

A study on impact of mergers and Acquisitions on financial performance of Indian Banking sector

Submitted in partial fulfilment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

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**DEPARTMENT OF BUSINESS ADMINISTRATION
SCHOOL OF MANAGEMENT STUDIES**

**SATHYABAMA
INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

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CATEGORY -1 UNIVERSITY BY UGC | Approved by AICTE
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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the Bonafide work of **SAITEJA G 42410253** who carried out the Project Training “under my supervision from October 2023 to December 2023.

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The guidance of **DR. JOHN BRITTO** is submitted in partial fulfilment of the requirements for the award of Master of Business Administration degree.

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LIST OF CONTENTS

CHAPTER NO	TITLE	PAGE NO
	Abstract	
	List of tables	
	List of charts	
1	INTRODUCTION	
	1.1 Introduction	1
2	LITERATURE REVIEW	3
3	RESEARCH METHODOLOGY	
	3.1 Research Methodology	13
	3.2 Research design	13
	3.3 Target Population	13
	3.4 Objectives of the study	13
	3.5 Need of the study	14
	3.6 Sources of data	14
	3.7 Sampling Technique	14
	3.8 Statistical tools	15
	3.9 Hypothesis	16
4	DATA ANALYSIS AND INTERPRETATION	
	Percentage analysis	17
	Chi square	56
5	FINDING, SUGGESTION, CONCLUSION	
	5.1 Findings	60
	5.2 Suggestion	64
	5.3 Conclusion	64
	REFERENCE	65
	Annexure-1 Questionnaire	70

ABSTRACT

Merger is a combination of two or more industries into one company. One or two industries can be merge with an existing industry or the can be merge together to form a new industry. the acquiring company, acquires the assets and liabilities of the target company.

There are two ways to grow the company, first is internal growth and second is external growth. The internal growth suffers from the drawbacks like problems of raising adequate finance, longer implementation time of the projects etc. to overcome their problems of a company that can grow the externally by acquiring the existing business firms. This is the route of the merger and acquisition.

The process of mergers and acquisitions (M&A) has gained significant importance in today's corporate world. This process is extensively used for increasing revenues and profitability, restructuring the business organizations, increased market share and to eliminate competition. The concept of merger and acquisition in India became popular in the year 1988. This study aims to study the impact of mergers and acquisitions on the financial performance of Indian Banking sector.

LIST OF TABLES

TABLE NO	TITLE	PAGE NO
4.1	Gender	17
4.2	Age	18
4.3	Level of Management	19
4.4	Respondent has worked in a Merger before	20
4.5	Experience	21
4.6	The motive of M & A is to accelerate the growth of the acquiring or merging company	22
4.7	The motive of M&A to comply with regulatory and international standards	24
4.8	To utilize synergistic attributes of the acquired bank	26
4.9	The motive of M&A to diversify in the growth of business	28
4.10	Motive of M&A to enlarge the acquiring company's customer base by extending products and services	30
4.11	The motive of M&A to acquire brand quality	32
4.12	To entry into a new geographical area	34
4.13	M & A's result in performance and profitability enhancement	36
4.14	Accounting profits increased year on year	38
4.15	Stock price changes surrounding the deal announcement dates	40
4.16	Stock price changes one or more years after the deal is announced	42
4.17	M & A's increase shareholder value in the banking sector	44
4.18	Market share gains after M & A	46
4.19	The bank's performance differs in the pre-and post-merger periods	48
4.20	In the banking sector mergers and acquisitions lead to a decline in operational costs	50
4.21	More number of branches and ATMs help enhance financial performance	52
4.22	Mergers and acquisitions help the banking sector to maximize their profit and revenue in the global market	54
4.23	Relationship between the age of the respondents and their opinion that elastic logistics helped organization in scaling warehouse operations and resources	56

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Many studies revealed the fact that mergers and acquisitions (M&A) is a risky business as corporate strategy. The corporate evaluations show that most of the companies which have completed M&A transactions disappoint to deliver on promised financial performance. There are many aspects underlying an M&A transaction - the success or failure of acquirer companies depending on the appropriate adaptation to the business strategy. Mergers and Acquisitions (M&A) is an important financial tool that enables companies to grow faster and provide returns to owners and investors (Sherman 2011).

M&A refers to the change in ownership, business mix, assets mix and alliance with the view to maximizing shareholders' value and improve the firms' performance. One of the main elements of improving company performance is the boom in mergers and acquisitions. However, in many cases, M&A are often used interchangeably. A merger is the complete absorption of one firm by another, wherein the acquiring firm retains the identity and the acquired firm ceases to exist. It is a corporate strategy usually done between two or more companies whereby the acquiring firm and the acquired firm stand on a merger agreement. The acquisition, on the other hand, occurs when an entity purchases all or some assets such as equipment or a business unit of another.

Financial performance analysis must also include consideration of strategic and economic developments for the firm's long-run success. Financial managers, as well as general senior managers, are demanding evaluative standards by which they can rapidly measure the firm's performance and chart an appropriate course. These metrics should immediately provide actionable feedback to improve the operations of the firm. Management's intense interest in financial performance metrics has dramatically risen as more and more annual and long-term incentive compensation is tied to attaining acceptable levels of performance as measured by financial performance metrics.

Performance is the process of quantifying the efficiency and effectiveness of an action. Organizational performance is achieved by comparing the value that an organization creates using its productive assets with the value that owners of these assets expect to obtain (Armstrong & Baron, 2005). Financial performance measures provide a valuable tool to the

different stakeholders of a firm. Internally, these measures may be utilized by the management and existing shareholders to evaluate the past financial performance and the current financial position of a firm. Alternatively, it can also be used by potential shareholders and financial analysts to predict future financial performance. Financial performance is based on the idea that an organization is a voluntary collaboration of productive assets to accomplish a mutual purpose. These assets consist of human, physical and capital resources.

Those supplying the assets will only commit them to the organization as long as they are content with the value they receive in exchange, relative to alternative uses of the assets. Consequently, the essence of performance is the creation of value. As long as the value created through the use of the contributed assets is equivalent to or greater than the value anticipated by those contributing the assets, the assets will continue to be availed to the organization. If the assets created improve the performance, the organization will retain its existence. Therefore, value creation, as per definition of the resource provider, is the essential overall performance criterion for any organization. Three profitability measures that are universally accepted for their value to management are return on assets (ROA), return on equity (ROE), and operating profit margin.

Due to various structural reforms implemented by the Indian government, since 1991, in response to economic liberalization and globalization policies, the Indian economy has undergone significant transformation and structural changes over the past decade. As a result, business organizations have embarked on a major re-engineering project to establish a dominant presence in their core business areas. Mergers and acquisitions (M&A) are considered as among the most popular corporate restructuring approaches and has become an integral part of long-term business strategy, which is used as the most common approach by businesses to recoup from emerging market conditions

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CHAPTER 2

REVIEW OF LITERATURE

VARIOUS REVIEWS

1. **Joshi, Vyas & Shukla (2013)** conducted a study on the effect of merger and acquisition on the efficiency of performance of Indian Banks. A sample of four banks namely HDFC, ICICI, IDBI & Federal Bank was chosen and secondary data were collected from different sources like annual reports, company websites collected, etc. To analyze the data of pre and post-merger performance, various financial ratios were used. Interpretation of the results suggested that HDFC & IDBI bank shown increased profitability after merger resulting in payment of higher dividend to shareholders, while ICICI bank shown slightly low profitability performance in the post-merger period.
2. **Verma & Sharma (2014)** reviewed the impact of a merger on the financial performance of Indian telecom sectors involved in M& A during 2001- 2008. A Sample size of 59 companies which had undergone merger and acquisitions deal from 2001-02 to 2007-08 have been selected. Secondary data are extracted for six years from CMIE database PROWESS. The study used regression model and various financial ratios to analyze the data that depicted the acquirer firms have leverage synergies but eventually lead to decrease the Return on Shareholder's funds after merger and acquisitions. Overall financial performance in significantly improved in postmerger period.
3. **Joash & Njangiru (2015)** in their research study, “The Effect of Mergers and Acquisitions on Financial Performance of Banks (A survey of Commercial Banks in Kenya)”, evaluated the implications of mergers and acquisitions on profitability & shareholders’ value in banking sectors by selecting a sample of 14 banks which undergone mergers or acquired during the period 2000-2014. The study was analyzed with primary data collected via open and closed ended questionnaire. Statistical tool viz.,coefficient of correlation was used in the study that concluded the shareholders' value increased by acquiring firms after a merger.
4. **Agarwal & Singh (2015)** conducted a case study on the effect of the merger on the financial performance of Kingfisher Airlines; the objective of the study was to analyze the pre & post-merger of the financial performance of KFA (Kingfisher Airlines).The study used accounting ratios in terms of profitability, liquidity, earning per share, leverage to evaluate the data. With the statistical technique as paired t-test used to

conclude the result which found no improvement and benefit in acquiring firm (KFA) after a merger, as well no significant result shown in return on equity and earnings per share.

5. **Verma Neha, and Rahul Sharma (2014)** made a study on the effect of financial restructuring on the financial performance of firms in Kenya. Based upon three theories namely Resource based view theory, Life cycle theory & Static trade off- theory and vast analyzed of past literature review the researcher concludes optimum and appropriate financing mix or proper balance of equity & debt funds ensures a good return to shareholders.
6. **Harwood, Nakola & Nyaana (2016)** examined the effects of organizational restructuring on the financial performance of National Bank of Kenya. The specific objective of the study is to determine the relationship between organizational restructuring and financial performance. A sample size of 18 respondents out of total population of 54 respondents used in the study. Both primary and secondary data were collected by well-structured questionnaire and published financial statements respectively. Inferential statistical tools such as Factor analysis, Retest method, Simple regression model and Pearson correlation method used in the study to attain the objective. The study concludes financial performance is positively affected by organizational restructuring although not statistically significant.
7. **Yusuf (2016)** examined the post-merger financial health of Jordanian industrial sectors where in seven firms selected as the sample size for the study involved in financial restructuring deal from period 2000 and 2014. The study analyzed the collected secondary data from various annual published financial statements. Using financial ratios and statistical technique as parametric t-test to assess the significance of prepost financial performance of selected firms. Authors concluded that there was insignificant improvement seen or found in the post-merger period. Liquidity, profitability, and market share showed no improvement in the selected manufacturing firms after merger and acquisitions deals.
8. **Ravenscraft and Scherer (1989)** showed that there is a sharp decline in post-merger financial performance in the USA from 1957 to 1977. They contended that profitability was higher prior to acquisition when compared to the manufacturing industry benchmark, and that when firms of varying sizes acquire, their profitability decreases
9. **Healy et al. (1992)** investigated 50 large mergers of US public industrial firms from 1979 to 1983 and examined whether post-acquisition operating performance is

improved. The findings support the assumption that mergers result in increased operating performance, indicating a relationship between economic improvement and equity revaluation of merging firms.

10. **Switzer (1996)** extended this study to include a larger period from 1967 to 1987 and found a significant improvement in abnormal returns around the announcement and long-term performance, irrespective of offer size, industry relatedness and acquirer's leverage
11. **Ghosh (2001)** examined the performance of 315 US mergers, from 1981 to 1995, using a set of M&A data, where firms are of the same size, to analyse whether the operating performance is better after an M&A. The author finds no evidence to support that operating performance improves after M&A. Moreover, when such deals are cash deals, there is evidence that cash flow increases after the M&A as compared to stock acquisitions.
12. **Pawaskar (2001)** also found no improvement in post-merger performance of Indian firms by analysing 36 deals of mergers between 1992 and 1995 and concluded that if no merger had taken place, there would be an improvement in profitability.
13. **Sharma and Ho (2002)** explored whether corporate acquisitions create synergies reflected in corporate operating performance, using 36 manufacturing firms of Australia, from the year 1986 to 1991. The findings concluded that there is no significant improvement in post-acquisition performance and also found that the size of the acquisition and payment of a premium has no impact on post-acquisition performance.
14. **Gugler et al. (2003)** analysed the effect of mergers by comparing the performance of the merging firms with nonmerging firms in the area of profitability and sales. They concluded that merging firms had realized increased profits, while sales were reduced. These findings are similar across the countries. Moreover, there is not much difference in manufacturing and service sector performance, domestic and cross-border M&As.
15. **Choi and Russell (2004)** have examined 177 American M&A construction deals, using the short-run analysis, by applying event study methodology. They have found that performance is positive but insignificant, which inferred that the shareholders of construction firms did not realize significant economic gains around the M&A transactions.
16. **Rahman and Limmack (2004)** analysed the operating cash flows of the 94 acquiring and 113 target Malaysian firms during the period from 1988 to 1992. They concluded

that the target firms had a higher operating performance during the pre-M&A period, whereas acquiring firms realized better operating performance during the post-M&A period, driven by increased productivity and cash flows

17. **Choi & Harmatuck (2006)** investigated the postoperating performance of merged firms and found that, overall, there was a slight improvement in the indicators; however, the level of such improvements was statistically insignificant. Moreover, a firm's size significantly improved, while the operating performance did not, indicating that managers preferred and enhanced their wealth over the shareholder's wealth.
18. **Kumar and Bansal (2008)** analysed the performance of 74 Indian firms from the year 2000 to 2006. In the case of 52 acquisition deals, more than 60% of the deals showed a significant improvement in the financial performance during the post-acquisition period. They argued that Indian acquirers could create synergy and increase profits, increase cash flows, diversify business and reduce cost in the long run.
19. **Ramakrishnan (2008)** also found the positive impact of mergers on long-term post-merger performance of Indian firms.
20. **Sinha et al. (2010)** provided evidence for M&A, creating value and enhancing performance in the long term, among the financial institutions in India during the post-M&A period.
21. **Ismail et al. (2011)** analysed the operating performance of Egyptian construction companies for the period from 1996 to 2003. The results infer that only profitability has improved statistically significantly and argued that improved firm profitability lowers the operating expenses, increases operating profit and return on shareholders' equity.
22. **Leepsa and Mishra (2012)** examined the performance of 115 manufacturing companies from the year 2003 to 2007. It was found that the return on capital employed (ROCE) increased in the post-merger period, whereas the debt ratio, liquidity and interest coverage ratio also increased, but they were not statistically significant, while the return on net worth and working capital turnover decreased. The study argued that the no improvement in performance raises a question on the motive behind the M&A.
23. **Rani et al. (2015)** explored the major question related to the long-term performance of the acquiring firm with 305 M&A deals during the period from 2003 to 2008. The study examined the long-term pre- and postmerger financial data, using 14 major ratios, related to profitability, efficiency, leverage and liquidity. The results showed improvement in performance and argued that the improvement in operating cash flows

is due to the improvement in the post-M&A operating margins of the acquirers, not due to the efficient utilization of the assets' turnover to generate higher sales.

24. **Mohapatra (2016)** found a positive impact of M&A announcement on the 180 days of cumulative abnormal returns, which signify that shareholders of the acquiring firms in the Indian construction industry have been benefitted from M&A activities, indicating that growth rate of the industry, nature of business and types of arrangements between acquiring and target firms play a significant role in M&A performance.
25. **Kuriakose and Paul (2016)** explored the financial and strategic similarities of acquiring firms in the banking industry during India's post-liberalization period. The study found that banks are dissimilar in the target relative size, earnings diversity, financial leverage, efficiency, prudential norms and profitability. The study concluded that a bank's performance has an adverse impact on the post-merger period.
26. **Patel (2018)** compared the pre- and post-merger positions of the long-term profitability of Indian banks and found that there was a negative impact of mergers on return on assets, return on equity (ROE), net profit ratio, yield on investment and yield on advance. However, the profit per employee, earnings per share and business per employee had increased during the post-merger period. It was also found that equity, investment, assets and advances of all banks increased after the merger, but their yield decreased due to underutilization of the same.
27. **Singh and Das (2018)** investigated before M&A and after M&A performance of the India banking industry. Their study concluded that, initially, the market reacted negatively to the announcement of bank merger, and banks showed no improvement in the cumulative abnormal average return and argued that stock prices reflected the market's expectations for future cash flows; however, actual results may differ from those expectations.
28. **Tarigan et al. (2018)** studied the financial performance of non-banking companies of Indonesia from 2009 to 2012 and concluded that the performance improved significantly in the post-M&A period. They argued that a higher solvency ratio indicated a lower cost of capital, which could be achieved through financial synergy, but this had come at the expense of ROE, which could be due to an increase in operating profit that was not as high as expected, implying that operating synergy may take longer to fully realize

29. **Shah (2018)** analysed the impact of M&As on the Indian chemical and fertilizer firms. The study concluded that the financial performance, operating performance and shareholders return increased but were not statistically significant.
30. **Aggarwal and Garg (2019)**, analysed the manufacturing and service industries' profitability, liquidity and solvency ratios, using Indian M&A deals. They found that acquiring firms of the service sector have outperformed the acquiring firms of the manufacturing sector. The study also found that profitability and liquidity of acquiring firms had a positive impact on the merger, but there was no impact of the merger on the solvency position of acquiring firms.
31. **Dixit (2019)** examined the operating performance, using difference-in-difference methodology, to empirically test performance differences, among acquirers who pursued partial and full acquisition using Indian M&A. It was found that Indian acquiring firms realized no change in accounting measures, while their operating performance significantly reduced in the post-acquisition period for full acquirers.
32. **Shah and Butt (2019)** analyzed the performance of Indian fast-moving consumer goods listed firms by examining the financial performance, operating performance and shareholders' wealth by examining pre-M&A and post M&A performance. Their findings showed that the operating performance, financial performance and shareholders' wealth increased during the post-M&A period but were statistically insignificant.
33. **Beverly et al. (2019)** analysed the financial performance of Indonesian non-financial companies, from 2010 to 2014, using 14 major ratios related to profitability, leverage, efficiency and liquidity. They found that merging firms had outperformed during the post-merger period. The profitability ratio created the synergy during the postmerger period; however, the ratio to expenses, activities and liquidity showed no improvement in these areas. The reason could be the wrong selection of targets, poor resource utilization, and cultural integration issues.
34. **Jain et al. (2020)** examined the impact of cross-border acquisitions (CBAs) on the financial and operating performance of acquiring firms in India. The study concluded that the acquirers' financial and operational performance had exhibited a decreasing trend for first-time and frequent acquirers during the post-acquisition period. They argued that Indian firms' international expansion or strategic actions are not motivated by synergy creation.

35. **Gugler et al. (2003)** examined the performance of US firms during the period from 1981 to 1998 and indicated that the profitability ratio was positive and significant after 5 years of post-merger. In addition, the study deliberated those other countries such as the UK, Canada, Australia, Continental Europe and New Zealand also arrived at similar findings.
36. **Ramakrishnan (2008)** analysed 87 Indian companies from 1996 to 2002 and concluded that the profitability of the firm improved during the post-M&A period. Mantravadi and Reddy (2008) examined a merger of Indian companies from 1991 to 2003 and concluded that M&A had a slight impact on the profitability of India's various industries.
37. **Surjit (2002)** analysed 68 Indian non-financial companies in different windows of 1 year, 3 years and 5 years, and concluded that profitability ratio improves after the 3-year and 5-year post-merger period. On the other hand, Kumar and Bansal (2008), Selvam et al. (2009), Sinha et al. (2010) and Leepsa and Mishra (2012) observed mixed results or indicated no improvement in profitability during the post-merger period.
38. **Soludo (2004)** Shows that mergers resulted increased operating performance of target companies. This increase was approximately 7% and efficiency of such firms also increased.
39. **Afza and Yusuf (2012)** investigate the cost and profit efficiency impact of mergers in the banking sector of Pakistan during 1998-2006. They document that there is an improvement in the cost efficiency of the bank after experiencing a merger; however, they did not find any significant evidence for profit efficiency.
40. **Abbas et al. (2014)** explore the financial performance of 10 banks in Pakistan after M&A during the period of 2006-2011. They also use four measurement ratios (i.e. profitability, efficiency, leverage, and liquidity) and reveal that there is no positive improvement in the bank's performance after M&A.
41. While examining the impact of M&A on the bank's performance, **Beccalli and Frantz (2009)** posit that the operations of M&A are associated with a slight deterioration in profit efficiency and with a significant increase in cost efficiency. However, some studies concluded that the failure of M&A companies keep a lot of reasons behind them including, distinctiveness between their goal due to their size, their spread of risk into irrelevant it may have cultural obstacles in company policies, procedures and their style of operation

42. **Giudici and Bonaventura (2018)** explore the post-initial public offering (IPO) operating performance of 245 European firms that completed M&A transactions after going public. They find that acquiring IPO firms do not generally perform differently from their non-acquiring counterparts. Nevertheless, they exhibit a significant drop in operating performance that is common to most IPO firms.
43. **Shaban et al. (2019)** examine the influence of M&A on two Jordanian banks performance and argue that after experiencing M&A banks' performance decrease in first two years, but gradually start expansion in the subsequent years. They conclude that the fluctuation of results may be attributed to the difficulties in managing the increased volume of assets after the M&A. Nevertheless, some studies argue that M&A has no significant impact on bank performance.
44. **Rhodes-Kropf, M., Robinson D., & Viswanathan, S. (2006)** studied the Diversification, Mergers and their Effect on Firm Performance: A Study of the Indian Corporate Sector. The findings were that the target firms were better than industry averages while the acquiring firms had lower than industry average profitability. Overall, acquirers were high growth firms which had improved the performance over the years prior to the merger and had a higher liquidity
45. **Pandey (2008)** examined empirically the impact of mergers and acquisitions on the operating performance of Mergers & Acquisitions involved firms in Greece. Using financial, accounting and confidential questionnaire response data, the postacquisition performance of fifty Greek companies listed on the Athens Stock Exchange that executed at least one merger or acquisition in the period from 1998 to 2002 is evaluated on the basis of certain non-financial characteristics and financial characteristics (a set of seven selected financial sectors). The study showed strong evidence that the profitability of a firm that performed M & As is decreased due to the merger or acquisition event.
46. **Ross (2008)** investigated the impact of mergers on the operating performance of acquiring firms by examining some pre-merger and post-merger financial ratios of these firms and determined the differences in pre-merger and postmerger financial ratio of the firms that went for domestic acquisitions and firms that opted for international/cross-border acquisitions. The results suggest that there are variations in terms of impact on performance following mergers, depending on the type of firm acquired-domestic or cross border. The main finding shows that merger have had a

positive effect on key financial ratios of firms acquiring domestic firms while a slightly negative impact on the firms acquiring cross-border firms.

47. **Chesang (2002)** conducted a study on stock price reaction to merger announcement in India security market. The objective of the study was to examine the effect of merger announcement on both target and acquirer companies' stock prices. An event study methodology was used and secondary data collected from the market. A sample of 25 firms was selected from Bombay Stock Exchange and National Stock Exchange which met the requirement that both target and acquirer are listed. The finding was that there was upward trend in stock prices few days prior to announcement this may due to anticipation of merger or leakage of information.
48. **Muia (2010)** studied the determinants of growth of firms through M&A in Kenya's firms listed on the Nairobi Securities Exchange. Bidder characteristics, industry variables and market variables were examined. Profitability, industry concentration, sales growth, stock market index, and GDP growth were assumed to be the major factors influencing growth of firms through mergers and acquisitions in Kenya. The main type of data used for analysis was secondary. For this purpose, eleven years (1999 to 2009) data for six listed firms in financial and industrial sectors was collected and analyzed. The findings were that profitability was the most significant variable in predicting growth of firms through mergers and acquisitions in Kenya. Industry concentration, stock market index and GDP growth were equally influential but to a lesser extent. Sales growth was the least influential variable. The study concluded that firms be encouraged to embrace M&A growth strategy in corporate finance especially when pursuing the profitability and wealth objectives.
49. **Kinyua (2011)** conducted a research on the information content of mergers and acquisitions on financial performance of oil companies in Kenya. This study took on a causal research design. In this study the target population was the oil companies in Kenya with keen interest on those that have gone through mergers and acquisition. The process of data collection involved self administered drop and pick questionnaires distributed to management and employees of the oil industries involved. The use of audited accounts enhanced the data received from 27 respondents. The findings was that there was a clear indication of the firms performing better financially after the resulting merger and acquisition.
50. **Maranga (2008)** studied the impact of merger and acquisition on post-merger performance of the acquired company in Pakistan. It covered a sample of 8 companies

which passed through merger and acquisition phase in Pakistan during the year 2000-2002. Most of the merger companies of this study belonged to the banking and others to pharmaceutical industry. All the sample companies were listed on Karachi Stock Exchange. Impact of merger and acquisition on share price of these companies had been observed through event study. The finding was that positive changes had resulted in the share price of five companies and negative impact in the share price of the two companies had been found one month after the merger. Moreover, no change in the price of one company had been found. Overall, the results indicated that M&A positively affected the share price of companies.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 RESEARCH METHODOLOGY

Research Methodology is a systematic way of solving the problem. It includes the overall research design, the sampling procedures, data collection method and analysis procedure

Methodology shall be considered as the methods used in this study in selecting samples, sample size, data collection and various tools for data analysis and interpretation. The present study is an empirical and analytical investigation, including a field survey. The data collected has been analyzed and tabulated in suitable forms, keeping in view the objectives of the study.

3.2 RESEARCH DESIGN

Research design is the framework of research methods and techniques chosen by a researcher to conduct a study. The design allows researchers to sharpen the research methods suitable for the subject matter and set up their studies for success. In this survey Descriptive Research Design is used. It includes surveys and fact-finding inquiries of different kinds. The major purpose of descriptive research is description of state of affairs, as it exists at present. The survey used members of the population as the main source of data which it used in determining the effect of the variables on the population. The descriptive survey is designed to obtain precise information concerning the status of phenomenon.

3.3 TARGET POPULATION

The target population is the group of individuals that the intervention intends to conduct research in and draw conclusions from. In cost-effectiveness analysis, characteristics of the target population and any subgroups should be described clearly. The target population in this study are the staffs of Banks in Tamil Nadu.

3.4 OBJECTIVES OF THE STUDY

- To study about the mergers and acquisitions in the Indian Banking sector
- To study the need and motive of merger and acquisitions in the Indian Banking sector
- To examine the impact of merger and acquisitions on financial performance of the Indian Banking sector
- To analyze the impact of merger and acquisitions on shareholders value of the Indian Banking sector

3.5 NEED OF THE STUDY

The study would have significance to a number of stakeholders. The study would be of value to investors in having knowledge on the understanding of the importance of mergers and acquisitions in analyzing firm performance. It would also benefit other firms in the banking industry. The study would further provide more insight into the relationship between mergers and acquisitions and performance of commercial banks which would be of value to academicians and researchers in the same field. The environment is very dynamic making it a requirement for practitioners of management to update themselves and their respective industries on the best practices required. The study would also contribute to the bulk of knowledge and research at the University as it would be used as a basis of reference by students for any future study in the field of mergers and acquisitions.

Data Collection

A comprehensive questionnaire was prepared to meet out the needs of the objective. Questionnaires for respondents were self-administered which was, therefore, dropped and later picked.

3.6 SOURCES OF DATA

Data collection method is the backbone of the research design. The source of data utilized for analysis and report preparation is both primary and secondary.

Primary data

Primary data was collected through the interview and getting the questionnaires filled. The questionnaire was given only to the staffs who were willing to share their views.

Secondary data: The main source of secondary data was internet.

3.7 SAMPLING TECHNIQUE:

The Convenience Sampling Method is used for the survey. Convenience or opportunistic sampling is the crudest type of non-random sampling. Convenience sampling involves using respondents who are “convenient” to the researcher. There is no pattern whatsoever in acquiring these respondents—they may be recruited merely asking people who are present in the street, in a public building, or in a workplace, for example.

Sampling Unit:

The staffs who are working in Banks were met and the survey was made based on their response.

Sampling Area:

The sampling area considered for the current research was Bank staffs in Tamil Nadu.

Sample Size:

60 staffs were surveyed during the study period.

Questionnaire Design

Questionnaires were used as the main instruments of data collection in the study. The questionnaire was close-ended. As multi- option are given to the employees for their convenience. 5-point rating scale is used in the study. The use of the close ended question was aimed at controlling responses that gave rise for quantitative analysis. There were two main sections of questions; General information and Job information.

3.8 STATISTICAL TOOLS:

Simple percentage analysis and tabulation is used to analyze the data. Pie chart and bar diagram is used to give pictorial representation to the analysis.

PERCENTAGE ANALYSIS:

Simple percentage analysis refers to a special kind of ratio in making a comparison between two or more data and describing relations between the data. Percentage can also be used to compare the relative terms, the distribution of two or more series of data.

$$\text{Simple percentage} = \frac{\text{No. Of respondents}}{\text{Total no. of respondent}} \times 100$$

CHI-SQUARE TEST

Pearson's **chi-squared** test is used to determine whether there is a statistically significant difference between the expected frequencies and the observed frequencies in one or more categories of a contingency table. The basic idea behind the test is to compare the observed values in your data to the expected values that you would see if the null hypothesis is true.

3.9 HYPOTHESIS

Hypothesis 1

H0: There is no relationship between mergers and acquisitions and the financial performance of the Indian Banking sector

H1: There is a relationship between mergers and acquisitions and the financial performance of the Indian Banking sector

Hypothesis 2

H0: There is no relationship between mergers and acquisitions and stakeholders's value of the Indian Banking sector

H1: There is a relationship between mergers and acquisitions and stakeholders's value of the Indian Banking sector

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 GENDER

The following table shows the gender of the respondents.

Table 1: Gender

S.NO.	GENDER	NO OF RESPONDENTS	% OF RESPONDENTS
1	MALE	38	63
2	FEMALE	22	37
		60	100

The following chart shows the data that has been obtained from the respondents in a pictorial format.

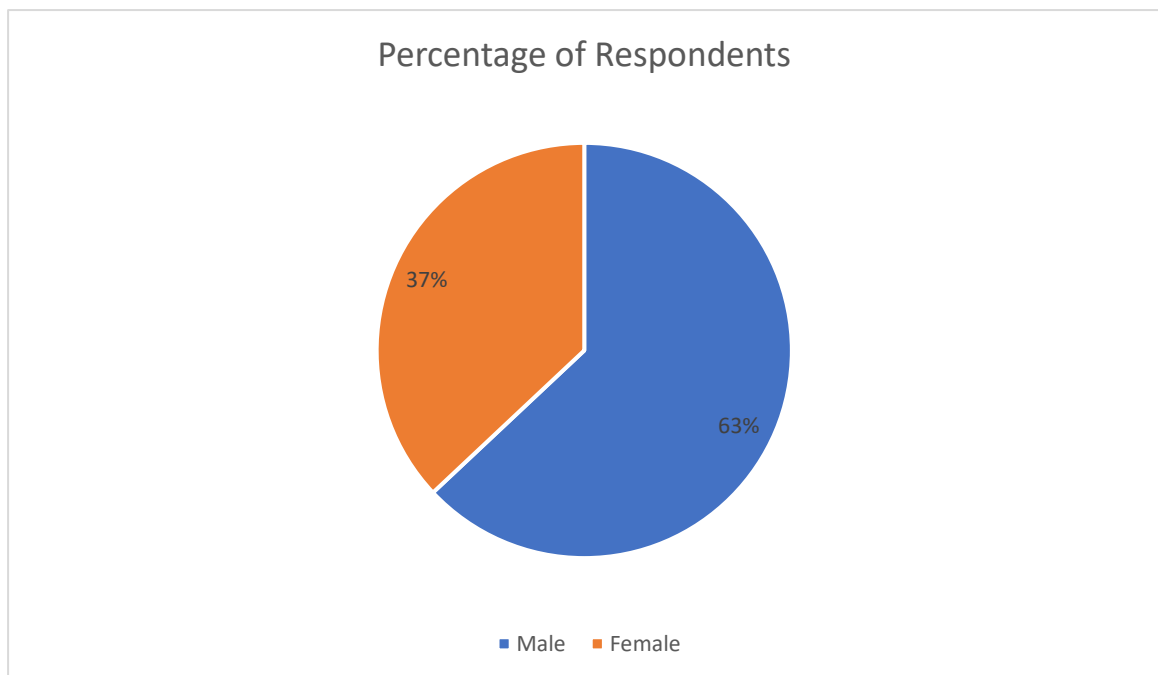


Chart 1: GENDER

Interpretation

The above table shows the gender of the respondents. About 63 % of the respondents are male and 37% of the respondents are female.

4.2 AGE OF RESPONDENTS

The following table shows the age group of respondents.

TABLE 2: Age of Respondents

S.NO.	AGE GROUP	NO. OF RESPONDENTS	% OF RESPONDENTS
1	25 – 30	19	32
2	31 – 35	26	43
3	36 – 40	8	13
4	41 – 45	4	7
5	45 and above	3	5
	TOTAL	60	100

The following chart shows the data that has been obtained from the respondents in the pictorial format.

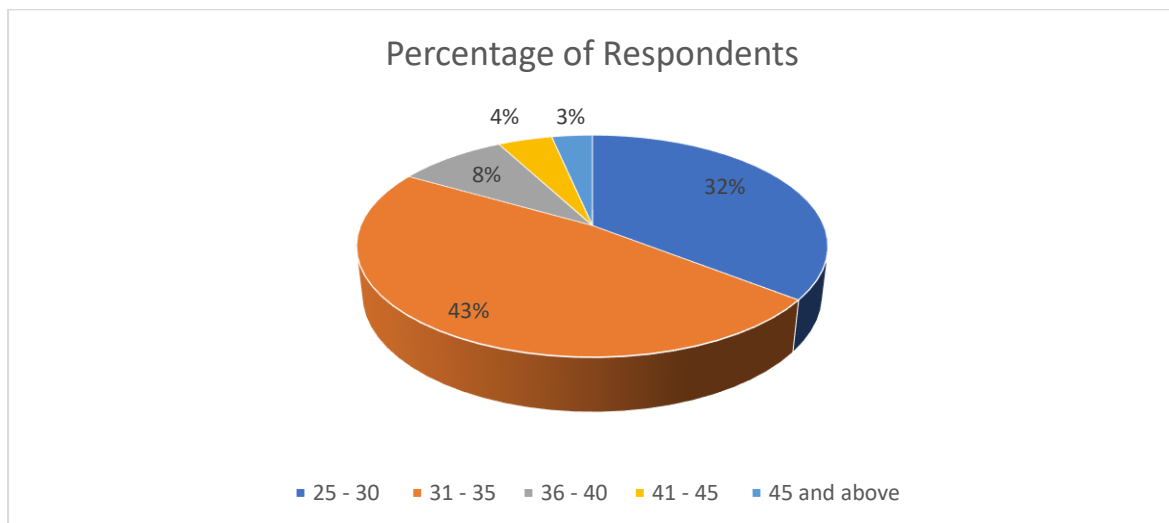


Chart 2: Age

Interpretation

The above table shows the age group of the respondents. About 32% of the respondents are 25 to 30 years of age. About 43% of the respondents are 31 to 35 years of age. About 8 % of the population are between the age of 36 to 40 years of age. About 4 % of the population are around the age of 41 to 45 years of age, and about 3 % of the population are under the age group of 45 and above.

4.3 LEVEL OF MANAGEMENT

The following table shows the Level of Management.

Table 3: Level of Management

S. No.	Level of Management	No. of Respondents	% of Respondents
1	Financial Manager	5	8
2	Credit Manager	5	9
3	Operations Manager	2	4
4	Cashier	28	46
5	Clerk	15	25
6	Others	5	8
	Total	60	100

The following chart shows the data that has been obtained from the respondents in the pictorial format.

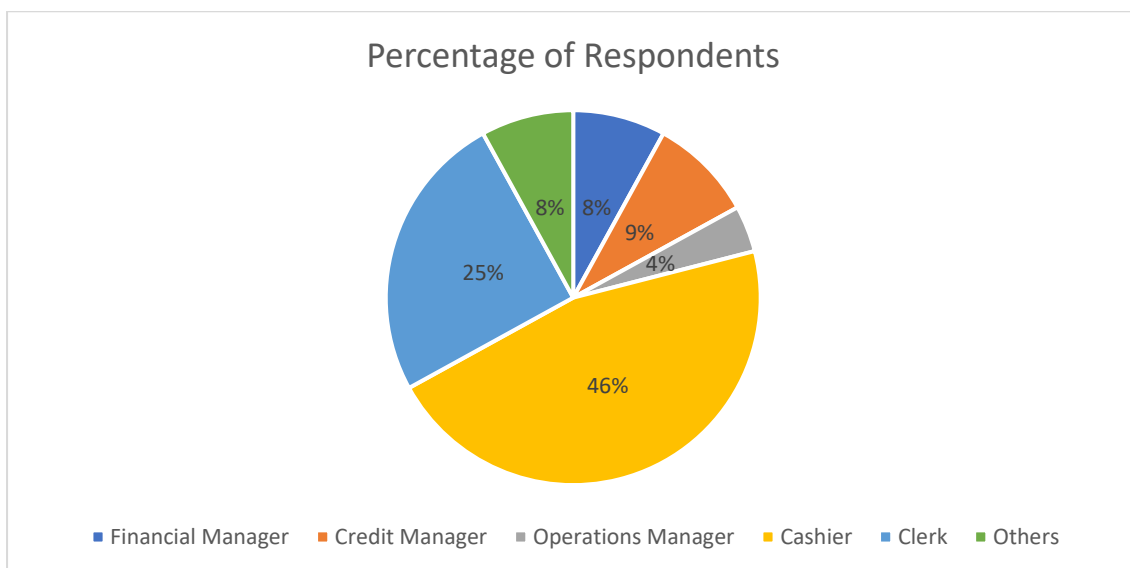


Chart 3: Level of Management

Interpretation

The above table shows the education details of the respondents. About 8% of the respondents are Financial Managers, about 9% of the respondents are Credit Managers, about 4% of the respondents are Operations Managers, about 46% of the respondents are Cashier also respondents with a job profile of Clerk sums up to 25%. Other than all these, 8% of the respondents hold different positions in Banks.

4.4 RESPONDENTS HAVE WORKED IN A MERGER BEFORE

The following table shows whether the respondents have worked in a merger before.

Table 4: Respondent has worked in a Merger before

S. No.	Respondent has worked in a Merger before	No. of Respondents	% of Respondents
1	Yes	27	45
2	No	33	55
	Total	60	100

Here the respondents were asked whether they had worked in a merger bank before. The following chart shows the data that has been obtained from respondents in the pictorial format.

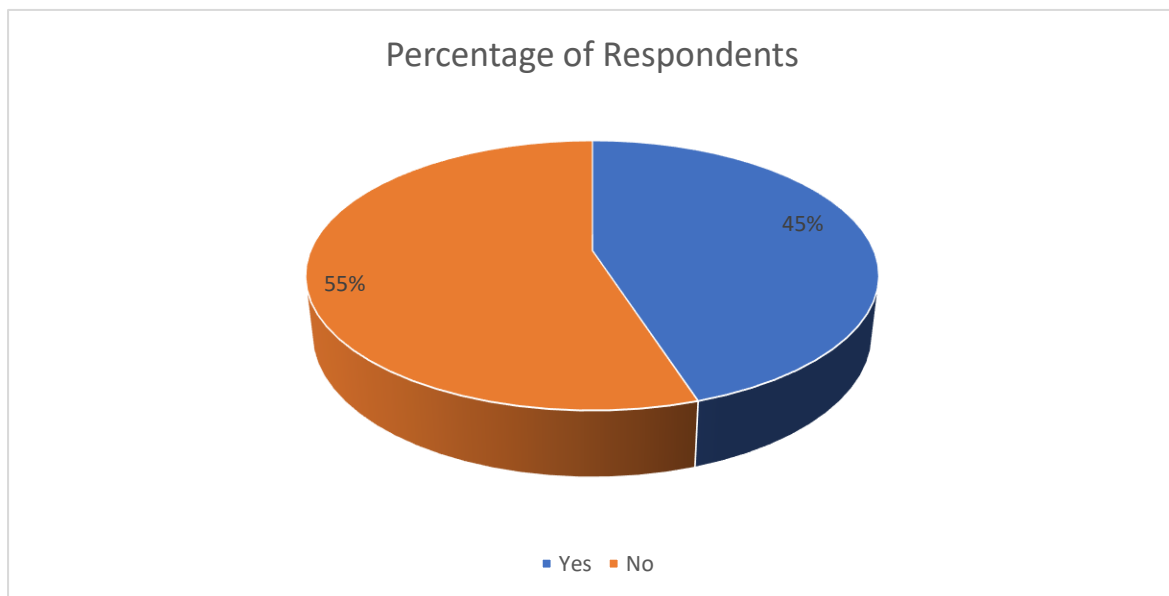


Chart 4: Respondents have worked in Merger

Interpretation

The above table shows whether the respondent had worked in a Merger before. About 45 % of the respondents have informed that they have worked in a merger and about 55 % of the respondents have informed that they have not worked in a merger before.

4.5 YEARS OF EXPERIENCE

The following table shows the experience of the respondents.

Table 5: Experience

S. No.	Experience	No. of Respondents	% Of Respondents
1	0 – 5 years	16	27
2	5 – 10 years	21	35
3	10 – 15 years	17	28
4	15 years and above	6	10
	Total	60	100

Here the respondents were asked to express their experience level. The following chart shows the data that has been obtained from the respondents in the pictorial format.

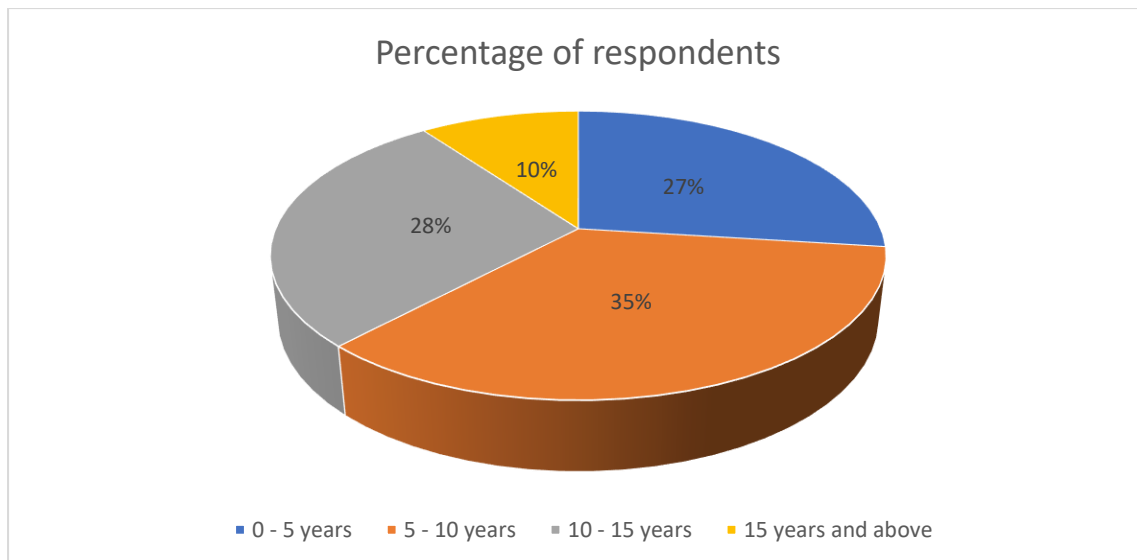


Chart 5: Experience

Interpretation

The above table shows the experience details of the respondents. About 27 % of the respondents are holding experience of 0 to 5 years. About 35 % of the respondents are of 5 to 10 years of experience. About 28 % of the respondents hold 10 to 15 years of experience. About 10 % of the respondents hold 15 and more years of experience.

4.6 TO ACCELERATE THE GROWTH OF THE ACQUIRING OR MERGING COMPANY.

The following table shows the respondent's view on M & A, whether the motive is to accelerate growth.

Table 6: The motive of M & A is to accelerate the growth of the acquiring or merging company

S. No.	The motive of M & A is to accelerate the growth of the acquiring or merging company	No. of Respondents	% Of Respondents
1	Strongly Agree	23	38
2	Agree	24	40
3	Neutral	7	12
4	Disagree	6	10
5	Strongly Disagree	0	0
	Total	60	100

Here the respondents were asked to express their view regarding whether the motive of merger and acquisition is to accelerate their growth. The following chart shows the data that has been obtained from the respondents in the pictorial format.

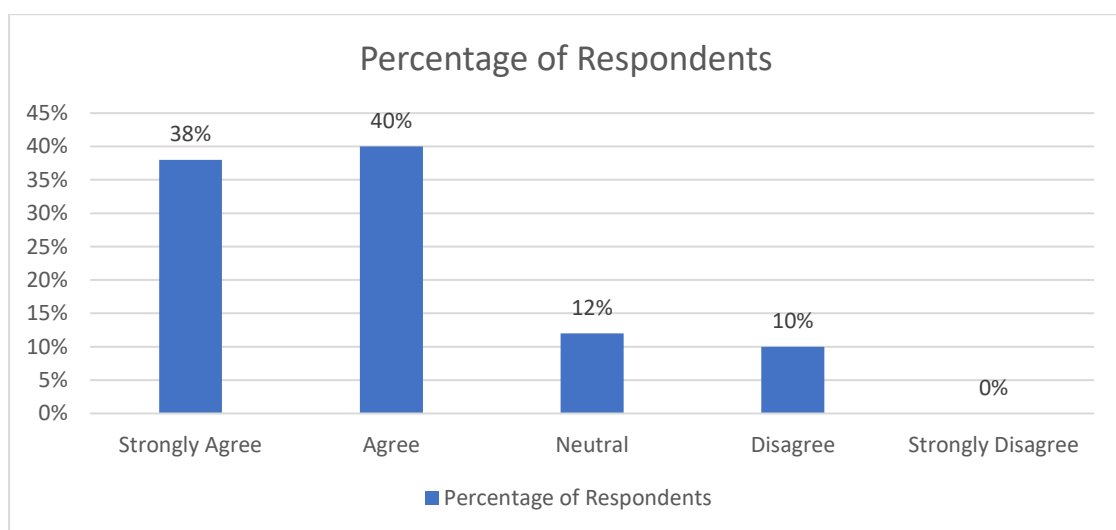


Chart 6: The motive of M & A is to accelerate the growth of the acquiring or merging company.

Interpretation

The above table shows the respondent's view on the motive behind merging or acquisition of companies to accelerate growth. About 38 % of the respondents strongly agree with this context, whereas about 40 % of the respondents agree to this statement. About 12 % remain neutral in the motive behind merging and acquisition is to accelerate growth. About 10 % disagree with this and about 0% of the respondents strongly disagree that the motive of merging and acquisition is to accelerate growth.

4.7 TO COMPLY WITH REGULATORY AND INTERNATIONAL STANDARDS.

The following table shows the respondent's view on the motive of M&A to comply with regulatory and international standards.

Table 7: The motive of M&A to comply with regulatory and international standards

S.No.	The motive of M & A to comply with regulatory and international standards.	No. Of respondents	% of respondents
1	Strongly Agree	15	25
2	Agree	27	45
3	Neutral	10	17
4	Disagree	5	8
5	Strongly Disagree	3	5
	TOTAL	60	100

Here the respondents were asked to express their view on the motive of M&A to comply with regulatory and international standards. The following chart shows the data that has been obtained from the respondents in the pictorial format.

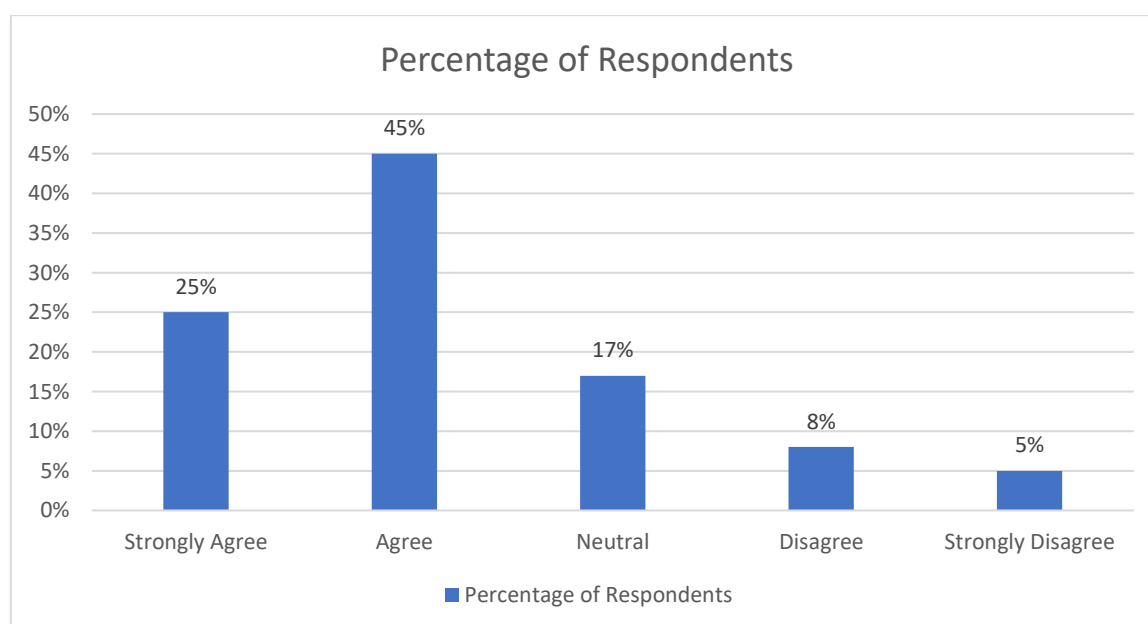


Chart 7: The motive of M&A to comply with regulatory and international standards

Interpretation

The above graphical representation shows the respondent's view on the motive of M&A to comply with regulatory and international standards. About 25% of the respondents strongly agree in the motive of M&A to comply with regulatory and international standards, about 45% of the respondents agree in the motive of M&A to comply with regulatory and international standards, about 17% of the respondents are in neutral in the motive of M&A to comply with regulatory and international standards, about 8% of the respondents are disagree in the motive of M&A to comply with regulatory and international standards and about 5% of the respondents strongly disagree in the motive of M&A to comply with regulatory and international standards

4.8 TO UTILIZE SYNERGISTIC ATTRIBUTES OF THE ACQUIRED BANK (VALUE AND PERFORMANCE OF TWO BANKS COMBINED WILL BE GREATER THAN THE SUM).

The following table shows the respondent's view on the motive of M&A to utilize synergistic attributes of the acquired bank (the value and performance of the two banks combined will be greater than the sum).

Table 8: To utilize synergistic attributes of the acquired bank

S.no.	To utilize synergistic attributes of the acquired bank	No. Of respondents	% of respondents
1	Strongly Agree	19	32
2	Agree	23	38
3	Neutral	8	13
4	Disagree	6	10
5	Strongly Disagree	4	7
	TOTAL	60	100

Here the respondents were asked to express their view on the motive of M&A to utilize synergistic attributes of the acquired bank (the value and performance of the two banks combined will be greater than the sum). The following chart shows the data that has been obtained from the respondents in the pictorial format.

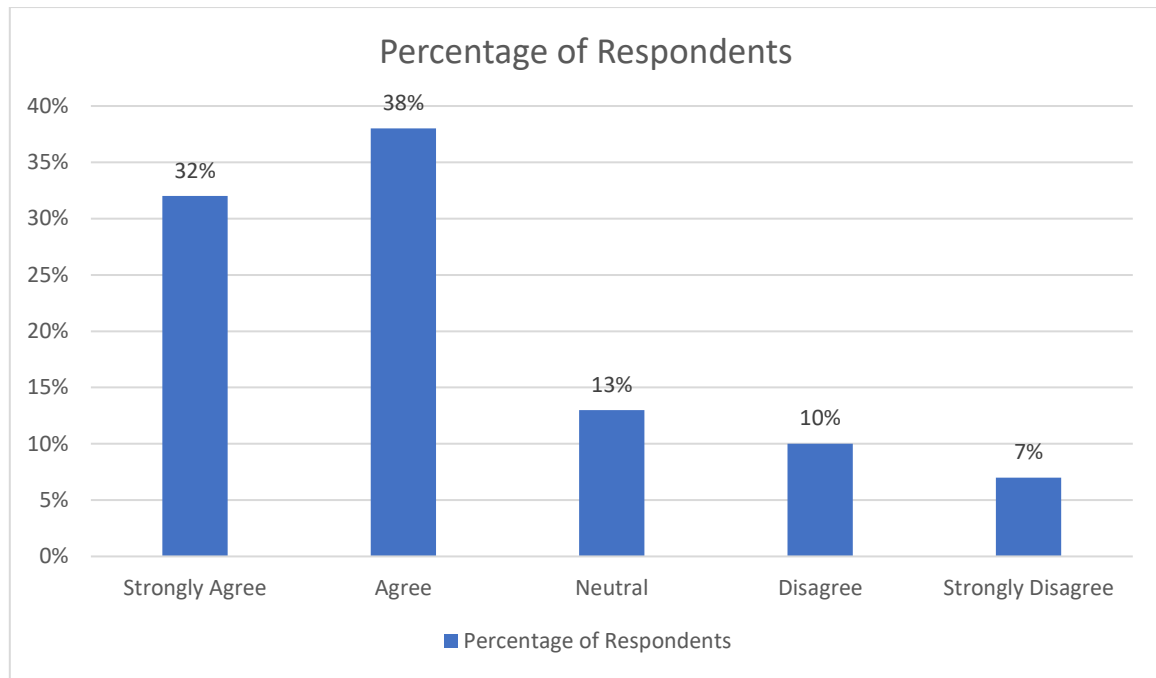


Chart 8: To utilize synergistic attributes of the acquired bank.

Interpretation

The above graphical representation shows the respondent's view on the motive of M&A to utilize synergistic attributes of the acquired bank (the value and performance of the two banks combined will be greater than the sum). About 32% of the respondents strongly agree in the motive being synergistic attributes of acquiring banks, about 38% of the respondents Agree to the view that the motive is to synergistic attributes of acquiring banks, about 13% of the respondents are neutral. About 10% of the respondents disagree to this context whereas 7% of the respondents Strongly Disagree in the motive being synergistic attributes of acquiring banks.

4.9 TO DIVERSIFY IN THE GROWTH OF BUSINESS

The following table shows the respondent's view on the motive of M&A to diversify in the growth of business.

Table 9: The motive of M&A to diversify in the growth of business

S.no.	The motive of M & A to diversify in the growth of business.	No. Of respondents	% of respondents
1	Strongly Agree	9	15
2	Agree	10	17
3	Neutral	31	51
4	Disagree	7	12
5	Strongly Disagree	3	5
	TOTAL	60	100

Here the respondents were asked to express their view on the motive of M&A to diversify in the growth of business. The following chart shows the data that has been obtained from the respondents in the pictorial format.

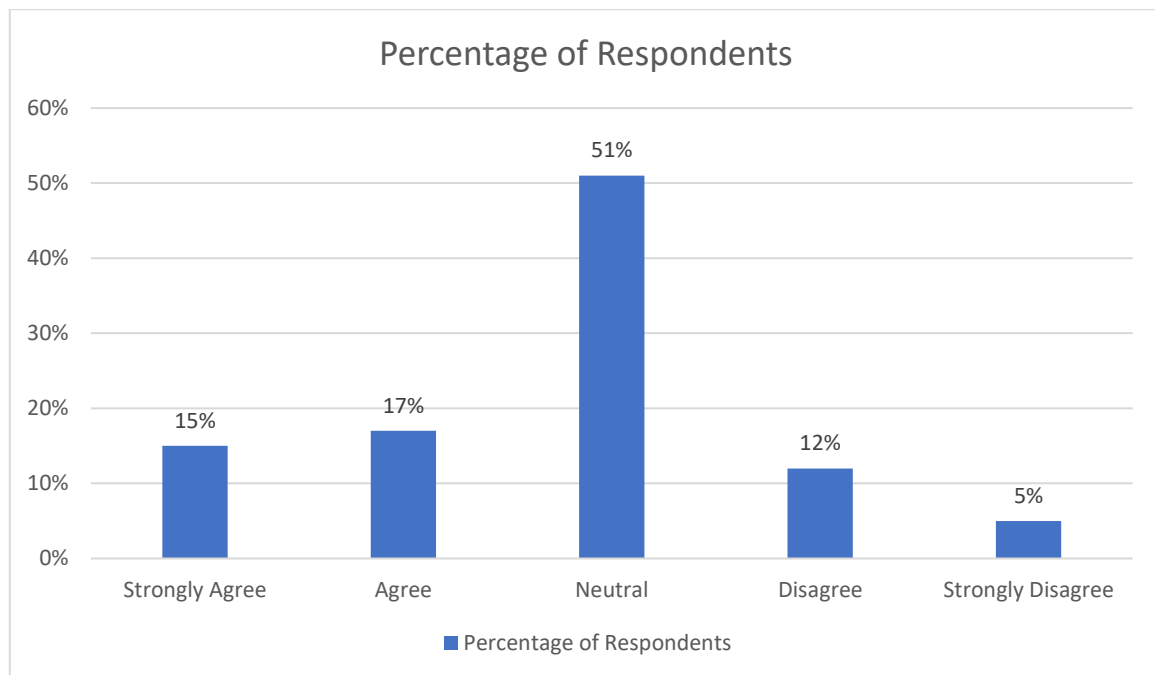


Chart 9: The motive of M & A to diversify in the growth of business.

Interpretation

The above graphical representation shows the respondent's view on the motive of M&A to diversify in the growth of business. About 15% of the respondents Strongly agree that the motive of M&A is to diversify in the growth of business, about 12% of the respondents agree that diversification is the motive. Around 51% of the respondents stay neutral. About 12% of the respondents Disagree that diversification is the motive, where as 5% of the respondents Strongly disagree that the motive of M&A is to diversify in the growth of business.

4.10 TO ENLARGE THE AQUIRING COMPANY'S CUSTOMER BASE BY EXTENDING PRODUCTS AND SERVICES

The following table shows the respondent's view on the motive of M&A to enlarge the acquiring company's customer base by extending products and services.

Table 10: Motive of M&A to enlarge the acquiring company's customer base by extending products and services

S.no.	Motive of M&A to enlarge the acquiring company's customer base by extending products and services.	No. of respondents	% of respondents
1	Strongly Agree	10	18
2	Agree	14	24
3	Neutral	26	44
4	Disagree	3	5
5	Strongly Disagree	5	9
	TOTAL	60	100

Here the respondents were asked to express their view on the motive of M&A to enlarge the acquiring company's customer base by extending products and services. The following chart shows the data that has been obtained from the respondents in the pictorial format.

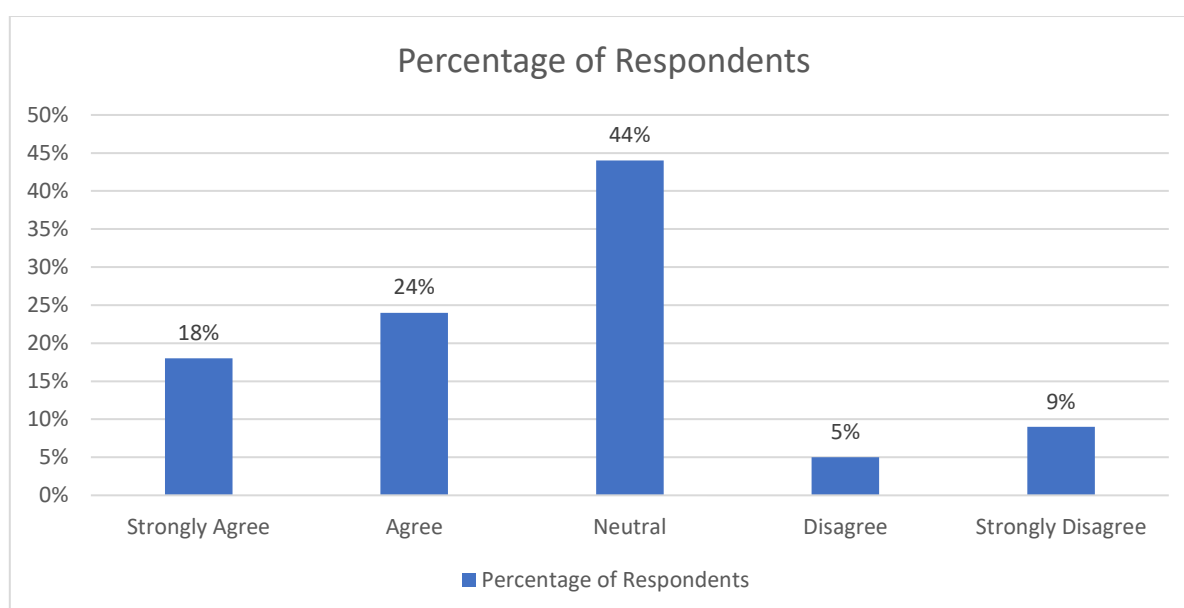


Chart 10: Motive of M&A to enlarge the acquiring company's customer base by extending products and services.

Interpretation

The above graphical representation shows the respondent's view on the motive of M&A to enlarge the acquiring company's customer base by extending products and services. About 18% of the respondents Strongly Agree to the view that the motive of M&A is to enlarge the acquiring company's customer base by extending products and services. About 24% of the respondents Agree to this statement where 44% of the respondents remain Neutral. About 5% of the respondents Disagree to this point of view where 9% of the respondents Strongly disagree to the view that the motive of M&A is to enlarge the acquiring company's customer base by extending products and services.

4.11 TO ACQUIRE BRAND QUALITY.

The following table shows the respondent's view on the motive of M&A to acquire brand quality.

Table 11: The motive of M&A to acquire brand quality

S.no.	The motive of M&A is to acquire brand quality.	No. Of respondents	% of respondents
1	Strongly Agree	17	28
2	Agree	13	22
3	Neutral	20	33
4	Disagree	6	10
5	Strongly Disagree	4	7
	TOTAL	60	100

Here the respondents were asked to express their view on the motive of M&A to acquire brand quality. The following chart shows the data that has been obtained from the respondents in the pictorial format.

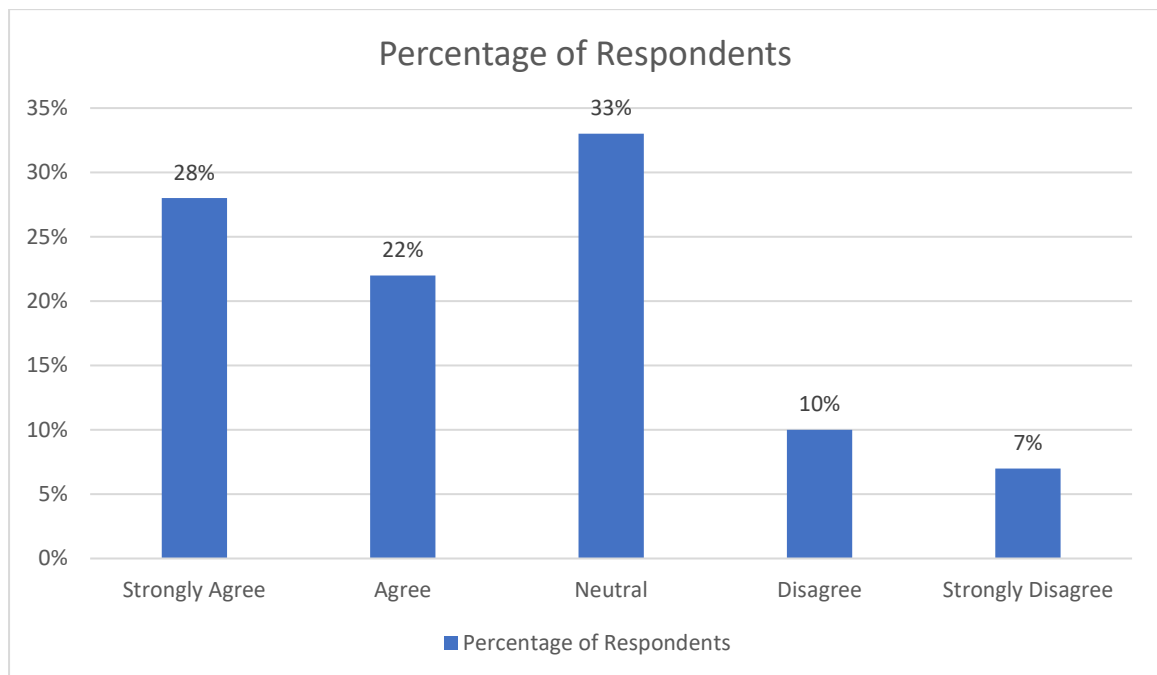


Chart 11: The motive of M&A is to acquire brand quality

Interpretation

The above graphical representation shows the respondent's view on the motive of M&A to acquire brand quality. About 28% of the respondents Strongly agree to the view that the motive of M&A is to acquire brand quality and 22% of the respondents Agree to this view point. About 33% of the respondents remain neutral to this statement. About 10% of the respondents Disagree to the view of acquiring brand quality. About 7% of the respondents Strongly Disagree to the view that the motive of M&A is to acquire brand quality.

4.12 TO ENTRY INTO A NEW GEOGRAPHICAL AREA.

The following table shows the respondent's view on the motive of M&A to entry into a new geographical area.

Table 12: To entry into a new geographical area.

S.no.	To entry into a new geographical area.	No. Of respondents	% of respondents
1	Strongly Agree	20	34
2	Agree	15	25
3	Neutral	23	38
4	Disagree	2	3
5	Strongly Disagree	0	0
	TOTAL	60	100

Here the respondents were asked to express their view on the motive of M&A to entry into a new geographical area. The following chart shows the data that has been obtained from the respondents in the pictorial format.

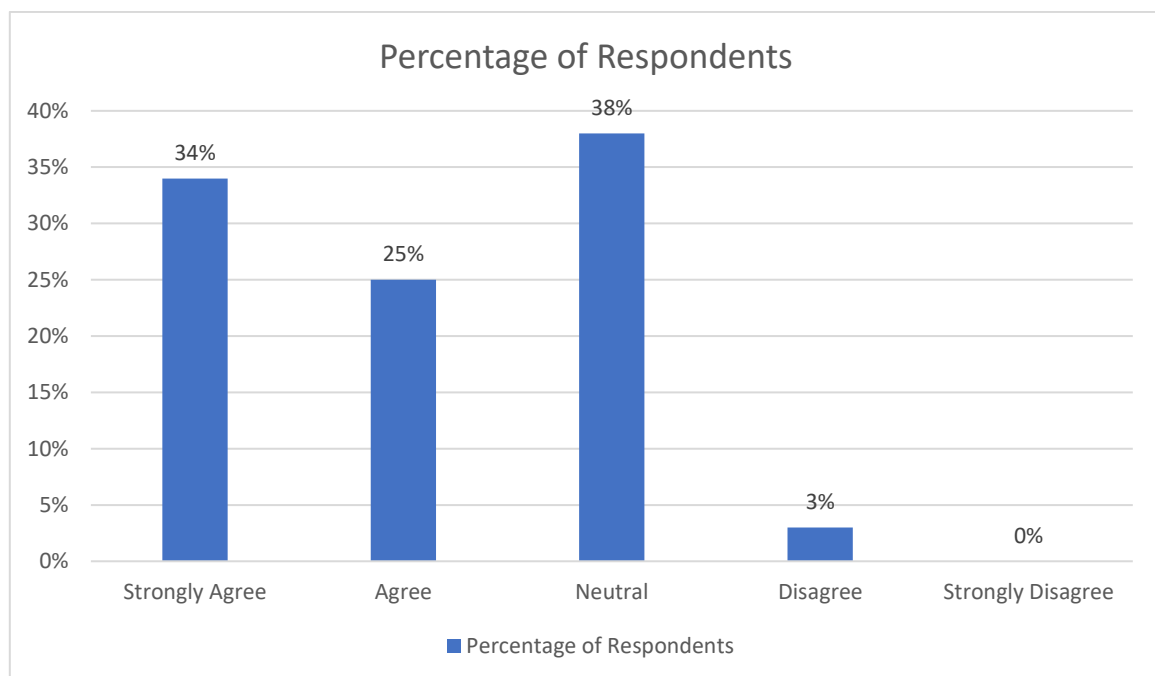


Chart 12: To entry into a new geographical area.

Interpretation

The above graphical representation shows the respondent's view on the motive of M&A to entry into a new geographical area. About 34% of the respondents Strongly agree to the view that the motive of M&A is to enter into a new geographical area. About 25% of the respondents Agree to this view where 38% of the respondents remain Neutral. About 3% of the respondents Disagree to the motive being entry into a new geographical area. About 0% of the respondents Strongly disagree to the motive being to enter into new geographical area.

4.13 M & A's RESULT IN PERFORMANCE AND PROFITABILITY ENHANCEMENT

The following table shows the respondent's view on financial performance in m & a's result in performance and profitability enhancement.

Table 13: M & A's result in performance and profitability enhancement

S.no.	M & A's result in performance and profitability enhancement.	No. Of respondents	% of respondents
1	Strongly Agree	29	48
2	Agree	21	35
3	Neutral	9	15
4	Disagree	0	0
5	Strongly Disagree	1	2
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in m & a's result in performance and profitability enhancement. The following chart shows the data that has been obtained from the respondents in the pictorial format.

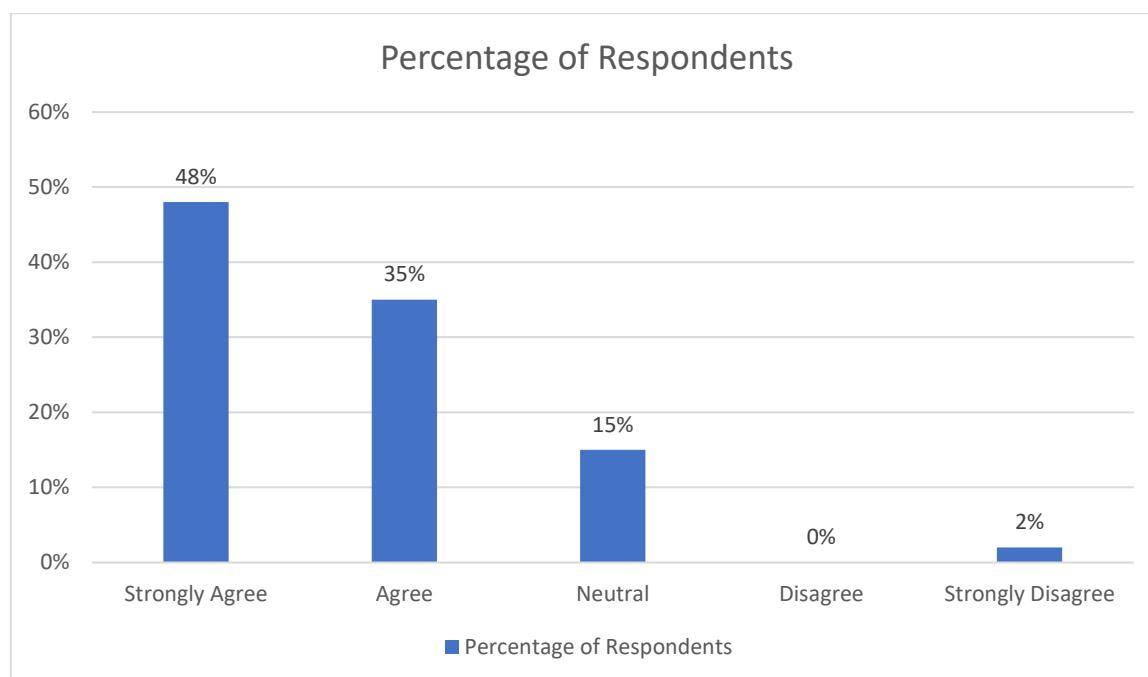


Chart 13: M & A's result in performance and profitability enhancement

Interpretation

The above graphical representation shows the respondent's view on financial performance in M&A's result in performance and profitability enhancement. About 48% of the respondents Strongly Agree to the view that M&A's result in performance and profitability. About 35 % of the respondents Agree to this where 15% of the respondents remain Neutral. About 0% of the respondents Disagree to this context but 2% of the respondents Strongly Disagree to the view that M&A result in performance and profitability enhancement.

4.14 ACCOUNTING PROFITS INCREASED YEAR ON YEAR.

The following table shows the respondent's view on financial performance in accounting profits increasing year on year.

Table 14: Accounting profits increased year on year

S.no.	Accounting profits increased year on year.	No. Of respondents	% of respondents
1	Strongly Agree	15	25
2	Agree	23	38
3	Neutral	20	33
4	Disagree	2	4
5	Strongly Disagree	0	0
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in accounting profits increasing year on year. The following chart shows the data that has been obtained from the respondents in the pictorial format.

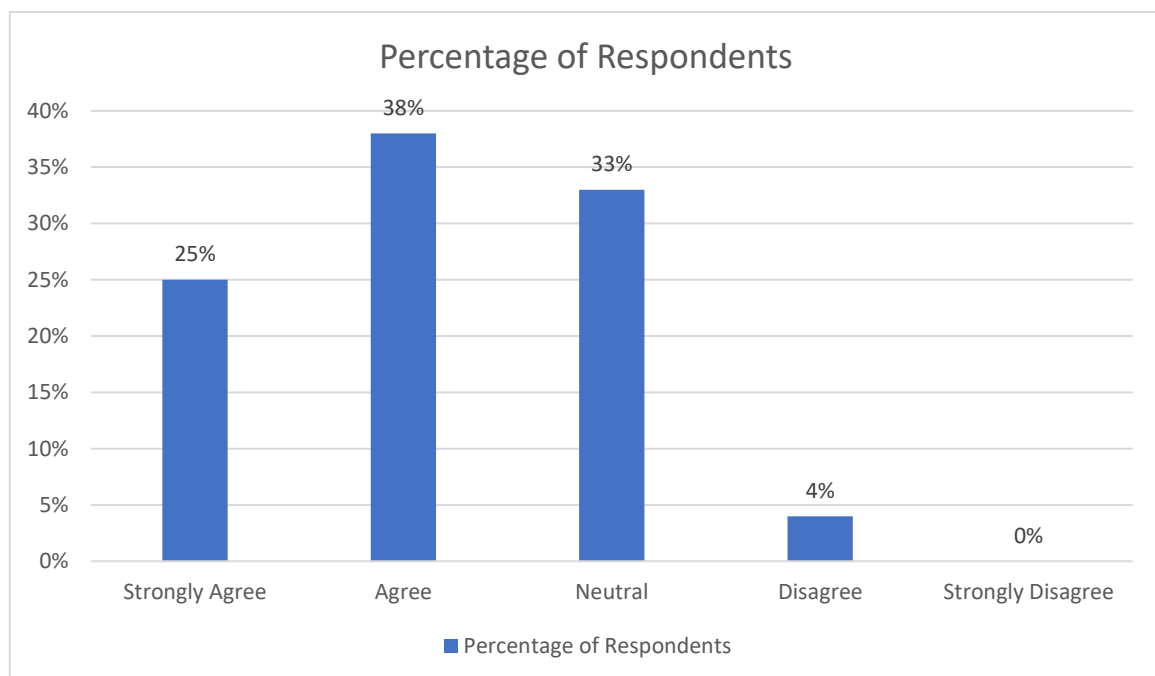


Chart 14: Accounting profits increased year on year

Interpretation

The above graphical representation shows the respondent's view on financial performance in accounting profits increasing year on year. About 25% of the respondents Strongly Agree to the view that the accounting profits has increased year on year. About 38% of the respondents Agree to this statement but 33% of the respondents remain Neutral. 4% of the respondents Disagree to this view point where as 0% of the respondents Strongly Disagree to the view that accounting profits increased year on year.

4.15 STOCK PRICE CHANGES SURROUNDING THE DEAL ANNOUNCEMENT DATES

The following table shows the respondent's view on financial performance in stock price changes surrounding the deal announcement dates.

Table 15: Stock price changes surrounding the deal announcement dates

S.no.	Stock price changes surrounding the deal announcement dates.	No. Of respondents	% of respondents
1	Strongly Agree	12	20
2	Agree	19	32
3	Neutral	21	34
4	Disagree	7	12
5	Strongly Disagree	1	2
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in stock price changes surrounding the deal announcement dates. The following chart shows the data that has been obtained from the respondents in the pictorial format.

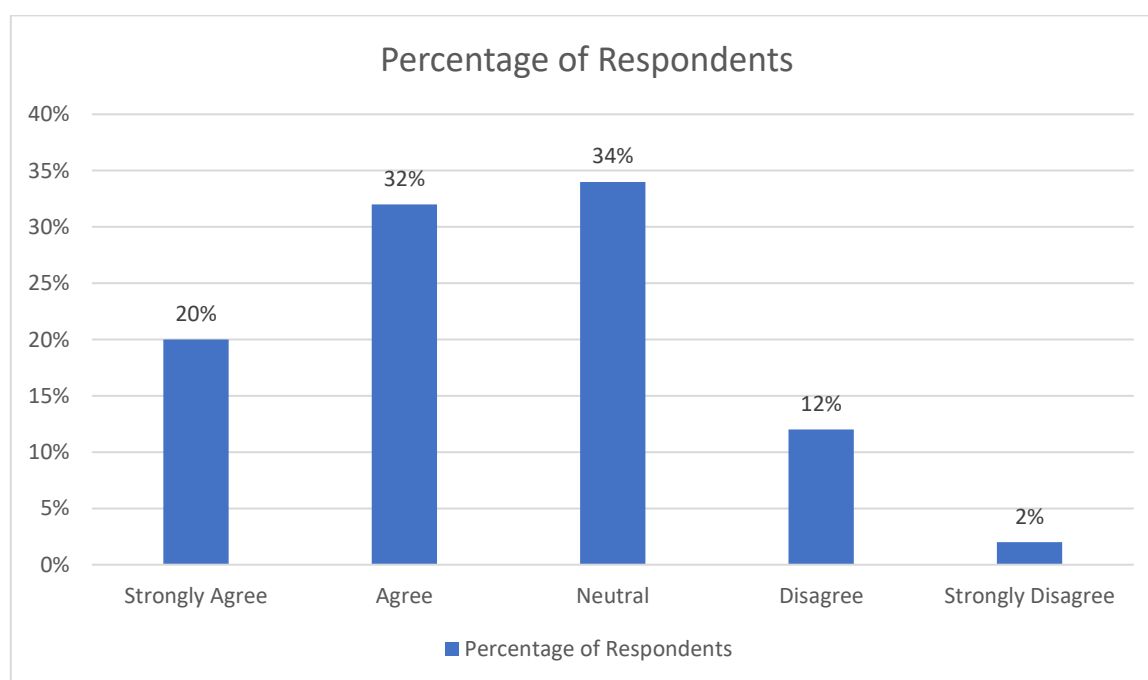


Chart 15: Stock price changes surrounding the deal announcement dates

Interpretation

The above graphical representation shows the respondent's view on financial performance in stock price changes surrounding the deal announcement dates. About 20% of the respondents Strongly Agree with the view that stock price changes surrounding the deal announcement dates. About 32% of the respondents Agree with this whereas 34% of the respondents remain Neutral to this viewpoint. About 12% of the respondents Disagree to the point that the stock prices change. About 2% of the respondents Strongly Disagree with the view that stock price changes surrounding the deal announcement dates.

4.16 STOCK PRICE CHANGES ONE OR MORE YEARS AFTER THE DEAL IS ANNOUNCED

The following table shows the respondent's view on financial performance in stock price changes one or more years after the deal is announced.

Table 16: Stock price changes one or more years after the deal is announced

S.no.	Stock price changes one or more years after the deal is announced.	No. Of respondents	% of respondents
1	Strongly Agree	18	30
2	Agree	16	27
3	Neutral	14	23
4	Disagree	8	13
5	Strongly Disagree	4	7
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in stock price changes one or more years after the deal is announced. The following chart shows the data that has been obtained from the respondents in the pictorial format.

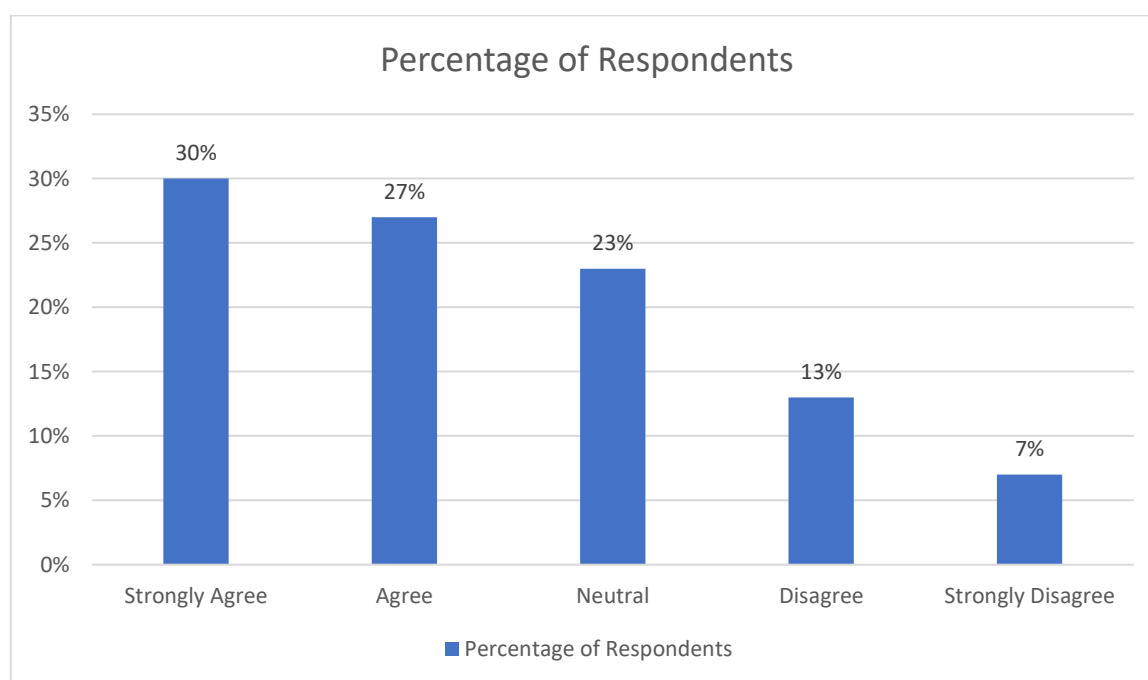


Chart 16: Stock price changes one or more years after the deal is announced

Interpretation

The above graphical representation shows the respondent's view on financial performance in stock price changes one or more years after the deal is announced. About 30% of the respondents Strongly Agree with the stock price changes one or more years after the deal is announced. About 27% of the respondents Agree with this viewpoint and 23% of the respondents remain Neutral. About 13% of the respondents Disagree with the stock price changes, About 7% of the respondents Strongly Disagree to the view that stock prices change one or more years after the deal is announced.

4.17 M & A's INCREASE SHAREHOLDER VALUE IN THE BANKING SECTOR.

The following table shows the respondent's view on financial performance in m & a's increase shareholder value in the banking sector.

Table 17: M & A's increase shareholder value in the banking sector

S.no.	M & A's increase shareholder value in the banking sector.	No. Of respondents	% of respondents
1	Strongly Agree	20	33
2	Agree	14	24
3	Neutral	20	33
4	Disagree	6	10
5	Strongly Disagree	0	0
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in m & a's increase shareholder value in the banking sector. The following chart shows the data that has been obtained from the respondents in the pictorial format.

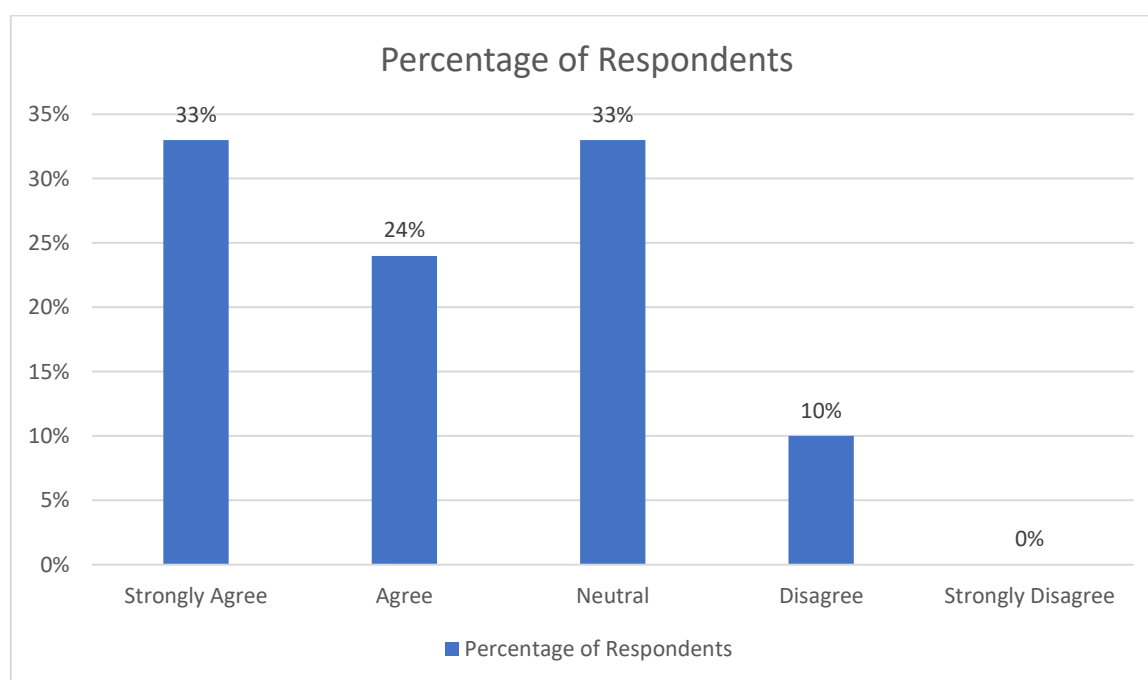


Chart 17: M & A's increase shareholder value in the banking sector

Interpretation

The above graphical representation shows the respondent's view on financial performance in M&A's increased shareholder value in the banking sector. About 33% of the respondents Strongly agree with the view that M&As increase shareholders' value in the banking industry. About 24% of the respondents Agree to this whereas 33% of the respondents remain Neutral. About 10% of the respondents Disagree with the view that the share values are increased. About 0% of the respondents Strongly Disagree with the view that M&As increase shareholder value in the banking sector.

4.18 MARKET SHARE GAINS AFTER M & A

The following table shows the respondent's view on financial performance in market share gains after m & a.

Table 18: Market share gains after M & A

S.no.	Market share gains after M & A.	No. Of respondents	% of respondents
1	Strongly Agree	11	18
2	Agree	28	46
3	Neutral	19	32
4	Disagree	1	2
5	Strongly Disagree	1	2
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in market share gains after m & a. The following chart shows the data that has been obtained from the respondents in the pictorial format.

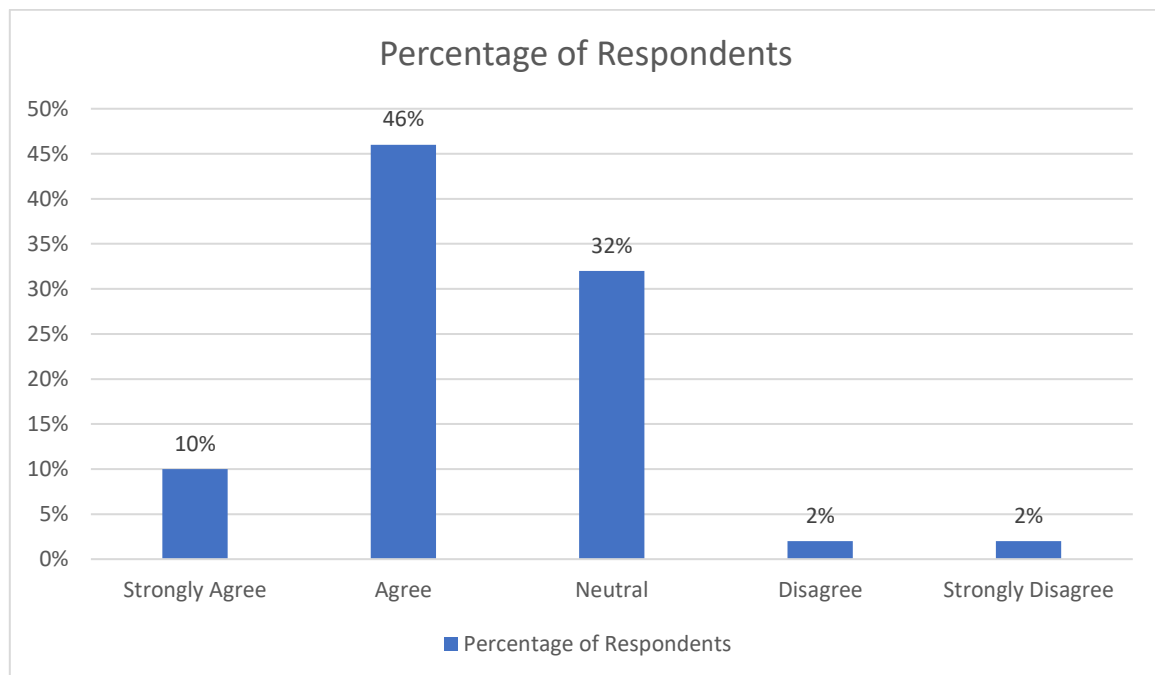


Chart 18: Market share gains after M & A

Interpretation

The above graphical representation shows the respondent's view on financial performance in market share gains after M & A. About 10% of the respondents Strongly Agree with the market share gain after M & A. About 46% of the respondents Agree to this and about 32% of the respondents remain Neutral. About 2% of the respondents Disagree with the market share gains after M&A. About 2% of the respondents Strongly Disagree with the view that the market share gains after M & A.

4.19 THE BANK'S PERFORMANCE DIFFERS IN THE PRE- AND POST-MERGER PERIODS

The following table shows the respondent's view on financial performance in the bank's performance differs in the pre-and post-merger periods.

Table 19: The bank's performance differs in the pre-and post-merger periods

S.no.	The bank's performance differs in the pre-and post-merger periods	No. Of respondents	% of respondents
1	Strongly Agree	19	32
2	Agree	26	43
3	Neutral	15	25
4	Disagree	0	0
5	Strongly Disagree	0	0
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in the bank's performance differs in the pre-and post-merger periods. The following chart shows the data that has been obtained from the respondents in the pictorial format.

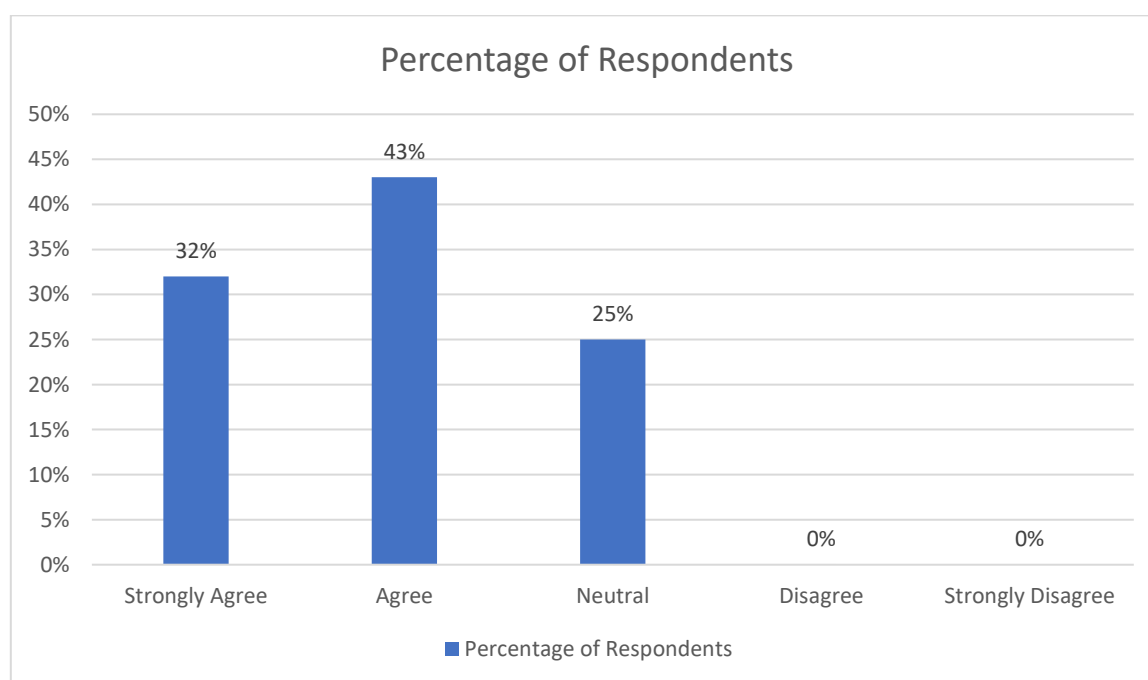


Chart 19: The bank's performance differs in the pre-and post-merger periods

Interpretation

The above graphical representation shows the respondent's view on financial performance in the bank's performance differs in the pre-and post-merger periods. About 32% of the respondents Strongly Agree that the bank's performance differ in the pre –and post-merger periods. About 43% of the respondents Agree to this, and about 25% of the respondents remain Neutral. About 0% of the respondents Disagree and about 0% of the respondents Strongly disagree with the view that the bank's performance differs in the pre-and post-merger periods.

4.20IN THE BANKING SECTOR MERGERS AND ACQUISITIONS LEAD TO A DECLINE IN OPERATIONAL COSTS

The following table shows the respondent's view on financial performance in the banking sector mergers and acquisitions lead to a decline in operational costs.

Table 20: In the banking sector mergers and acquisitions lead to a decline in operational costs

S.no.	In the banking sector mergers and acquisitions lead to a decline in operational costs	No. Of respondents	% of respondents
1	Strongly Agree	20	33
2	Agree	29	49
3	Neutral	11	18
4	Disagree	0	0
5	Strongly Disagree	0	0
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in the banking sector mergers and acquisitions lead to a decline in operational costs. The following chart shows the data that has been obtained from the respondents in the pictorial format.

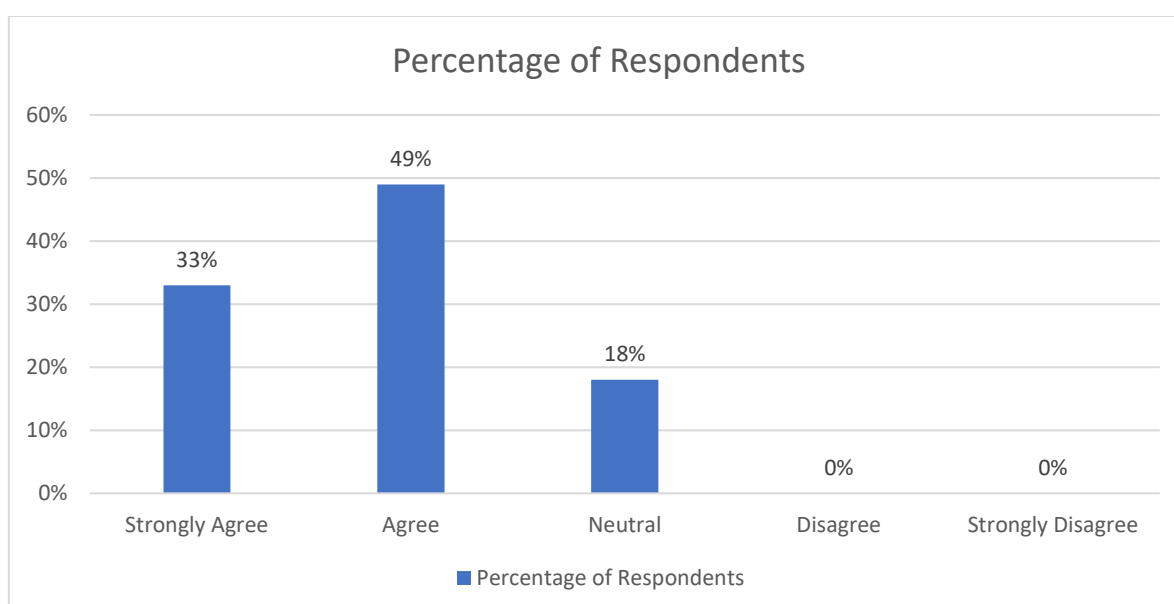


Chart 20: In the banking sector mergers and acquisitions lead to a decline in operational costs

Interpretation

The above graphical representation shows the respondent's view on financial performance in more branches and ATMs to help enhance financial performance. About 33% of the respondents Strongly agree with the view that in the banking sector mergers and acquisitions lead to a decline in operational costs. About 49% of the respondents Agree with this and around 18% of the respondents remain Neutral to this viewpoint. About 0% of the respondents Disagree with this view, also around 0% of the respondents Strongly Disagree with the banking sector mergers and acquisitions lead to a decline in operational costs.

4.21 MORE NUMBER OF BRANCHES AND ATMS HELP ENHANCE FINANCIAL PERFORMANCE

The following table shows the respondent's view on financial performance in more number of branches and ATMs to help enhance financial performance.

Table 21: More number of branches and ATMs help enhance financial performance

S.no.	More number of branches and ATMs help enhance financial performance	No. Of respondents	% of respondents
1	Strongly Agree	19	32
2	Agree	18	30
3	Neutral	15	25
4	Disagree	6	10
5	Strongly Disagree	2	3
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in more number of branches and ATMs to help enhance financial performance. The following chart shows the data that has been obtained from the respondents in the pictorial format.

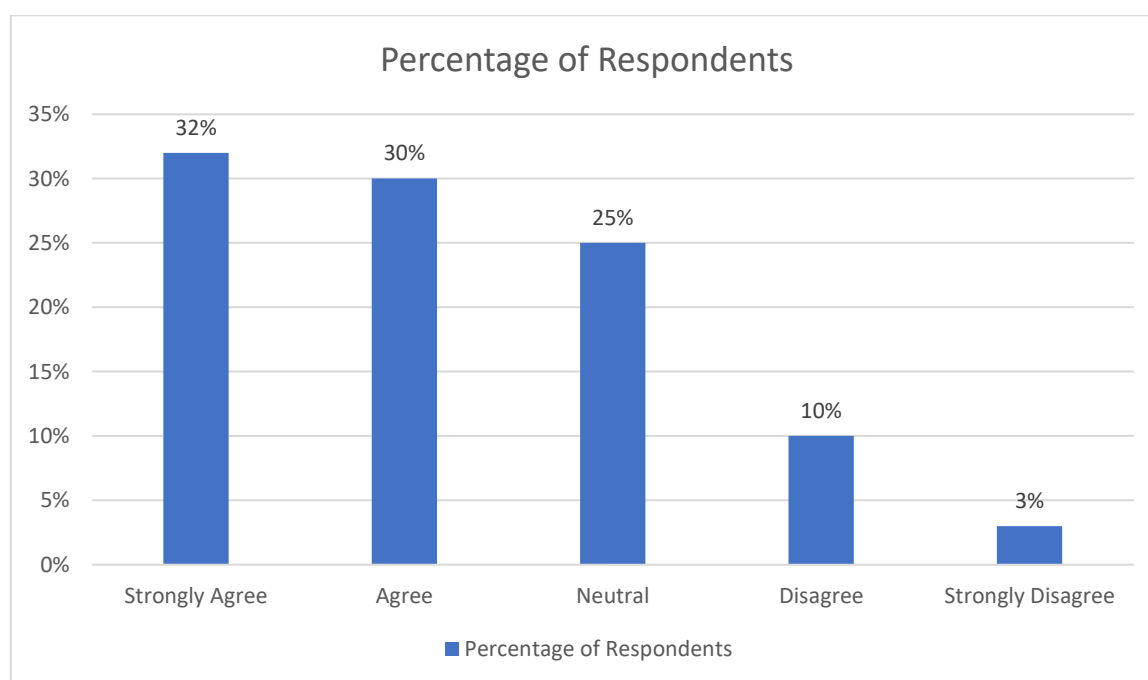


Chart 21: More branches and ATMs help enhance financial performance

Interpretation

The above graphical representation shows the respondent's view on financial performance in more branches and ATMs to help enhance financial performance. About 32% of the respondents Strongly Agree that more branches and ATMs would help enhance financial performance. About 30% of the respondents Agree with this and Around 25% of the respondents remain Neutral to this viewpoint. About 10% of the respondents Disagree with the more branches enhancing Also around 3% of the respondents Strongly Disagree that more branches and ATMs help enhance financial performance.

4.22MERGERS AND ACQUISITIONS HELP THE BANKING SECTOR TO MAXIMISE THEIR PROFIT AND REVENUE IN THE GLOBAL MARKET

The following table shows the respondent's view on financial performance in mergers and acquisitions helping the banking sector to maximize their profit and revenue in the global market.

Table 22: Mergers and acquisitions help the banking sector to maximize their profit and revenue in the global market

S.no.	Mergers and acquisitions help the banking sector to maximize their profit and revenue in the global market	No. Of respondents	% of respondents
1	Strongly Agree	15	25
2	Agree	16	27
3	Neutral	13	22
4	Disagree	12	20
5	Strongly Disagree	4	6
	TOTAL	60	100

Here the respondents were asked to express their view on financial performance in mergers and acquisitions helping the banking sector to maximize their profit and revenue in the global market. The following chart shows the data that has been obtained from the respondents in the pictorial format.

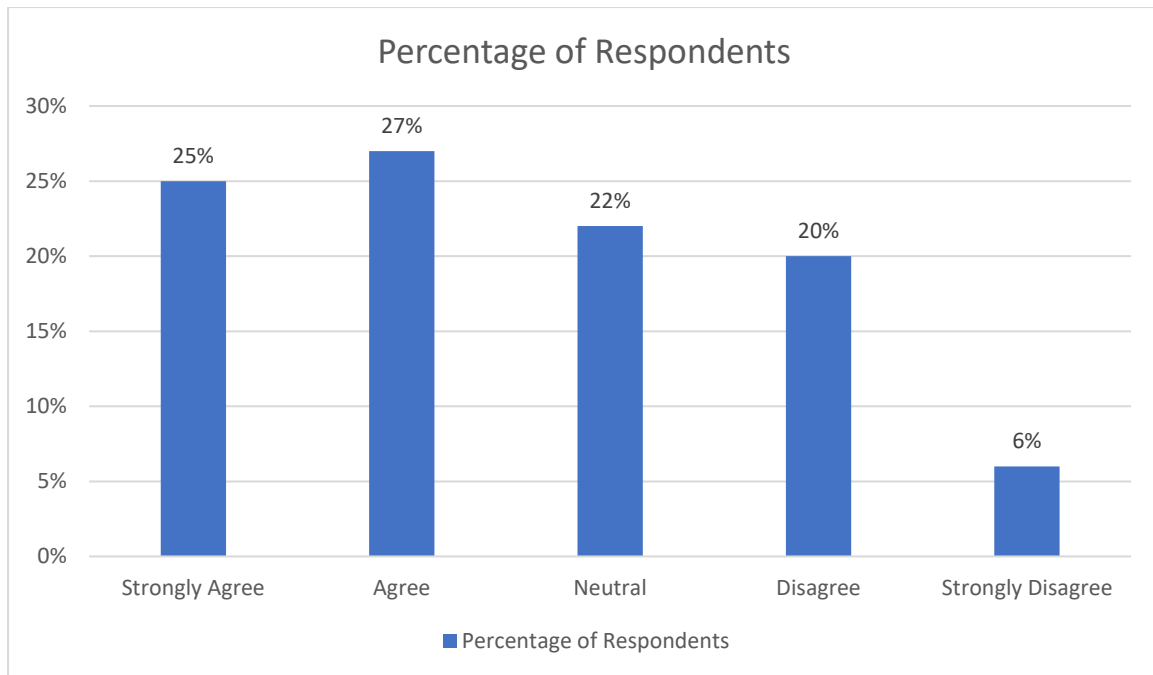


Chart 22: Mergers and acquisitions help the banking sector to maximize its profit and revenue in the global market

Interpretation

The above graphical representation shows the respondent's view on financial performance in mergers and acquisitions helping the banking sector to maximize their profit and revenue in the global market. About 25% of the respondents Strongly Agree that mergers and acquisitions help the banking sector to maximize its profit and revenue in the global market. About 27% of the respondents Agree with this context whereas 22% of the respondents remain Neutral. About 20% of the respondents Disagree with this and about 6% of the respondents Strongly Disagree that mergers and acquisitions help the banking sector to maximize its profit and revenue in the global market.

CHI SQUARE ANALYSIS

4.23 RELATIONSHIP BETWEEN AGE OF RESPONDENTS AND THEIR OPINION THAT ELASTIC LOGISTICS HELPED ORGANISATION IN SCALING WAREHOUSE OPERATIONS AND RESOURCES

The relationship between the age of the respondents and their opinion that elastic logistics helped organisation in scaling warehouse operations and resources has been analysed using chi-square test.

M & A's result in performance and profitability enhancement

S.no.	M & A's result in performance and profitability enhancement.	No. Of respondents	% of respondents
1	Strongly Agree	29	48
2	Agree	21	35
3	Neutral	9	15
4	Disagree	0	0
5	Strongly Disagree	1	2
	TOTAL	60	100

M & A's increase shareholder value in the banking sector

S.no.	M & A's increase shareholder value in the banking sector.	No. Of respondents	% of respondents
1	Strongly Agree	20	33
2	Agree	14	24
3	Neutral	20	33
4	Disagree	6	10
5	Strongly Disagree	0	0
	TOTAL	60	100

H0: There is no relationship between performance enhancement through mergers and acquisitions and increase of stakeholders' value of the Indian Banking sector

H1: There is relationship between performance enhancement through mergers and acquisitions and increase of stakeholders' value of the Indian Banking sector

O – Observed Frequency

E – Expected Frequency

Expected frequency of any cell = $\frac{(\text{Row total of any cell}) * (\text{Column total of any cell})}{\text{Overall Total}}$

Overall Total

Table No: 4.23 Chi Square Analysis

M & A's result in performance and profitability enhancement M & A's increase shareholder value in the banking sector	SA	A	N	D	SD	Row Total
SA	7	10	3	0	0	20
A	7	5	2	0	0	14
N	12	4	3	0	1	20
D	3	2	1	0	0	6
SD	0	0	0	0	0	0
Column Total	29	21	9	0	1	60

O	E	O-E	(O-E) ²	(O-E) ² / E
7	9.66	-2.66	7.07	0.73
10	7	3	9	1.28
3	3	0	0	0
0	0	0	0	0
0	0.33	-0.33	0.10	0.33
7	6.76	0.24	0.05	0.008
5	4.9	0.1	0.01	0.002
2	2.1	-0.1	0.01	0.004
0	0	0	0	0
0	0.23	-0.23	0.05	0.23
12	9.66	2.34	5.47	0.566
4	7	-3	9	1.28
3	3	0	0	0
0	0	0	0	0
1	0.33	0.67	0.44	1.36
3	2.9	0.1	0.01	0.003
2	2.1	-0.1	0.01	0.004
1	0.9	0.1	0.01	0.011
0	0	0	0	0
0	0.1	-0.1	0.01	0.1
			Calculated Value	5.92

Calculated Value = 5.92

Degrees of Freedom = (r-1) * (c-1) = (5 - 1) * (5 - 1)

= 16

Level of Significance = 5%

Table value = 26.30

Here the calculated value is lesser than the table value ($CV < TV$ i.e $1.97 < 11.07$). So, accept H_0 , hence performance enhancement through mergers and acquisitions in firms not related with increase of stakeholders' value due to M&A of the Indian Banking sector.

CHAPTER 5

FINDINDS AND CONCLUSION

5.1 FINDINGS OF THE STUDY

- The main motive of merging and acquisition is to accelerate the growth and to comply with the regulatory and international standards.
- Also, the merging and acquisition practices in banking sector is to enlarge the acquiring company's customer base by extending products and services, acquire brand quality and to enter into new geographical area.
- The stock prices of the merging firms will change surrounding the deal announcement dates and it continues to change one or more years after the deal is announced.
- The bank's performance differs in the pre-and post-merger periods like decline in operational costs and maximize of profit and revenue in the global market.
- The Performance enhancement through mergers and acquisitions in firms not related with increase of stakeholders' value of the Indian Banking sector.

5.2 CONCLUSION

The banking industry has been experiencing major Merger and Acquisition in the recent years, with the number of global players emerging through successive Merger and Acquisition in the banking sectors. Merger and acquisition leads to the financial gain and the increase in price of target banks and it depends on the condition and the different situations that it will be increase the share and the profit of acquirer or not.

Mergers are good for the growth and development of the country only when it does not give rise to the competition issues. Merger and Acquisition impact on the shareholder value. The asset that are the structural factors such as relative sizes of merging the partners, technique of the financing Merger and Acquisitions and the number of bidders in Merger & Acquisitions that have the ability to influence the realization of a M&As success.

It can be concluded that mergers and acquisitions yield mixed results or effects on the financial position of a commercial bank. Some indicators of financial performance increase while others decrease after mergers and acquisitions. Mergers and acquisitions may be affected by other factors during the transition period such as economic factors in the market, employee behaviour and attitude towards the merger and acquisition, integration of systems and consumer perception of the merger and acquisition.

5.3 SUGGESTIONS

The study established that mergers and acquisitions improve the loan-to-deposit ratio of a commercial bank. It is important for banks that want to improve their liquidity position in this regard to consider mergers and acquisitions. The study recommends that management should establish sustainable strategies to support the process of the merger and acquisition and the management of its assets, liabilities and equity. Management should develop strategies for asset and liability management to avert the problem of mismatching investments and also the quality of assets should be enhanced.

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ANNEXURE

QUESTIONNAIRE

1. Gender

- Male
- Female

2. Age Group

- 25-30
- 31-35
- 36-40
- 41-45
- 45 and above

3. Level of Management

- Financial Manager
- Credit Manager
- Operations Manager
- Cashier
- Clerk
- Others

4. Worked in a merger before

- Yes
- No

5. Years of Experience

- 0-5 years
- 5-10 years
- 10-15 years
- >15 years and above

S.No.	Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
	Motive of M&A					
6.	To Accelerate growth of the acquiring or merging company					
7.	To Comply with Regulatory and international standards					
8.	To Utilize synergistic attributes of the acquired bank (value and performance of two banks combined will be greater than the sum)					
9.	To Diversify in growth of business					
10.	To enlarge the acquiring company's customer base by extending products and services					
11.	To Acquire brand quality					
12.	To Entry into a new geographical area					
	Financial Performance					
13.	M&As result in performance and profitability enhancement					

14.	Accounting Profits Increased year on year					
15.	Stock price changes surrounding the deal announcement dates					
16.	Stock price changes at 1 or more years after the deal is announced					
17.	M&As increase shareholder value in the banking sector					
18.	Market share gains after M&A					
19.	The bank's performance differs in the pre- and post- merger periods					
20.	In the banking sector Mergers and Acquisitions lead to a decline in operational costs					
21.	More number of Branches and ATMs helps in enhancing Financial performance					
22.	Merger and acquisition help the banking sector to maximising their profit and revenue in the global market					