**Abstract**

The study focuses on the impact of demonetisation on the Indian stock market. The role of cash transactions in an informal economy is critical thus the present study throws light as how announcement of demonetisation has an impact on banking sector share price. With 86 percept of the monetary base being washed off, economic activity in the short run is likely to be adversely impacted. The sample size of the study is top five private sector banks and five public sector banks listed in NSE. The test result reveals that the public banks perform better than private sector bank after the demonetization.