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# Assessing the Effect of Subsidy Removal on Cost-Significant Material and Labour within Anambra State Construction Economy

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**Abstract:** *The goal of most countries is the desire to maintain a stable price level of goods and services. This however, appears to be an uphill task given the incidence of subsidy removal that is presently ravaging the developing economies of the world. The study aimed at establishing a relationship between subsidy removal and construction material, and labour prices. To achieve the aim, a survey design approach was conducted. Data was obtained in other to get the prices of the construction materials and wages paid to labourers, through quarterly prices of construction materials from Nigeria Institute of Quantity Surveyors (NIQS) published journals, Fobis International Market, and Ogidi Building Material Markets, Onitsha, Anambra State. Meanwhile, Descriptive statistics and a multiple regression model were used to analyze the data collected. It was discovered that subsidy removal in Nigeria has been far from stable, and has affected material and labor prices non-uniformly and inconsistently. Hypotheses was also postulated; results shows that there is a significant relationship between building material prices and the subsidy removal in Anambra State and that subsidy removal does affect the labour costs, wages of skilled and unskilled labour, within Awka, Anambra State. The study finally concluded that Government should also ensure a steady supply of power from the power sector as against the epileptic power supply and reduce the increase in power tariff, repair the local refineries, and focus more on encouraging the local refining of petroleum products instead of importing them in order to reduce constant increase on our domestic prices for petroleum products and consequently inflation on the materials too.*

**Keyword:** Subsidy, Labour, Material, Cost-Significant, Construction, Economy.

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## INTRODUCTION

Academic dictionary of economics as cited by (Adeniran, 2016), defined subsidy as the cash incentive given by the government to an industry with a view to lower the price of the product of the concerned industry and to raise its competitive power. In economic theory, subsidies can be used to offset market failures and externalities to achieve greater economic efficiency (Ogunode & Aregbesola, 2023). Subsidy has been researched and defined by different respective authors as it has been a serious issue of debate in recent times. Moreover, in the most general terms, subsidy can be defined as any government assistance that allows consumers to purchase goods and services at a price lower than those offered by a perfectly competitive private sector because there is an intervention of government. Project clue (2023), incited that subsidy is a decrease in the market price of products and services by the government so that people with limited purchasing power can obtain such goods and services. It occurs when the government assists customers in paying a price that is lower than the market price for consumer products (Dabara, Olatoye, and Okorie, 2021). In economic theory, subsidies can be used to offset market failures and externalities to achieve greater economic efficiency (Ogunode and Aregbesola, 2023). Similarly, world bank also defined subsidy as the amount of money given to the industry or company by the state or a public body to keep the price of commodity or service at a lower price as asserted by (Oladipo and Oni 2012) and also established that inflation, exchange rate, import, interest rate, money supply and demand for money have a significant effect on the prices of construction materials and cost labor in Nigeria.

Furthermore, one important objective of subsidy is to keep its prices below the cost of production as noted by (Ogunode, Aishaya, and Ayoko, 2023). Subsidy removal is an official elimination and stop payment of subsidies on products formerly subsidized (Fathurrahman, Lapanjang, and Bahrudin, 2017) The reality of subsidy is that as the pump price of fuel increases, invariably the cost of everything in Nigeria increases. Fuel subsidy has been a major policy in Nigeria since the 1970s, with the aim of ensuring that petrol is affordable to the citizens. Fuel subsidy is a government discount on the market price of fossil fuel to make consumers pay less than the prevailing market price of fuel. When subsidies are in place, consumers would pay below the market price per litre of the petroleum product. Globally, there are debates about fuel subsidy because of its huge amount and its effect on citizen's welfare and the fiscal health of a nation. The size of global fossil fuel subsidy is large and is estimated at \$1 trillion in 2022 from \$325 billion in 2018, according to the International Energy Agency. This amount is significantly higher than the value of global which was estimated at \$204 billion in 2022 and larger than the combined government revenue of developing countries.

The government was spending a significant portion of its budget on subsidizing fuel, leading to fiscal challenges. The fuel subsidy system in Nigeria was plagued by corruption and fuel smuggling, where subsidized fuel was often illegally sold in neighboring countries for a higher price (McCulloch, Moerenhout, and Yang, 2021). This has led to calls for the removal of global

fossil fuel subsidy so that the saved funds can be channeled to assist the poor and vulnerable in need of humanitarian assistance in developing countries (Couharde and Mouhoud, 2020), (Ozili, and Ozen, 2021). Despite this favorable argument, a large literature documents the negative consequences of fuel subsidy which include increasing air pollution and greenhouse gas emissions (Sweeney, 2020), road congestion, (McCulloch *et.al.*, 2021). road accidents and premature deaths, (Parry, Black and Vernon,2021). foregone tax revenue (Sweeney, 2020). and it increases inequality between the poor and the rich (McCulloch *et. al.*, 2021). The removal of fuel subsidies in Nigeria presents a significant policy shift with profound implications for public project delivery. Without subsidies, suppliers were able to increase their price without facing competition from subsidized import. However, policymakers in many countries are reluctant to remove fuel subsidy and to implement fuel subsidy reforms because such reforms may result in a significant increase in fuel or electricity prices which could lead to economic hardship for low-income and poor citizens, and might lead to massive protest and increase the risk of a revolution or the overthrow of the incumbent government. In Nigeria, fuel subsidies were first introduced in the 1970s as a response to the oil price shock in 1973. Fuel subsidies were partially removed in 1986. Since then, the fuel subsidies have been in place. In 2012, the government abruptly removed fuel subsidy. The removal led to massive protests which was intended for the government to reinstate the fuel subsidy it had removed (Ozili and Obiora, 2023).

The government subsequently reinstated fuel subsidy in 2012 due to the massive protests. Since then, fuel subsidy payment in Nigeria has grown enormously. In 2022, fuel subsidy reached ₦4 trillion (US\$6.088 billion) which amounted to 23 percent of the national budget of ₦17.126 trillion (US\$25.87 billion) in 2022. As a result, the Federal government could no longer maintain fuel subsidy in 2023, and the government announced that fuel subsidy would be removed in June 2023. The subsidy removal led to an increase in the price of petrol. This action or decision leads to increase in transportation, building materials and manufacturing, the construction industry is also expected to feel the pinch. Recent evidence in the Nigerian literature shows mixed effect of subsidy removal especially in Anambra where buildings are collapsing in different locality like Onitsha, Nnewi, Awka and other places due to substandard materials are now invoke with wrong specifications, which resulted to excessive death both adult and school children. The study reoccurred that there was no substantial systematic palliative that is in place before the removal. The study therefore necessitates the gaps by identify the effect of subsidy removal on cost-significant material and labor within Anambra state construction economy; and secondly at what extent has subsidy removal influenced labor costs, wages of skilled and unskilled labor in Anambra state's construction sector.

## LITERATURE REVIEW

### A. Factors Affecting Building Materials and Labour on Subsidy Removal

Construction projects involve the extensive use of materials both local and imported. They were all naturally occurring in the ancient times, for example, stone, wood, straws, clay, lime, and brick

(Akanni, 2006) (Taylor, 2013). The following factors are established economic factors that contribute to increase in building material prices and labour, increase in prices of petroleum products, inflation, transport duties, important duties, demand, supply exchange rates, and market conditions, all these factors mentioned above are as a result of subsidy removal in Anambra state, Nigeria. The presupposes that increase in the price of building materials such as cement, steel, timber, copper, masonry, PVC, bitumen, aggregates and so forth, will invariably, lead to an increase in construction costs and affect the performance of the construction industry. However, with the ravaging effect of persistent increase in price of materials and equipment due to subsidy removal in Anambra state Nigeria, some of these investors are also discouraged from investing in the construction sector. Increase in the prices of petroleum Products: The removal of subsidy has led to the rise in the prices of petroleum products. This has also contributed to low demand with high price for petrol, and equally reduced the quantity of petrol purchased. The increase in petrol will definitely affect the cost of materials, cost of equipment and cost of transportation when bringing it to construction site and labour too as asserted by (Akanni,2006) (Udosen and Akanni, 2010),

- Inflation: Inflation is the general upward trend of prices of goods and services within an economy. One of the major constraints in the Nigerian construction industry today has been the rapid inflation in the cost of the building materials as discussed by Windapo, Ogunsanmi and Iyagba, 2004). He equally observed that the situations arising from the rapid increase in the cost of building materials may degenerate to acute shortages of housing with the millions of middle- and low-income families being priced out of the market for home ownership all across Nigeria. A certain review of literatures reveals that there are several factors affecting construction costs for large buildings. In the study of Anambra state construction industry, Omoregie and Radford, (2006) sampled the opinions of contractors, consultants and clients and they discovered 15 factors responsible for project delays and construction escalation in Anambra state, Nigeria. Their survey revealed price fluctuation as the most severe cause of project cost escalation which is attributed to the limitation in exchange rate which in turn affects construction material prices and general price level.
- Transportation: Transportation refers to the process of conveying or moving of goods and services and people from place to place. Good and Jebbin (as cited by Adenirian, and Yusuf, 2016) defined transportation as a system for carrying passengers, raw materials, and goods from one place to another both internally and internationally, often through power driven machines. Sinclair, Artin and Mulford (2002) noted that increased in fuel will inversely affect the transport cost. Furthermore, high transport and freight costs have been identified as the factors responsible for building material price increases in African countries such as Nigeria, Uganda, and Kenya (Matthew, 2009) (Mwijagye, 2011) (Editor, 2011).

- **Government Policies:** Mansfield, Ugwu, and Doran, (1994) and Obadan, (2001) indicated that government policies highly contribute to the economic increase in price of building materials sector. Adekoya (2003) also identified government fiscal policies as one of the factors affecting the cost of building materials in the Nigerian construction industry. The situation has triggered unnecessary increment on goods and have tripled within and across major cities in Anambra state, Nigeria. This policy had led to increase in costs of construction in terms of labour and petroleum related materials input cost and equipment. Due to this high increment in construction materials, the contractors go for substandard materials which would lead to collapse of that buildings. Subsidy removal affect the cost of construction materials, transportation to bring it to site, machineries and labourers used for construction. Consequently, government policies on construction materials costs have caused more harm especially after the removal of subsidy which has resulted in higher overall construction expenses and potentially delay or cancel planned projects due to lack of funding.
- **Exchange Rates on Raw Materials and Input Costs:** The exchange rate between two currencies is the amount for which one currency is exchanged for the other, and is used in determining the strength of one currency to another. The degree to which building material prices are affected by exchange rate movements depend on the types and quantities of materials being imported by a country at a specific time, the need to import the raw materials used in the production of building materials locally is highly needed (such as copper, timber and steel) are internationally traded commodities (Busreport, 2006) (Mohammed, 2006) (Anderson, 2011) (Prior, 2011) and (Iyengar, 2011). acknowledged that rising raw materials costs along with other factors such as oil, gas and energy are the key causes of increases in the prices of building materials such as cement, roofing membranes and water proofing. Import duties are a charge on goods and products brought into the country and are put in place to protect local producers from clients trying to outsource cheaper goods from abroad. Import duties on materials have been noted to affect the construction industry and building material prices in countries such as Malaysia, India, Uganda, Kenya and Oman.

#### B. Causes Of Subsidy Removal

There are many causes that led to the removal of subsidies on petroleum in Nigeria. One of the primary causes has been the sharp decline in the value of the Nigeria Naira, which has made it more difficult for the government to continue subsidizing construction materials and equipment. In addition, the high level of corruption in the country has also played a role, as it has made it difficult for the government to effectively distribute subsidies to those who need them. There has been a history of corruption and mismanagement of public funds in government revenue. This has made it more difficult for the government to fund social programs, including subsidies for

construction materials and equipment (Obadan, 2001). Other causes were discussed by Nigeria Economic summit (2023)

- Opportunity cost on development spending: Fuel subsidy payment diverts part of the resource for developmental purposes towards consumption. thereby, the resources that should have gone into infrastructure, education, health, and security with positive externalities are going into consumption.
- Strain on government's fiscal space: The ever-growing fuel subsidy bills continue to hit deep into government resources. With revenue shortage, fuel subsidy payment means the government will need to borrow to invest in order aspects of governance.
- Shortage of supply: The lower-than-market clearing price causes scarcity. It discourages producers and suppliers from entering the market and is often associated with excess consumption. Besides, the fact that neighbouring economies operate at market-clearing prices encourages the smuggling of subsidised products out of the country. Therefore, fuel subsidy causes scarcity of fuel in the market.
- Market distortion and inefficiency: By nature, subsidy deviates the prices from market clearing prices. Coupled with the opaqueness in the process, the activities in the market are often disrupted as players wait on the government for clearance. The product is often unavailable, and people often buy at higher prices than the market price.
- Disincentivises investment: Fuel subsidy discourages investors in the sector as they cannot guarantee their operations efficiency, profitability, and competitiveness due to market distortions.
- Rips of oil sale benefit: Nigeria is a major oil-producing country but depends on imports for fuel. With fuel subsidy in place, the government is ploughing back its earnings regarding foreign exchange and revenue to fuel imports. Therefore, foreign exchange earnings and government revenue is ripped off on the spot with little to commit to public finance.
- Breed rent-seeking and corruption: Due to opaqueness and weakness in oversight of the process, fuel subsidy payment has allowed unethical and corrupt practices such as the inflation of landing costs and padding fuel import bills.

### C. Effect of Subsidy Removal on Cost-Significant Material and Labour

Subsidy removal is an official elimination of subsidies on products formerly subsidized. Subsidy removal is the decision of the government or institutions to stop payment of subsidies on the products or services previously subsidized (Ogunode & Aregbesola, 2023). Petrol was N185.00 to N200.00 per liter on May 2023, before the last escalation of petrol the price, currently the price is between N1000.00 and N1200 per liter, depending on locations and oil marketers.

Labour cost is an important part of project cost as it includes almost 30-50% of overall cost (Jarkas and Bitar, 2012). Abdal, Hassan, Yunus and Hashim (2012) agree that construction labor

productivity is one of the major elements of every company success and competences, which is mainly associated with labour performance. Subsidy removal has really affected construction cost, time overruns in construction projects, cost of transportation, fund to finance the project by the client, materials and equipment.

The cost of building materials poses a significant threat to both the construction industry and people aspiring to own a house (Anosike, 2009) (Mekson, 2008) (Mohammed, 2008) (Njoku, 2007); for example, a bag of cement which is valued at N1,350 in 2006 goes as high as N5800 in N1,850 in 2009 (Anosike, 2009). Idoro, and Jolaiya (2010) affirmed that many project were not completed on time due to the cost of materials, which have been on the increase. These frequent increases give rise to cost overruns, claims, housing supply shortage leading to high cost of urban housing accommodation construction cost estimate losing usefulness within short periods, difficulty in forecasting and planning and frequent contract price variations, all of which often lead to project abandonment. (Nwuba, 2004) (Akuwusola, 2007)

The situation has triggered unnecessary queues in filling stations while transportation fares have tripled within and across major cities in Anambra state, Nigeria. This removal of subsidy had led to increase in costs of construction in terms of labour and petroleum related materials input cost and equipment. Due to this high increment in construction materials, the contractors go for substandard materials which would lead to collapse of that buildings. Subsidy removal affect the cost of construction materials, transportation to bring it to site, payment paid to wages and machinery used for construction. Consequently, transportation costs for construction materials rises, resulting in higher overall construction expenses and potentially delay or cancel planned projects due to lack of funding.

As a result of subsidy removal, the cost of building materials poses a significant threat to both the construction industry and people aspiring to own houses (Anosike, 2009) (Mekson, 2008) (Mohammed, 2008) (Njoku, 2007); for example, a bag of cement, which is valued at N4000.00 in 2022, goes as high as N6000.00 in 2023 (field survey 2023). Increase in the price of building materials has multiplier effects on the industry and many projects were not completed on time due to the increase in cost of materials. The general direction at which prices of building materials are increasing in Anambra state was as the result of subsidy removal in Nigeria. According to Akindele (2024). Idoro, and Jolaiya, (2010), the predominance of many uncompleted and substandard buildings was connected to the inflation and high cost of building materials. Subsidy removal can lead to a decrease in the availability of certain materials, as manufacturer and importers may not be able to afford to keep them in stock. This subsidy removal can also lead to a decrease in the quality of materials, as manufacturers may reduce costs by using lower-quality materials.

## **METHODOLOGY**

To achieve the aim of this study, a survey design approach was conducted. Relevant secondary data was obtained in order to get the prices of the construction materials and wages paid to labourers, and the quarterly prices of construction materials were collected from Nigeria Institute of Quantity Surveyors (NIQS) published journals, Fobis International Market, and Ogidi Building Material Markets, Onitsha, Anambra State. Meanwhile, Descriptive statistics and a multiple regression model were used to analyze the data collected, thus embracing the aim and hypotheses of the study.

This study tested the following Null hypothesis;

**H0<sub>1</sub>:** There is a no significant relationship between building material prices and the subsidy removal in Anambra State.

**H0<sub>2</sub>:** Subsidy removal does not affect the labor costs, wages of skilled and unskilled labor, within Awka, Anambra State.



**DATA ANALYSIS AND DISCUSSIONS**

**Table 1: PRICES OF MATERIALS, FROM JANUARY - MAY 2023 BEFORE SUBSIDY REMOVAL AND JUNE – NOVEMBER 2023 AFTER SUBSIDY REMOVAL.**

Material	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov
Cement	4200	4200	4500	4500	4500	4600	4600	5800	5800	5500	5300
Granite	420000	420000	420000	420000	430000	500000	600000	600000	600000	600000	600000
Sharp sand	120000	120000	125000	125000	125000	200000	200000	200000	200000	210000	210000
16mm. rod	6600	6600	6600	6600	6600	6800	8000	8400	8400	8400	8600
12mm. rod	3600	3600	3800	3800	3800	4000	4800	4800	4800	4800	5000

Source: researcher’s field work (2024).

### Descriptive Analysis of Data

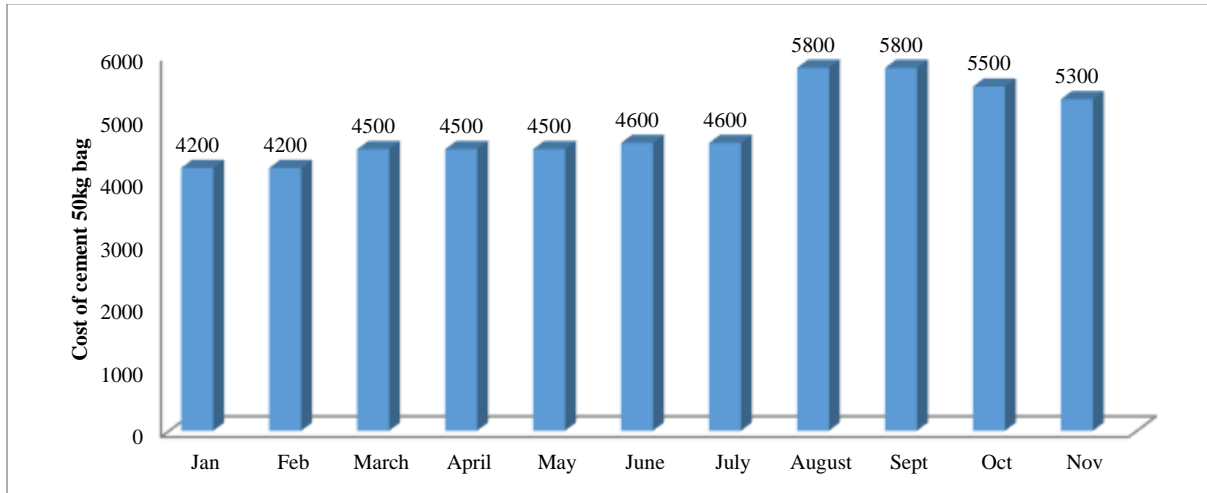


Fig 1: Showing Cost Trends of 50kg Bag of Cement in Awka from January - May before subsidy removal and June - November after subsidy removal.

From the chart above, it can be observed that the price of cement is not steady and the patterns in the trend were higher when subsidy was removed.

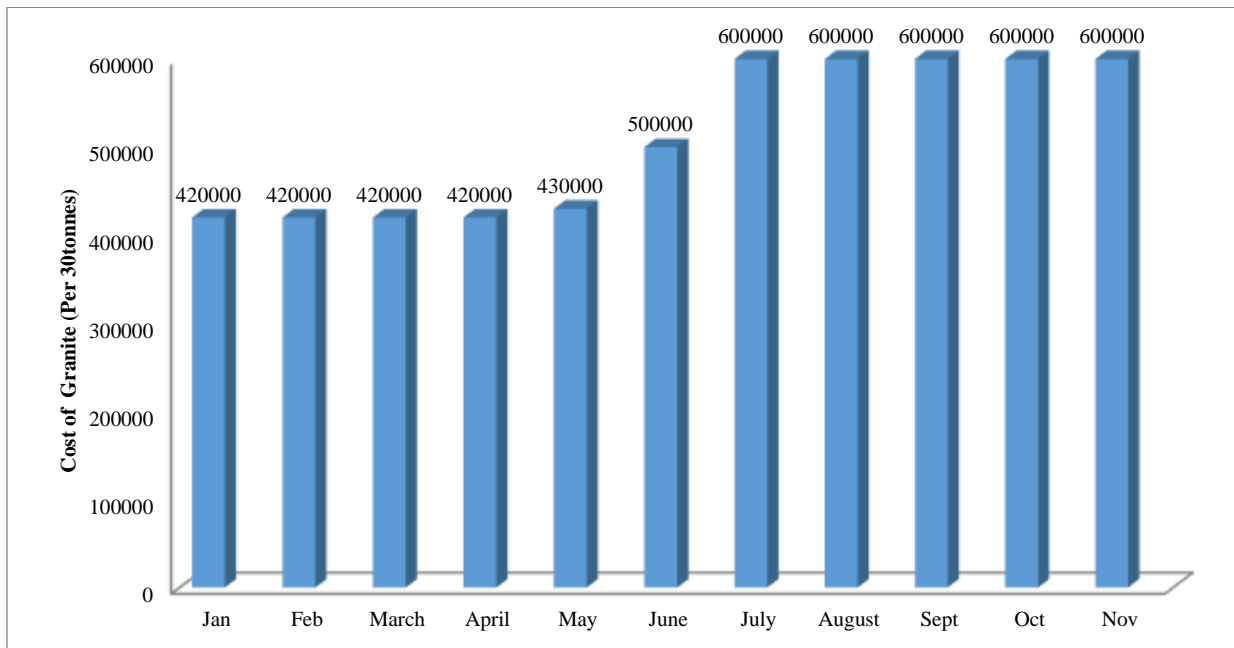


Fig 2: Cost Trends of Granite (Per 30tonnes) in Awka from January - May before subsidy removal and June - November after subsidy removal.

From the chart above, it is observed that the price of granite from Jan-May was steady and obtained an upward trend in June when subsidy was removed.

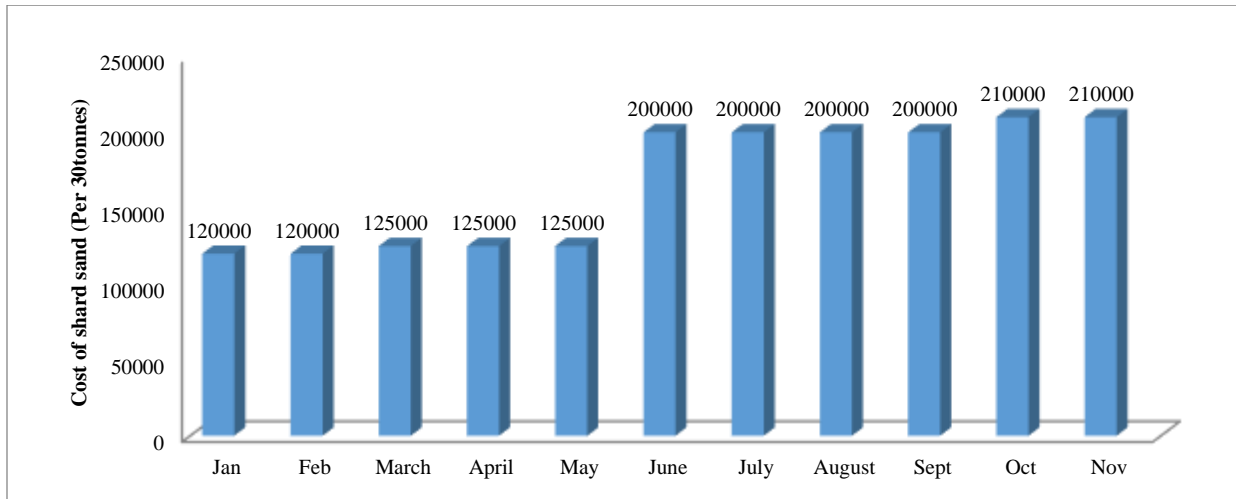


Fig 3: Cost Trends of sharp sand (Per 30tonnes) in Awka from January - May before subsidy removal and June - November after subsidy removal.

From the above chart, it is obtained that the price of sharp sand is steady between Jan-May during subsidy and obtained an upward trend in June till November when subsidy was removed.

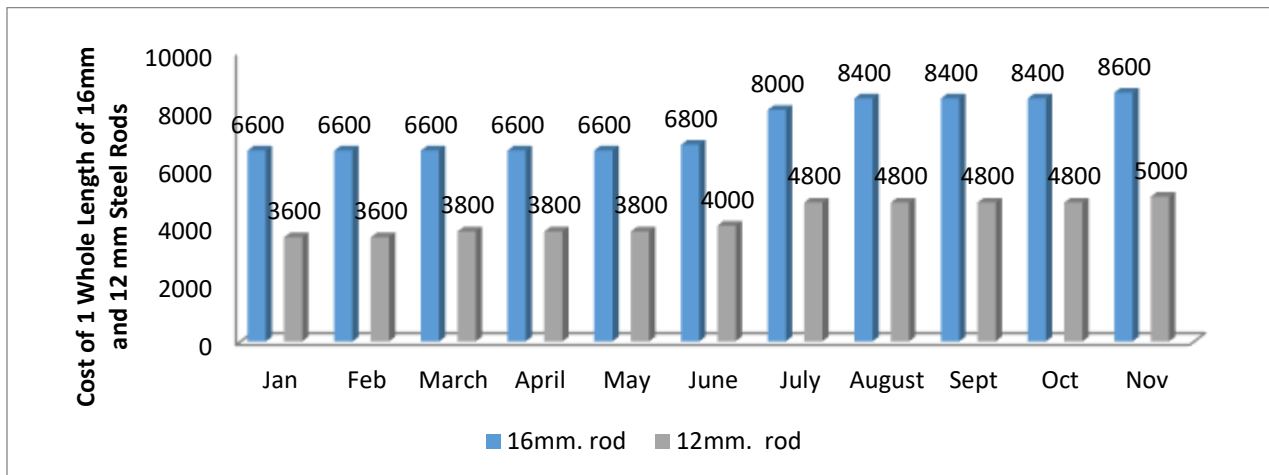
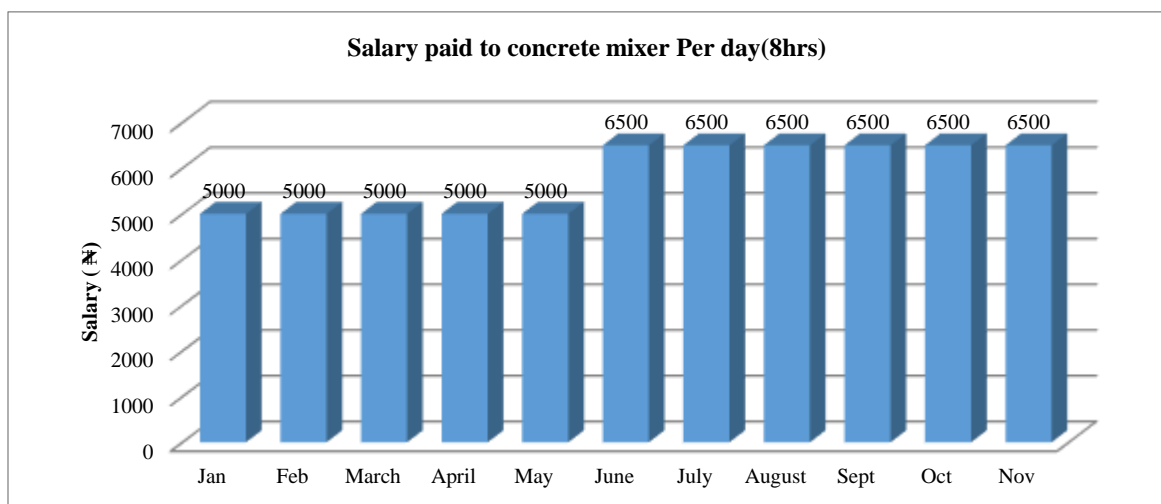


Fig 4: Cost Trends of Reinforcement of 1 Whole Length of 16mm and 12 mm Steel Rods in Awka from January - May before subsidy removal and June - November after subsidy removal.

From the above chart, it was observed that the price of steel rods was not steady, and showed a steady increase from June when subsidy was removed.

**TABLE 2: HOW SUBSIDY REMOVAL INFLUENCES LABOR COST, WAGES OF SKILLED AND UNSKILLED LABOR IN THE CONSTRUCTION SECTOR IN ANAMBRA STATE.**

Salary	Jan	Feb	March	April	May	June	July	August	Sept	Oct	Nov
Salary paid to concrete mixer Per day(8hrs)	5000	5000	5000	5000	5000	6500	6500	6500	6500	6500	6500
Salary paid to Block molder Per day(8hrs)	7000	7000	7000	7000	7000	8500	8500	8500	8500	8500	8500
Salary paid to Skilled laborer Per day(8hrs)	5000	5000	5000	5000	5000	7000	7000	7000	7000	7000	7000
Salary paid to Un-Skilled laborer Per day(8hrs)	3500	3500	3500	3500	3500	5000	5000	5000	5000	5000	5000



**Fig 5: Salary paid to Concrete mixer (per day) in Awka from January - May before subsidy removal and June - November after subsidy removal.**

From the above chart, it was observed that steady salary of 5000 per day to concrete workers but the prices were higher when subsidy was removed.

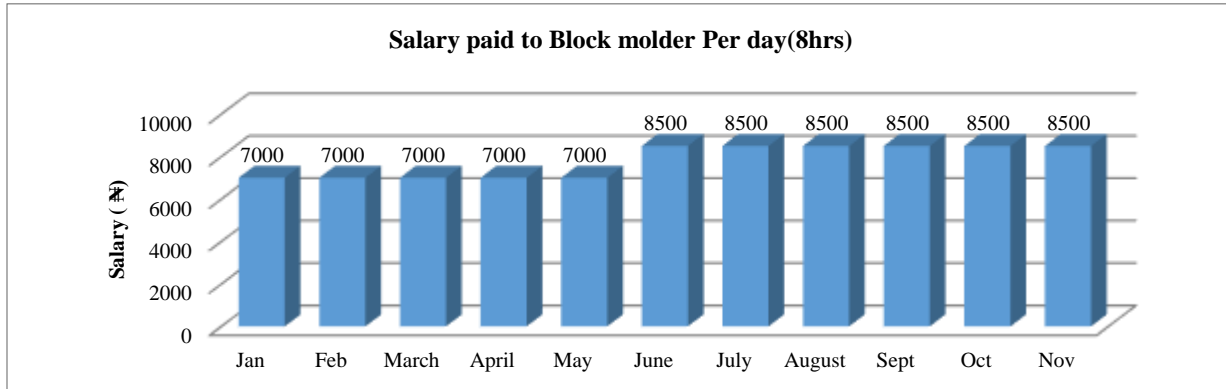


Fig 6: Salary paid to block moulder (per day) in Awka from January - May before subsidy removal and June - November after subsidy removal.

From the above chart, it was observed that there was a steady salary for block molder during Jan to May but the prices were escalated when subsidy was removed.

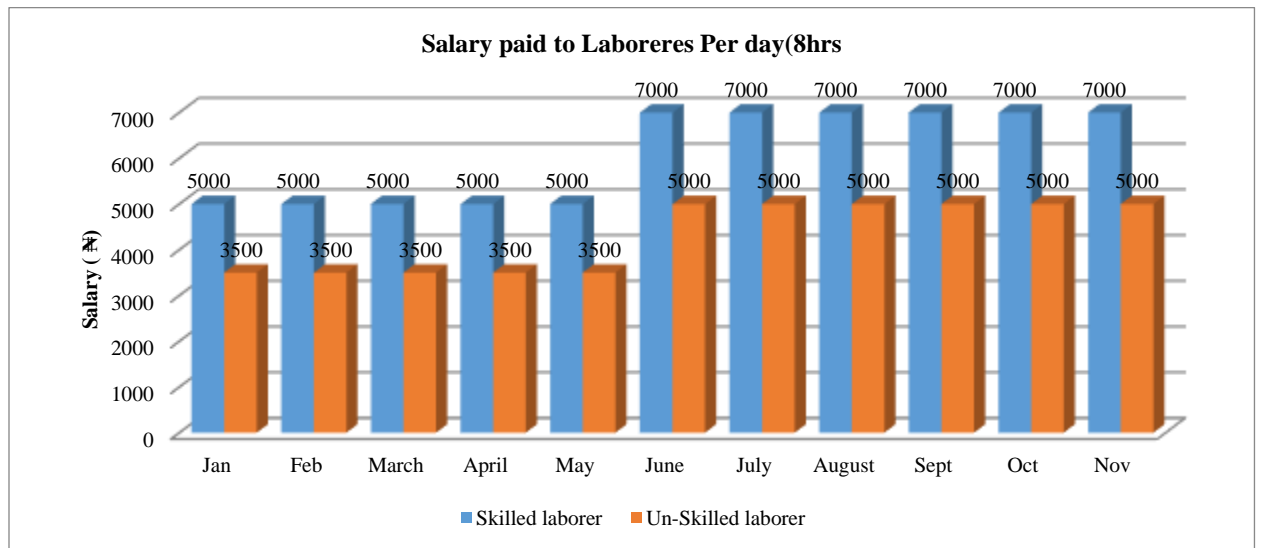
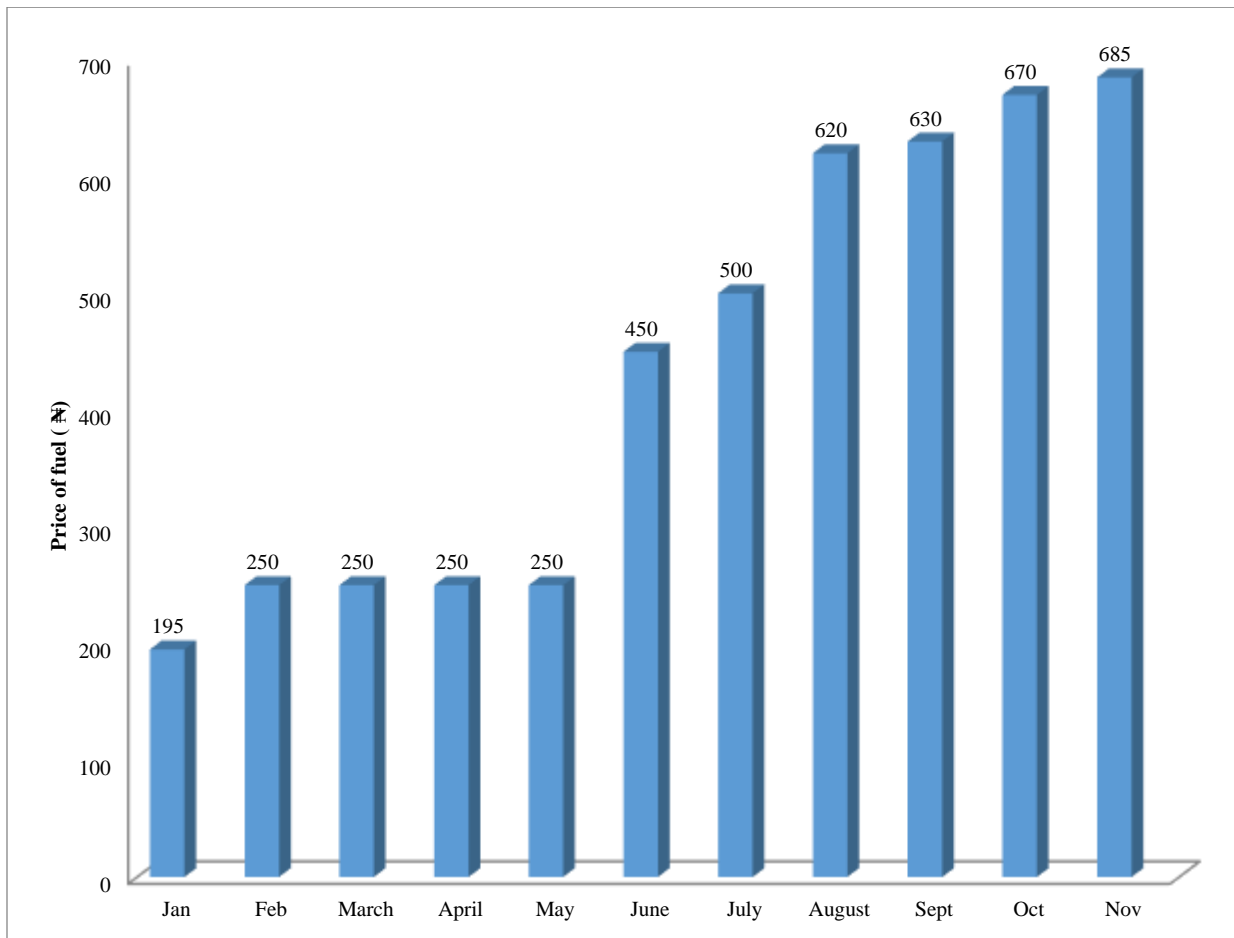


Fig 7: Salary paid to laborers (per day) in Awka from January - May before subsidy removal and June - November after subsidy removal.

From the above chart, it was observed that steady salaries were been paid to both skilled and unskilled laborers till June when the subsidy was removed and the prices increased from 5000 to 7000 and from 3500 to 5000 for skilled and unskilled laborers respectively.



**Fig 8: Trends of price of fuel in Nigeria from January - May before subsidy removal and June - November after subsidy removal.**

TABLE 4.3: DESCRIPTIVE STATISTICS

Variable/Statistic	Minimum	Maximum	Mean	Std. Deviation	Skewness	Kurtosis
Fuel price	195	685	440	143.320	1.554	1.606
Cement	4200	5800	4950	514.406	-0.327	-1.624
Sharp Sand	420000	600000	16250	139.522	0.194	0.059
Equipment hiring	45000	210000	510,000	129.522	0.182	0.049
Granite	120000	210000	110,000	768.526	0.149	-1-07
Steel rod	6600	8600	7600	582.101	-0.399	-1-998
Salary	5000	7000	6090	203.700	1.925	1.874

Source: Analysis of survey data (2024)

Hypothesis 1:

There is a no significant relationship between building material prices and the subsidy removal in Anambra State

A multiple regression model was used to determine the interrelationships between the dependent variable (fuel price) and the predictors or independent variables (i.e. Cement, sharp sand, granite, reinforcement bars, equip-hiring and salaries). The regression equation adopted is as follows:

$$Y = a + b_1CEM + b_2SSAN + b_3EQHI + b_4GRA + b_5RB + b_6SALA$$

Where:

Y = Fuel prices

CEM = Cement (X1)

SSAN = Sharp sand (X2)

PSAN= Equipment hiring (X3)

GRA = Granite (X4)

RB = Reinforcement bar (X5)

RSHT = Salary (X6)

b1, b2 .....bn are multiple regression coefficients for the independent variables

“a” is an error term which points to the fact that a proportion of the variance in the dependent variable Y is unexplained by the regression equation.

**Table 4: Model Summary**

Model	RSquare	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics F Change	df	Sig.
1	.95	.91	4819.584	.917	5	1	.000
7		.7				4	

**Table 5: ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	35.874	5	71.975	30.804	.000
Residual	32.126	14	23.795		
Total	39.000	19			



**Table 6: Coefficients**

Model	Unstandardized Coefficients		Standardized Coefficient	T
	B	Standard Error	Beta	
<b>(Constant)</b>	-413.983	259.84	71.975	-1.593
<b>Cement</b>	-6.685	8.367	-.240	-.799
<b>Sharp sand</b>	-4.875	5.564	.349	.275
<b>Granite</b>	13.510	5.260	.724	2.568
<b>Steel rod</b>	.773	7.504	.031	.103

<b>salary</b>	4.281	1.094	.607	3.913
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The results indicated that the overall model is statistically significant, [F (5, 14) = 30.804, P = 0.000]. Table 4.21 presents the coefficients, the enter method was employed in the analysis (this will cause all predictors to be included in the output. The above analysis could be interpreted that there is a strong significant relationship between building material prices and the fuel prices in the study area.

**Hypothesis 2:**

**Subsidy removal does not affect the labor costs, wages of skilled and unskilled labor, within Awka, Anambra State.**

**Table 7: Summary of Hypotheses Test**

Test	Value of Test statistics	Level of Significance	Critical value	Decision
<b>Correlation Analysis</b>	<b>1.73</b>	<b>0.05</b>	<b>0.811</b>	<b>Reject Ho, there is a significant relationship</b>

Using Correlation Analysis

T calculated = 1.73

Degree of freedom = 5-1 = 4

Level of significance = 5= 0.05

The critical value ( $t_{tab}$ ) = 0.811

The calculated value ( $t_{cal}$ ) was indicated to be greater than the table value ( $t_{tab}$ ) i.e.  $1.73 > 0.811$ , thus we reject the null hypothesis and conclude that subsidy removal affects the labor costs, wages of skilled and unskilled labour, within Awka, Anambra State.

### **CONCLUSION AND RECOMMENDATION**

The study, based on its findings, was discovered that subsidy removal in Nigeria has been far from stable, and have affected material and labor prices non-uniformly and inconsistently. It concludes that there is a significant relationship between building material prices and the subsidy removal in Anambra State and that subsidy removal does affect the labour costs, wages of skilled and unskilled labour, within Awka, Anambra State. This aligns with the research by Akindele (2024), who discovered negative correlations between fuel subsidy removal and labor costs. Furthermore, the study showed that subsidy removal impacts negatively on building material prices in Anambra State. This is in line with Anwanakak (2023) who stated that Pump fuel prices and the cost of goods and services are positively correlated in Nigeria, meaning that rising fuel prices would raise the cost of products and services. In this aspect, materials and equipment leading to an increase in construction costs. Moreover, the high cost of building materials poses a significant threat to both the building sector and people aspiring to build their houses and as such, therefore there is need to provide lasting solutions, bring about steady building material prices, and avoid circumstances of persistent and continual price increase on construction activities.

Thus, the study recommends that the negative impact of fuel subsidy removal on Cost- Significant Material and Labour within Anambra State Construction Economy can be eradicated or minimised if strategic planning and policies that can combat the negative effect of fuel subsidy removal are put in place by the Federal Government. This can be in the form of subsidising transportation for citizens by operating effective Mass transit schemes. Government should also ensure a steady supply of power from the power sector as against the epileptic power supply and reduce the increase in power tariff, repair the local refineries, and focus more on encouraging the local refining of petroleum products instead of importing them in order to reduce constant increase on our domestic prices for petroleum products and consequently inflation on the materials too. Finally, this will improve both the construction economy in Anambra state and Nigeria as a nation for it will generate more avenue for country progress in generally.

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