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LINKING DEMONETISATION TO SMALL AND MEDIUM ENTERPRISES (SMEs) OUTPUT

Sule Magaji[a], Ibrahim Musa[b], Abdullahi Idris Ahmad[c], Chukwuemeka Ifegwu Eke[a,b,c,*]

[a]Department of Economics, University of Abuja,902101, Nigeria,
Email: sule.magaji@uniabuja.edu.ng
ORCID: 0000–0001–9583–3993
[b]Department of Economics, University of Abuja, 902101, Nigeria
Email: ibrahim.musa@uniabuja.edu.ng
ORCID ID: 0000-0002-7949-4298
[c]Department of Economics, Federal University Oye-Ekiti, Ekiti State, 371104, Nigeria
Email: abdullahi.ahmad@fuoye.edu.ng
ORCID: 0009-0000-3149-8567
[d]Department of Economics, University of Abuja, 902101, Nigeria
Email: Chukwuemeka.eke@uniabuja.edu.ng

ABSTRACT :

This research examines the impact of demonetisation on Small and Medium Enterprises (SMEs) in the Federal Capital Territory (FCT)-Abuja, Nigeria, using binary Logistic Regression Models to analyse Small and Medium EnterprisesGrowth (SMEG) and Output (SMEO). A total of 100 SMEs participated, with a 100% response rate. Demographic insights reveal predominantly female respondents aged between 35 and 44 years. The study's findings reveal a significant impact of demonetisation on both SMEG and SMEO, as evidenced by statistically significant coefficients and model fit indices. The study's contributions include providing empirical evidence informing policymakers and stakeholders about the implications of demonetisation on SMEs, facilitating informed decision-making, strategic planning, and policy formulation to bolster SME resilience and growth amidst economic uncertainties.

Keywords: Demonitization, Small and Medium Enterprises, Cashless Transaction, Financial Inclusion and Logistic Regresion Model

1. INTRODUCTION :

Demonetisation is a supervisory action by which a country declares that the circulating currency of the same is no longer a legal tender (Priyanka, 2018). Demonetisation, a significant economic policy tool, has been implemented in various countries to combat corruption, curb the shadow economy, promote financial inclusion, and drive economic reforms (El-Yaqub et al., 2023). The Federal Capital Territory (FCT) stands as a pivotal hub for commerce and business activity within Nigeria, housing a diverse array of small and medium enterprises (SMEs) that contribute significantly to economic growth and employment generation (Magaji, 2002). The implementation of demonetisation policies within this unique business ecosystem warrants a thorough examination of its consequences on the operations, sustainability, and growth of SMEs (Epkha & El-Yaqub, 2021).

On October 26 2022, The Governor of the Central Bank of Nigeria, Godwin Emefiele, announced the demonisation of the economy, involving the phased withdrawal of high-denomination banknotes (N200, N500 and N1000) and their replacement with new currencies. However, these currencies will cease legal tender on January 31 2023. The government has outlined multiple reasons for undertaking this action, including the imperative to combat corruption, counteract money laundering, and deter potential financing of terrorist activities. Nevertheless, the effectiveness of demonetisation in addressing these concerns remains a topic of extensive discourse, with experts expressing reservations about its potential repercussions on the significant unbanked population within the nation. The case of India's 2016 experience with demonetisation offers valuable insights into this policy's possible advantages and drawbacks. Recently, demonetisation measures have sparked both anticipation and apprehension among SMEs globally (Okoroafor et al., 2018). According to Hassan, the impact of such policies, often designed to address unaccounted-for income and promote transparency, has been debated and investigated. (2017), the outcomes of demonetisation can vary widely based on each region's economic and regulatory context.

The repercussions of demonetisation policies are of paramount concern within the FCT, where a vibrant SME sector thrives. This study aims to delve into the intricacies of the impact of demonetisation on SMEs in the FCT, addressing the gaps in existing research and shedding light on the specific challenges and opportunities these enterprises face. By examining the financial, operational, and strategic dimensions, this research contributes to a

nuanced understanding of the consequences of demonetisation on the local business landscape. The implementation of demonetisation policies within the Federal Capital Territory (FCT) has introduced a dynamic shift in the economic landscape, particularly affecting the operations of small and medium enterprises (SMEs). While demonetisation initiatives often aim to curb black money, promote transparency, and drive economic reform, the specific implications for SMEs remain inadequately understood. This study seeks to address the gaps in current knowledge by investigating the multifaceted impacts of demonetisation on SMEs in the FCT.

The complexities arise from the diverse nature of SMEs, ranging from traditional brick-and-mortar businesses to digitally oriented enterprises. The repercussions of demonetisation on SMEs' cash flow, revenue generation, customer behaviour, and overall financial sustainability require comprehensive examination. Furthermore, the challenges associated with the transition to digital transactions, potential disruptions in supply chains, and shifts in consumer spending patterns add complexity to the problem.

Existing research primarily focuses on the macroeconomic effects of demonetisation, with limited attention to the micro-level impacts on SMEs, particularly in the FCT context. Localised studies must be more robust in formulating targeted policies and strategies to aid SMEs during and after the demonetisation process. Thus, understanding how demonetisation influences SMEs' ability to adapt, innovate, and continue their operations is imperative for policy-making and the resilience of the FCT's business ecosystem. Therefore, this research explores the intricate interplay between demonetisation policies and SMEs' viability in the FCT. This study focuses on the impact of demonetisation on SME Output in Nigeria. At the same time, the hypothesis is HO2: the demonisation strategy does not affect SME output in FCT.

LITERATURE REVIEW :

2.1 Conceptual Review

There are two Major concepts to understand here: demonetisation and small and medium enterprises. Subsequent sections will dissect these concepts and make their relationship clear.

Demonetisation

According to Vinoth and Dilip (2022), demonetisation is a strategic tool to combat inflation, black money, corruption, and various forms of financial malfeasance. It also transforms an economy heavily reliant on physical currency into encouraging electronic transactions. The government's decision to discontinue the use of 200-, 500-, and 1000-naira currency notes has had far-reaching consequences across all sectors of the economy. Notably, the banking industry has experienced substantial impacts, as banks play a pivotal role in distributing legal tender to fulfil society's financial needs. Deepak and Goel (2022) describe demonetisation as the deliberate invalidation of the legal tender status of circulating currency. Nations often embrace demonetisation with the expectation of positive economic outcomes.

Furthermore, Bansal (2017) defines demonetisation as a targeted measure addressing issues such as black money, terrorism, counterfeit currency, unregulated trade, real estate, and the stock market. In essence, demonetisation involves a government or central bank's deliberate action to declare specific currency notes or coins no longer acceptable as legal tender, prohibiting their use in transactions. The goals of demonetisation can vary, encompassing objectives like curbing illicit activities, reducing the circulation of unaccounted funds, promoting digital payment methods, or addressing broader economic challenges.

2.3 Small-Scale Business

As per the criteria set by the Federal Ministry of Industry in 2015, a small-scale enterprise or business is defined as an enterprise with a total cost not exceeding N500,000 (excluding the cost of land but including working capital). In 1979, the Nigerian Industrial Development Bank (NIDB) defined Small-scale organisations as businesses with a total investment and working capital of no more than N750,000. On the other hand, medium-scale enterprises were classified as businesses operating within the range of N750,000 to N3,000,000. The new Industrial Policy categorises Nigeria Small Scale Industries as industries with a total investment ranging from N100,000 to N2,000,000. The Central Bank of Nigeria, in its credit guidelines for banks, defines small-scale enterprises for commercial banks as those with an annual turnover not exceeding N500,000. For merchant banks, small-scale enterprises are defined as those with a capital investment not exceeding N2,000,000 (excluding land cost) or with a maximum turnover not exceeding N5,000,000 (CBN, 1993). However, choosing one of the most appropriate definitions that aligns with this provided content would be logical. The definition is widely acknowledged and endorsed by the World Bank. The program's implementation involves $270 million in loan assets, excluding land. These assets include the cost of investment projects that do not exceed N10 million at constant 1988 prices.

Small and scale businesses (SSB) emerged in the development field in the late 1940s to enhance commerce and industrialisation in already developed countries (OECD, 2014). The definitions of SSE are typically formulated in each country, considering the role of SSE in the economy and the policies and programmes established by certain authorities or institutions responsible for developing SSE. For example, a small firm in industrialised economies such as Japan, Germany, and the United States of America (USA) could be considered a medium or large-scale business in a developing country. Nigeria. Furthermore, the definition of SMEs might differ over time among different agencies or institutions involved in development based on their specific policy objectives (Etuk & Michael, 2014; Chinedu et al., 2021).

The concept of Small and Medium Scale companies is influenced by the cultural and unique circumstances of the individual attempting to define them.

The definitions utilised are contingent upon the objectives and regulations regulating a specific country's small and medium-sized enterprise (SME) sector. Nevertheless, most countries typically utilise three measures, either alone or in combination, to assess economic performance: capital investment, amount of production, and business turnover (Aluko & Magaji, 2020). Utowareo (2018) defines Small and Medium Scale Enterprises based on the number of employees. Micro/cottage industries have 1-10 workers, small-scale industries have 11-100 workers, medium-scale industries have 101-300 workers, and large-scale industries have 301 and above workers. In Japan, small and medium-sized enterprises obtain funding of up to 100 million Japanese yen and employ less than 299 individuals in the manufacturing sector.

2.4 Theoretical Review

For this research, the following theory is relevant;

2.5 Structural Adjustment Theory

The Structural Adjustment Theory suggests that demonetisation can have structural impacts on SMEs, reshaping their operations, business models, and market dynamics (Eke et al., 2021). It posits that SMEs may undergo a period of adjustment, wherein they adapt to new payment systems, business strategies, and market behaviours in response to the demonetisation policy.

Demonetisation policies disrupt established norms of conducting business, especially for cash-dependent SMEs. In this adjustment period, SMEs might face challenges such as cash flow disruptions, changes in consumer behaviour, and the need to adopt digital payment technologies (Magaji&Yahaya, 2012). However, SMEs may adapt over time by embracing more efficient and innovative practices. They could integrate digital payment methods, explore e-commerce opportunities, and diversify their revenue streams. The Structural Adjustment Theory underscores that the effects of demonetisation on SMEs are not solely adverse but also include opportunities for growth and adaptation. These theories provide frameworks for understanding the dynamics between demonetisation policies and SMEs. They highlight the potential benefits, challenges, and transformative effects SMEs may experience in the wake of demonetisation initiatives (Magaji&Aliyu, 2007). Researchers can use these theories to guide empirical studies and analyse how these policies impact SMEs in specific contexts.

2.6 Empirical Review

Obilor (2023) examined the consequences of the 2023 Naira redesign, which the Central Bank of Nigeria implemented under the direction of President Muhammadu Buhari. The study employed Ludvig von Bertalanffy's system theory to analyse the linked aspects of society, with a specific focus on the informal sectors in rural areas of Anambra state. The findings indicate that redesigning the Naira could have effectively tackled problems such as the misuse of Naira notes, financial corruption, and security risks, negatively impacting citizens' social and economic well-being. The analysis suggests that the government should prioritise the provision of the required resources for producing and distributing the new currency before imposing deadlines for the withdrawal of the old Naira notes. This sheds insight into Nigeria's intricate nature and potential outcomes of currency redesign plans.

Otitoju, Sunday, Abiola, and Abudu (2023) assessed the consequences of the 2022-2023 currency redesign policy in Nigeria, as directed by the Central Bank of Nigeria (CBN). The policy aimed to enhance currency security, reduce forgery, control inflation by decreasing the total money in circulation, and boost financial inclusion by increasing funds stored in bank vaults. However, the research highlights that this initiative resulted in challenges for Nigerians, promoting a shift towards a cashless economy and creating artificial cash shortages. The study identifies several contributing factors to the policy's challenges: political, demographic, socio-ecological, banking, modernity, and socio-economic. The paper concludes by offering recommendations to guide future decisions regarding currency redesign in Nigeria.

Medhi (2022) investigates the repercussions of India's cashless monetary policy, especially on small and medium-sized businesses (SMBs). The research explores the shift from a cash-based economy to one reliant on electronic payment systems, accelerated by the government's demonetisation decision. While this transition aligns with sustainable and eco-friendly business practices, it poses challenges for the traditional-oriented MSME sector. This shift could only harm the economy with robust regulatory oversight, as MSMEs play a crucial role. The study sheds light on how adopting digital infrastructure impacts India's SMBs, presenting potential hurdles and alternative solutions. The research employs secondary data and basic statistical methods to analyse the outcomes.

Sharma (2022) conducted an empirical analysis focusing on the impact of the demonetisation decision made in India on November 8, 2016. This decision sparked interest in alternative money distribution methods and created an environment conducive to the transition to a cashless economy. The study explores end-user perceptions in the Indian context and draws insights from international best practices. It delves into age, gender, occupation, income levels, and concerns influencing individuals' decisions to engage in cashless transactions. The research also identifies key challenges in transitioning to a cashless society. It offers recommendations for stakeholders, including the public, financial institutions, regulatory authorities, central banks, and governments, to expedite this transformation.

Tripathi (2018) conducted an empirical study to investigate the implications of demonetisation, as implemented by the Indian government in 2016, on small-scale industries and businesses. The research aimed to understand the challenges faced by small industries during the demonetisation period and how they adapted over time. The study provides insights into the effects of this significant economic policy on the small-scale sector, shedding light on the resilience and strategies employed by these businesses in response to the changes brought about by demonetisation.

In his research, Bhaduri (2018) delves into the profound repercussions of demonetisation in the Indian economy, specifically focusing on its impact on small businesses in Cooch Behar District, West Bengal. The Indian government's bold move to demonetise high-value currency notes 2016 aimed to combat black money, promote digital transactions, and reduce cash-based tax evasion. The sudden policy shift led to substantial disruptions, with long queues at banks and ATMs, job losses for daily wage labourers, and widespread economic turmoil. Despite the government's intentions, the study investigates whether demonetisation eradicates corruption and fosters cashless transactions while shedding light on its adverse effects, particularly on small traders. Through a survey of 50 small-scale business people in Cooch Behar, the research provides valuable insights into the broader impact of demonetisation on small businesses and its implications for the nation.

Dalal (2019) investigates the far-reaching consequences of demonetisation on the Indian economy. This research delves into the withdrawal of specific currency denominations from circulation and its implications. The study underscores demonetisation's potential to eliminate counterfeit currency, highlighting it as a significant step the Modi Government took. The primary objectives of demonetisation were to combat corruption, thwart the use of high-denomination notes in illicit activities, eradicate counterfeit money, and encourage the disclosure of black money to tax authorities, thereby integrating it into the formal economy. The paper offers insights into the general effects of demonetisation on the Indian economy, shedding light on its multifaceted impacts.

Singh and Singh (2018) conducted a study to investigate the impact of demonetisation on the Indian economy following Prime Minister Narendra Modi's announcement on November 8, 2016. This research aimed to explore the repercussions of this significant economic move, which involved the demonetisation of high-denomination currency notes. The study delves into the economic sectors anticipating positive and negative impacts due to this policy. It also emphasises the sudden announcement's effects on the population, resulting in insecurity, fear, and significant queues at ATMs. The research sheds light on the real-world implications of demonetisation in various sectors of the Indian economy.

Peddada (2018) delves into the Indian Government's bold move of demonetising 500- and 1000-rupee notes in November 2016. This abrupt action significantly impacted the nation, creating chaos and mixed reactions. While it aimed to curb unaccounted money and counterfeit currency, it also caused hardships for ordinary people. Based on comprehensive secondary data, the study analyses the pros and cons of this demonetisation effort and the underlying rationale. Despite initial setbacks, the study suggests that long-term benefits are emerging. It highlights the need for further research to assess the long-term outcomes comprehensively. This study could be a valuable reference for other economies considering similar measures.

Muyiwa, Tunmibi, and John-Dewole's (2013) study evaluates the impact of Nigeria's cashless policy, which commenced in 2012. Employing survey research, the study found that the policy is poised to increase employment opportunities, reduce cash-related crimes, lower associated risks of carrying cash, diminish cash-related corruption, and attract foreign investors to Nigeria. The introduction of a cashless economy is depicted as a progressive move, with expectations of modernising the payment system, cutting banking service costs, bolstering security, and mitigating corruption. This research provides insights into the potential benefits of transitioning to a cashless economy in Nigeria.

METHODOLOGY :

3.1 Research Design

The study adopted a survey method and a structured questionnaire to collect data. The design used is descriptive quantitative research, which is in line with Adam et al. (2016), who employed a descriptive quantitative research approach in their studies. (Magaji, Darma&Igwe, 2021) A descriptive quantitative research approach involves computation and mathematics; therefore, it is often regarded as more precise or valuable than qualitative research, the focus of which is collecting non-numeric data. This further confirms that employing a descriptive quantitative research approach for this study was appropriate.

3.1.1 Area of the Study

The study is in the Federal Capital Territory (FCT), Nigeria. The FCT serves as Nigeria's administrative and political capital and encompasses the city of Abuja. This area presents a unique economic landscape, with a diverse range of Small and Medium Enterprises (SMEs) operating in various sectors. The study will focus on understanding how demonetisation policies impact these SMEs within the specific context of the FCT, including their financial sustainability, operational resilience, and adaptation strategies.

3.1.2 Population of the Study

The study's population comprises Small and Medium Enterprises (SMEs) operating within the Federal Capital Territory (FCT), Nigeria. This encompasses a diverse range of businesses spanning different sectors and industries, including retail, services, manufacturing, technology, and more. The exact number of SMEs within the FCT may vary over time, but they collectively constitute the research's target population.

Method of Data Collection

The data will be gathered through a self-administered questionnaire to assess the participants' opinions and experiences about the demonetisation programme and its impact on growth and production in small and medium-sized enterprises (SMEs). Before implementation, the questionnaire will undergo a pre-testing phase to verify its reliability and validity. Subsequently, it will be administered to the selected houses in the sample.

3.1.4 Survey Instrument

To conduct this study, a questionnaire was created to gather information specifically related to the research issue. The questionnaire was partitioned into two distinct portions, labelled A and B. Section A collected data on the demographic characteristics of drivers, specifically their gender, age, educational attainment, and household income. Section B examines the impact of the demonetisation programme on small and medium-sized enterprises in the Federal Capital Territory (FCT).

3.1.5 Sample Size and Selection

To collect the data, a sample of 100 SMEs will be selected using a random sampling method. The subset of small enterprises will be selected using a simple random sampling method, in which SMEs are selected at random from a list or population of SMEs.

Method of Data Analysis

The study will utilise a survey of small and medium-sized enterprises (SMEs) in the Federal Capital Territory (FCT), employing a questionnaire to gather data on the impact of demonetisation on SME growth and output. The questionnaire will be designed to assess the attitudes and experiences of the participants about these characteristics. It will be distributed to a subset of small and medium-sized enterprises (SMEs) in the state. The acquired data will be analysed using a combination of descriptive and inferential statistical approaches, such as tables and regression analysis.

3.1.7 Model Specification

A Logit model is employed to examine the impact of the demonetisation policy on small and medium enterprises in FCT. The model is therefore given as;

SMEG = F(DEM, SMEO)   (3.1)

The econometric model can be specified as shown below in equation two. Where

DEM = Demonetization

SMEG = SME Growth SMEO = SME output α = Constant

β = is the coefficient or Parameter attached to the explanatory variable.

μ_i = error term; the error term is assumed to be normally and independently distributed with zero mean and constant variance.

The addition of the error term or stochastic determines the model to capture the effect of the other variables not included in the models.

The study employed a statistical model known as the logistic regression model. A sample was chosen based on the characteristics of the dependent variable, which is a categorical variable with two categories (1 and 0). This choice was made because of the model's mathematical simplicity and the meaningful interpretation of the odds ratio (Gujarati, 2003).

The binary choice logistic regression model enables the prediction of the value of a dichotomous variable called "SMEG," which can only take on two values: 0 and 1. This prediction is based on a collection of explanatory factors, which can be either quantitative or categorical. The model is conceptually defined as follows;

$$L = \frac{\ln(P)}{\ln(1-P)} \qquad (3.2)$$

$$= \beta_O + \beta_1 SMEO + \mu \qquad (3.3)$$

Here, the dependent variable (SMEG) is measured as a binary variable with an assigned value of 1 if small and medium enterprise output (SMEO) has an impact on SME growth and 0 if small and medium enterprise output has no impact on SME growth in FCT.

3.1.8 Method of Evaluation

Evaluating the research findings involves determining the theoretical significance and statistical adequacy of the parameter estimations for the economic connection or model. Koutsoyiannis (2001:25) states that while evaluating estimates or results from an economic model, three factors are mostly considered.

3.1.9 Apriori criteria

This is the hypothetical correlation between the dependent and independent variables of the model, as specified by the assumptions of economic theory. The models' outcome or parameter estimates will be interpreted based on the expected signs of the parameters, as determined by economic theory. In other words, the model's parameter estimates will be examined to determine if they align with the assumptions of economic theory.
The variables of demonetisation have a substantial influence on the growth and output of small and medium-sized enterprises (SMEs).

3.2 Statistical criteria: First-order test

The field of statistics offers various methods for assessing the accuracy of parameter estimates in a model. These tests provide insights into the reliability of the parameter estimations. It will determine whether it is suitable or not.
The statistical criterion test is as follows:

T-tests: A t-test will assess the coefficient's significance in the model. The T-testing approach assumes that the error term μ_i conforms to a normal distribution.

F test: The F test will be employed to assess the overall significance of the model.

Durbin-Watson test: To evaluate the validity of the assumptions of non-autocorrelated disturbances, the Durbin-Watson, an econometric approach, will be computed.

DATAANALYSIS AND RESULTS :

4.1 Data and Analysis

The results of the data analysis were presented in tables while the interpretation followed.

Respondent Rate

One hundred copies of the questionnaire were administered to small and medium enterprises in FCT-Abuja. All the copies distributed were filled out, retrieved, and found useable, resulting in a 100% response rate. The high response rate could be attributed to the researcher's self-administration of the instrument and the cooperation received from the respondents.

Table: Gender of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	31	31.0	31.0	31.0
Female	69	69.0	69.0	100.0
Total	100	100.0	100.0	

Source: Field Survey 2024

Table 1 Shows that 31(31%) of the respondents were males, while 69 (69%) were females. This indicates that female respondents form the majority of the sample.

Table 2: Age of Respondents

	Frequency	Percent	Valid Percent	Cumulative Percent
Under 25	12	12.0	12.0	12.0
25-34	17	17.0	17.0	29.0
35-44	43	43.0	43.0	72.0
45-54	16	16.0	16.0	88.0
55 above	12	12.0	12.0	100.0
Total	100	100.0	100.0	

Source: Field Survey, 2024

Table 2 Revealed that 12(12%) of the respondents were under 25 years old, 17 (17%) were within the 25-34 age range, 43(43%) were 34-44 years old, 16(16%) were between 45-54, and 12(12%) were 55 or older. This shows that respondents with an age range of 35-44 years had the highest frequency.

Table 3: Binary Logistic Regression Result

Dependent Variable: SMEO				
Method: ML - Binary Logit (Newton-Raphson / Marquardt steps)				
Sample: 1 100				
Included observations: 100				
Variable	Coefficient	Std. Error	z-Statistic	Prob.
C	0.545444	0.798532	2.350252	0.0023
DEM	-2.435889	0.362986	2.235872	0.0135
McFadden R-squared	0.924778	Mean dependent var		0.823529
SD dependent var	0.392953	SE of regression		0.405840

Akaike info criterion	1.167293	Sum squared resid	25.470588
Schwarz criterion	1.265318	Log likelihood	-7.921987
Hannan-Quinn criteria.	1.177037	Deviance	15.84397
Restr. Deviance	15.84397	Restr. log likelihood	-7.921987
LR statistic	8.33E-15	Avg. log likelihood	-0.465999
Prob(LR statistic)	0.000235		
Obs with Dep=0	3	Total obs	100
Obs with Dep=1	92		

$\ln \frac{P}{1-P}$

= 0.5454 -2.435DEM

LR statistics = 3.33

Prob (LR statistics) = 0. 000235

4.3 Interpretation of the Binary Logistic Regression Model (Table 2)

1. **Coefficients:**

Intercept (CC): 0.5454 (p = 0.0023) suggests that when DEM is zero, the log-odds of the dependent variable SMEOSMEO occurring is 0.5454, which is statistically significant.

DEM: -2.4359 (p = 0.0135) implies that a one-unit increase in DEM leads to a decrease in the log- odds of SMEOSMEO by 2.4359, a statistically significant effect.

2. **Model Fit:**

The McFadden R-squared value of 0.9248 indicates that this model explains a substantial proportion of the variance in SMEOSMEO. The minimal LR statistic (8.33E-15) with a p-value of 0.000235 suggests that this model significantly improves upon an intercept-only model.

4.4 Discussion of Findings :

Both models demonstrate statistically significant intercepts and predictor variables, as their respective p-values indicate. Additionally, the minimal LR statistics for both models (7.53E-15 for SMEG and 8.33E-15 for SMEO) with their corresponding p-values indicate that these models provide a significantly better fit than the intercept-only models. Therefore, the predictors included in each model (specifically DEM) are statistically significant in explaining the variations in SMEG and SMEO, respectively.

Based on these results, both demonetisation (DEM) variables have a statistically significant impact on the dependent variables SMEG and SMEOS, as evidenced by their coefficients and p-values, thus validating their relevance in the respective models. Therefore, we reject both null hypotheses H_1 and H_2 and conclude that demonetisation significantly impacts small and medium enterprises' growth and output.

CONCLUSION AND RECOMMENDATIONS :

The study conducted a rigorous analysis to understand the impact of demonetisation on Small and Medium Enterprises (SMEs) within the Federal Capital Territory (FCT)-Abuja. One hundred questionnaires were administered to SMEs, ensuring a 100% response rate. Demographic data highlighted that most respondents were females aged 35-44 years. The study utilised binary logistic regression models to analyse the relationship between

demonetisation and SME growth (SMEG) and SME output (SMEO). Notably, both models exhibited statistically significant coefficients, with demonetisation variables significantly influencing SMEG and SMEO, as evidenced by their respective p-values and model fit statistics.

The findings unequivocally underscore the significant impact of demonetisation on SMEs in the FCT-Abuja region. SMEG and SMEO were substantially influenced by demonetisation, with statistical evidence validating the relationship. Given SMEs' critical role in economic development, job creation, and innovation, policymakers and stakeholders must consider these findings. Designing interventions that mitigate adverse effects and leverage opportunities presented by demonetisation is imperative to foster resilience and growth among SMEs.

i. Policy Interventions: Policymakers should formulate strategies that cushion SMEs from the adverse effects of demonetisation, such as enhancing financial literacy programs and providing access to alternative financial services.

ii. Support Mechanisms: Implement support mechanisms, including capacity-building initiatives, mentorship programs, and access to market opportunities, to enhance SME resilience and competitiveness amidst economic disruptions.

iii. Further Research: Future research endeavours should explore the nuanced impacts of demonetisation across various sectors and geographical regions to inform targeted interventions and policy formulations.

iv. Stakeholder Collaboration: Foster collaboration among government agencies, financial institutions, and SME associations to create an enabling environment that promotes SME sustainability, innovation, and growth.

5.1 Contribution to Knowledge

This study makes a substantial contribution to the current knowledge by offering empirical evidence on the effects of demonetisation on small and medium enterprises (SMEs) in the FCT-Abuja region. The research fills in existing gaps in information, providing crucial insights for policymakers, scholars, and stakeholders. This study examines the complex correlation between demonetisation and growth and output of small and medium enterprises (SMEs). It provides a foundation for making well-informed decisions, developing strategic plans, and formulating policies to support a solid and successful SME sector in changing economic conditions influenced by interventions such as demonetisation.

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