

# Sectors that may Gain from War on Black Money

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**Mumbai:** The government's move to phase out currency notes of ₹500 and ₹1000 augurs well for long-term prospects for PSU banks, NBFCs, gold finance companies, building material suppliers, toll operators and some fintech companies. Here are the some sectors and companies that would benefit from the curb on black money, according to HDFC Securities, Kotak Securities and other brokerages.

## **PSU Banks**

Government's sustained focus on eradicating black money from the economy is a big positive for the Indian banking system in the medium term, analysts said. Banks stand to gain in the medium-term as they could enjoy higher deposit (savings) balances and transaction volumes, lower cash handling costs and greater acceptance of digital channels. Key beneficiaries would be SBI, Bank of Baroda, Punjab National Bank and Canara Bank.

## **NBFCs**

Interest rates will continue their slow grind downwards as money supply in the formal economy increases. This will help wholesale borrowers like NBFCs. Also, ban on high denomination currency could benefit them by getting good business in terms of secondary products like insurance, asset/wealth management through higher financial savings. Key beneficiaries would be Bajaj Finance, Cholamandalam, Capital First and Shriram City Union.

## **Gold Finance Companies**

Gold monetization to set to increase in the next few months. These would largely be higher ticket transactions and carry lower rates of interest, leading to higher volumes but lower yields/margins. Key beneficiaries would be City Union Bank, Federal Bank, South Indian Bank, Muthoot Finance and Manappuram Finance.

## **Building Material Suppliers**

At present, the market share for the organised sector is about 60%. Once black money is curbed, price difference amongst the unorganised sector and the organised sector narrows. This will improve opportunities for the organised sector.