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## The Effect of Demonetization on Stock Index Futures: The Case of India

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### Abstract

The study has been under taken to analyze the effect of demonetization on Indian futures market. The study considered three stock index futures (Nifty 50, Bank Nifty and Nifty IT) of National Stock Exchange (NSE), India. The study used paired sample t test to analyze the effect. Overall the results found no difference in performance of all the three stock index futures before and after demonetization for all the selected event windows. The tests confirm that there has not been any significant change in the performance of Indian Futures Market even on the happening of such a big event of demonetization where most of the sectors of the economy were affected by one way or the other. A sudden event like demonetization should have opened the eyes of the people to hedge their investments against risk on the happening of such sudden events, but there does not seem to be any change. The results reflects efficiency of Indian stock futures market.

**Keywords:** Demonetization, Stock Index Futures, National Stock Exchange and Paired Sample t Test.

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