



Investigating the effect of Inflation on Household Standard of Living in Nigeria; Empirical Evidence Using ARDL Model

*Abdulsalam S. Ademola and Lami S. Ubale



Department of Economics and Development Studies, Federal University Dutsin-Ma, Nigeria.

*Corresponding Author's email: sabdulsalam@fudutsinma.edu.ng Phone: +2348032868115

KEYWORDS :

Cost of Living,
Economic Growth,
Inflation,
Standard of Living.

ABSTRACT

The study investigates the effect of Inflation on Standard of living in Nigeria using time series data (1980-2023), that are mainly sourced from Central Bank of Nigeria (CBN) statistical bulletin and National Bureau of Statistics (NBS) of various issues and World Development Indicator (WDI). Auto-Regressive Distribution Lag (ARDL) econometric technique of analysis were employed given mixed order of integration of the variables and existence of long run relationship among the variables using cointegration bound test. The empirical findings indicate that, there is a negative and statistically significant relationship between inflation, interest rate and standard of living variable within the study period. This implies that an increase in inflation and interest rate by 1% will leads to reduction in standard of living by 0.06% and 0.19% respectively, and it is significant at 1%. Based on the empirical finding, the study make the following recommendations. Government and various stakeholders such as Central Bank of Nigeria (CBN) should make necessary policies that will lower the rate of inflation, thereby lowering the cost of living in Nigeria as such will increase the living standard of the people and also bring about economic growth and development in the country.

CITATION

Ademola, A. S., & Ubale, L. S. (2025). Investigating the effect of Inflation on Household Standard of Living in Nigeria; Empirical Evidence Using ARDL Model. *FUDMA Journal of Humanities, Social Science and Creative Arts*, 1(AHBSI), 134-141.
[https://doi.org/10.70882/fujohssaca.2025.v1\(AHBSI\).16](https://doi.org/10.70882/fujohssaca.2025.v1(AHBSI).16)

INTRODUCTION

One of the major goals of both developed and developing countries is to achieve stability in general price level for sustainable economic growth and development. Price stability is among the macroeconomic variable indicators that determines the level of economic activities and general wellbeing of the citizen of a country. A country that have relative stability in general price level, will enjoy growth in the level of the economic activities, growth in income, relatively stable cost of living and of course growth in standard of living of the citizenry as a result of growth in per capita income of such country.

Price stability determine the level of inflation in a country. This implies that an economy with relatively stability in price will enjoy low level of inflation, hence reduction in cost of living and high standard of living of her citizenry in

an economy while instability in Price increases inflation rate. This is because a high level of inflation disrupts the smooth functioning of a market system which affect both individual level and aggregate economy at large (De mello, and Carneiro, 2010). At the individual level, inflation exerts a heavy influence on cost of living which affect their standard of living, while at aggregate level, it distorts stability of price which hinder sustainable economic growth.

Inflation, refers to the continuous rise in general price level which result to fall in the value of money over a given time period such that more money chases fewer goods and services which impacts the economy adversely (Chimobi, 2010). Inflation rate can affect the standard of living of the population through influence on the household cost of living. Once inflation exceeds its required threshold i.e, the

single digit rate required for the smooth running of economic activities, regulators deploy policy instruments to control and cushion its effects on the population as part of broad macroeconomic stabilization objectives. If an individual cannot get required basic necessities of life due to high cost of living which result into low purchasing power, his/her Marginal Propensity to Consume (MPC) rises which makes it more difficult for the individual to live comfortably, hence individual's standard of living dips. As the MPC increases, the Marginal Propensity to Save (MPS) declines which culminates into low aggregate investment with adverse consequences for financial deepening, and eventually economic growth and development of the country (Oduh, 2012).

Inflation rate is relatively very low in advance or developed economy, while high inflation rate characterizes the economy of less developed countries which result into high cost of living. This justify why the standard of living in less developed economies is low because of high cost of living as a result of high inflation., Alem, Y.and Sodarbom, M. (2010) pointed out that, as the prices of commodities increase, consumers' marginal propensity to save declines thereby adversely affecting their standard of living. Farid, *et al*, (2012) further opined that uncertainty in prices of goods and services results in such household's desires to earn more income which causes them to take on more income generating jobs sometimes at the expense of their health in a bid to maintain a minimum standard of living. This would also have a ripple effect culminating in stunted economic growth and development of the country involved.

Some decades back in Nigeria, inflation has been on increasing rate from single rate required for the smooth functioning of economic system to the present rate of two digits number. For instance, according to Bawa, Abdullahi and Ibrahim (2016), the years between 1980 and 2007, single digit inflation rate were recorded. Specifically, in 1980 inflation rate was 9.97%, 1985 with an inflation rate of 7.4%, 1986 with inflation rate of 5.7%, 1990 with inflation rate of 7.4%, 2000 with inflation rate of 6.9% and 2006 with inflation rate of 8.2%. In 2010, the country recorded double digit inflation rate of 13.72%, this continue up to 2012 with rate of 12.22%. In 2013, inflation rate in Nigeria dropped down to single digit with the rate of 8.48%, in 2014 and 2015 rate of 8.06% and 9.01% respectively were recorded. Moreover, it was also revealed that inflation rate in Nigeria rise to 18.87% in 2017, 16.52% in 2018 with inflation rate of 12.09% in 2019 and in 2020 inflation rate is 13.25%, in the third quarter 2021, inflation rate was 16.8%, in 2022 the rate was 22.22% (NBS 2022) and in the first quarter of 2023, the rate was 22.41%, and in the first and last quarter of 2024, the rate was 31.60% and 33.88% respectively (NBS 2024). The increasing rate is as a result of increase in prices of virtually all the goods and services in the market tend to affected household cost and standard of living

through its effects on family budget as well as consumer purchasing power. It has also caused reduction in the level of both domestic and foreign investment due to reduction in the savings as a result of high prices of goods and services and loss of value of money in an economy therefore the need to investigate the effect of inflation on cost and standard of living in Nigeria.

LITERATURE REVIEW AND THEORETICAL FRAMEWORKS

Concept of Inflation

Inflation is a continuous rise in the prices of goods and services. It can also be refers to as the economic situation where there is a general rise in the prices of goods and services, continuously. Inflation according to Bawa et al (2016) is a continuing rise in general price level over period of time, and is normally measured by an index such as the consumer price index (CPI) or by the implicit price deflator for Gross National Product (GNP). Inflation is frequently described as a state where too much money is chasing too few goods". When there is inflation, the currency loses purchasing power. The purchasing power of a given amount of naira will be smaller over time when there is inflation in the economy.

Inflation according to this study has to do with increase in prices in day to day of goods and services over time, with specific focus on how it affect the consumer or household cost of living and their overall standard of living in Nigeria. It's the rate at which good and services continue to rise to specific level over a period of time.

Concept of Cost of Living

Cost of living is the cost of maintaining a certain standard of living. Changes in the cost of living over time are often operationalized in a cost-of-living index. Cost of living calculation can be used to compare the cost of maintaining a standard of living in different geographical areas. Differences in cost of living between locations can be measured in terms of purchasing power parity rates.

Cost of living is also an economic concept consisting of the general level of prices for goods and services that typical consumer's purchase for their activities of daily living. It is used to determine cost of living adjustments (COLAs), which are increases in pay, government benefits or pension benefits to match the rate of inflation so that a person's purchasing power remains the same or is not as adversely affect. Cost of living adjustments may be determined contractually between employees and employers with a set rate, or through the use of a formula using a price index for the calculation. Cost of living in this study are proxied by Consumer Price Index (CPI).

Concept of Standard of Living

Standard of Living is the measure of prosperity and quality of life of people or citizen of a country. It reveal the social

and economic well-being of the citizen of a country at any given period of time. It can be measured with both economic and non-economic factors which include; income, education healthcare, accommodation, crime rate, environment health and social services.

Fiscal theory of the Price level

This study adopts the fiscal theory of the price level (FTPL) as propounded by Eric Leeper in (1991) and redeveloped by Cochrane, J. H. (2001) among several researchers. It describes policy rules such that the price level is determined by money supply, government debt and the present and future tax which affect household spending plans, and there standard of living with direct reference to monetary policy (Buiter, 2002). The velocity equation defines the velocity of money in period t (V_t) as the ratio of nominal output (the price level P_t times real output Y_t) to nominal money balances (M_t): $V_t = \frac{P_t Y_t}{M_t}$ (2) Differences across monetary models arise in the way these four economic variables are determined, and in the specification of which (if any) of these variables is to be treated as exogenous or endogenous, the general price level needs to be determined jointly with M_t , Y_t , and V_t by computing the entire equilibrium path of the economy (Gordon, D. B., and Leeper, E. M. (2002)). The FTPL traces its roots to theory of money and government sources of fund for her expenditure which has direct relationship with price level hence inflation, cost and standard of living of households. Government debt financing and money supply without corresponding level of productivity will trigger price level which causes inflation. Changes in price level (increase) is one the key factors of inflation according to Keynes that determines household cost and standard of living, and increase in taxes both present and future results into increase in price level. Hence, this serves as the link between the theory and the study.

Empirical Literature Review

The empirical literature regarding the impact of inflation on the cost and standard of living in Nigeria is very scanty and this is part of the justifications why further research is necessary in the area. The findings of some of the studies also indicates that there are an inconclusive debate regarding inflation and cost of living in Nigeria as there are both positive and negative relationship between the variables. Some of the available empirical studies includes Oduh, (2014), Osuji Obinna, (2020), Ogbekor et al (2022), Asoqu (2004) amongst others, Gagarawa and Mehrotra (2017), Sylan, Adegoriola, Adolphus (2016), and Godwin et al, (2024)

Asoqu (2004), carried out an extensive review of the literature on inflation in Nigeria with an empirical analysis covering the period (1960 - 1969); came up with result which is in line with Koch, S. F. and Bosch, A. (2009) He expresses that inflation rate is a function of money supply

and its toggled values, changes in domestic credit, real output, net export and net government expenditure. He maintains that real output especially industrial output, current money supply, domestic food prices and exchange rate changes were the major determinants of inflation in Nigeria

.Oduh, (2014), examined the impact of inflation on cost of living using secondary time series data from 1960 to 2010. The study adopted Ordinary Least Square (OLS) econometric technique. The result indicates that inflation has a very significant impact on cost of living in Nigeria. Specifically, a 1% rise in inflation will increase the household cost of living by 0.24%, which implies that an increase in inflation make household to spend more of their income on domestic expenses. The study therefore recommends that government should adopt or formulate policy to reduce inflation rate in an economy. This could be through the use of fiscal or monetary policy or mixed.

Gagarawa and Mehrotra (2017) in their study *"Impact of inflation on living standard of public primary school teachers in Gagarawa local government area, Jigawa state-Nigeria"* investigated the effect of inflation on standard of living of public primary school teachers in Gagarawa local government area of Jigawa State, Nigeria (2014-2016). Survey design was adopted and data were collected using structured questionnaire. Findings showed that inflation had a significant and adverse effect on standard of living. Similarly, Obbinna, (2020) conducted study on the impact of inflation on house consumption expenditure in Nigeria from 1981 to 2018 using secondary data. OLS approach was adopted to investigate the relationship between the variables and the finding of the study indicates that there exist a strong positive long run relationship between the inflation and household consumption expenditure in Nigeria. This implies that household expenditure increases when there is high inflation in Nigeria. The use of fiscal policy to control inflation was among the recommendations by the study.

Moreover, Ogbekor et al (2022) investigated the relationship the impact of inflation on standard of living in Nigeria using Autoregressive Distributive Lag (ARDL) econometric technique on time series data generated from secondary sources. The study analysis covered the period from 1998 to 2017. The result indicates that the impact of inflation on household standard of living is negative and highly significant at 1%. It implies that a 1% rise in inflation will reduce household standard of living by -0.034. The study recommended for that measures to control inflation should be adopted in order to improve the standard of living of household in Nigeria.

In a recent study by Godwin et al, (2024) exploring the nexus between inflation, cost of living and economic growth in Nigeria using VECM econometric technique, from 19912 to 2023. The findings of the study revealed that, there is a long run relationship among the variables.

Specifically, inflation had a positive relationship and significant impact on cost of living and negative relationship with economic growth which is in line with a priori expectation. Other variables are also rightly signed according to the theory. The study therefore recommends proactive control of inflation through contractionary fiscal policy and money supply should also be regulated to prevent too much money in the circulation.

METHODOLOGY

Data and Sources

To examine the impact of inflation on standard of living in Nigeria, the study makes use of secondary annual time series data on Money Supply (MS) Consumer Price Index (CPI), a proxy for inflation rate, Real Gross Domestic Product per capita (RGDPPC), the dependent variable and a proxy for standard of living and Interest Rate (INT) for the period of 43 years (1981 – 2023). The data were mainly sourced from Central bank of Nigeria statistical bulletin, Central bank of Nigeria annual accounts, Central bank of Nigeria, Economic and Financial Review, National Bureau of Statistics (NBS 2024) and World Bank data indicators, 2024.

Model Specification.

In order to achieve the objectives of this study, the model of Ogbenor et al (2020) with modification in terms of the variable used was adopted in the model. Their model was specified based on the topic impact of inflation on cost of living in Nigeria presented in a functional form as follows:

$$INF = f(MS, RGDP, HDI, INT,) \quad (1)$$

With modification in functional form, the model becomes

$$RGDPPC = f(CPI, MSS, INT) \quad (2)$$

In mathematical form, the model turned to.

$$RGDPPC = f(CPI + MSS + INT) \quad (3)$$

In econometric form with introduction of regression parameters, the model becomes;

$$RGDPPC = \alpha + \beta_1 CPI + \beta_2 MSS + \beta_3 INT + \mu \quad (4)$$

Where;

RGDPPC; = Real GDP Per Capita (dependent variable), a proxy for Household Standard of living.

CPI = Consumer Price Index (CPI) Proxy for inflation rate (independent variable).

MSS = Money supply Proxied by M2(independent variable).

INT= Interest rate (independent variable).

The a priori expectation of all the variables are; Consumer Price Index (CPI) a proxy for inflation rate, and Interest Rate (INT) should have Negative relationship (i.e. $\beta_1, \beta_4 < 0$), with RGDPPC while money supply (MSS) should have a positive relationship with RGDPPC (i.e. $\beta_2 > 0$).

Measurement of Variables

Standard of living is the dependent variable and is proxied by Real Gross Domestic Per capita which is the real GDP divided by population of the country otherwise called

Income Per Head of the Citizen.. Income per head of the citizen at any point in time measure aggregate well-being of the citizen over a given period of time. Consumer Price Index (CPI) is the aggregate price of basket of commodities consumed by the household at a given time period, and it is used to measure the rate of inflation pressure in an economy. Per capita income is a Latin term that translates to "income per head." Per capita means the average income per person and is used as a proxy for RGDP (dependent Variable).

Inflation is the independent variable used in this study and is an increase in the level of prices of the goods and services that households buy. It is measured as the rate of change of those prices of goods and service at a given period of time. The most well-known indicator of inflation is the Consumer Price Index (CPI), which measures the percentage change in the price of a basket of goods and services consumed by households.

Money Supply MS) proxied by (M2) is another independent variable which is the total quantity of money in the circulation at given period of time. Economist measure the money supply because it is directly connected to the activity taking place in the economy. M2 method of measuring money supply are more common. They provide a more comprehensive measurement of money supply by including other form of money such as the demand deposit, traveler's checks, and near-money assets in addition to all currency in the hand of the public and commercial bank.

The interest rate (INT) is the independent variable and it is the amount a lender charges a borrower and is a percentage of the principal- the amount loaned. The interest rate on loan is typically noted on an annual basis known as the annual percentage rate (APR). The most accurate method use in measuring interest rate is yield to maturity (YTM). Other method use in measuring interest are the gap analysis models, economic value of equity/ net economic value models and net interest income simulation models.

Model Estimation Procedure

The study conducted the unit root test using Augmented Dickey-Fuller (ADF, 1981) and Phillip Perron (PP, 1988) test in order to examine the stationary properties of the data used, followed by the co-integration test using ARDL bound test. ARDL Model estimation technique was adopted following the mixture order of integration of the variables that is I (0) and I (1), according to (Pesaran and Smith, 2001). Then, Short and long run estimation were carried out to determine the coefficient and probability value of the variables.

The diagnostic tests were conducted to determine the stability and the misspecification of the model estimated. Breusch-Godfrey test were used in testing the existence of autocorrelation if the lag dependent variable is part of the

independent variables, the correlation matrix is used to test the existence of multicollinearity, White test were run to test for Heteroscedasticity, normality of the variables using Jaque-Bera test, Ramsey's RESET technique to test

for misspecification and cumulative sum of recursive residuals (CUSUM) developed by brown et el (1975) were used in order to test the stability of the model.

RESULTS AND DISCUSSION

Result of Unit Root Test

Table 1: Augmented Dickey Fuller (ADF)

Variables	ADF at Level		ADF at First Difference		
	Coefficient	P-Value	Coefficient	P-Value	Status
LRGDPPC	-0.0854	0.9433	-4.0854	0.0002	I(1)
LCPI	-3.5623	0.4012	-6.4612	0.0022	I(1)
LMSS	-3.4354	0.0231	-4.6213	0.0000	I(0)
LINT	-1.8363	0.3632	-6.1434	0.0003	I(1)

Researcher`s computation using E-views (9)

Table 2: Phillips Perron (PP)

Variables	PP at Level		PP at First Difference		
	Coefficient	P-Value	Coefficient	P-Value	Status
LRGDPPC	0.6344	0.9933	-3.2854	0.0032	I(1)
LCPI	-2.8623	0.2412	-7.9612	0.0011	I(1)
LMSS	-2.0354	0.0231	-4.6213	0.0000	I(0)
LINT	-3.2363	0.1863	-8.3434	0.0015	I(1)

Researcher`s computation using E-views (9)

In table 4.2 and 4.3 are the ADF and PP unit root test results at both levels and first difference. The result indicates that all the variables, CPI, Interest rate and Real Gross Domestic Per capita are not stationary at levels but stationary at first difference which means they are integrated of order one I(1). While log of money supply are stationary at level which means they are I(0) variables. The result conformed with the basis for using ARDL which can

accommodate the mixture of I(0) and I(1) and also that dependent variable must be stationary at first difference that is I(1) variable.

Cointegration Test

The study makes use of Bound test to determine whether there is a long-run relationship among the variables. The results of the bound tests are presented in table 4.3

Table 3: Results of ARDL Bounds Test

Null Hypothesis: No long-run relationship exist

Test Statistics	Value	K
F-Statistics	8.77	4
Significant Level	I(1) Bound	I(0) Bound
10%	2.2	3.09
5%	2.56	3.49
2.5%	2.88	3.87
1%	3.29	4.37

Researcher`s computation using E-views (9)

The result in Table 4.4 shows that there is a long-run relationship among all the variables. that is; CPI, MSS, RGDP, and Interest rate are respectively, as the coefficient of the F-statistic value 8.77203 is much greater

than the lower and upper bound values at all level of significance. Having established that, there is a long run relationship between the variables the study proceed with the estimation of both short run and long run coefficient.

ARDL Estimation (Short and Long Run)**Table 4a: Result of ARDL Short Run Model
D(LRGDPPC); Dependent Variable**

Regressors	Coefficient	Standard Error	T-Statistic	Prob. Value
DLCPI	-0.0067	0.0023	-12.7523	0.0001
DLMSS	0.0736	0.0475	1.8745	0.0432
DLINT	-0.0019	0.0034	-0.4464	0.0034
CointEq(-)	-0.1907	0.0457	-21.7173	0.0198

Researcher's computation using E-views (9)

**Table 4b: Result of Long Run ARDL Model
D(LRGDPPC); Dependent Variable**

Regressors	Coefficient	Standard Error	T-Statistic	Prob. Value
DLCPI	-0.7267	1.2823	-0.5675	0.0021
DLMSS	7.8736	16.1675	0.4787	0.4404
DLINT	-0.6419	0.9934	-0.6564	0.5273
C	-96.1507	94.7345	-1.0273	0.0198

Researcher's computation using E-views (9)

Table 4a above presents result of short run coefficient. All the variables are rightly signed according to a priori expectation and they are all statistically significant at 1% except interest rate which are not significant statistically. Specifically in short run, a 1% rise in inflation rate will decrease household standard of living by .06% and this is significant at 1%. This is also applicable to money supply and interest rate where at 1% increase in money supply will increase standard of living by 7% and significant at 5%, while interest rate is also negatively related and also statistically significant at 1%. This implies that in short run, high inflation rate and interest rate can reduce household standard of living, while increase in money supply can improve household standard of living in Nigeria within the study period. The short-run Error- Correction Model ECM (-1), has a coefficient value of -0.1907 with a negative sign, less than one, though weak but significant at 1%. Again, the speed of adjustment back to equilibrium stood at 19% respectively during the study period.

In the long run from the table 4b, the estimation result corroborate the short run result, the coefficient of inflation and interest rate are negatively related to real gross domestic per capita income but only inflation rate are statistically significant at 1%, while interest rate does not have significant effect on household standard of living in the long run. Money supply are positively related to

standard of living variable and but not statistically significant. This implies that at 1% increase in inflation rate and interest rate, will reduce household standard of living by 72% and 64% respectively. While money supply also have positive impact on household standard of living but not significant. The short and long run result complement each other and uncovered the significant impact of inflation on standard of living in Nigeria. This findings of the study is similar to the findings of Oduh, (2014) who investigated the relationship between cost of living and inflation rate in Nigeria, that of Osuji Obbinna, (2020) who conducted a research on inflation and household consumption expenditure in Nigeria, and Godwin et al, (2024), who explore the relationship between inflation and standard of living in Nigeria.

Diagnostics Test Result

The study carried out various diagnostic tests to determine the adequacy of the estimates such as the Normality test (Jaque-bera (JB)) for normal distribution of error or the residuals, Serial Correlation (Breusch-Godfrey LM Test) , Heteroscedasticity test (Breusch-Pagan-Godfrey), and Model specification test using Ramsey RESET Test. The results of the diagnostic test are presented in table 4.5 below:

Table 5: Result of ARDL Diagnostic tests

Tests	F-statistics	Prob. Value
Normality((Jarque -Bera Test Statistics)	2.6284	0.2686
Serial Correlation(Breusch-Godfrey LM Test)	0.9110	0.8964
HeteroscedasticityTest: Breusch-Pagan-Godfrey	1.1073	0.3859
Specification Error (Ramsey RESET Test)	1.4443	0.2542

Source: Authors' computations, 2019

From the Table 5 above, the results of the ARDL diagnostic tests show the Jarque-Bera tests for normality reports 2.6284 and it associates probability value of (0.2686) pass the normal distribution test because the Jarque-Bera probability values are not significant at all levels. Therefore, the error term in the model is normally distributed during the study period. The results of Serial Correlation (Breusch-Godfrey LM Test) indicate the absence of the serial correlation or no autocorrelation as the F-statistic is not significant as indicated by probability value of (0.8964), which means the effect of previous period does not affect the present situation. Besides, the results of heteroskedasticity, also shows the F-statistics is not statistically significant at 5% level, with a probability value of (0.3859) this signifies that there is zero mean and constant residual. Therefore, the model is free from heteroskedascity problem. Meanwhile, the results of Ramsey (1969) Reset test of Misspecification the F-statistic is not also statistically significant indicated by p-value of (0.2542). As expected the test result is considered meaningful because the p-value is not significant at any level of significance and it implies that the residuals in the models are free from any diagnostic problems.

RESULTS AND DISCUSSION

The study examines the impact of inflation on standard of living of a typical household in Nigeria from 1981 to 2023 period of analysis. The result indicate that the impact of inflation on standard of living in Nigeria is very significant based on short and long run result. Specifically from short run, a 1% rise in inflation rate will reduce the household standard of living by .06% and this is significant at 1%. This is also applicable to money supply and interest rate, where at 1% increase in interest rate will decrease standard of living by 64% and significant at 5%, while money supply is also positively related but not statistically significant.

Policy Implication

The policy implication of this result is that as there any increase in inflation which may be as a result of an increase in money supply or increase in interest rate will lead to increase in the household standard of living and decrease in standard of the household respectively. This result is in comply with theory that advocates high cost of living normally result into poor standard of living in the presences of high inflation.

CONCLUSION

The study examined the impact of inflation on standard of living of a typical household in Nigeria from 1981 to 2023. The finding of the study indicated that inflation and its determinants reduces household of standard of living and they are statically significant at 1% and 5% respectively. Given the findings above, the study therefore concluded that the impact of inflation are very significant on the

household standard of living in Nigeria for the period of analysis.

RECOMMENDATIONS

Based on the findings of the study above, the study therefore recommends that, given that the impact of inflation on standard of living in Nigeria is very significant, the study recommended that government should control the inflation to reduce its rate so that its effect on household cost of living could be reduced in order to improve the standard of living of Nigerian populace. These could be achieved by way of controlling money supply to reduce quantity of money in circulation and/or adopt price control policy on household commodity and food items in order to reduce their burden on the citizenry. Also, increase in interest rate usually results into increase prices of goods and services causing reduction in standard of living for households. Therefore, government should regulate and control interest rate by fixing a rate that will encourage investment for all the commercial banks through Apex bank as it escalate cost of living of household in Nigeria according to this study.

REFERENCES

- Adolphus, S. I. (2016), "Inflation and economic growth in Nigeria: detecting the threshold level" *CBN journal of applied statistics*, 3(2), 99-124.
- Alem, Y. and Sodarbom, M. (2010). Household Level Consumption in Urban Ethiopia: The Impact of Food Price Inflation and Idiosyncratic Shocks. Department of Economic, University of Gothenborg Sweden. School of Economic, Addis Ababa University of Ethiopia.
- Asoqu J. C. (2004). Causal Relationship between Gross Domestic Product and Personal Consumption Expenditure of Nigeria. *African Journal of Mathematics and Computer Science Research*, 2(8), 179-183.
- Bawa, S., Abdullahi, I. S. & Ibrahim, A. (2016). *Analysis of Inflation Dynamics in Nigeria*. *CBN Journal of Applied Statistics*, 7(1), 255 –276.
- Brewer, M. O'dea, C., Paul, G. and Sibieta, L. (2009), *The living standards of families with children reporting low incomes*, *International journal of economies and social sciences*, 7(12), 78-90.
- Buiter, W. H. (2002) "The Fiscal Theory Of The Price Level: A Critique," *Economic Journal*, , 11(2), 459-480.
- Burke, M. A. and Ozdagli, A. (2013), *Household inflation expectations and consumer spending; Evidence from panel data*, *Federal Reserve Bank of Boston*, 12(1), 13-25

- Cochrane, J. H. (2001), "Long term debt and optimal policy in the fiscal theory of the price level" *Econometrica*, 91(5), 21-38
- Chimobi, O. P. (2010). Inflation and economic growth in Nigeria. *Journal of Sustainable Development*, 3(2), 159-166.
- De mello, R. L. & Carneiro, F. G. (2010). Consumption behaviour and persistently High inflations: *Evidence from Latin America*. University of Keut at Canerbury, UK.
- Doguwa, S.I. (2016), "Inflation and economic growth in Nigeria: detecting the threshold level" *CBN journal of applied statistics*, 3(2), 99-124.
- Eric Leeper in (1991), Fiscal theory of the price level (FTPL) in contemporary economics discuss
- Farid, S., Khan, W. A., Warriach, I. A., & Warriach, A. (2012), *Effects of inflation on standard of living (A case study of Multan, Pakistan)*", *Universal journal of management and social sciences*. 2(12), 1-6.
- Friedan, D. (1968). "The quantity theory of money", [mpra.ub.uni.muenchen.de: https://mpra.ub.uni.muenchen.de/79601/1/MPRA_paper_79601.pdf](https://mpra.ub.uni.muenchen.de/79601/1/MPRA_paper_79601.pdf) Retrieved On 3rd of December 2018 at 3:00pm.
- Gagarawa, M. A. and Mehrotra, V. (2017), "Impact of inflation on living standard of public primary school teachers in Gagarawa local government area, Jigawa state-Nigeria", *International journal of management and social sciences*, 3(1), 11
- Gordon, D. B., and Leeper, E. M. (2002), "The price level, the quantity theory of money, and the fiscal theory of the price level (No. 9084)," National Bureau of Economic Research.
- Godwin F.O, Idachaba G, and Ihape I. E,(2024), Exploring the Nexus between Inflation, Cost of Living and Economic Growth in Nigeria; A VECM Approach. *American Journal of Environment and Climate Change*, Vol4,Issue2, online Printing ISSN: 2734-2670
- Koch, S. F. and Bosch, A. (2009). "Inflation and the household. Towards a measurement of the welfare costs of inflation. Pretoria: South African Central Bank", *International journal of management and finance*, 7(4), 11-31
- Jacobs, D. P., Perera, D. & William, O. (2014), "Inflation and cost of living. Reserve bank of Australia" <https://www.rba.gov.au/publications/bulletin/2014/mar/pdf/bu-0314-4.pdf> Retrieved on 21st of November, 2018 at 11:13am.
- Micheal M. A. and Robert A. (2013), "Household inflation expectations and consumer spending; Evidence from panel data", *Federal reserve bank of Boston*, 12(1), 13-25
- Oduh A.I (2014) Impact of inflation on Cost of Living in Nigeria: *Journals of Economic and Development Studies*, Vol2 NO1, Pp 224-238 ISSN 2334-2382
- Oduh, M. (2012). The impact of consumer confidence and expectation on Consumption in Nigeria: Evidence from panel data. *European Journal of Business and Management*.
- Ogbebor P.I Oorguntadu F.A, Oyinloye P.O (2022), the relationship between inflation and standard of living in Nigeria, *International Journal of Developing Country Studies (JDCS)* ISSN 2520-084 X, VOL 2, Issue NO1, Pp 1-14
- Osuji Obinna (2020) Effect of Inflation on Household Consumption Expenditure in Nigeria *journals of Economic and Development Studies*, ISSN 2334-2382, VOL8, Nol Pp-104-111 Online Print 2334-2
- Osuji Obinna De mello, R. L. and Carneiro, F. G. (2010). Consumption Behaviour and Persistently High Inflationns: Evidence from Latin America. University of Keut at Canerbury, UK.
- Slyan, P. A., Adegoriola, O. O. and Adolphus, N. (2016). "Unemployment and inflation: Implication on poverty level in Nigeria", *International journal of commerce*, 4(1), 23-37