

A Study of the effect of Demonetization over the Average and Net value of Equity of Public and Private Sector Banks of India

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ABSTRACT

Demonetization is the act of divesting a currency unit of its status as legal tender, & to handle black money in the economy by lowering the cash circulation in the country which is directly concerned with the corruption. It directly or indirectly influences the various sectors. The result of draining the extensive capital from the market obviously affects various sectors, which are driven by the black economy like real estate, construction, etc. But this new policy of Government has left an impact on those sectors which are majorly driven by cash because they are the first that are affected when so much money is suddenly removed from circulation. This research paper is trying to analyze the impact of demonetization over the Shares of Banking Industry in Indian Stock market (NSE). The result is being observed from the comparison of both pre and post-event of demonetization and found that there is a significant difference in some shares while there is no significant impact of demonetization on some other shares.

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, & replaced with new coins or notes. Recent demonetization in India of which we are talking, took place on 8th November 2016. Government of India announced demonetization of high currency notes is not for the first time i.e., rs.500 & rs.1000, as it have took place earlier in 1938, 1947, 1954 & 1978 currency was change. The sectors which have shown much impact in comparison to other sector are: banking, auto, FMCG & reality got affected a lot but some other which have an impact are: consumer durable, healthcare, auto industry, banks and real estate affected more. The financial and economics experts predicted that after this move of demonetization by the government Indian economy will have to face depression like situation in its country.

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I. INTRODUCTION:

Demonetization: Demonetization is a simple act changing or a complete refurbish of currency units. It generally occurs whenever there is a change in national currency: as the present currency is pulled out from the market or either retired and is often replaced with new coins or notes. Sometimes, a country completely replaces old currency with new currency. Various sector share (stock) where the impact of demonetization was seen are stock prices of all the sector and found that consumer durable, healthcare, auto industry, banks and real estate affected more. It is shown that demonetization effects on ordinary people, informal sectors, NBFCMFIs, MSMEs and E-

wallet companies. The sectors which have shown much impact in comparison to other sector are: banking, auto, FMCG & reality got affected a lot. The financial and economics experts predicted that after this move of demonetization by the government Indian economy will have to face depression like situation in its country. The study also showed that common people and people whose business was majorly cash driven were most affected. That day i.e., on 8th November 2016, the biggest fall was observed in Indian equity market in comparison to other Asian market. Sensex went down by approximately 4% & Nifty went down by around 1.3%. Apart from this a major downward movement was observed in almost all the sectors of the market. It means there was a widespread effect of the demonetization process.

But here we are talking about impact of demonetization over the shares of banking sector in stock market. There are two types of bank:

1) Meaning Of Public Sector Bank: The public sector is that portion of an economic system that is controlled by national, state or provincial, & the local government. Here, it also means that its more than 51% shares are in withhold of general public. Here we are talking it in context of banks. For Example: Some of public sector bank are: Bank of Baroda, Central Bank, Punjab National Bank, State Bank of India, Oriental Bank of Commerce etc.

2) Meaning Of Private Sector Bank: Indian banking system is made up of both public and private sector banks. But here we are talking about private sector bank. These are those banks where greater parts of shares or equity are not held by the government but by private shareholders. For Example: Some of private sector bank are: Yes Bank, Kotak Mahindra, HDFC Bank, Axis Bank, Indusind Bank etc.

Role of Banks in Indian Economy

Banking system plays a very important and crucial role in the upliftment of the economy of a country. It is backbone to the economic development of the country as it caters to all the needs of every sections of the society which deals in the credit or debit of the currency. From all the works of the bank money-lending has evolved along with time and has shaped the history of mankind.

With the beginning of the 20 century and with an advent of development of modern industry in our country, there was a need for government-regulated banking system. Then British government assessed the need of organised and nationalised banking sector which could help them in carrying the business process from India in a smooth and hassle-free manner in the country and it was then that Reserve Bank of India was set up to regulate the formal banking sector in the country. Ever since they were nationalized in 1969, they have played a major role in the development of socio-

economic life of the people residing in the country. For the past three decades, India's banking system has made its presence felt and has also established its branches and offices in all the urban as well as the rural remote corners of the country.

The Industrial Development Bank of India (IDBI) is one of the institutions in India looking into financial assistance to be provided to industrial sector projects. It gives them direct financial assistance related to the industrial concerns in various forms like granting them loans and advances for future smooth working and purchasing or underwriting the issues of stocks, bonds or debentures of the company who wishes to raise money from the market. The creation of the Development Assistance Fund is the special of the IDBI.

With the advent of development of the country the focus of banks has shifted from customer acquisition to customer retention due to presence of competitors. Also with the introduction of information technology in the banking sector, the working strategy as well as efficiency of the banking sector has seen many changes. Various customer-oriented services which are used by the banking industry like internet banking, ATM facility, tele-banking and electronic payment procedure have reduced the workload of not only customers but also of bank employees. The facility of internet banking helps the customer not only to access and operate his bank account but also to buy or sell or receive the money into his account without actually visiting the bank premises. Banks also act as an alternative platform to make payments on account of income-tax and online payment of various utility bills and various portals to buy and sell the consumable items like goods as well as services. In the modern-day where people do not have time to make these payments physically, this online facility and integration of IT has brought relief into the life of customers as well as increased the efficiency of the banking system.

Stock Market: A stock market, equity market or share market is the aggregation of buyers and sellers (a loose network of economic transactions, not a physical facility or discrete entity) of stocks (also called shares), which represent ownership claims or businesses; these may include securities listed on public stock exchange as well as those only traded privately.

Example: It include shares of private company which are sold to investors through equity crowd funding platforms.

Role &Importance of Stock Market In Indian Economy

The stock market plays a very vital role in the growth of the industry and commerce& economy of the country that in turn affects the economy of the country to a great level hence that is basic reason that why government, industry sector and even the central banks of the nation keep a close

watch on the daily movement of the stock market. The stock market is important for the development of the country as it can be directly linked to the industry and its market image and value. A stock market is important to the existence of business, capital market and private property. For it means that there is a functioning market in the exchange of private titles to the means of production. For the companies which are going releasing their IPO or FPO they too need the help of banks and help of the stock market to raise capital for the flourishing of their business.

Training & Placement Portal aims at providing the Facility to automate and simplify the process of registration and list generation of eligible students for placement. This System provide facility to do all the their Work Regarding Placement like Collecting Student Records, Registering the Suitable Students, to check the number and percentage of placed & unplaced students, and important announcements to other departments. The whole work is automated as well as on intranet.

II. LITERATURE REVIEW

As we know that M.B.A is a practical subject and it is not completed without the practical knowledge. Here, as being a student of M.B.A(finance & human resource),I have done my research work in finance field. In India there is a mixed feeling & opinion of various people about the impact of demonetization of 2016 on various sectors in India such as stock market performance...& in that also shares of various sector & company's performance varies. As some of the research paper taken as reference in my report are as under:

According to Chauhan.S & Kaushik.N June 2017 it analyses the impact of demonetization over the stock market & S&P index. It took data of 100 companies closing price which come under S&P BSE 100 Index calculated on free-float market capitalization basis from the period 30th October 2016 to 21st November, 2016. The event of interest for the study is the announcement of demonetization of all 500 and 1000 rupee notes by the Government of India on 8th November, 2016 (Impact of demonetization on stock market: event study methodology : By Swati Chauhan & Nikhil Kaushik).

According to Tiwari.H& Dr Singh.S ,Research Scholar & Assistant Professor, Institute of Economics & Finance, Bundelkhand University, Jhansi2017 Vol. 2(1); pp. 37-46, ISSN: 2455-474X an article in international journal, Impact Of Demonetization Over The Sectoral Indices Of NSE(National Stock Exchange). They study says that due to this step our GDP went down to 7.1% in the last quarter of 2016 comparison to 7.6% in earlier. Demonization has removed 86% of our currency out of circulation. This has led to an impact over almost all the sectors of our

economy. The biggest down trend was observed in comparison to other Asian market. Sensex went down by almost 4% & Nifty went down by around 1.5%. A down ward trend was also observed in almost all the sectoral indices. Which means demonetization process affected almost all the sectors. While some sectors like banking, auto, FMCG & reality have shown much greater impact in comparison to others. They saw huge fluctuation in their stock prices though unorganized sectors impacted a lot due to cash crunch but there is no sluggish growth in major sectors of our economy due to this move.

According to Dr. Partap Singh, Associate Professor, Deptt. Of Management studies, Samalkha Group of Institutions SGI, Samalkha, Panipat, Haryana (India) & Virender Singh, Resource Person to Extension Lecture, Government College Jind (India). According to their article published in 3rd International conference on recent innovation in science & technology, on 18 Dec 2016, they mentioned that India has amongst the highest level of currencies in circulation at 12.1% of GDP. Cash in hand was estimated at around 3% of total household assets, higher than investment in equities, or roughly around \$ 220 billion. Of this cash, 87% is in the form of Rs 500 and Rs 1,000 notes or roughly Rs 14 lakh crore (\$190 billion). This paper highlights the probable consequences of this decision on various economic variables & entities.

III. RESEARCH METHODOLOGY

Research methodology plays an important role in executing the very base idea of research. For the same purpose various tests were applied over the data which was collected for the period containing both pre-demonetization and post-demonetization i.e. from:

- 01.07.2016 to 08.11.2016 comprising the period of pre-demonetization and
- 09.11.2016 to 15.03.2017 comprising the period of post-demonetization period.

Both the data set contained exact number of days ruling out the possibility of unevenness in data. Moreover before starting with the tests the log values of sample data was included so as to remove any possibility of autocorrelation and to get the real essence of the effect of demonetization over the short term performance of banking sector.

Sample Size

The sample size for the study included 8 banks in total comprising 4 public sector banks namely, State Bank of India, Punjab National Bank, Oriental Bank of Commerce and Bank Of Baroda respectively. While 4 private sector banks included: Yes bank, IndusInd bank, Kotak Mahindra Bank and HDFC Bank

The following tests were applied over the sample data set so as to understand whether demonetization has made any difference in the short term performance of their stocks in the market or not.

T-test: A t-test is an analysis of two population's means through the use of statistical examination; a t-test with two samples is commonly used with small sample sizes, testing the difference between the samples when there is a significant difference between the means of two groups.

For Example: Here, in this research, a comparison of two data sets is done i.e. one before the demonetization and other is after the demonetization. So, as to study the effect of demonetization over the shares of banking industry.

Paired T-test: Paired samples (also called dependent samples) are samples in which natural or matched couplings occur. This generates a data set in which each data point in one sample is uniquely paired to a data point in the second sample. This is taken into consideration when, there are 2 variables (X & Y) are taken before & after, certain treatment or event. So, essentially those are the same samples but the conditions under which they are taken is changed. Hence, the samples are termed as dependent variables.

IV. RESEARCH TEST & CONCLUSION

Following hypotheses were formulated in order to understand the effect of demonetization over the banking sector. These hypotheses were then repeatedly checked for all the 10 banks respectively.

Following are the hypotheses:

1) Average Price

Null Hypothesis: H_0 : There is no significant difference in the mean value of the average share trading price of particular Bank's share before and after demonetization.

Alternative Hypothesis: H_1 : There is significant difference in the mean value of the average share trading price of particular Bank's share before and after demonetization.

2) Net Traded Value

Null Hypothesis: H_{01} : There is no significant difference in the mean value of the Net traded value of particular Bank's share before and after demonetization.

Alternative Hypothesis: H_{11} : There is significant difference in the mean value of the Net traded value price of Particular Bank's share before and after demonetization.

Public Sector Bank:

1) State Bank Of India: Average Price Analysis

Paired Samples Statistics				
	Mean	N	Std. Deviation	Std. Error Mean
AP1	245.8254	87	13.59537	1.45758
AP2	262.5394	87	10.41800	1.11693

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					T	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1 - AP2	-16.71402	17.61134	1.88813	-20.46751	-12.96054	-8.85286	.000	

Explanation: Average Price: From the above data it can be observed since p value is 0.000 which is less than 0.05 hence it can be concluded that demonetization has played a role in the average pricing change of the SBI bank. The mean i.e. 16.71 and Standard deviation i.e. 17.61 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

State Bank of India: Net Traded Value

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 NT1	98321.2069	87	48697.74331	5220.94610
NT2	105181.2184	87	49583.64544	5315.92478

NT1: Net traded value before demonetization

NT2: Net traded value after demonetization

Paired Samples Test

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 NT1 - NT2	-6860.01	72687.357	7792.902	-22351.78943	8631.76644	-.880	86	.381

Explanation: Net Traded Value: From the above data it can be observed since p value is 0.381 which is greater than 0.05 hence it can be concluded that demonetization has no role in the net traded value of the SBI bank’s share value in the NSE. The net traded value remains unaffected by the demonetization of the currency, hence Null hypothesis is accepted and there is no significant difference in the traded value of the SBI share in the stock market.

2) Punjab National Bank (PNB): Average Price Analysis

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 132.7299	87	9.57612	1.02667	.73829
1 134.9571	87	11.01365	1.18079	.97880

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					t	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1 – AP2	-2.22724	12.38599	1.32792	-4.86705	.41257	-1.677	86	.097

Explanation: Average Price: From the above data it can be observed since p value is 0 .097 which is more than 0.05 hence it can be concluded that demonetization hasn't played a role in the average pricing change of the Punjab National Bank. The mean i.e. -2.22724 and Standard deviation i.e.12.38599 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	NT1	87	31012.52291	3324.89146
	NT2	87	26707.44666	2863.33883

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 NT1- NT2	6912.571	35130.431	3766.379	-574.7362	14399.885	1.835	86	.070

Explanation: Net Traded Value: From the above data it can be observed that since p value is 0.070 which is more than 0.05, hence it can be concluded that demonetization has an impact in the net traded value of Punjab national bank's shares value in the NSE. The net traded value was affected by the demonetization of the currency, hence null hypothesis is rejected and there is a significant difference the traded value of the Punjab National bank share in the stock market.

3) Oriental Bank Of Commerce (OBC): Average Price

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
AP1	122.9337	87	6.45971	.69255
AP2	118.1975	87	6.42975	.68934

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1-AP2	4.73621	6.91981	.74188	3.26140	6.21102	6.384	86	.000

Explanation Average Price Analysis: From the above data it can be observed since p value is 0 .000 which is less than 0.05 hence it can be concluded that demonetization has played a significant role in the average pricing change of the Oriental bank of Commerce. The mean i.e. 4.73621 and Standard deviation i.e. 6.91981 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 NT1	20540.1791	67	8468.01402	1034.53257
NT2	16022.0299	67	8917.67635	1089.46757

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 NT1-NT2	4518.14925	13667.94039	1669.80468	1184.27664	7852.02187	2.706	66	.009

Explanation Net Traded Value: From the above data it can be observed since p value is 0.009 which is less than 0.05 hence it can be concluded that demonetization has played a major role in the net traded value of the Oriental bank of Commerce share value in the NSE. The net traded value remains unaffected by the demonetization of the currency, hence Null hypothesis is rejected and there is a significant difference in the traded value of the Oriental bank of Commerce share in the stock market.

4) Bank Of Baroda (B.O.B): Average Price Analysis

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair AP1	159.4816	87	6.88632	.73829
1 AP2	162.8097	87	9.12961	.97880

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					T	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1-AP2	-3.32805	10.11550	1.08450	-5.48395	-1.17214	-3.069	86	.003

Explanation: Average Price Analysis: From the above data it can be observed since p value is 0.003 which is less than 0.05 hence it can be concluded that demonetization has played a role in the average pricing change of the BOB bank. The mean i.e. -3.32805 and Standard deviation i.e. 10.11550, stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 NT1	39908.3908	87	19913.91450	2134.99574
NT2	50068.1149	87	30243.62133	3242.45655

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 NT1-NT2	-10159.72414	38206.91288	4096.21102	-18302.72214	-2016.72613	-2.480	86	.015

Explanation Net Traded Value: From the above data it can be observed since p value is 0.015 which is greater than 0.05 hence it can be concluded that demonetization has no role in the net traded value of the Bank Of Baroda bank’s share value in the NSE. The net traded value remains unaffected by the demonetization of the currency, hence Null hypothesis is accepted and there is no significant difference in the traded value of the Bank Of Baroda share in the stock market.

Private Sector Bank:

1) Yes Bank: Average Price Analysis

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	AP1	1249.9166	87	69.93798	7.49814
	AP2	1291.6866	87	129.07593	13.83839

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference		t	df	Sig. (2-tailed)
					Lower	Upper			
					Pair 1 AP1-AP2	-41.77000			

Explanation Average Price Analysis: From the above data it can be observed since p value is 0.006 which is more than 0.05 hence it can be concluded that demonetization hasn't played a role in the average pricing change of the Yes bank. The mean i.e. -41.77000 and Standard deviation i.e. 138.37923 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	NT1	82173.4483	87	46473.94748	4982.53016
	NT2	71075.9080	87	26736.20560	2866.42212

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
NT1-NT2	11097.54023	53106.44465	5693.60850	-220.97886	22416.05932	1.949	86	.055

Explanation NT: From the above data it can be observed since p value is 0.055 which is more than 0.05, hence it can be concluded that demonetization has an impact in the net traded value of the Yes bank's share value in the NSE. The net traded value was affected by the demonetization of the currency, hence Null hypothesis is rejected and there is significant difference in the traded value of the Yes bank share in the stock market.

2) Kotak Mahindra Bank: Average Price Analysis

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1	AP1	781.6384	20.08967	2.15384
	AP2	759.8707	38.92350	4.17304

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1-AP2	21.767	41.70892	4.47167	12.87832	30.65708	4.868	86	.000

Explanation Average Price Analysis: From the above data it can be observed since p value is 0.000 which is less than 0.05 hence it can be concluded that demonetization has played a role in the average pricing change of the shares of Kotak Mahindra bank. The mean is 21.76 & standard deviation is 41.70 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 NT1	35511.0230	87	17136.86973	1837.26528
NT2	38784.9195	87	20027.25520	2147.14713

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					t	Df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 NT1	-3273.89655	25287.25000	2711.07777	-8663.34079	2115.54768	-1.208	86	.231
NT2								

Explanation Net Traded Value: From the above data it can be observed since p value is 0.231 which is greater than 0.05 hence it can be concluded that demonetization has no role in the net traded value of the Kotak Mahindra bank’s share value in the NSE. The net traded value remains

unaffected by the demonetization of the currency, hence Null hypothesis is accepted and there is no significant difference in the traded value of the Kotak Mahindra's share in the stock market.

3) Indusind Bank Average Price Analysis

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 AP1	1183.4618	87	34.85010	3.73632
AP2	1193.0370	87	108.87638	11.67277

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1- AP2	-9.57517	88.47344	9.48535	-28.43142	9.28108	-1.009	86	.316

Explanation Average Price Analysis: From the above data it can be observed since p value is 0.316 which is more than 0.05 hence it can be concluded that demonetization has no effect in the average pricing change of the shares of IndusInd bank. The mean is 305.80 and standard deviation is 27.01 stands valid and there is significant difference in pre and post values of demonetization hence null hypothesis is accepted.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 NT1	36496.0115	87	17414.12146	1866.98979
NT2	46539.1264	87	24099.44163	2583.73135

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 NT1-NT2	-10043.11494	25321.28764	2714.72699	-15439.81358	-4646.41630	-3.699	86	.000

Explanation: Net Traded Value: From the above data it can be observed since p value is 0.000 which is less than 0.05 hence it can be concluded that demonetization has played a role in the change of net traded value of the Indusindbank. The mean i.e. -10043.11 and Standard deviation i.e. 25321.28 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is accepted.

4) HDFC Bank Average Price Analysis:

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 AP1	1252.4767	87	32.26287	3.45894
AP2	1261.0063	87	80.15332	8.59334

AP1: Average price before demonetization

AP2: Average price after demonetization

Paired Samples Test

	Paired Differences					T	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 AP1-AP2	-8.52966	79.66475	8.54096	-25.50852	8.44921	-.999	86	.321

Explanation Average Price Analysis: From the above data it can be observed since p value is 0.321 which is more than 0.05 hence it can be concluded that demonetization has played no role in the average pricing change of the HDFC bank. The mean i.e. 8.52 and Standard deviation i.e. 79.66 stands valid and there is significant difference in pre and post values of demonetization hence alternate hypothesis is rejected.

Paired Samples Statistics

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 NT1	24082.5517	87	9474.06683	1015.72658
NT2	33647.9425	87	56751.74661	6084.42589

NT1: Net Traded Value before Demonetization

NT2: Net Traded Value after demonetization

Paired Samples Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 H ₀₁ - H ₀₂	-9565.39080	55477.59192	5947.82217	-21389.26995	2258.48834	-1.608	86	.111

Explanation Net Traded Value: From the above data it can be observed since p value is 0.111 which is greater than 0.05 hence it can be concluded that demonetization has no role in the net traded value of the HDFC bank’s share value in the NSE. The net traded value remains unaffected by the demonetization of the currency, hence Null hypothesis is accepted and there is no significant difference in the traded value of the HDFC share in the stock market.

V. CONCLUSION AND LIMITATION

From the above analysis it was clear that demonetization had its effect over the short term trading of banking sector shares as paired t test showed the difference in the sample of pre and post

demonetization. Moreover the change in average price of pre and post demonetization was further validated by the change in Net traded value of shares in the market. As compared to public and private sector banks more effect of demonetization was observed in both Average price as well as in Net traded value of the public sector banks but in case of private sector banks Net traded value for most of them remained unaffected but the average change in their stock price was observed and this change was the result of demonetization policy of Central Government.

Although the above research can be extended into a higher level format by increasing the sample set and also by increasing the time period of study. Moreover this study can also act as a base for future studies in order to analyse the effect of change in banking sector in case of demonetization.

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