A Analysis Of Demonetization Effect On Selected Stocks Of Indian Housing Finance Sector

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Abstract: Demonetization means cancelling the currency from its legal status. The main motto of demonetization is to reduce the bank notes in circulation which in turn reduces black money. Indian housing finance is mainly involved in cash transactions and demand has also been reduced during Demonetization. The present study was conducted in the selected housing finance companies such as NSE, HDFC, INDIABULLS, LIC, HUDCO, PNB, CANFIN and REPCO. This review is intended to analyze the impact of demonetization on the above mentioned housing finance companies. For the research data has been collected for 3 years’ post-demonetization from 8th November 2016 to 31st October 2019 and the run test and correlation analysis has been conducted to identify by setting NIFTY as the benchmark index to validate the study.

Keywords: Correlation, Demonetization, housing finance companies, impact, NIFTY

1. INTRODUCTION

when the clock reaches 8 pm on November 8, 2016, it struck, India came to a standstill and Prime Minister Narendra Modi announced one of the most important plans and changes in the economy of India. The Prime Minister Narendra Modi announced his move towards the ban of Rs 500 and Rs 1000 notes with several planned ideas and at India has started struggling with demonetization [1]. This was not the first attempt of demonetization in India but actually this was the third attempt after 1946 and 1978. Although the initial ones didn’t have an effect which was not huge as compared to demonetization in 2016. At this demonetization has been given several effects on India and on Indian economy. There have been positive and negative effects of the demonetization The end result was not clear to neither public nor the government. [2] The Central Board of Direct Taxes in 2012 was not in favor of demonetization, stating that demonetization can’t tackle demonetized money or economy of India since the demonetized money of only 6% or less they have as cash in hand and bank. They also suggest that targeting cash would not be a successful implementation [3]. According to data from income tax probes, black money holders kept only 6% or less of their wealth as cash, suggesting that targeting this cash would not be a successful strategy [4]. Initially, broadly, demonetization of high currency notes had a two-fold objective – first, choking the funding channels of militancy and terrorism from across the border and to fight corruption. Since then, in continuing the focus on corruption, government has placed emphasis on digitizing India. The government of India planned that ₹3 lakh crore, or approximately 20%, of the demonetized banknotes is possible to remove the bank notes permanently from circulation[5] However, in 2018 as per the report from RBI, on an average only 99.3% of the banned banknotes, or ₹15.30 lakh crore of the ₹15.41 lakh crore that was banned on November 8th, were deposited with the banking system. The demonetized notes that were not deposit by the people were only worth ₹10,720 crores[6]. Demonetization announced first time in India before the independence era in the year 1946 when then Government of British decided to void the currency notes of Rs. 1000, Rs. 5000 and Rs. 10,000 from its status of legal tender. India goes for demonetization on another occasion in the year 1978 to eradicate black money and fake currency on the recommendation of Wanchoo Committee. But the initiative failed to fulfill its objectives because the recommendation made by the committees in the form of public domain and it already paved way for the non-tax payers and black money holders to find the alternative way even before the demonetization. On January 16th, 1978, government of Moraji Desai’s government passed the demonetized Bank Notes (Demonetization) bills was withdrawn by the government regarding the ban of Rs. 1000, Rs.5000 and Rs. 10,000 which was further introduced in the year 1954.

“Demonetization means the currency which was cancelled as its legal tender. On 8th November 2016, the Government of India announced the 500 and 1000 banknotes had been demonetized.” This unexpected announcement by the Government and the continuous cash shortages in the forthcoming weeks that created huge impact in the economy, it creates fear on economic output. A resultant impact on stock market was also well expected. The money shortage in the hands of people and reduced bargaining power of the people leads to stagnation in the growth and profitability of different sectors. The sectors which faced the impact of demonetization are Banking, Automobiles, Cement, FMCG, Pharmaceutical, Real estate and Agriculture. Demonetization in India and the US Presidential Election affected the stock market of India, where Indices of the market has drastically reached to 6 months’ low in the next week after the demonetization has been announced. BSE SENSEX and NSE NIFTY had dropped by 1689 and 541 points respectively in that week. So it is important to analyze how the demonetization has affected the stock market of India. The strike on black money will have some unexpected consequences in various sector that’s been on a peak during the period - housing finance companies. Some of the companies that played a major role in lending business or consumption with collateral as homes will be in trouble if real estate prices clumsy. Housing finance companies share price were down on Thursday. DHFLNSE4.92% decline 2.29%, LIC Housing Finance reduced 4.22%, HDFC down by 2.28% but the BSE Sensex rose by 0.97%. Demonetization of Rs 500 and Rs 1,000 notes could reduce the growth of real
estate industry, though it makes the industry very neat and clean. This further helps to reduces to curb the black money which the corrupt bureaucrats bought properties by paying cash, and other politicians involved in buying land. This move is a new entrant for real estate sector in DHFL. This covers a lot of corrupt activities in the real estate sector. It will ensure transparency as we all knew that some parts of real estate were reeling under corruption. In India, housing is considered as the drive of economic growth. The housing sector has strong linkages with many other industries. 78 paisa in every rupee invested in housing sector, contributes to the Gross Domestic Product. At present there is high growth rate in the housing finance sector. The various agencies operating in the area of Indian housing finance sector can be broadly classified into two, ie, formal housing finance sector and informal housing finance sector. The formal housing finance sector includes the Housing finance Institutions (HFI) like National Housing Bank, Housing and Urban Development Corporation, Various Housing finance companies Housing Development Finance Corporation (HDFC), Life Insurance Corporation of India (LIC), General Insurance Corporation (GIC), Unit Trust of India (UTI), Commercial Banks, Co-operative banks etc. The informal housing finance sector includes personal savings, borrowings from money lenders or friends or relatives, disposal of existing property etc. The commercial banks play a major role in housing finance sector as they have vast spread branches everywhere in the country. The development of housing finance agencies in the country attained great momentum after the incorporation of National Housing Bank in 1988, as an apex institution in the field of housing finance. The financial year for the HFCs registered with NHB is from April 1 to March 31, and the data provided under this Chapter is as on March 31, 2018. A summary of key financial indicators of 91 HFCs is given in table

![Fig. a. Key financial indicators of HFCs](image)

**Fig. b. Credit to housing sector by HFCs and SCBs as on 31st March, 2018**

2. LITERATURE REVIEW

Bharadwaj et al. (2017) in his paper aimed to analyse using efficient market hypothesis with Demonetisation as key factor. For this study, they had chosen 16 companies from National Stock Exchange India and the sample data collected for the past five years from 2012 to 2016 and for 5 months from November 2016 to March 2017. In this study, Optimum portfolio construction was done using Sharpe index model and the risk and return values were considered for the analysis for both pre and post demonetization closing stock values. This study had revealed that demonetisation was taken as a key variable for the analysis and thus there was a fluctuation in the results which were been arrived. Also, there was no correlation in the companies which had been arrived before and after demonetisation. Furthermore, this study concluded that there was an impact on Indian Stock Market due to the effect of Demonetisation.[7]. Chellasamy and Anu (2017) aimed to investigate the impact of demonetisation on Nifty Sectoral indices. The study had used closing index for the period from October 3rd to December 9th 2016 which contain 47 observations. The period of the study was divided into pre and post demonetisation period to examine the impact of demonetisation. 25 trading days before the event (October 3-November 8) with a period of 22 trading days after the event (November 9-December 9) and all data were obtained from NSE website. Ordinary least square was utilised for the study. The results showed that demonetisation or withdrawal of higher denomination currency had a significant impact on the Stock market for the Indian economy. The result concluded that average returns on most sectors had exhibited negative values and public sector banking segment, Pharma, Energy and IT had recorded a rise in returns[8]. Divya and Sharon Sophia (2017) examined on demonetisation and its effect on stock price of top ten software companies in India for a period of three months. This research focused on the event days in which demonetisation had a great impact in stock market. For the purpose of this study, the data was dependent on secondary source, where data for ten software companies were taken from BSE Sensex on daily basis for a period of six months from 01/10/2016 to 31/03/2017 for time-series analysis. The study had employed time-series technique to ascertain the relationship between index and share price of the top ten software companies in India. It was concluded from the study that the market was very volatile in the initial
stage of announcement of demonetization, being an unexpected event. Though the hit was very big, the IT industry wrapped up quickly with required measures and started to boom-up, some companies are still lagging in progress[9]. Hemlata Tiwari and Shambhu Nath Singh (2017) examined that the impact of demonetization on different sectors of economy. This research was based on secondary data and the data related to sectoral indices had been collected from NSE website i.e. www.nse.com. They drew line graph by using MS- Excel after collection of data. In this study, they had taken sample data from November 8, 2016 to June 2, 2017 for comparison purpose and they divided it in short & long run. They stated that all the sectors got affected by demonetization process while some sectors had shown much impact in comparison to other like banking, auto, FMCG & reality got affected a lot comparison to other sectors[10]. Madhu Iyengar et al. (2017) tried in their study to explore the volatility of stock market due to demonetization announcement with respect to its impact on different sectors. To identify the immediate effect of such action and decision by the government, a study is conducted taking the period of 30 days to prior to the news and 30 days after post announcement of demonetization taking NIFTY as the indicator. From the results, it was found that the decision of demonetization by the Government did had some impact on the capital markets through stock price movements. Further, they concluded that that semi-strong form of efficiency did not hold good, thus the Indian stock market failed to indicate semi strong form of efficiency in this particular event[11]. Niraj Dhar Dubey et al. (2017) focused that the impact of demonetization announcement effect on the returns of stock market & quantum of Investment through traded value in India for a very short period of time. Thus, they examined that the daily data of closing prices of S&P CNX Nifty Index and its traded value during pre and post demonetization periods. A standard event study methodology had been adopted to examine the pattern of changes that had taken place surrounding 50 days of the announcement date. They had employed the statistical methods like graph, descriptive statistics and correlation coefficients to analyse the collected sample data. From the results, it was found that the demonetization had affected the return in Indian stock market in both equity and debt segment. Also, the total investment had decreased significantly post demonetization and the average turnover had decreased post-demonetization. They concluded that the demonetization had significant effect on return of the stock market[12]. Prashant Sharma and Anjali Pandey (2017) analyzed that the impact of demonetization on stock market returns in Indian context. The study was descriptive in nature. The sampling frame consisted of all indices of Indian context for financial year 2016-2017. Secondary source was used to collect the data, i.e. official website from BSE India. The collected study data was analysed by using the statistical methods like Normality Test & Paired T-test to find the pre-post impact of demonetization. The study results concluded that impact of demonetization did not have a significant impact on the BSE SENSEX. Furthermore, they revealed that the impact of demonetization on returns was not significant whether in pre or post period, for very short period, short term, medium term & long term[13]. Sandhya Darshan Dash and Priyabrat Bagha (2017) planned to examine the performance of top 5 PSU banks in the stock market to study the impact of demonetization on individual banks, as well the indices are taken into consideration to study the effect on overall sector. In this study, the sample data had been collected for 4 months beginning from October 2016 to January 2017 and run test had been used to check the irregularity of value developments. The researchers concluded that although the overall performance of banking sector in terms of BANKEX was showing significant impact at 5 percent significance level the individual bank securities were operating at 10 percent significance level which was not sufficient to reject H0[14]. Siva Kumar et al. (2017) intended in their study to evaluate the impact of demonetization on sectoral indices of Bombay Stock Exchange. The research was based on secondary data. All information regarding sectoral indices had been gathered from official website of Bombay Stock Exchange (www.bseindia.com). The data used in the study covered of daily prices of BSE Sectoral Indices prior 15 days of announcement and post 15 days of announcement. The study revealed that the cash dependent and consumption based sectors were negatively affected while the financial sectors were the biggest beneficiaries[15]. Swati Chauhan and Nikhil Kaushik (2017) aimed to analyze the impact of demonetization on Indian Stock market. This study had performed Event Study Methodology to analyze the stock of S&P BSE 100 companies. The sample had been drawn from Prowess IQ 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 window had been chosen as -7 through zero to +7, where zero represents the demonetization date and -7, and +7 are the period before and after the announcement date. The result had revealed from the comparison of both pre and post-event window and found that there was no significant impact of demonetization on the stock market. Also, they stated that this short period downfall in the stock prices can be due to some other factors[16]. Mohd. Taqi et al. (2018) aimed in their study to measure the impact of demonetisation on Bombay Stock Exchange (BSE) SENSEX and other sectoral indices. The sample size had covered the data of BSE SENSEX and 10 other sectoral indices such as SENSEX, capital goods, consumer discretionary goods, consumer durables, fast moving consumer goods, infrastructure, industrials, manufacturing, utilities and BANKEX. The study period was divided into two segments like pre demonetization period from 8th May to 7th November, 2016 and post demonetization period from 9th November, 2016 to 8th May, 2017. The collected sample data was analysed with the help of statistical methods like descriptive statistics, paired t-test and correlation analysis. This study found that there was a strong evidence that demonetisation had significant impact on selected sectoral indices considered for the study. Further, they concluded that indices of manufacturing, FMCG and consumer discretionary goods sensitive increased during the post demonetization period while sensitivity of industrial goods and infrastructure decreased during the period[17]. Shilpa Lodha et al. (2018) examined in their study that the impact of demonetization on Indian stock market and
compared the effect on performance of the different sectors. For the purpose of the study, the Indian stock market NIFTY Index and Eleven sectoral indices of NSE i.e. Auto index, Bank index, Financial Services index, FMCG index, IT index, Media index, Metal index, Pharma index, Private Bank index, PSU Bank index, and Reality index had been selected as samples. The secondary data had been collected from official website of NSE and other sources like research journals, articles, research papers and websites. Thus the sample period was 81 trading days from 27th July 2016 to 24th November, 2016. They performed the analytical tools like Alpha and Beta Values of Sectoral Indices, Abnormal returns through t-statistics and cumulative abnormal returns of sectoral indices. From the results, it was revealed that demonetization had affected different indices in a different way. In addition to the banks including Public or Private sector, Financial Services and PSUs yielded positive returns while a stark difference was seen on sectors like Realty along with Auto, IT and media[18]. Chopra et al. (2019) stock market price prediction ability of Artificial Neural Networks (ANN) is investigated before and after demonetization in India. Hence, demonetization was the act by government of stripping a currency unit of its status as legal tender. In this study, nine stocks and CNX NIFTY50 index were considered for future value prediction where these stocks were subdivided in terms of volatility and capitalization. Dataset for training, testing and validation of each stock under consideration was of at least eight years. The study results had outlined that demonetization had a great impact on stock market prices as in short term period investors start to withdraw capital from stocks, which results in high volatility. Moreover, variation of neurons in hidden layers did not affect MSE much and it was found that ten numbers of neurons were sufficient for obtaining accurate results[19]. Nivedita Sinha et al. (2019)focused on the impact of demonetisation on various indices using Event Study Methodology. They followed an event study methodology to assess the stock market’s response to the announcement of demonetisation. The event study methodology was designed to investigate the effect of an event on the stock price or any other dependent variable. The results from event study methodology, using a 40-day event window indicate that various industries showed significant negative cumulative abnormal returns (CARs) such as FMCG, Material, Telecom, Utilities, Consumer Discretionary, Realty and Consumer Durables sector[20]. Pranjal Agrawal and Sangeetha (2019) tried in their study to analyse the impact of demonetisation on the Indian Stock market. This study had used Event Study Methodology and Granger Causality test to analyse the impact of various sectors such as Nifty Bank, Nifty Pharma, Nifty FMCG and Nifty Realty on the NIFTY50 index during the Demonetisation Period. The Period for the study had covered from 1/4/2016 to 7/11/2016 and 8/11/2016 to 31/3/2016. The analysis was made on the comparison of both pre and post-event window. The results indicated that Pre Demonetisation results revealed that Realty Sector had a uni-directional relationship with Nifty50. Further, they concluded that Post Demonetisation results showed that Banking sector had a uni-directional relationship with Nifty50[21].

3. MATERIALS AND METHODS

3.1 Research Gap:
A large number of studies have been carried out on the subject at national as well as international levels. Few researchers have tried to evaluate the impact of demonetization on capital market. However it has been observed that no study has been conducted covering housing finance companies. Housing finance companies can be used as an important indicator of demonetization to know how the demand of housing prevails in the economy in the short run.

3.2 Objectives of the study
The study has been undertaken with the following objectives
i) To identify how the demonetization has the impact on selected house finance companies on National Stock Exchange and Bombay Stock Exchange
ii) To identify the sequence of price changes of the selected housing finance companies.
iii) To evaluate the stock price movements of the housing finance companies market pre and post demonetization.

3.3 Research methodology
This study is an empirical analysis of demonetization and its impact on NSE and BSE and its selected housing finance companies. It covers BSE SENSEX, NSE NIFTY an seven housing finance companies which have been mentioned in the following paragraph.

3.4 Sample of the study
Indian Stock Market is one of the most dynamic and efficient markets in Asia. The Bombay Stock Exchange and National Stock Exchange are two major stock exchanges in India as most of the share transactions are done by the investors in these two exchanges. These exchanges are well equipped with Electronic Trading Platforms and handle large volume of transactions on a daily basis. The housing finance institutions play a major role in Indian economy and also Indian stock market. So, top seven housing finance institutions based on market size have been selected for this research. Indices such as NIFTY and BANKNIFTY and companies such as HDFC, INDIABULLS, LIC, HUDCO, PNB, canfin homes and REPCO has been considered as sample for the study.

3.5 Nature and sources of data
The secondary data is being used for the present research which have been extracted from the secondary sources. The website of National stock exchange and Bombay Stock Exchange is the primary source of data and all sample data has been taken from there.

3.6 Data used for study
Daily closing prices of the above mentioned selected indices and companies have been considered for the study and to calculate the returns of the indices and selected companies.

3.7 Tenure of the study
Data period is selected for a period of three years post demonetization from 8th November 2016 to 31st October 2019

3.8. Hypothesis of the study
Null Hypothesis (H₀): Price changes of the NSE, BSE, HDFC, INDIABULLS, LIC, HUDCO, PNB, CANFIN and REPCO are not dependent and move randomly. Alternate Hypothesis (H₁): Price changes of the NSE, BSE, HDFC, INDIABULLS, LIC, HUDCO, PNB, CANFIN and REPCO are dependent and move randomly.

3.9 Analysis of Runs Test
The research has conducted a study to examine the sequence of price changes of same sign and changes in different signs. For this, Runs Test has been used and the result of Runs Test for returns series of NSE, BSE, HDFC, INDIABULLS, LIC, HUDCO, PNB, CANFIN and REPCO are presented in the following table.

**TABLE 1: RUNS TEST FOR NSE, BSE, HDFC, INDIABULLS, LIC, HUDCO, PNB, CANFIN AND REPCO**

<table>
<thead>
<tr>
<th></th>
<th>NSE</th>
<th>BSE</th>
<th>HDFC</th>
<th>INDIABULLS</th>
<th>LIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>K = Mean</td>
<td>0.072</td>
<td>0.051</td>
<td>0.058</td>
<td>-0.174</td>
<td>-0.034</td>
</tr>
<tr>
<td>Cases &lt; K</td>
<td>364</td>
<td>357</td>
<td>371</td>
<td>363</td>
<td>361</td>
</tr>
<tr>
<td>Cases ≥ K</td>
<td>372</td>
<td>379</td>
<td>364</td>
<td>373</td>
<td>375</td>
</tr>
<tr>
<td>Total Cases</td>
<td>736</td>
<td>736</td>
<td>735</td>
<td>736</td>
<td>736</td>
</tr>
<tr>
<td>No. of Runs</td>
<td>354</td>
<td>356</td>
<td>355</td>
<td>354</td>
<td>354</td>
</tr>
<tr>
<td>Z- Statistic</td>
<td>-1.103</td>
<td>-0.936</td>
<td>-0.994</td>
<td>-1.102</td>
<td>-1.097</td>
</tr>
<tr>
<td>p-value</td>
<td>0.270 NS</td>
<td>0.349 NS</td>
<td>0.320 NS</td>
<td>0.271 NS</td>
<td>0.273 NS</td>
</tr>
</tbody>
</table>

Source: Data collected from National Stock Exchange website computed in Eviews

* Significant at 5% level

From the above table-1, it shows that p-value is greater than 0.05 and not significant. The p-value of NSE, BSE, HDFC, INDIABULLS, LIC, PNB, CANFIN and REPCO of NSE, BSE, HDFC, INDIABULLS, LIC, PNB, CANFIN and REPCO are not dependent and move randomly is rejected. It shows that the return series of this company is weak form efficient which means all past stock prices of NSE, BSE, HDFC, INDIABULLS, LIC, PNB, CANFIN and REPCO are reflected in current stock prices.

3.10 Correlation Analysis

3.10.1 Degree of Relationship between NSE and HDFC
An attempt has been made to examine the relationship between the independent variable HDFC and the dependent variable NSE has been found by using correlation analysis. The goal of the correlation analysis is to observe what extent the selected independent variable predicts the dependent variable NSE in the study period. The result of the correlation between the independent and dependent variables is discussed in the following table.

**TABLE 2: CORRELATION ANALYSIS OF NSE AND HDFC**

<table>
<thead>
<tr>
<th></th>
<th>NSE</th>
<th>HDFC</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSE</td>
<td>1.000</td>
<td>0.210*</td>
</tr>
<tr>
<td>HDFC</td>
<td>0.210*</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Data collected from National Stock Exchange website computed in Eviews

* Significant at 1% level

It is explored from the above table that what extent the HDFC market affects the NSE market. It is observed that NSE is having positive correlation with HDFC in the study area. It is found that whenever the HDFC increases then NSE also positively increases in the study period.

3.10.2 Degree of Relationship between NSE and INDIABULLS
An attempt has been made to examine the relationship between the independent variable INDIABULLS and the dependent variable NSE has been found by using correlation analysis. The goal of the correlation analysis is to observe what extent the selected independent variable predicts the dependent variable NSE in the study period. The result of the correlation between the independent and dependent variables is discussed in the following table.
It is obtained from the above table that what extent the NSE market affects the INDIABULLS market. It is observed that NSE is having positive correlation with INDIABULLS in the study area. It is found that whenever the INDIABULLS increases then NSE also positively increases in the study period.

3.10.3 Degree of Relationship between NSE and LIC
An attempt has been made to examine the relationship between the independent variable LIC and the dependent variable NSE has been found by using correlation analysis. The goal of the correlation analysis is to observe what extent the selected independent variable predicts the dependent variable NSE in the study period. The result of the correlation between the independent and dependent variables is discussed in the following table.

### Table 4: CORRELATION ANALYSIS OF NSE AND LIC

<table>
<thead>
<tr>
<th>NSE</th>
<th>LIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSE</td>
<td>1.000</td>
</tr>
<tr>
<td>LIC</td>
<td>-0.586*</td>
</tr>
</tbody>
</table>

Source: Data collected from National Stock Exchange website computed in Eviews

* Significant at 1% level

It is observed from the above table that what extent the LIC market affects the NSE market. It is found that NSE is having negative correlation with LIC in the study area. It is found that whenever the LIC increases then NSE decreases in the study period.

3.10.4 Degree of Relationship between NSE and HUDCO
An attempt has been made to examine the relationship between the independent variable HUDCO and the dependent variable NSE has been found by using correlation analysis. The goal of the correlation analysis is to observe what extent the selected independent variable predicts the dependent variable NSE in the study period. The result of the correlation between the independent and dependent variables is discussed in the following table.

### Table 5: CORRELATION ANALYSIS OF NSE AND HUDCO

<table>
<thead>
<tr>
<th>NSE</th>
<th>HUDCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSE</td>
<td>1.000</td>
</tr>
<tr>
<td>HUDCO</td>
<td>-0.044*</td>
</tr>
</tbody>
</table>

Source: Data collected from National Stock Exchange website computed in Eviews
NS – Not Significant

It is identified from the above table that what extent the HUDCO market affects the NSE market. It is found that NSE is not having correlation with HUDCO in the study area. It is found that NSE market is not affected by HUDCO market in the study period.

3.10.5 Degree of Relationship between NSE and PNB
An attempt has been made to examine the relationship between the independent variable PNB and the dependent variable NSE has been found by using correlation analysis. The goal of the correlation analysis is to observe what extent the selected independent variable predicts the dependent variable NSE in the study period. The result of the correlation between the independent and dependent variables is discussed in the following table.

### Table 6: CORRELATION ANALYSIS OF NSE AND PNB

<table>
<thead>
<tr>
<th>NSE</th>
<th>PNB</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSE</td>
<td>1.000</td>
</tr>
<tr>
<td>PNB</td>
<td>0.342*</td>
</tr>
</tbody>
</table>

Source: Data collected from National Stock Exchange website computed in Eviews

* Significant at 1% level

It is obtained from the above table that what extent the PNB market affects the NSE market. It is found that NSE is having positive correlation with PNB in the study area. It is found that whenever the PNB increases then NSE also positively increases in the study period.

3.10.6 Degree of Relationship between NSE and CANFIN
An attempt has been made to examine the relationship between the independent variable CANFIN and the dependent variable NSE has been found by using correlation analysis. The goal of the correlation analysis is to observe what extent the selected independent variable predicts the dependent variable NSE in the study period. The result of the correlation between the independent and dependent variables is discussed in the following table.

### Table 7:CORRELATION ANALYSIS OF NSE AND CANFIN
It is showed from the above table that what extent the CANFIN market affects the NSE market. It is identified that NSE is having positive correlation with CANFIN in the study area. It is found that whenever the CANFIN increases then NSE also positively increases in the study period.

### Table 8: Correlation Analysis of NSE and REPCO

<table>
<thead>
<tr>
<th></th>
<th>NSE</th>
<th>REPCO</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSE</td>
<td>1.000</td>
<td>0.364*</td>
</tr>
<tr>
<td>REPCO</td>
<td>0.364*</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Source: Data collected from National Stock Exchange website computed in Eviews

* Significant at 1% level

It is explored from the above table that what extent the REPCO market affects the NSE market. It is found that NSE is having positive correlation with REPCO in the study area. It is found that whenever the REPCO increases then NSE also positively increases in the study period.

5. CONCLUSION

Demonetization still has a huge impact on the Indian economy even after three years. It has affected the life of the lower and middle class people adversely. Nowadays owning the house has become the most important factor in India. So the study has been conducted how the demonetization affected the selected housing finance companies after demonetization and has been concluded that the demonetization doesn’t have any adverse impact on the selected housing finance companies.

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