Consumer Protection
24th June 2025



Justina Olayinka[1]

PRICE CONTROL AND ITS SIGNIFICANCE ON PEOPLE'S LIVELIHOOD IN NIGERIA

Introduction

Price controls are government-imposed restrictions on the pricing of goods and services, setting either a maximum price (price ceiling, e.g., for rentals) or a minimum price (price floor, e.g., minimum wage) that can be charged in the marketplace.[2]

While price controls in Nigeria aim to stabilise costs and protect consumers, they can also bring unintended consequences for people's livelihoods. On the one hand, price regulations can make essential goods more affordable and curb inflation. On the other hand, they may stifle competition, discourage investment, and lead to shortages if not properly managed.

Ultimately, the success of price controls depends on how they are implemented and whether they are supported by complementary policies that address the underlying economic challenges.[3]

Inflation occurs when the prices of goods and services rise continuously over time. In Nigeria, the absence of strict price control mechanisms contributes to inflation, as producers and sellers adjust prices in response to rising production costs, often making necessities less affordable for consumers.

Brief History of Price Controls

Price controls have been used throughout history, dating back to ancient civilisations such as Egypt, Babylon, Greece, India and Rome, where governments regulated the cost of essential

---

1 **Justina Olayinka,** Legal Secretary, PMU Units, S. P. A. Ajibade & Co., Lagos State, Nigeria.
2 See, Will Kenton, 'Price Controls: Types Examples, Pros & Cons', available at: <https://www.investopedia.com/terms/p/price-controls.asp> accessed on 19th June 2025.
3 See, Seye Ayinla, 'Price Control and Competition in Nigeria', available at: - <https://www.doa-law.com/price-control-and-competition-in-nigeria/> accessed on 19th June 2025.

goods like grains, animals, clothing and slaves. More recently, price controls are often implemented during times of war, economic crises, or political instability to manage inflation and protect consumers.[4]

In Nigeria, during General Olusegun Obasanjo's regime, price control policies were introduced to regulate the cost of essential commodities. His administration reaffirmed the Price Control Act[5] and established the Price Control Board in 2004 to oversee pricing trends and prevent price manipulation. The Act aimed to stabilise prices, ensure affordability, and protect consumers from exploitation, particularly during periods of economic hardship.[6] Another commentator has articulated the overall objective of the Price Control Act in Nigeria as follows:

> The Price Control Act 1977, enacted during the military regime of Gen. Obasanjo, serves as a fundamental tool for governmental price regulation, particularly during periods of economic turmoil such as wartime or high inflation. This legislation empowers the government to establish both maximum and minimum price limits for designated goods and services. Minimum prices, known as price floors, ensure fair compensation for labour, while maximum prices, or price ceilings, prevent the exploitation of consumers by capping prices.
> Despite the shifting economic landscape and the trend towards liberalisation, the Price Control Act remains relevant, especially in the realm of wage and salary regulation. Notably, the government continues to enforce minimum wage standards through the establishment of price floors for labour.[7]

The Economic Toll of Nigeria's Weak Price Controls

Nigeria's heavy reliance on imports, ranging from food to fuel and other necessities, makes the economy particularly vulnerable to local price surges. When domestic prices climb without restraint, consumers often turn to foreign alternatives, placing added strain on the country's foreign exchange reserves. This increased demand for foreign currency devalues the Naira further, intensifying inflation.

A major factor behind this instability is the lack of effective price regulations. In the absence of regulatory oversight, the cost of essential goods and services like food, fuel, and transportation is dictated entirely by market dynamics. One clear example is the removal of fuel subsidies, which caused transportation costs to soar and, in turn, drove up the prices of

---

4 See, O. M. Atoyebi, 'Price Control in Nigeria', available at: <https://omaplex.com.ng/price-control-in-nigeria/> accessed on 19th June 2025.

5 See, 1977, Cap P 28, Laws of the Federation of Nigeria 2004 available at https://placng.org/lawsofnigeria/view2.php?sn=455 accessed on 27th June 2025.

6 See, Oyetola Muyiwa Atoyebi, 'Price Control Act' 1977 No. 1 (The Complete 2004 Laws of Nigeria) available at <https://thenigerialawyer.com/price-control-in-nigeria-insights-into-the-price-control-act-1977-and-its-implications-for-businesses-and-consumers/> accessed on 17th June 2025.

7 *Ibid*.

everyday goods. This chain reaction has made basic living expenses unaffordable for many Nigerians, particularly those in low-income brackets.[8]

Inflation thrives in such an unregulated environment. As production costs increase, businesses freely pass those costs on to consumers by raising prices. Without price controls to check these hikes, the purchasing power of everyday Nigerians steadily erodes, meaning their income can only purchase a diminished range of goods and services.

Nevertheless, there is a body that protects and controls customers and manufacturing companies in Nigeria named the Federal Competition and Consumer Protection Commission (FCCPC),[9] which has a broad mandate focused on promoting fair competition, protecting consumer rights, and ensuring the availability of safe goods and services. Its key functions include regulating competition, safeguarding consumers, investigating market practices, enforcing regulations, and advocating for policy reforms.[10]

Key Roles of the FCCPC

1. Advancing Fair Competition

a. **Market Oversight**: The FCCPC keeps a close eye on market activities, investigating anti-competitive conduct, deceptive practices, and consumer fraud.

b. **Eliminating Restrictive Agreements**: It aims to dismantle arrangements that hinder trade or foster monopolies, supporting a competitive business environment.

c. **Scrutinising Mergers and Acquisitions**: Every merger and acquisition is reviewed to ensure they do not stifle competition or harm consumer interest.

d. **Addressing Market Dominance**: The FCCPC intervenes when companies exploit dominant positions to the disadvantage of competitors and consumers.

2. Safeguarding Consumer Rights

a. **Consumer Awareness**: It educates the public about their rights and responsibilities, enabling informed decisions.

---

8 See, Paul Alimu Maunta, 'The Price of Neglect: How Lack of Price Control Affects Nigeria's Economy', available at: <https://www.opinionnigeria.com/the-price-of-neglect-how-lack-of-price-control-affects-nigerias-economy-by-paul-alimu-maunta/> accessed on 19th June 2025.

9 See, FCCPC Official Website at: <https://fccpc.gov.ng/about-us/our-mandate/> accessed on 19th June 2025.

10 Established by the Federal Competition and Consumer Protection Act 2018, Vol 106, No 18. Available at https://fccpc.gov.ng/wp-content/uploads/2022/07/FCCPA-2018.pdf, accessed on 27th June 2025

b. **Dispute Resolution**: The FCCPC handles consumer complaints, providing mediation and redress where necessary.

c. **Product and Service Safety**: It ensures that goods and services meet established safety and quality benchmarks, removing dangerous products from the market.

d. **Return and Refund Policies**: Consumers are entitled to return products under defined conditions as regulated by the FCCPC.

The Nigerian government has made efforts to regulate the prices of essential commodities for its citizens, but these measures have not been entirely effective. In reality, companies and private investors primarily determine the pricing of their products and services based on production costs, market demand, and economic conditions.[11]

Despite government interventions, businesses adjust prices to remain profitable, often making official price controls difficult to enforce. This highlights the need for a balanced approach, combining targeted regulation with economic incentives to encourage fair pricing while maintaining market stability.

This system has significantly affected many Nigerians, particularly low-income earners. Inflation has risen to alarming levels, making it difficult for the average worker to afford necessities, or even two square meals a day.

Although the government periodically increases salaries for both public and private sector workers, these adjustments fail to improve livelihoods because commodity prices rise immediately after wage increases are announced eroding any increases in the purchasing power of consumers. This cycle creates an unfair burden on workers, as market prices adjust to absorb any financial relief they receive.

In many cases, price hikes are driven by market greed, rather than actual production costs. Unfortunately, the government has limited control over pricing, except for essential commodities like fuel and other government-managed products.

Comparing past decades (1950s–1990s) to today, inflation has surged by over 300%, making basic goods and services including food, rent, school fees, and healthcare unaffordable for many Nigerians**.** The absence of effective price regulation has worsened economic hardship, leaving citizens struggling to maintain a decent standard of living.[12] For example, MultiChoice,

---

11 See, Matthew Ma, 'The price control debate: Who is responsible?', available at: <https://www.peoplesdailyng.com/the-price-control-debate-who-is-responsible/> accessed on 19th June 2025.

12 See, Doris Dokua Sasu, "Prices and inflation in Nigeria - statistics & facts" *Statista, Economy & Politics* June 2024 available at <https://www.statista.com/topics/7767/inflation-and-prices-in-nigeria/#topicOverview> accessed on 27th June 2025.

the provider of DStv and GOtv services in Nigeria, has been involved in a series of recent price adjustments and regulatory interventions. The Federal Competition and Consumer Protection Commission (FCCPC) has attempted to intervene regarding MultiChoice's incessant price increases, while the courts have affirmed MultiChoice's right to set prices in a competitive market, though within the bounds of regulatory oversight.

However, many people clearly prefer more affordable service providers, such as Free-to-Air channels or StarTimes, instead of subscribing to MultiChoice's high-end subscriptions. Following the FCCPC's lawsuit against MultiChoice price hikes on DStv and GOtv subscriptions. The company was recently compelled to implement a 50% reduction in its service charges following a massive loss in its customer base. Despite the price cut, only a significantly reduced number of consumers continue to patronize MultiChoice, while a sizable majority have switched to alternative service providers.[13] While regulatory intervention by FCCPC is beneficial to Nigerians, the role of market forces in automatically regulating customer demand and preferences is better primed to encourage competitive market dynamics and ensuring that digital television services are more accessible to a wider audience especially for non-essential services.[14]

Conclusively, to address this crisis of organisations hiking prices of products and services rendered to people, the government must take decisive action by implementing policies that regulate essential commodity prices and tackle inflation at its root. Still, a balanced approach, combining price control measures with economic reforms, could help stabilise costs and improve the welfare of Nigerians.

Benefits of Price Control on Livelihood

1. **Affordability:** Price controls, particularly price ceilings, help ensure essential goods and services remain within reach for low-income individuals and families. This is especially crucial during periods of high inflation, when the costs of necessities may soar beyond affordability.

2. **Social Protection:** By implementing price controls, the government can curb excessive price hikes, preventing exploitation by companies. This policy safeguards consumers, helping maintain a reasonable standard of living and ensuring fair pricing for essential goods and services.

---

13 See, Ayodeji Adeboyega, 'FCCPC sues MultiChoice over DStv, GOtv price hike', Premium Times, March 5, 2025, available at <https://www.premiumtimesng.com/news/top-news/778682-fccpc-sues-multichoice-over-dstv-gotv-price-hike.html>accessed on 1st July 2025.

14 See, Nairametrics, 'Multichoice Nigeria slashes DStv decoder price, offers subscription upgrades amid declining customers' available at <https://nairametrics.com/2025/06/25/multichoice-nigeria-slashes-dstv-decoder-price-offers-subscription-upgrades-amid-declining-customers/#> accessed on 30th June 2025.

3. **Reduced Inflationary Pressure:** Price controls serve as a tool for stabilising the economy by curbing inflation. By regulating prices, the government can prevent sudden cost surges, easing financial burdens on citizens and promoting economic stability.

Effects of Price Control on the Economy

1. **Reduced Supply of Goods and Services:** When the government artificially lowers prices below market equilibrium, producers may cut back on supply or halt production entirely. This often leads to shortages of essential goods, making them harder to access for consumers.

2. **Inefficient Allocation of Resources:** Price controls can distort market signals, making it difficult for businesses to gauge actual demand. This misalignment may result in improper allocation of resources, limiting efficient production and distribution.

3. **Reduced Investment:** Unstable or unpredictable price structures discourage both local and foreign investors. Producers may hesitate to expand operations or invest in new projects due to uncertainty, reducing competition and limiting product variety in the market.

4. **Black Market Activities:** Price controls create opportunities for illegal market practices, as individuals seek to profit from the gap between controlled and true market prices. For instance, essential goods such as petroleum may be hoarded, creating artificial scarcity and forcing consumers to buy at inflated prices.

5. **Decline in Quality of Products and Services:** When companies face profit limitations due to price controls, they may reduce product quality to stay financially viable. This can negatively impact consumers, as they receive substandard goods and services. Since companies are restricted in their pricing strategies, they may compromise on product quality to remain profitable. This can negatively impact consumers, as they receive substandard goods and services.

Overall Impact of Price Control Measures on Livelihoods in Nigeria

1. **Food Security:** Government-imposed price controls on essential food items improve affordability, allowing low-income earners greater access to necessities. This contributes to their standard of living and overall financial security.

2. **Market Instability:** Government intervention in price regulation, quality control, and production can create confusion for both consumers and producers. This disruption in market dynamics may lead to price fluctuations, uncertainty, and inconsistencies in the quality of goods.

Unemployment & Income Reduction: Strict price controls can force companies to rethink their operations to remain viable despite reduced prices. In the long run, production and supply reductions may negatively impact on employment, particularly in terms of wages and salaries. To cope, some organisations may either downsize their workforce or lower wages, ultimately affecting employees' standard of living.

Strategies to Make Price Control More Effective in Nigeria[15]

1. **Targeted Price Regulation:** Instead of implementing broad price controls, the government should focus on essential goods and services, especially food items, to ensure affordability without disrupting market dynamics.
2. **Strengthening Local Production:** Encouraging and supporting domestic manufacturing and agriculture will reduce reliance on imports, stabilise prices, and ensure a steady supply of goods for consumers.
3. **Improved Market Monitoring:** The Nigerian government should establish a **Price Control Board** to oversee pricing trends, prevent price manipulation, and enforce fair pricing policies to guide businesses in setting reasonable prices.
4. **Subsidies & Incentives:** Providing subsidies for essential goods can help reduce the financial burden on consumers while maintaining adequate supply levels and keeping prices affordable.
5. **Consumer Protection Policies:** Strengthening regulations against hoarding and black-market activities will prevent artificial scarcity and price gouging, especially for essential commodities like petroleum, oil, and gas.
6. **Balanced Competition Laws:** Implementing well-structured laws to regulate competition among companies producing similar goods will ensure fair pricing and prevent monopolies, contributing to price stability.

Conclusion

Price controls can indeed provide short-term relief for consumers, but if not properly managed, they may lead to unintended consequences like market distortions and supply shortages. Combining price regulation with policies that address root economic issues, such as improving local production, strengthening infrastructure, and ensuring fair competition, can help create a more sustainable solution.

---

15 See, Ojo Emmanuel Ademola, 'Toward effective price control mechanisms: A call for centralised regulation in Nigeria', available at <https://businessday.ng/opinion/article/toward-effective-price-control-mechanisms-a-call-for-centralised-regulation-in-nigeria/> accessed on 19th June, 2025.

Given the challenges that price controls can create, especially shortages, many governments have turned to social programs as a means of easing the burden of high prices. These initiatives often come in the form of subsidies that make essential goods more accessible to low-income citizens. Rather than enforcing strict price limits, this approach shifts the responsibility from consumers and producers to the government, using public funds (tax revenue) to help make key goods more affordable.

For example, the Federal Government is actively working to reduce food prices through various initiatives aimed at boosting local production and easing import restrictions. These efforts include providing financial support to farmers across the country, as well as distributing agricultural inputs such as fertilizers and farm equipment. The goal is to significantly increase food production.

In addition, the government is promoting local wheat and rice cultivation while temporarily reducing or eliminating duties on essential food imports to complement domestic supply.

Food is essential to the livelihood and productivity of the people. When citizens are well-nourished, they can work effectively and think clearly. However, when food becomes too expensive or inaccessible, it can lead to frustration, health problems, and broader challenges to national wellbeing.

Currently, the Federal Government has stated that its agricultural reforms are designed to ensure food availability, affordability, and accessibility for all Nigerians which seems good and seriously working to achieving it.[16]

Apart from the above, government supports farmers by providing funds to promote sustainable agricultural growth, particularly in cocoa farming and other crops. Moreover, the Bank of Agriculture (BOA) offers loans to farmers to help expand their farming businesses. These initiatives enable farmers to sell their produce at reasonable and affordable prices, in line with government regulated pricing.

For further information on this article and the area of law,
Please contact Justina Olayinka at:
S. P. A. Ajibade & Co., Lagos by
Telephone (+234 1 472 9890), Fax (+234 1 4605092)
Mobile (+234.815.979.4218, +234.809.488.6972)
Email: jolayinka@spaajibade.com
www.spaajibade.com

[16] See, Oyenike Oyeniyi**, 'FG's** Reforms To Crash Food Prices – Minister', Voice of Nigeria, 9 June 2025 available at <https://von.gov.ng/fgs-reforms-to-crash-food-prices-minister/> accessed on 1st July 2025.