the period of Goodluck Jonathan's administration currency also was devalued by 8 percent in November 2014 and fixed the official exchange rate of less than 198 to dollar. These implementations were sensitive to the economic structure, level of development and political system in Nigeria.

Presently (2017), the Buhari's administration have been compelled by the present recession as to whether to yield to the pressure from the World Bank and International Monetary Fund to devalue its naira in other to stabilize the economy. While in the Medium Term Expenditure Framework, no presentation as to fuel subsidy was found, however, same could not be said about currency devaluation by the Central Bank of Nigeria as the value of the Naira had fluctuated greatly to reach N420 to a dollar before stabilizing to N365. The Nigerian economic development leaves the policy makers and leaders at cross roads, with expectations and worries as to how far the economic system can be stabilized through the devaluation of currency and fuel subsidy removal.

2.4 Economic Development and the Nigerian Experience

Economic development according to Charles .P. Kindleberger and Bruce Herrick (1958), is an improvement in the wellbeing of persons significantly those of the low income national economies, with the eradication of poverty, illiteracy and diseases. In a broader perspective of what the World Bank viewed as challenges to economic development in 1980, in a report released in 1991 on World Development, the World Bank asserts that the challenges to economic development, is the improvement of quality life that encompasses just an increase in income but must be reflective in the living conditions of the society. This is the reason why Ake (1996) concluded that development has to do with the people because it has to do with the total transformation touching the wellbeing of the citizenry. Equally, according to Osundina (2014) he posits that economic development is an instrument of policy intervention for the total welfare package of economic and social well-being of the people. Hence, any development that does not improve living condition of its people is not development at all.

Again, economic development cannot be discussed in a vacuum, a pattern of economic development has always been structured for Nigeria. Since independence, successive leadership have tried to cause a change in parameters of production and consumption of goods and services, diversify the economic source and move to a multi-faceted economy, with the aim of putting the economy in a major dimension of sustainable, all-inclusive and less inflationary growth and development.

This growth and development patterns in Nigeria have been driven by the existence and exploitation of outstanding natural resources and primary goods. In times past, before the discovery of crude oil, Nigeria's economic base centred on the agricultural sector through the demand for food and cash crops which contributed to a growth process of 54.7 per cent of Nigeria's Gross Domestic Product in the 1960s. With regards to continuous interaction with the external environment and recognition of the crude oil, Nigeria's production base began shifting gradually to crude oil which today is a major factor in the continual economic unrest. According to economic experts, the outburst of resources from the oil industry has set the pace for the growth and development of the Nigerian economy (Michael, 2015).

Lastly, the massive endowment of the nation has not be utilized owning to the facts that; Nigeria assumes possession of the 6th largest gas reserve, 8th largest crude oil reserve globally and possesses a wide range of solid minerals of commercial quantities amounting to about 37 solid mineral types and a population estimate of 170 million people yet poverty ravage its people. Also, prolonged years of military era characterized by political instability and violence have subdued economic and social progress particularly within 1970s and 1990s. However, as noted by the Daily Trust (2015), the advent of civilian government has increased economic growth with an annual average of 7.4 per cent for over a decade. It is important to bring to limelight that the present growth and economic development is void of being inclusiveness, transformational and broad based, to this effect there is no substantial growth and development. Current data, according to National Bureau of Statistics (2014) shows that 54.4 percent of poverty exists nationally, with these includes a rising unemployment rate of 19.7 per cent.

A major lag, according to Michael (2015) is over dependent nature on oil to the detriment of other sectors like agriculture and mining coupled with neglect on rural development. Therefore, the solution is to diversify the economy. The power sector equally need revitalization in order to enhance productivity and industrialization process in the country.

2.5 Theoretical Framework

Two theories will be used to expand our understanding of this research topic and to firmly apply them accordingly. The theories are Neo-Liberalism Theory and the Marshall Lener's Condition. The first theory sees the individual households and firms as the key actors in the economy and disclaims the interference of government in the ownership and distribution of resources within the state's economy. It is assumed that privately based prosperity are better institutions for preserving individual freedoms than economies where means of production are owned by the state (Dappa & Dagogo, 2016). For this reason, the 'invisible hands' of demand and supply can establish the most efficient pattern of production, exchange and consumption through price mechanism. The free trade policy of the neo-liberal theory suggests that countries should not have restrictions or bans on the inflow and outflow of commodity in their economy, rather, through international cooperation trade based wealth is achieved. This implies that government intervention in market forces affair through subsidy leverage will distort competitiveness, growth and development of the economy and might breeds corrupt practices tendencies in the economy.

While Marshall Lener Condition explains that currency devaluation generate an improved balance of payment based on the demand elasticity for imports and exports than one. It holds that the sum of price elasticity of demand for imports and exports is greater than 1. This implies that, the change in demand for imports and exports need to be higher than the change in value of the currency. For instance, in Nigeria if the currency depreciates by 10% the sum price elasticity of demand for imports and exports needs to be greater than 10%, and this will allow for the devaluation of currency to improve balance of trade. According to this thesis, the successful outcome of devaluation is dependent on the reaction of import and export level to the change in prices. Devaluation will be successful if the increase in import prices is balanced to the fall in level of importation, thereby reducing the total amount of foreign currency required to finance the import bill, and vice versa for the decline in export prices is proportionate to the increase in the volume of commodity exported.

The implication of this theory for Nigeria economy is that since Nigeria is not a manufacturing country, gaining equilibrium of price elasticity will be problematic because it has little or nothing to export. Hence, instead of gaining from the devaluation policy it might end up losing. Therefore, problem-solving solution is to diversify, increase capability and the industrialization of the economy in order to strike an equilibrium of price regime that will stabilize the economy.

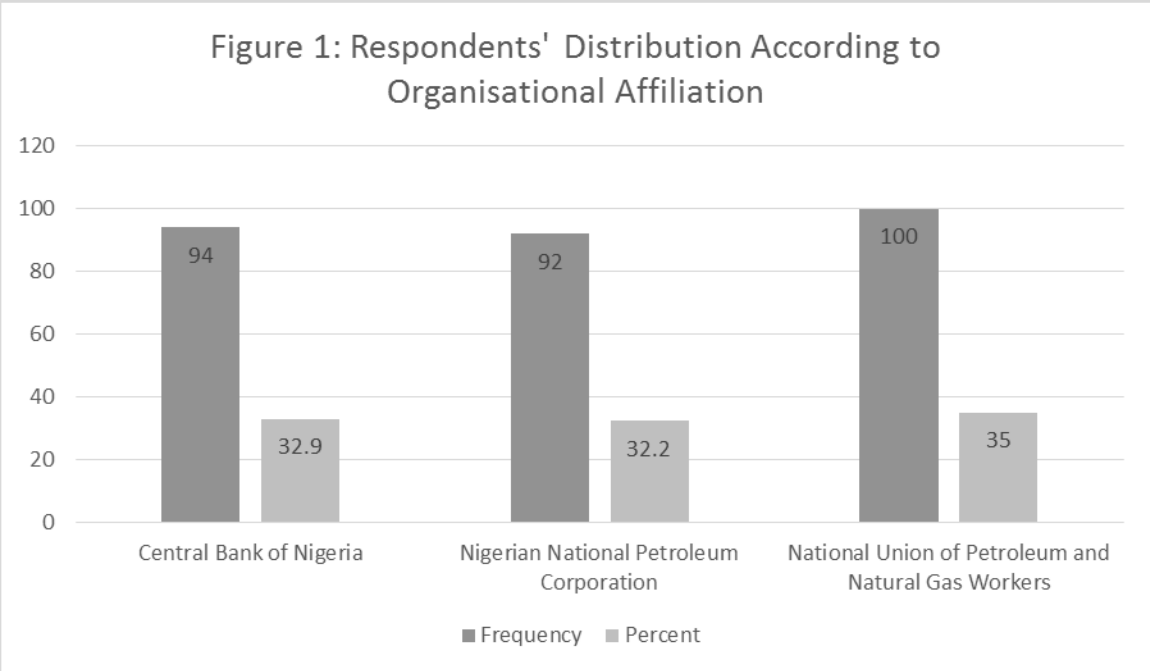
3. Data Presentation, Analysis and Discussion of Findings

This section will presents data, analyse and interpret it. Thereafter the discussion of the findings will be discussed. Hence, data will be in tabulation, follow by analysis and interpretation to draw inferences, deductions and submissions.

Table 1. Distribution of the Respondents by Organisational Affinity

Response	Frequency	Percent
Central Bank of Nigeria	94	32.9
Nigerian National Petroleum Corporation	92	32.2
National Union of Petroleum and Natural Gas Workers	100	35.0
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017.



Source: Researcher's Field Survey, 2017.

From *table 4.2.4 and figure 4* above, it shows that; 94 (32.9%) respondents were from the Central Bank of Nigeria (C.B.N), 92 (32.2%) respondents were from the Nigerian National Petroleum Corporation (N.N.P.C), 100 (35.0%) respondents were from the National Union of Petroleum and Natural Gas Workers (N.U.P.E.N.G). With the National Union of Petroleum and Natural Gas Workers (N.U.P.E.N.G) having the highest response, the implication is that the N.U.P.E.N.G are more central to the subject matter of the research study, as they are affected in terms of the constraint with the development in the international oil market and their inaccessibility to forex which is the domineering legal tender in the international market.

Table 2. Currency Devaluation is a Positive Economic Reform?

Response	Frequency	Percent
Strongly Agree	78	27.3
Agree	101	35.3
Uncertain	36	12.6
Disagree	25	8.7
Strongly Disagree	46	16.1
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017.

The Table 2 above is based on the question if currency devaluation is a positive economic reform, findings revealed that; the Strongly Agree + Agree (62.6%), Uncertain (12.6%) while Strongly Disagree + Disagree (24.8%). Therefore, it can be deduced that majority of the respondents who represented the 62.6% as against those who represent the 24.8% were of the opinion that currency devaluation is a positive economic reform in Nigeria. Hence, currency devaluation is a policy that the Nigerian economy policy makers accept in order to derive economic development for the nation.

Table 3. To Reform an Economy and Gain Balance of Payment, Devaluation is Inevitable?

Response	Frequency	Percent
Strongly Agree	84	29.4
Agree	130	45.5
Uncertain	24	8.4
Disagree	20	7.0
Strongly Disagree	28	9.8
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017.

The Table 3 is based on the question if to reform the economy and gain balance of payment, devaluation is inevitable, findings suggest that the Strongly Agree + Agree (74.9%), Uncertain (8.4%) while Strongly Disagree + Disagree (16.8%). Therefore, the implication is that majority of the respondents who represented the 74.9% as against those who represented the 16.8% accepts that policy of currency devaluation is necessary to recuperate the economy especially in its mono-production state and in order for the balance of payment deficit to be rectified as a result of the low level of export of goods compared to the high level of importation.

Table 4. To Enhance Investment Portfolio of the Economy, Naira Must be denominated against Dollars?

Response	Frequency	Percent
Strongly Agree	78	27.3
Agree	106	37.1
Uncertain	38	13.3
Disagree	20	7.0
Strongly Disagree	44	15.4
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017

From Table 4 above, question based on if the currency devaluation enhances naira's purchasing power in the international market, findings indicated that the Strongly Agree + Agree (64.4%), Uncertain (13.3%) while Strongly Disagree + Disagree (22.4%). Therefore, it implies that majority of the respondents who represented the 64.4% as against those who represented the 22.4% agree to the policy of currency devaluation as an enhancement for the investment portfolio of the Nigerian economy because such will increase foreign direct investment portfolio of the country.

Table 5. Over-Dependence on Crude Oil Necessitates Fuel Subsidy Removal Policy

Response	Frequency	Percent
Strongly Agree	94	32.9
Agree	96	33.6
Uncertain	38	13.3
Disagree	36	12.6
Strongly Disagree	22	7.7
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017.

The Table 5 above indicates that the question on the overdependence of crude oil has necessitates fuel subsidy removal, hence; findings revealed that the Strongly Agree + Agree totalled (66.5%), Uncertain (13.3%) while Strongly Disagree + Disagree (20.3%). From the analysis of the responses above, it shows that the mono-production characteristics of the Nigerian economy which is over-dependence on crude oil earnings, affects the economic strength and revenue base of government as oil prices fell in the international market, so further disbursement of subsidy might cripple government capacity to savage other sectors. Therefore, removal of oil subsidy that cannot be sustained is inevitable.

Table 6. Fuel Subsidy Removal has helped to Curb Corruption in the Down-Stream Sector

Response	Frequency	Percent
Strongly Agree	116	40.6
Agree	106	37.1
Uncertain	16	5.6
Disagree	38	13.3
Strongly Disagree	10	3.5
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017.

From Table 6 above, the following are responses gathered from the question based on if fuel subsidy removal has been able to curb corruption in the down-stream sector: paper revealed from the above data collected is that the Strongly Agree + Agree (77.7%), Uncertain (5.6%), Strongly Disagree + Disagree (16.8%). 77.7% of the respondents which amounts to the majority of the respondents agreed that currency devaluation has helped to curb corruption that undermines the policy of fuel subsidy, wherein illegal activities as hoarding, smuggling and diversion of fund and fuel commodities were continually perpetuated in the down-stream sector, eroding beneficial populace from the scheme.

Table 7. The Ripple Effects of Fuel Subsidy Removal has Aided Improvement in Other Sectors of the Economy

Response	Frequency	Percent
Strongly Agree	64	22.3
Agree	94	32.9
Uncertain	62	21.7
Disagree	42	14.7
Strongly Disagree	24	8.4
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017

The Table 7 displays the responses retrieved from the question based on the question if the ripple effects of fuel subsidy has aided improvement in other sectors: The interpretation of the above data collected is that the Strongly Agree + Agree (55.2%), Uncertain (21.7%), Strongly Disagree + Disagree (23.1%). 55.2% of the majority as against 23.1 % agreed that the ripple effects of fuel subsidy removal will help in attaining development in other sectors of the economy, as resources that were used in payment of subsidy prior to its removal will be used to improving other sectors of the economy and also, attract foreign investors to key sectors of the economy.

Table 8. Fuel Subsidy Removal Will Ensure an Industrialised Economy

Response	Frequency	Percent
Strongly Agree	78	27.3
Agree	82	28.7
Uncertain	64	22.4
Disagree	42	14.7
Strongly Disagree	20	7.0
Total	**286**	**100.0**

Source: Researcher's Field Survey, 2017

From Table 8 above is the presentation of responses gathered from the question if fuel subsidy removal will ensure an industrialised economy; the interpretation of the above data collected is that the Strongly Agree + Agree (56%), Uncertain (22.4%), Strongly Disagree + Disagree (21.7%). 56% which accounts for majority of the respondents agreed that fuel subsidy removal will ensure an industrialised economy. Hence, fuel subsidy removal is seen as a means of the economy being industrialised through the revitalisation of the refineries, and other key industries within the economy that further enhances local production and protects local industries.

3.2 Discussion of Findings

This section is to analysis and submit conclusion in line with findings derived from research carried out. Such established position of analysis is measured through the two objectives set out for this paper work. The two objectives are to determine the impacts of currency devaluation on Nigeria's economic development and to analyse the influence of fuel subsidy removal on the Nigerian economic development.

The first result according to the paper is that currency devaluation over the years had a great impact on the economic development of Nigeria. The position of the paper is that currency devaluation as a policy is not bad most especially in a developing country where struggle for balance of payment is desirable and the need for investors' attraction equally anticipated. However, to achieve this, economy equilibrium structure must be attained where export equal import of goods and services. Unfortunately, paper revealed in line with Jim (2014) that the mono-production status of the Nigeria economy defile such remedy. Hence, devaluation of currency is rather a burden than a recourse of solution for economic development in Nigeria.

The second finding in line with whether fuel subsidy removal has any influence at all on the economic development in Nigeria, paper revealed that the removal is a good step in right direction. The reason being that such has exposed endemic corrupt practices during the subsidy era in the oil sector. Again, the removal will necessitate attention of government to resuscitate all the refineries, even if, in the interim production for local consumption only. Equally, saved monies from subsidy will allow government to plough into other sectors which might trigger diversification of the economy. The above position was equally supported by the work of Adefaye (2012) when he linked subsidy removal to industrialization, diversification and enhancement of local fuel production by local refineries.

4. Conclusion

The Nigerian economy has been challenged by certain crisis of which the implementation of economic policies as currency devaluation and fuel subsidy removal have established controversial issues on the admissibility of these policies. This paper has attempted to analyse the cause-effect of currency devaluation and fuel subsidy removal on Nigeria's economic development. It was observed that the causes of currency devaluation and fuel subsidy removal in the Nigerian economy are dependent on certain issues as overdependence on crude oil for government revenue, importation of consumer goods into the Nigerian economy and the pressures from the international market that besieged the Nigerian economy.

Thus, this paper has identified along its objective that currency devaluation has a great impact on the Nigeria economy. This is evidently observed in the paper when addressing its first objective on the influence currency devaluation has on the economy. Paper revealed that the policy is not bad but its implementation in the Nigeria economy defective. Therefore, to achieve an equilibrium economy structure, policy regarding currency devaluation must be implemented in such a way to arrive where export equals import of goods and services. A situation whereby devaluation of the currency limit domestic industry capacity to function, then, such becomes counter-productive. Hence, policy in this regard must be implemented in such a way to strengthen domestics industries away from the influx of stern competition from the international market.

The other objective suggest that fuel subsidy removal regime has influenced economic development in Nigeria. The paper was able to reveal that fuel subsidy removal brought into limelight corrupt practices perpetrated by cabals in the oil sector in Nigeria. It indicated lapses and loopholes where diversion of funds are being done with impunity. It equally showcase and explained reasons for the moribund state and non-productive status of refineries in Nigeria. The revelation of these factors gave insight that government need to seek alternative measure to diversify the economy and plough saved monies from subsidy into other sectors for optimal growth and development of the economy. Based on the above findings, the paper recommend the followings:

Policy in its formative stage must be well strategize to alleviate and address the pulse of stakeholders in its implementation. Constant evaluation of such policy necessary to ascertain that positive result is being achieved and favourable to the domestic industries environment. When devaluation of currency is activated, it must not be implemented in such a way to constrain local economy environment but a soft landing must be found to leverage how export equals import so as to promote and enhance balance of payment in the term of trade of the country in the international market.

Equally, paper suggests that industrialization of the economy is highly overdue, infrastructural development imperative and when economic policies such as devaluation of currency and subsidy regime are to be implemented, such should be mildly used mostly when economic downturns are experienced.

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