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THE IMPACT OF TERMINATION ON NSE BANK SMASHING STOCKS MISTREATMENT EVENT STUDY METHODOLOGY

Y AZITH

ABSTRACT: To determine whether the Indian stock market is semi-strong or not, this research examines the exchange effect of termination on banking stocks using the quality event study approach. Underneath the market model, an event study is employed. Samples of twelve equities from the banking industry have been considered. A significant number of positive anomalous returns were found before termination notices were made public. When Bank of Baroda and Kanara Bank were shut down, the only banks with negative returns were IndusInd Bank, Axis Bank, affirmative bank HDFC Bank (-0.2 percent), ICICI Bank (-0.8 percent), while the only banks with positive returns were PNB (8.7 percent), IDFC Bank (1.3 percent), SBIN (4 percent), Kanara Bank (2.8 percent), Kotak Bank (1.2 percent) (0.2 percent). As a result, there doesn't seem to be a consistent pattern of high abnormal returns across all of the Banking stocks.

KEYWORDS: Trading, Termination, Abnormal Returns, and the Banking Sector all fall within this broad category.

INTRODUCTION:

The Indian economy's backbone, the Indian industry, has always played a constructive role in avoiding economic calamity. Because the sector is controlled by the Reserve Bank of India (RBI), it is abused as a weapon for controlling external factors like inflation, interest rates, and finances. No end in sight since November 8th, 2016, when our Prime Minister said that he will be discontinuing the

500 and 1,000 rupee notes as of January 1, 2017. Almost every industry has been impacted by this landmark decision. Some have reaped the rewards, while others have been left in the lurch. It's the goal of this article to examine the impact of termination on India's major financial institutions and the economy in general.

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All three economic malaises, a parallel economy, counterfeit money, and terrorist financing, have been addressed in one effort by the government. Reasons for dismissal are the most common. The first step is to deal with the problem of undeclared income in the economy. This "is directly linked to corruption in our nation" in order to reduce the amount of money in circulation. In order to prohibit the use of phoney money and shady financing by terrorist groups in order to support recent statistics from the Finance Ministry shown in Figure 1. The growth in NPAs since Gregorian calendar month 2015 is plainly noticeable. Banks' image has been damaged by their ever-greening loans, which semiconductor diode to this. NPAs have been a problem since the global financial crisis of 2008, but despite the existence of a plus-quality review semiconductor diode for their detection, this issue has remained concealed.

coercion The variety of NPAs has expanded after the implementation of the additional quality review (AQR). According to the GNPA of banks as of June 2016, which is 8.2 percent of the total loans, there are half a dozen huge integer large integers. NPAs are just a small portion of the total number of restructured loans that might become NPAs in the future. Five.3 big integer large integer large integer of the half-dozen large integer NPAs are held by the general public sector banks, according to

(2016) found that CNX Bank's share price has soared. The banking industry's risks and rewards are examined in this report. In the bang-up Bank Index, they compare the performance of the twelve listed banks. Banking stock performance is also examined in the research to better understand the desired rate of return and risk of a certain stock based on various risk components that are prevalent in the market and other

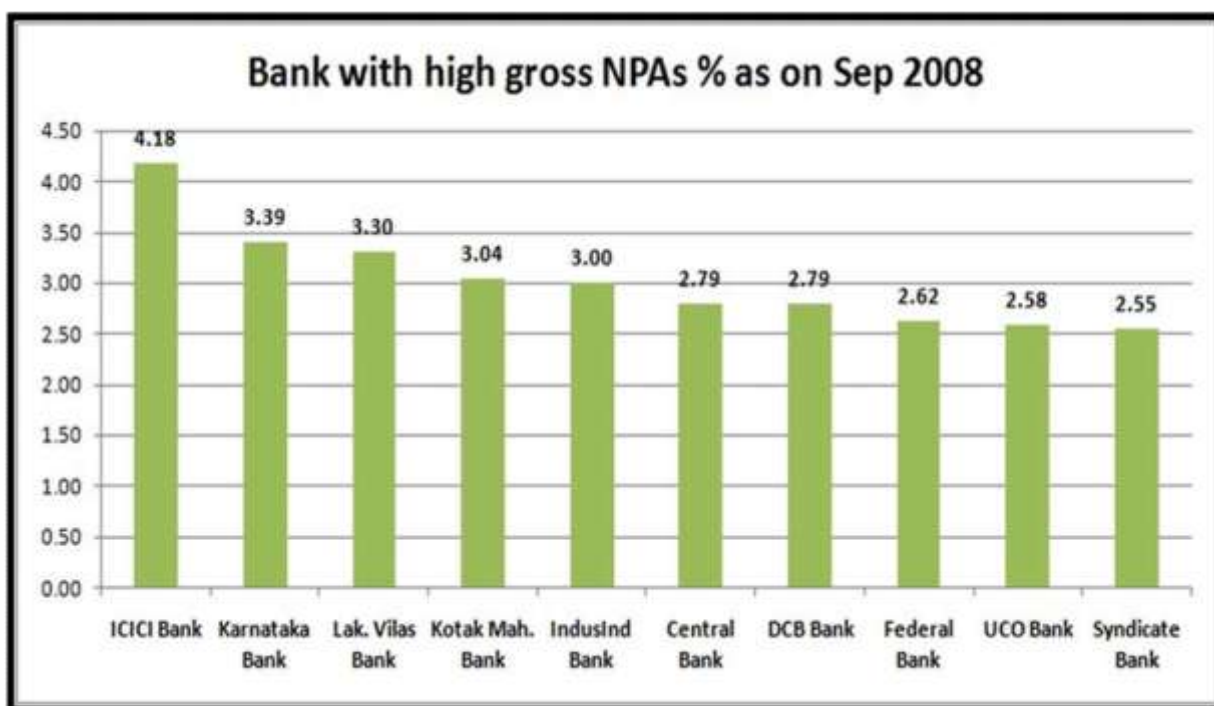


Figure 1: Total NPAs as of March 2016

LITERATURE REVIEW: Comparative Analysis of Risk by Mallikarjunappa and Shaini Naveen and Prerecession Amount was studied by Dr. M. Muthu Gopalakrisnan and Dr. K. V. Ramanatan (2013). The researchers in this study are trying to figure out why the Indian rupee fluctuates in value. Investors may more easily gauge or deceive their own risk by

economic considerations. Volatility in Indian Stock Market—A Study of Post assessing the market's volatility. A sectoral index in bang-up on 28 March 2013 was volatile because of the daily disparity in value, price, high and low costs of selected companies. This research helps to distinguish between the pre- and post-recession volatility

connection. She is known as Sangeetha (2017) Demonetization has a number of benefits, including the fact that it will benefit our nation in the long run. If the government does democracy, let me say thank you for making this call. It's clear from the analysis that small retailers in Erode City have encountered a number of challenges as a result of the decision made by Dr. S. M. Jayasudha and Dr. M.Thangavel (2017) (conducted an empirical study on the major issues confronted as a result of the decision by the small retailers in Erode City). However, this may not be a long-

OBJECTIVES:

- a. To research the stock market's reaction to the news of the maltreatment incident study technique.
- b. To evaluate the stock returns for companies listed on the NSE Bank bang-up in terms of changes in value surrounding conclusion announcement.
- c. To see how quickly the companies listed on NSE Bank bang-up assimilate conclusion notifications.

METHODOLOGY: As of December 2016, the study's sample includes NSE BANK bang-up elements. From January 2015 to December 2016, a total of twelve massive and liquid equities were identified among the sample stocks. The following estimating approach was employed for the research: a common place event study methodology as per the market model, the stages of which are detailed below. The event will take place on November 8th, 2016, the day on which the completion date will be announced. When calculating the event window, $t=-10$ through $t=+10$ is used, which is a reference to the event day $t=0$. This window may be used to track stock price movements before and after an event. It is possible to estimate the relationship between $t=-232$ and $t=0$ by using an estimation window. During this research, we focused on the twenty days leading up to the event and the ten days after the event. The event window for this study was designated as 10, 9, 8, 7, 6, 5, 4, 3, 2, and 1. Finding out how much stock is worth before and after an event is made easier with this window. During this research, ten days of expenditures and ten

RETURNS CALCULATION:

not take the required measures to ensure that money flows into our economy, then there will be pandemonium. On behalf of the whole government and the unnoticed citizens of our term problem. New currency notes are expected to bring the economy back to life soon. According to a study done by Vedashree Mali (2016, see below), A first step toward a more modern India: In spite of the good and bad repercussions on various sectors, demonetization has the potential to have a favourable influence on the dominating black cash and fake cash in the economy.

to the news of the maltreatment incident study

days of benchmark index values are gathered and used to determine returns for a total of twenty days. To get the current daily return on a securities, divide its current day shut value by its previous day shut price, then divide that result by the previous day shut price. This is how you get too much: Expected return–Actual arrival It is possible to get the AARs (Average Abnormal Returns) by averaging each day's abnormal returns for the sample companies. During the event window, the daily average abnormal returns (AARs) are added together to produce the additive average abnormal returns (CAARs). Analyzed using descriptive statistics are averaged anomalous returns across all commercial days inside the event window and the sum of the individual days' abnormal returns.

SAMPLE CORPORATIONS: Bang-up Bank index, as of December 31st, 2016, comprises the twelve most liquid and well-capitalized banking companies traded on the NASDAQ national stock exchange market (NSE). Investors and market intermediaries may use it as a yardstick for gauging the Indian banking sector's capital market performance. The man of science uses NSE Bank stocks to create a sample size of twelve firms for his research project. The following is a list of the twelve companies in question. SBI, ICICI Bank, PNB and IDFC are some of the other banks that participate in this programme.

	Kotak Bank		Indusind Bank		Axis Bank		Yes Bank		HDFC Bank		Bank of baroda	
Event Time	AR (%)	CAR(%)	AR (%)	CAR (%)	AR (%)	CAR(%)	AR (%)	CAR(%)	AR (%)	CAR(%)	AR (%)	CAR(%)
-10	3.1	3.1	-0.4	-0.4	-8.2	-8.2	-1.6	-1.6	-0.8	-0.8	-0.1	-0.1
-9	-0.6	2.5	-1.7	-2.1	-0.7	-8.9	-3.0	-4.6	1.1	0.2	-0.6	-0.7
-8	1.6	4.1	2.0	-0.2	-0.1	-9.0	1.3	-3.2	0.6	0.8	2.8	2.1
-7	0.0	4.1	-0.2	-0.4	-0.2	-9.2	-0.6	-3.9	-0.4	0.4	0.4	2.5
-6	-1.7	2.3	1.8	1.4	-2.8	-11.9	-1.5	-5.4	0.6	1.0	0.5	3.0
-5	-0.2	2.1	1.4	2.9	-0.1	-12.1	-3.3	-8.7	-1.0	0.0	-2.7	0.3
-4	0.2	2.3	0.3	3.2	-0.5	-12.6	-0.2	-8.9	0.8	0.7	-1.5	-1.2
-3	-0.8	1.5	-0.8	2.4	0.3	-12.3	-1.2	-10.2	-0.9	-0.1	-2.0	-3.2
-2	0.2	1.8	-0.1	2.4	1.1	-11.3	0.8	-9.4	0.5	0.4	4.6	1.4
-1	1.2	3.0	-0.2	2.2	0.8	-10.5	1.4	-8.0	0.4	0.8	1.4	2.8
0	1.2	4.2	-0.8	1.4	-1.0	-11.5	-0.8	-8.7	-0.2	0.6	2.3	5.0
1	-0.4	3.8	1.4	2.8	3.6	-7.8	5.7	-3.0	2.2	2.8	9.9	14.9
2	-0.5	3.4	-1.6	1.2	-2.0	-9.8	-6.0	-9.0	-0.2	2.7	-2.0	12.9
3	-3.2	0.1	-8.1	-6.9	-4.2	-14.0	-4.9	-13.9	-1.6	1.1	9.4	22.3
4	-2.4	-2.3	0.4	-6.5	-1.7	-15.7	2.0	-12.0	-0.8	0.3	0.2	22.5
5	0.7	-1.6	0.7	-5.8	0.0	-15.8	-0.9	-12.9	-1.1	-0.8	1.5	24.1
6	0.4	-1.2	0.3	-5.5	-0.5	-16.2	0.5	-12.4	-1.5	-2.3	2.0	26.1
7	-2.2	-3.4	-3.7	-9.2	-2.0	-18.2	-5.9	-18.3	-1.0	-3.3	-8.2	17.9
8	0.9	-2.5	1.4	-7.8	0.8	-17.5	1.6	-16.8	0.0	-3.3	2.1	19.9
9	-0.5	-3.0	-0.4	-8.2	1.7	-15.7	-0.7	-17.5	-1.1	-4.4	0.1	20.0
10	-3.2	-6.2	-1.7	-10.0	-2.9	-18.6	-0.6	-18.2	-1.6	-5.9	3.8	23.8

Table 1: Abnormal Returns and Cumulative Average Abnormal Returns

	Federal Bank		ICICI bank		PNB		HDFC Bank		SBIN		CAN BK	
Event Time	AR (%)	CAR(%)	AR (%)	CAR (%)	AR (%)	CAR(%)	AR (%)	CAR(%)	AR (%)	CAR(%)	AR (%)	CAR(%)

-10.0	2.4	2.4	-3.9	-3.9	1.7	1.7	1.6	1.6	0.1	0.1	-1.3	-1.3
-9.0	0.9	3.3	2.0	-2.0	1.5	3.2	0.6	2.2	-0.2	-0.1	1.8	0.5
-8.0	1.9	5.2	-2.8	-4.8	0.5	3.6	4.0	6.1	2.1	2.1	1.1	1.6
-7.0	1.8	7.0	-0.1	-4.9	0.5	4.1	2.8	9.0	1.0	3.1	1.6	3.2
-6.0	0.9	7.9	-0.8	-5.6	3.5	7.7	0.6	9.5	1.7	4.7	0.8	4.0
-5.0	-1.6	6.4	-1.4	-7.1	2.6	10.3	-0.4	9.1	-1.9	2.8	-4.1	-0.1
-4.0	-1.9	4.5	-1.0	-8.0	1.4	11.7	-0.1	9.0	-1.0	1.8	2.1	2.0
-3.0	1.1	5.6	-0.1	-8.2	-3.0	8.7	-1.5	7.5	0.0	1.8	-0.5	1.5
-2.0	2.3	7.8	3.1	-5.0	-0.6	8.1	2.2	9.6	5.2	6.9	4.7	6.3
-1.0	1.2	9.1	1.4	-3.6	0.9	9.0	0.8	10.4	1.1	8.0	0.7	7.0
0.0	0.2	9.3	-0.8	-4.4	8.7	17.8	1.3	11.7	4.0	12.1	2.8	9.8
1.0	6.8	16.1	3.8	-0.6	2.1	19.9	5.4	17.1	9.3	21.4	8.4	18.2
2.0	-2.3	13.8	-5.7	-6.3	3.2	23.0	1.4	18.6	-1.8	19.6	-1.3	16.9
3.0	-3.1	10.7	-2.6	-8.9	14.0	37.1	-0.1	18.4	3.0	22.6	2.9	19.8
4.0	-0.6	10.1	-1.5	-10.3	-0.2	36.9	1.3	19.8	0.8	23.4	2.7	22.5
5.0	2.4	12.5	0.4	-10.0	1.4	38.2	0.9	20.7	1.2	24.6	2.9	25.4
6.0	-1.3	11.2	-1.3	-11.3	-1.8	36.4	2.0	22.6	0.5	25.1	2.2	27.6
7.0	-4.4	6.8	-1.5	-12.7	1.2	37.7	-3.1	19.6	-5.6	19.6	-4.3	23.3
8.0	5.4	12.3	0.4	-12.3	3.5	41.1	3.1	22.7	1.1	20.7	0.1	23.4
9.0	1.3	13.6	0.7	-11.6	-6.9	34.3	2.0	24.8	1.6	22.3	2.2	25.6
10.0	-1.0	12.6	-2.3	-13.9	2.7	37.0	0.0	24.8	2.3	24.7	1.9	27.5

Table 2: Abnormal Returns and Cumulative Average Abnormal Returns

ANALYSIS AND DISCUSSION: Table one and Table two demonstrate how six banking stocks reacted to the effect of termination on their performance. To begin with, the AR was negative, and for hand-picked banking stocks, it rose anywhere from -10 to +10 times. The Bank of Baroda, HDFC Bank, Kanara Bank, SBI,

and IDFC are all seeing an increase in automotive sales. While the growth of Kotak Bank, IndusInd Bank, Axis Bank, and affirmative Bank has been consistently negative. For the time-0, Kotak Bank and Bank of Baroda, the AR came out positive. When compared to Indus Bank, Axis Bank, and Yes

Bank. PNB, which returned 8.7% at event zero, was the best performer. AXIS Bank's upper negative come was determined at the time of the event=0. Aside from a single event=0, the AR for this metric seems to be inconsistent across all Banking stocks. Bank of Baroda's returns are less negative than those of the other banking firms in the sector. PNB has the greatest positive returns of thirty-seven compared to other banks, whereas AXIS Bank and affirmative Bank had negative returns of 18.6 and 18.2 percent, respectively.

CONCLUSION: Investors who know how the stock market reacts to economic events might make abnormal profits. NSE Bank's termination is the focus of this study, which examines whether or whether investors in NSE Bank's neat stock profited much as a result The findings of the analysis show that banking stocks have had significant asymmetrical anomalous returns. AXIS Bank and affirmative Bank had negative abnormal returns of 18.6 percent and 18.2 percent, respectively, compared to all or any alternative equities, whereas PNB has positive abnormal returns of 37 percent.

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