

Abstract

Banks play an important role in the economic development of a country. The banking system serves as the financial engine of the nation's economy. It meets the financial needs of the economy, industry, and agriculture. Small changes in government policy can have a significant impact on the banking sector's operations, which can directly affect the growth and development of the nation's economy. The demonetization of the 500- and 1000-rupee notes took place in India on 8 Nov. 2016. The various banking operations underwent significant changes as a result of the sudden demonetization. Demonetization had affected many sectors of the nation, but banking sector was the most affected one because it served as a primary source via which the entire process carried out. It becomes necessary to understand the demonetization impact on banks performance. The present study is an attempt to evaluate the financial performance of public and private sector banks during demonetization period. Three public sector banks (SBI, PNB, BOB) and three private sector banks (HDFC, ICICI, AXIS) are chosen for analysis. With the help of ratio analysis, the financial performance of public and private sector banks is compared in pre and post demonetization period. The findings indicated that private banks performed better than private sector banks in pre and post demonetization period.