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PUBLIC PERCEPTION ABOUT THE IMPACT OF INFLATION ON EVERYDAY LIFE IN URBAN FAISALABAD

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ABSTRACT

Now a day, inflation has become a menace and a pressing socio-economic challenge affecting the quality of life of people in developing countries including Pakistan as the increasing price of essential goods and services have significantly reduced household purchasing power. The present study explored public perceptions regarding the impacts of inflation on living standards in Samanabad, Faisalabad using a quantitative research design and data were collected from 200 respondents selected through a systematic sampling technique from four localities of Samanabad Faisalabad. The questionnaire was employed for data collection. The collected data were analyzed on Statistical Package for Social Sciences (SPSS) through descriptive statistics and percentage distributions. It was revealed from the findings that inflation has severely affected household living standards through rising food prices, reduced purchasing power, declining savings and increased financial stress and the participants identified the factors i.e. corruption, poor governance, political instability and global economic conditions as major contributors to inflation. Moreover, it further examined that inflation is linked with social inequality, psychological stress and reduced access to quality education and healthcare services as majority of the respondents stressed the importance of improved governance, employment generation, local production and stronger economic policies to address inflationary pressures. It was concluded that inflation is not only an economic issue but also a social problem that influences the overall well-being and quality of life of individuals and families. The effective policy measures are needed to protect vulnerable groups and improve living standards.



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INTRODUCTION

Inflation is a major and persistent socio-economic issue which is characterized by a sustained increase in the general price level of goods and services over time as excessive inflation can adversely affect households, businesses and national economies. The main impact of inflation is the decline in purchasing power which minimizes the ability of individuals and families to get goods and services with the same level of income (Houghton, 2000; Rizvi & Naqvi, 2010) and as the prices continue to increase, households are compelled to adjust their spending patterns, reduce savings and prioritize essential expenditures, thereby impacting their overall standard of living. Impact of inflation are particularly adverse in developing countries where a substantial proportion of household income is spent on basic necessities such as food, housing, transportation, healthcare, and education as in these economies, inflation can rise economic vulnerability and widen the gap between different social classes. Zou, Gong, and Zeng (2011), explored that inflation contributes to social and economic instability by creating uncertainty and reducing the real value of income and savings. Mahmood, Hafeez, and Rasheed (2009) examined that persistent inflation can intensify poverty by increasing the cost of living and reducing the purchasing power of low-income households.

Pakistan has faced recurrent inflationary pressure over the past several decades because of a combination of domestic and international factors including fluctuations in global commodity prices, exchange rate depreciation, energy shortages, political instability and structural weaknesses within the economy (Khan & Schimmelpfennig, 2006). Increasing prices of food, fuel, electricity and other vital commodities have greatly impacted household budget making it increasingly difficult for many families to maintain their previous living standards. Khan and Qasim (1996) explored that change in money supply and food prices play an important role in shaping inflation trends in Pakistan, particularly affecting household consumption and welfare.

The menace of inflation also has deep social consequences beyond its economic implications as rising living costs can contribute to financial stress, mental health challenges, family tensions and reduced social well-being. When households are unable to meet their basic needs, they may face anxiety, frustration and uncertainty regarding their future economic security as shown by various studies that inflation is associated with increased financial hardship and a decline in quality of life, especially among low- and middle-income groups (Awan & Imran, 2015; Stantcheva et al., 2024). Moreover, inflation can lessen access to essential services such as healthcare and education, thereby affecting long-term human development and social mobility (Razzaq, 2023; World Bank, 2024). Effects of inflation are not distributed equally across society with stable incomes, substantial assets, or investment opportunities may be better able to withstand rising prices while low-income and unemployed individuals often face greater economic hardship. O'Donoghue et al. (2023) highlights that inflation disproportionately affects



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vulnerable households because a larger share of their income is allocated to essential goods and services. Resultantly inflation can rise social inequality and deepen existing socioeconomic disparities within communities. So understanding public perception about inflation is necessary because people's experiences and interpretations of economic conditions influence their behavior, decision-making, and overall well-being and therefore provide valuable insights into the social dimensions of inflation and its consequences for living standards. Therefore, this study digs out public perceptions regarding the effects of inflation on living standards in Samanabad, Faisalabad and seeks to explore how individuals perceive the causes and consequences of inflation, examine its influence on household welfare, and identify potential measures for reducing its adverse effects. Through examining inflation from a sociological perspective, it adds to a broader understanding of the relationship between economic conditions and social well-being and provides evidence that may assist policymakers in developing effective strategies to improve living standards and protect vulnerable populations.

THEORETICAL FRAMEWORK

The study is grounded in Conflict Theory which claims that society is characterized by unequal distribution of resources, power and opportunities among different social classes as the economic systems often benefit privileged groups while placing a disproportionate burden on disadvantaged populations. Social inequalities rise because individuals and groups compete for limited economic resources and those with greater wealth and power are better positioned to protect their interests. This theory suggests that rising prices do not affect all members of society equally rather low-income and middle-income households are generally more vulnerable because a large proportion of their income is spent on essential goods and services such as food, housing, healthcare and transportation. When inflation increases, poor households face greater decline in purchasing power and face difficulties in maintaining their standard of living. On the other hand, the wealthy groups have financial assets, investments and income-generating opportunities that enable them to cope more effectively with inflationary pressures. Therefore, inflation can deepen existing social inequalities by widening the economic gap between different social classes and the unequal impacts of inflation may lead to increased financial hardship, social exclusion and reduced access to basic services among vulnerable groups. Moreover, conflict theorists help explain why respondents in the present study perceive inflation as a major contributor to poverty, economic insecurity, and declining living standards.

REVIEW OF LITERATURE

Inflation is recognized as a significant macro-economic challenge affecting both developed and developing economies influencing not only economic performance but also household welfare, social stability and overall quality of life.

Literature has examined the causes and consequences of inflation with particular attention to its impact on purchasing power, income distribution and poverty levels as the empirical studies consistently highlight that inflation reduces the real value of money,



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thereby lowering the purchasing power of households and increasing the cost of living.

Houghton (2000) and Shahid (2010) explored that inflation represents a sustained rise in general price levels that erodes real income and disproportionately affects individuals whose earnings do not adjust at the same pace as prices and this imbalance creates financial pressure, particularly for households with fixed or low incomes. The burden of inflation is worse due to structural economic weaknesses, dependence on imports and limited social protection systems in developing countries like Pakistan.

Farid et al. (2012) explored that rising prices of essential commodities in Pakistan significantly reduced savings and increased financial stress among middle-class households. O'Donoghue et al. (2023) examined that inflation has a regressive impact, meaning that lower-income groups bear a larger share of the burden compared to wealthier households and this contributes to widening income inequality and deepening social disparities. Recent studies have also reflected the social consequences of inflation beyond economic indicators.

Stantcheva et al. (2024) lay stress that inflation influences not only financial stability but also individuals' perceptions, decision-making behavior and overall life satisfaction. When households face continuous rise in the cost of basic necessities, they often adjust their consumption patterns, reduce non-essential spending and experience psychological stress and these changes highlight how inflation becomes a lived social experience rather than merely an economic indicator.

In the context of Pakistan, many researches have associated inflation to broader development challenges including poverty, unemployment and reduced access to essential services as Mahmood et al. (2009) argue that inflation contributes to poverty by reducing real incomes and increasing the cost of survival for vulnerable populations.

Awan and Imran (2015) reflect that rising inflation forces individuals to work longer hours and reduces their quality of life, particularly among low-income groups who have limited coping mechanisms. Razzaq (2023), found that increasing educational costs can limit access to quality education for lower-income households, thereby affecting long-term human capital development. In the same way, various reports by the World Bank (2024) and Pakistan Bureau of Statistics (2025) point out that rising healthcare expenses have made medical services less affordable, further increasing the vulnerability of economically disadvantaged groups.

METHODOLOGY:

The present research study employed a quantitative research design to explore public perceptions regarding the effects of inflation on living standards in Samanabad, Faisalabad. This research was conducted in Samanabad, Faisalabad which is a densely populated urban locality where residents belong to diverse socio-economic characteristics. This area was chosen due to its relevance in reflecting the everyday economic challenges faced by middle- and low-income households affected by rising inflation. The target population was residents from four selected areas of Samanabad, including Bilal Chowk, Madni Chowk, Jawala Nagar and Rasheed Chowk.

Sample of 200 participants were selected using systematic sampling technique to ensure



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equal representation from each selected area with 50 respondents drawn from each location and data were collected using a structured questionnaire designed specifically for this study. To ensure better understanding and accurate responses, the it was administered in English but explained to respondents in Punjabi and Urdu when necessary involved direct interaction with respondents in the selected areas.

The respondents were briefed about the purpose of the study and their consent was obtained before participation. After data collection, responses were coded and entered into the Statistical Package for Social Sciences (SPSS) and descriptive statistical techniques, particularly frequency distributions and percentages, were used to analyze the data. The results were then presented in tabular form to provide a clear understanding of respondents' perceptions regarding inflation and its impact on living standards.

RESULTS AND DISCUSSION

Table 1: Socioeconomic Characteristics of Respondents

Variables	Categories	Frequency	Percentage
Age	15–30	110	55%
	31–45	20	10%
	46–60	60	30%
	60+	10	5%
Gender	Male	120	60%
	Female	80	40%
Education	Matric	90	45%
	Intermediate	40	20%
	Graduation	30	15%
	Master & above	40	20%
Family Type	Nuclear	100	50%
	Joint	100	50%
Marital Status	Single	100	50%
	Married	100	50%
Housing	Owned	120	60%
	Rented	80	40%
Employment	Employed	100	50%
	Unemployed	100	50%
Income	Less than 30k	30	15%
	30k–60k	60	30%
	60k–100k	80	40%
	100k+	30	15%

This table presents the demographic profile of the respondents which indicates a balanced representation of respondents across key socio-economic variables.

The majority of the respondents were young adults highlighting the economically active population most affected by inflation.



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Table 2: Perceived Causes of Inflation

Causes	Response	Frequency	Percentage
Government policies	Agree	40	20%
Currency devaluation	Agree	20	10%
Corruption & mismanagement	Agree	140	70%
Political instability	Agree/Strongly agree	190	95%
Global factors	Yes	190	95%
Industrial sector contribution	High	100	50%
Energy sector	Moderate	50	25%
Agriculture sector	Moderate	40	20%
Service sector	Low	10	5%
Imported goods impact	Yes	150	75%

According to this table, the participants overwhelmingly attributed inflation to governance-related issues particularly corruption and political instability along with global economic pressures.

Table 3: Effects of Inflation on Daily Life

Variables	Response	Frequency	Percentage
Severity of inflation impact	Very severe	150	75%
	Moderate	50	25%
Most affected area	Food prices	120	60%
	Education	50	25%
	Health	30	15%
Inflation increases social problems	Yes	170	85%
	Little effect	20	10%
	No effect	10	5%
Reduced savings capacity	Yes	170	85%
	No	10	5%
	Not sure	20	10%

According to table # 3, inflation is perceived as a severe stressor affecting daily life, particularly through rising food prices, reduced savings and increased social stress.

Table 4: Strategies to Control Inflation and Public Perception

Variables	Response	Frequency	Percentage
Best solution	Improve governance & reduce corruption	140	70%
	Price control	20	10%
	Increase production	20	10%
	Reduce govt expenditure	20	10%
Trust in government	Yes	60	30%
	No	100	50%
	Maybe	40	20%



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Needed support	Job opportunities	80	40%
	Subsidies	60	30%
	Utility relief	50	25%
	Cash support	10	5%
Economic preference	policy All of the above	150	75%
	Others	50	25%
Inflation inequality	increases Agree/Strongly agree	160	80%
Mental stress due to inflation	Yes	130	65%
Low-income groups suffer more	Agree/Strongly agree	170	85%
Access to education & health affected	Yes	110	55%

According to above table, the participants strongly favor governance reforms and employment generation as key solutions, while also highlighting inflation's deep social consequences. The result of the table confirms that inflation is widely perceived as a severe socioeconomic issue affecting purchasing power, mental well-being, and social equality.

The findings strongly support conflict theory because the economic burdens are seen as disproportionately affecting lower-income groups.

CONCLUSION

The present research observed public perceptions regarding the effects of inflation on living standards in Samanabad, Faisalabad and findings clearly demonstrate that inflation is widely perceived as a significant socioeconomic challenge that directly affects household welfare, purchasing power, and overall quality of life. Increasing price of essential goods and services has placed considerable financial pressure on individuals, particularly those belonging to low- and middle-income groups.

It was revealed that respondents link inflation primarily with governance-related issues such as corruption, mismanagement and political instability, along with external global economic factors and these perceptions indicate that inflation is not only understood as a macro-economic phenomenon but also as a reflection of structural and institutional weaknesses within the economy.

Moreover, the results indicate that inflation has far-reaching social consequences.

It contributes to increased financial stress, reduced savings, declining mental well-being and limited access to essential services such as healthcare and education. Inflation is perceived to be unevenly distributed, with vulnerable populations experiencing its effects more severely than others, thereby reinforcing existing social inequalities. Inflation is viewed as a factor that deepens economic disparities between social classes and generates feelings of dissatisfaction due to declining living standards compared to previous conditions or other social groups.



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Therefore, inflation in the study area is not only an economic issue but a multidimensional social problem that affects nearly every aspect of daily life and addressing its impact requires not only economic stabilization policies but also improved governance, institutional accountability, and targeted social support systems aimed at protecting vulnerable populations and improving overall living standards.

RECOMMENDATIONS

Following recommendations were formulated on the basis of the study:

1. The Governance and Transparency should be strengthened.

The governance mechanisms should be strengthened and transparency should be ensured by the Government in economic management as the findings of this study point out that corruption and mismanagement are perceived as major drivers of inflation.

Therefore, improving institutional accountability and reducing corruption can contribute to greater economic stability. In this way the effects of inflation can be minimized.

2. Effective Price Stabilization Policies

There should be implementation of an effective price stabilization policies particularly for essential commodities such as food items, electricity, fuel and healthcare services. Moreover, the regular monitoring of market prices is essential to prevent artificial inflation caused by hoarding, profiteering and market manipulation.

3. Economic Opportunities and Employment Generation

The Government should generate more and more employment generation in both public and private sectors as a large proportion of respondents emphasized job creation as the most important form of support during inflation, expanding labor market opportunities can help households maintain financial stability.

4. Local Production should be promoted

Local production should be promoted. It should be encouraged to reduce dependency on imported goods as strengthening domestic industries, especially in the agriculture and manufacturing sectors, can help reduce external price shocks and stabilize supply chains.

5. The Social Protection Programs should be expanded

There should be expansion of social protection programs for low-income and vulnerable households and these programs may include subsidies on essential goods, utility bill relief, and conditional cash transfer schemes aimed at reducing the burden of inflation on disadvantaged populations.

6. Education and Healthcare

There should be affordable access to quality education and healthcare as increased public sector investment in these areas is essential to prevent inflation from limiting human capital development and long-term social mobility.

7. Public Awareness

There should be promotion of financial literacy. The public awareness campaigns should be introduced to improve financial literacy among households.

Educating people about budgeting, savings and financial planning can help them



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better manage resources and cope with inflationary pressures.

8. Encouraging Further Research on Inflation

Further research should be conducted in different regions of Pakistan to explore regional variations in the impact of inflation.

Comparative studies may provide deeper insights into how inflation affects different social groups and geographical areas differently.



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