



## INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE AND MANAGEMENT

### CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	<b>CUSTOMER SATISFACTION AND SUSTAINABLE FIRM PERFORMANCE: THE ROLE OF UNCERTAINTY</b> <i>DR. SANAL K. MAZVANCHERYL</i>	1
2.	<b>MOVEMENT FROM EEE SYSTEM TO EET SYSTEM</b> <i>DR. SAMBHAV GARG</i>	7
3.	<b>THE IMPACT OF CAPITAL STRUCTURE-CHOICE ON FIRM PERFORMANCE: EMPIRICAL INVESTIGATION OF LISTED COMPANIES IN COLOMBO STOCK EXCHANGE, SRILANKA</b> <i>B. PRAHALATHAN &amp; DR. (MRS.) R.P.C.RANJANI</i>	12
4.	<b>AN ANALYSIS OF ORGANISATIONAL CULTURE IN THE COMPANIES</b> <i>DR. ARAVIND. S., DR. FISSEHA GIRMA TESSEMA &amp; DR. HAILAY GEBRETINSAE</i>	17
5.	<b>RESOLVING EXPECTATIONS GAPS IN FINANCIAL REPORTING: ISSUES FOR INTERNATIONAL FINANCIAL REPORTING STANDARDS</b> <i>DR. JOHN A. ENAHORO</i>	25
6.	<b>E-BANKING SCENARIO AND ITS IMPACT ON CUSTOMERS' SATISFACTION IN INDIA</b> <i>PROF. (DR.) SULTAN SINGH &amp; SAHILA CHAUDHRY</i>	29
7.	<b>A COMPREHENSIVE FINANCIAL ANALYSIS OF AQUA CULTURE FEED INDUSTRIES IN SOUTH INDIA</b> <i>ASLAM CHINARONG, PROF. (DR.) K. MARAN &amp; DR B. YAMUNA KRISHNA</i>	35
8.	<b>A STUDY ON COUSTOMER SATISFACTION TOWARDS RELIANCE TELICOM IN TAMILNADU WITH SPECIAL REFERENCE TO SALEM CITY</b> <i>MR. B. ADHINARAYANAN &amp; DR. K. BALANAGA GURUNATHAN</i>	39
9.	<b>VALUE FOR THE MONEY - SUCCESS MANTRA FOR MARKETERS IN RURAL MARKET</b> <i>DR. N. RAJASEKAR &amp; R.PRIYA</i>	44
10.	<b>INDIGENOUS BRANDING – INDIA'S FUTURE BRAND STRATEGY (AN EMPIRICAL STUDY OF THREE DECADES OF BRAND WARFARE IN INDIA)</b> <i>DR. S. P. RATH, PROF. BISWAJIT DAS &amp; PROF. CHEF GERARD D' SOUZA</i>	49
11.	<b>STOCK PRICE REACTION OF THE MERGED BANKS – AN EVENT STUDY APPROACH</b> <i>DR. P. NATARAJAN &amp; K. KALAICHELVAN</i>	54
12.	<b>A STUDY ON ABSENTEEISM OF EMPLOYEES IN RETAILING INDUSTRY</b> <i>DR. N. SANTHI, MRS. D. MARIA ANGELIN JAYANTHI &amp; MS. HEMALATHA</i>	61
13.	<b>MEASURING OF QUALITY OF WORK LIFE IN TEXTILE INDUSTRIES - AN INTEGRATION OF CONCEPTUAL RELATIONSHIP WITH PRODUCTIVITY</b> <i>N. MOHAN &amp; DR. J. ASHOK</i>	67
14.	<b>RISK MANAGEMENT STRATEGIES AND PRACTICES IN THE BANKING SECTOR: CHALLENGES ARISING FROM GLOBAL RECESSION – KEY TO SURVIVAL &amp; GROWTH</b> <i>K. BHAVANA RAJ &amp; DR. SINDHU</i>	71
15.	<b>PREVENTIVE MEDICINE TO COMBAT OCCUPATIONAL STRESS OF EMPLOYEES IN BPO ORGANISATIONS – INDIA'S NEED OF THE HOUR</b> <i>DR. R. SRINIVASAN &amp; MRS. A. BHARATHY</i>	74
16.	<b>AYURVEDIC WELLNESS TOURISM IN KERALA: A GATE WAY FOR ENTREPRENEURS TO EMERGE SUCCESSFUL</b> <i>RAMESH U &amp; KURIAN JOSEPH</i>	80
17.	<b>THE BANNED SURROGATE MARKETING AS BRAND - NEW BRAND EXTENSION ADVERTISING</b> <i>V V DEVI PRASAD KOTNI</i>	85
18.	<b>COMPARATIVE STUDY ON RETAIL SHRINKAGE OF INDIA, ASIA-PACIFIC AND GLOBAL COUNTRIES</b> <i>SANDEEP RAJENDRA SAHU</i>	90
19.	<b>QUALITY OF WORK LIFE (QWL) FOR FINANCE PROFESSIONALS IN DUBAI</b> <i>DR. SANGEETHA VINOD, FAYAZ AHAMED M.A. &amp; N. MOHAMED RAFIQ</i>	96
20.	<b>ART OF DELIGATION- A POWERFUL TOOL FOR LIBRARIAN</b> <i>NARENDER KUMAR, ASHISH SIWACH &amp; MRS. SUNITA BHARATWAL</i>	102
21.	<b>A STUDY ON BENEFITS AND RISK ANALYSIS OF FUTURES AND OPTIONS IN MADURAI</b> <i>MS. K. HEMA MALINI &amp; ER. R. DEEPA</i>	105
22.	<b>GREEN AND SUSTAINABLE MANAGEMENT – A DECIDING FACTOR FOR TOMORROW'S BUSINESS</b> <i>HARDEEP SINGH &amp; BIKRAM PAL SINGH</i>	110
23.	<b>CHANGING CONDITIONS OF WORKERS AND PROCESSES OF WORK IN ADVERTISING AGENCIES IN INDIA</b> <i>DR. YASHMIN SOFAT</i>	115
24.	<b>INDIAN FINANCIAL SECTOR REFORM (1991-2001): MISSING A MANDATORY SOCIAL CONSENSUS</b> <i>SANJAY BHATTACHARYA</i>	123
25.	<b>A STUDY ON CONSUMER BEHAVIOUR IN SELECTING CREDIT CARDS</b> <i>DR. A. VALARMATHI &amp; MRS. PRIYA KALYANASUNDARAM</i>	127
	<b>REQUEST FOR FEEDBACK</b>	133

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories

Listed at: Ulrich's Periodicals Directory ©, ProQuest, U.S.A.

Circulated all over the world & Google has verified that scholars of more than fifty-six countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamuna Nagar, Haryana, INDIA

[www.ijrcm.org.in](http://www.ijrcm.org.in)

**CHIEF PATRON****PROF. K. K. AGGARWAL**

Chancellor, Lingaya's University, Delhi  
 Founder Vice-Chancellor, Guru Gobind Singh Indraprastha University, Delhi  
 Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

**PATRON****SH. RAM BHAJAN AGGARWAL**

Ex. State Minister for Home & Tourism, Government of Haryana  
 Vice-President, Dadri Education Society, Charkhi Dadri  
 President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

**CO-ORDINATOR****DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

**ADVISORS****PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

**PROF. PARVEEN KUMAR**

Director, M.C.A., Meerut Institute of Engineering & Technology, Meerut, U. P.

**PROF. H. R. SHARMA**

Director, Chhatrapati Shivaji Institute of Technology, Durg, C.G.

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

**PROF. MANOHAR LAL**

Director & Chairman, School of Information & Computer Sciences, I.G.N.O.U., New Delhi

**EDITOR****PROF. R. K. SHARMA**

Dean (Academics), Tecnia Institute of Advanced Studies, Delhi

**CO-EDITOR****DR. SAMBHAV GARG**

Faculty, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

**EDITORIAL ADVISORY BOARD****DR. AMBIKA ZUTSHI**

Faculty, School of Management & Marketing, Deakin University, Australia

**DR. VIVEK NATRAJAN**

Faculty, Lomar University, U.S.A.

**PROF. SIKANDER KUMAR**

Chairman, Department of Economics, Himachal Pradesh University, Shimla, Himachal Pradesh

**PROF. SANJIV MITTAL**

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. SATISH KUMAR**

Director, Vidya School of Business, Meerut, U.P.

**PROF. RAJENDER GUPTA**

Convener, Board of Studies in Economics, University of Jammu, Jammu

**PROF. ROSHAN LAL**

Head & Convener Ph. D. Programme, M. M. Institute of Management, M. M. University, Mullana

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**PROF. S. P. TIWARI**

Department of Economics & Rural Development, Dr. Ram Manohar Lohia Avadh University, Faizabad

**DR. ASHOK KHURANA**

Associate Professor, G. N. Khalsa College, Yamunanagar

**DR. TEJINDER SHARMA**

Reader, Kurukshetra University, Kurukshetra

**DR. KULBHUSHAN CHANDEL**

Reader, Himachal Pradesh University, Shimla, Himachal Pradesh

**DR. ASHOK KUMAR CHAUHAN**

Reader, Department of Economics, Kurukshetra University, Kurukshetra

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHINDER CHAND**

Associate Professor, Kurukshetra University, Kurukshetra

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P. J. L. N. Government College, Faridabad

**DR. VIVEK CHAWLA**

Associate Professor, Kurukshetra University, Kurukshetra

**DR. VIKAS CHOUDHARY**

Asst. Professor, N.I.T. (University), Kurukshetra

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Government F. G. College Chitgappa, Bidar, Karnataka

**ASSOCIATE EDITORS****PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of Information Technology, Amity School of Engineering &amp; Technology, Amity University, Noida

**DR. PARDEEP AHLAWAT**

Reader, Institute of Management Studies &amp; Research, Maharshi Dayanand University, Rohtak

**PARVEEN KHURANA**

Associate Professor, Mukand Lal National College, Yamuna Nagar

**SHASHI KHURANA**

Associate Professor, S. M. S. Khalsa Lubana Girls College, Barara, Ambala

**SUNIL KUMAR KARWASRA**

Vice-Principal, Defence College of Education, Tohana, Fatehabad

**DR. BHAVET**

Lecturer, M. M. Institute of Management, Maharishi Markandeshwar University, Mullana

**TECHNICAL ADVISORS****DR. ASHWANI KUSH**

Head, Computer Science, University College, Kurukshetra University, Kurukshetra

**DR. BHARAT BHUSHAN**

Head, Department of Computer Science &amp; Applications, Guru Nanak Khalsa College, Yamunanagar

**DR. VIJAYPAL SINGH DHAKA**

Head, Department of Computer Applications, Institute of Management Studies, Noida, U.P.

**DR. ASHOK KUMAR**

Head, Department of Electronics, D. A. V. College (Lahore), Ambala City

**DR. ASHISH JOLLY**

Head, Computer Department, S. A. Jain Institute of Management &amp; Technology, Ambala City

**MOHITA**

Lecturer, Yamuna Institute of Engineering &amp; Technology, Village Gadholi, P. O. Gadhola, Yamunanagar

**AMITA**

Lecturer, E.C.C., Safidon, Jind

**MONIKA KHURANA**

Associate Professor, Hindu Girls College, Jagadhri

**ASHISH CHOPRA**

Sr. Lecturer, Doon Valley Institute of Engineering &amp; Technology, Karnal

**SAKET BHARDWAJ**

Lecturer, Haryana Engineering College, Jagadhri

**NARENDERA SINGH KAMRA**

Faculty, J.N.V., Pabra, Hisar

**FINANCIAL ADVISORS****DICKIN GOYAL**

Advocate &amp; Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

**LEGAL ADVISORS****JITENDER S. CHAHAL**

Advocate, Punjab &amp; Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate &amp; Consultant, District Courts, Yamunanagar at Jagadhri

# CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the area of Computer, Business, Finance, Marketing, Human Resource Management, General Management, Banking, Insurance, Corporate Governance and emerging paradigms in allied subjects. The above mentioned tracks are only indicative, and not exhaustive.

Anybody can submit the soft copy of his/her manuscript **anytime** in M.S. Word format after preparing the same as per our submission guidelines duly available on our website under the heading guidelines for submission, at the email addresses, **info@ijrcm.org.in** or **infoijrcm@gmail.com**.

## GUIDELINES FOR SUBMISSION OF MANUSCRIPT

### 1. **COVERING LETTER FOR SUBMISSION:**

Dated: \_\_\_\_\_

The Editor

IJRCM

Subject: **Submission of Manuscript in the Area of (Computer/Finance/Marketing/HRM/General Management/other, please specify).**

Dear Sir/Madam,

Please find my submission of manuscript titled ' \_\_\_\_\_ ' for possible publication in your journal.

I hereby affirm that the contents of this manuscript are original. Furthermore It has neither been published elsewhere in any language fully or partly, nor is it under review for publication anywhere.

I affirm that all author (s) have seen and agreed to the submitted version of the manuscript and their inclusion of name(s) as co-author(s).

Also, if our/my manuscript is accepted, I/We agree to comply with the formalities as given on the website of journal & you are free to publish our contribution to any of your journals.

**Name of Corresponding Author:**

Designation:

Affiliation:

Mailing address:

Mobile & Landline Number (s):

E-mail Address (s):

2. **INTRODUCTION:** Manuscript must be in English prepared on a standard A4 size paper setting. It must be prepared on a single space and single column with 1" margin set for top, bottom, left and right. It should be typed in 12 point Calibri Font with page numbers at the bottom and centre of the every page.
3. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.
4. **AUTHOR NAME(S) & AFFILIATIONS:** The author (s) full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address should be in 12-point Calibri Font. It must be centered underneath the title.
5. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain background, aims, methods, results and conclusion.
6. **KEYWORDS:** Abstract must be followed by list of keywords, subject to the maximum of five. These should be arranged in alphabetic order separated by commas and full stops at the end.

7. **HEADINGS:** All the headings should be in a 10 point Calibri Font. These must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
8. **SUB-HEADINGS:** All the sub-headings should be in a 8 point Calibri Font. These must be bold-faced, aligned left and fully capitalised.
9. **MAIN TEXT:** The main text should be in a 8 point Calibri Font, single spaced and justified.
10. **FIGURES & TABLES:** These should be simple, centered, separately numbered & self explained, and titles must be above the tables/figures. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.
11. **EQUATIONS:** These should be consecutively numbered in parentheses, horizontally centered with equation number placed at the right.
12. **REFERENCES:** The list of all references should be alphabetically arranged. It must be single spaced, and at the end of the manuscript. The author (s) should mention only the actually utilised references in the preparation of manuscript and they are supposed to follow **Harvard Style of Referencing**. The author (s) are supposed to follow the references as per following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use **(ed.)** for one editor, and **(ed.s)** for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parentheses.
  - Use endnotes rather than footnotes.
  - The location of endnotes within the text should be indicated by superscript numbers.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:**

**Books**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio," Ohio State University.

**Contributions to books**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**Journal and other articles**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**Conference papers**

- Chandel K.S. (2009): "Ethics in Commerce Education." Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

**Unpublished dissertations and theses**

- Kumar S. (2006): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**Online resources**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**Website**

- Kelkar V. (2009): Towards a New Natural Gas Policy, Economic and Political Weekly, Viewed on February 17, 2011 <http://epw.in/epw/user/viewabstract.jsp>

**STOCK PRICE REACTION OF THE MERGED BANKS – AN EVENT STUDY APPROACH****DR. P. NATARAJAN****PROFESSOR****DEPARTMENT OF COMMERCE****PONDICHERRY UNIVERSITY****PUDUCHERRY – 605 014****K. KALAICHELVAN****PH.D. SCHOLAR****DEPARTMENT OF COMMERCE****PONDICHERRY UNIVERSITY****PUDUCHERRY – 605 014****ABSTRACT**

The banking industry worldwide has been consolidating at a dramatic rate over the past 30 years, and this trend is ongoing. Particularly in India, banking industry undergoes an unprecedented transformation, marked by a substantial decline in the number of commercial banks and savings institutions in the last two decades. Most of the decline in the number of organizations was due to mergers and acquisitions. There are many incentives for banks to undertake merger activities. Merged banks are in a better standing position to face the competition from other banks and financial service providers. Mergers may also result in reduced operating cost. However, mergers may also be related to higher prices for bank services. Presently, Indian banking industry is experiencing accelerated pace of consolidation, these transactions have attracted significant research effort. As majority of mergers and acquisitions do not meet expected results, it is imperative to assess the usefulness of M&A as a strategy tool. Also, mergers affect shareholders, stakeholders, and customers. It is, therefore, important to examine their effects too. Using the share price data and financial statements of eight select public and private sector banks, during the period between 1995 and 2004, this study examines M&A as a business strategy and to identify the relative importance of mergers on business performance and increased shareholders wealth.

**KEYWORDS**

Merger & Acquisitions, Abnormal return, Market model, Market adjusted model, Cumulative abnormal return.

**INTRODUCTION**

The new environment in banking demanded restructuring and reorienting the policy goals of banks. One way to adapt to the new environment was through mergers. Over the past decade, particularly during post-liberalisation period, the banking industry in India has experienced an unprecedented level of consolidation as mergers and acquisitions among large financial institutions at notable levels. It may be noted that though bank mergers were common phenomenon in many developed and developing countries, they were comparatively at remarkable level after economic liberalization in India.

To a large extent, this consolidation is based on a belief that gains can accrue through expense reduction, increased market power, reduced earnings volatility, and scale and scope economies. If consolidation does, in fact, lead to value gains, then shareholder wealth can be increased. On the other hand, if consolidating entities does not lead to the promised positive effects, then mergers may lead to a less profitable and valuable banking industry. An attempt has been made in this chapter to ascertain their effect or M&A in banking industry in shareholder wealth.

Merging two banks is a popular strategy in the prevailing in India in the post economic reform period has now-a-days become popular in India. This kind of vertical merging activity will generally benefit the acquired banks rather than the acquiring banks. Many researchers worldwide have empirically found that shareholders' wealth of the acquiring banks has decreased while it has been vice versa in the case of acquired firms. An attempt has been made in this article to ascertain the effect of Merger and Acquisition in banking industry on shareholders' wealth.

**M&A IN BANKING SECTOR**

The Indian banking sector is going through a process of restricting, mainly driven by pervasive trends such as deregulation, disintermediation, technological progress, innovation and severe competition. (D.S Prasad and Sandhya Goyal(2008) M&A are not new to the Indian banking sector. Between 1961- 2004, 71 mergers took place among various banks in India. (Lakshminarayanan..P. (2005) M&A deals undertaken in banking sector during pre and post financial sector Reform periods are given in the table1.

**TABLE: 1 LIST OF MERGERS IN INDIAN BANKING INDUSTRY SINCE 1969**

Year	Merging Bank	Merged With
1969	Bank of Bihar	State Bank Of India
1970	National Bank of Lahore	State Bank Of India
1984	Laxmi Commercial Bank	Canara Bank
1984	Miraj State Bank	Union Bank of India
1985	Bank of Cochin	State Bank Of India
1986	Hindustan Commercial	Punjab National Bank
1988	Traders Bank	Bank of Baroda
1989	United Industrial Bank	Allahabad bank
1989	Bank of Tamil Nadu	Indian Overseas Bank
1989	Bank of Thanjavur	Indian Bank
1989	Karur Central bank	Bank of India
1990	Purvanchal Bank	Central Bank of India



## BANKS GONE FOR M&amp;A DURING POST FINANCIAL SECTORS REFORM PERIOD

Year	Merging Bank	Merged With
1993	New Bank of India	Punjab National Bank
1993	BCCI	State Bank of India
1994	Bank of Karad	Bank of India
1995	Kashinath Seth Bank	State Bank Of India
1996	Bari Daab Bank	Oriental Bank Of Commerce
1996	Punjab Co-operative Bank	Oriental Bank Of Commerce
1999	Bareilly Corporation Bank	Bank of Baroda
1999	Times Bank	HDFC Bank
2000	Bank of Madura	ICICI Bank
2002	Benaras State Bank Ltd.	Bank of Baroda
2002	Nedungadi Bank Ltd.	Punjab National Bank
2004	Global Trust Bank	Oriental Bank of Commerce

Source from: Manoj kumar "Efficiency Gains from Mergers and Acquisitions of Indian Banks: A Data Envelopment Analysis Approach

## OBJECTIVES OF THE STUDY

To identify the reaction of security prices to an announcement of Merger & Acquisition decision.

To examine the effect of M&A on shareholders' wealth-Pre and Post announcement.

## METHODOLOGY OF THE STUDY

An impact of Merger and Acquisition in banking industry on Shareholders' wealth as well as on firm performance have been evaluated using share price data and financial statements of the select public and private sector banks who have involved in taking over other private banks during the period between 1995 and 2004. The present study, 8 merging and acquisition events in banking industry after economic liberalization has been taken in the event study analysis. To evaluate before and after merger firm performance, various ratios between pre and post merger period of five year time intervals are compared using parametric t-test.

## DATA COLLECTION

Data of share price and market index 5years before and after the acquisition for each acquiring banks has been extracted from the prowest database of Centre for Monitoring Indian Economy (CMIE).

## DATA ANALYSIS

The shareholders' wealth creation due to takeover activities of the public and private sectors banks is analyzed using event study methodology and compared for the entire sample banks that have gone through mergers during the period 1995-2004. Based on availability data, analysis of shareholders' wealth have been done only for 8 banks which have undergone M&A deal. The effect of merger and acquisition of these M & A activities of the banks on their shareholders' wealth have been empirically analysed based on Abnormal Return (AR) and Cumulative Abnormal Returns (CAR) arrived at using Market Model (MM) and Market Adjusted Model (MAM).

Here, the model and the test statistics are specified for the event study. First, the rate of return on security 'i' for event day't' is calculated using the following formula:

$$R_{i,t} = \ln \left[ \frac{P_{i,t+1}}{P_{i,t}} \right]$$

## AR &amp; CAR OF M&amp;A BANKING SECTOR (UNDER MARKET MODEL)

To estimate the abnormal return for security 'i' at time't', Market model and Market adjusted model were used. The traditional market model to estimate abnormal returns is:

$$R_{i,t} = \alpha_i + \beta_i R_{m,t} + \varepsilon_{i,t}$$

Here one has to first estimate the coefficients ( $\alpha_i$  and  $\beta_i$ ) of each stock by using the ordinary least squares (OLS) regression method. The market model of each stock was estimated over a 120-day period beginning 90 days prior to and 30 days after each M&A announcement date. Once the parameters had been estimated, then the abnormal return (AR) for each sample firm was estimated for the announcement period (i.e., test period) that includes announcement date (day 0) and other days of interest (e.g., "day -15" prior to the announcement and "day +15" after the announcement).

The abnormal return for each day for each firm is then obtained as

$$AR_{i,t} = R_{i,t} - (\hat{\alpha}_i + \hat{\beta}_i R_{m,t})$$

The AR and CAR were computed under MM exclusive for Private and Public Sector Banks and collective effect on all Banks together.

## PUBLIC SECTOR BANKS

Table 2 reports risk adjusted (market model based) abnormal returns and cumulative abnormal returns for 31 days event periods for Public sector banks' acquisition activities. The table shows that AR is positive and significant on day -13 (AR = 0.0168, t = 1.82, p < 0.10), whereas it negative and significant on days -6 (AR = -0.0183, t = -1.98, p < 0.05) and -5 (AR = 0.0162, t = -1.75, p < 0.10) during pre-period. This shows that there has been information leakage and the market quickly assimilates the information into share prices.

On the day of press release, market has been silent and has not shown reaction to the acquisition deals. However, after 3 day of the announcement, market reacted positively and increased the market value of shares. The similar trend can also be seen on day +13. Between day +3 and day +13, there has been significant negative abnormal return on day +5 in post-event period. Also, the fluctuations in AR are balanced between positive and negative values through out the event days. From the insignificant AR values as well as from positive AR values, it is apparent that the market has seen the event as favourable by incorporating its reactions into share prices.

The Cumulative abnormal returns (CARs) are positive and significant for event windows from [-15, -12] to [-15, -6] in pre-event period. This has shown that market has anticipated the upcoming acquisition deals of the public sector banks and reacted favourably. However, on the day of event, the CAR is negative and insignificant. Moreover, in post-event period, the CAR is positive and significant at marginal level only for event window [-15, 3]. For four event windows in

post-period, [-15, +8], [-15, +10], [-15, +11] and [-15, +12], the CAR values are negative and significant. The scenario implies that there has been negative reaction in the market after amalgamation activities of the public sector banks.

**PRIVATE SECTOR BANKS**

Table 2 presents the abnormal returns and cumulative abnormal returns based on market model for 31 day event periods from -15 to +15 to ascertain the stock market reaction to acquisition activities of two private sector banks under study. It can be observed from table that the abnormal returns are negative on day -11 (AR = -0.0657, t = -2.23, p < 0.05) and day -5 (AR = -0.0591, t = -2.00, p < 0.05) while it is positive on day -6 (AR = 0.0698, t = 2.36, p < 0.05) during pre-event period and all are significant.

During the period after announcement, the abnormal returns are positive and significant at 1 per cent and 5 per cent levels on day +3 (AR = 0.0831, t = 2.81, p < 0.01) and day +10 (AR = 0.0805, t = 2.73, p < 0.05) respectively. The cumulative abnormal returns are, however, not significant for all event windows from day -15 to day +15. Moreover, the CAR values are negative for majority of the event windows. The cumulative abnormal return is positive and significant for event windows from [-15, -14] to [-15, -8] as well as from [-15, -4] to [-15, -2] in pre-period.

The above picture implies that the market has anticipated the acquisition events in two private sector banks and considered the acquisition activities as unfavourable, in turn destructing the shareholder wealth. On the day of event also, the CAR is negative and significant at 1 per cent level. The scenario implies that there has been negative reaction to acquisition deal in the market. Out of 15 event windows, the CAR values are negative and significant at 1 per cent level for 9 event windows in post-event period. There has been significant reduction in shareholder wealth to the extent of 7.55 per cent during 31 days event periods. This envisages that investors were panic about acquisition deal and started to sell of their shares to minimize their losses.

**ALL SECTORS BANKS**

To evaluate market reaction to public sector and private sector banks' activities acquiring other private limited banks, the abnormal returns and cumulative abnormal returns for 15 days surrounding the event day (31 days event period) based on market model (risk adjusted models) are given in Table 6. According to table, the risk adjusted abnormal return is negative and significant at 10 per cent level on day -11 (AR = -0.0178, t = -1.92, p < 0.10). On day -5 in pre-period also, the abnormal return is negative and significant at 5 per cent level (AR = -0.0232, t = -2.49, p < 0.05).

This scenario envisages that leakage of information about acquisition deal by banks reflected in the share prices. During post-event period, on day +3 (AR = 0.0320, t = 3.44, p < 0.01) and day +10 (AR = 0.0163, t = 1.75, p < 0.10), the AR is positive and significant, and on day + 5 (AR = -0.0252, t = -2.71, p < 0.01), it is negative and significant. However, on the remaining days in post-event period, the fluctuations in AR are balanced with positive and negative values and they are not significant statistically. This shows that market remained stable with acquisition activities of bank.

The fluctuations in cumulative abnormal returns are also balanced with positive and negative values in all event windows between day -15 and day +15. At the same time, CAR for event window [-15, -7] and [-15, -6] in pre-period as well as [-15, +3] and [-15, +4] in post-period is positive and significant, whereas the CAR for event window [-15, +1] is negative and significant. The level of significance of CAR, either positive or negative, in post-period has been just at marginal level. The significant CAR for event windows prior to announcement has shown that the market has quickly reacted to the information leakage regarding upcoming takeover bid of public and private sector banks. From marginally significant and insignificant CAR values in post-event windows, it is understood that the market has tried to react negatively to the most of the banks' acquisition announcement but overall there was neither destruction or creation in shareholder wealth of investors of public and private sector banks.

**AR & CAR OF M&A BANKING SECTOR (UNDER M A M)**

Marked adjusted model has been used to estimate abnormal returns to further check the sensitivity of our results. According to this model, the market return is simply subtracted from the correspondent security return over a given period 't' as given below:

$$AR_{i,t} = R_{i,t} - R_{m,t}$$

This approach makes the assumption that the beta for all firms (securities) is 1 (and  $\alpha_i = 0$ ), thus providing an extreme test of the sensitivity of the results to beta estimation or shifts.

The **cumulative abnormal return (CAR)** for security 'i' is the sum of abnormal returns for each sample firm for the **announcement period from day -15 to day +15**.

$$CAR_i(t_{-15}, t_{+15}) = \sum_{t=-15}^{t=+15} AR_{i,t}$$

Appropriate tests can be used to determine whether such measured wealth effects differ significantly from zero. For this purpose, **t-statistics** was used to **assess the statistical significance of AR and CAR as follows:**

$$t(AR_{i,t}) = \frac{AR_{i,t} - 0}{\sigma(AR_{i,t})}$$

$$t(CAR_{i,t}) = \frac{CAR_{i,t} - 0}{\sigma(CAR_{i,t})}$$

Where  $\sigma$  is the estimated standard deviation of the AR and CAR.

Assuming that the mean abnormal returns are independent and identically distributed and normal,  $t(AR_{i,t})$  has a t-student distribution with (N-1) degrees of freedom under the null hypothesis. The AR and CAR were computed under M A M exclusive for Private and Public Sector Banks and collective effect on all Banks together.

**PUBLIC SECTOR BANKS**

Table 3 portrays the market adjusted AR and CARs for takeover bidding activities of public sector banks. According to table, the AR is positive and significant only day +3 in post-period. In most of the event days, ARs, though insignificant, are positive. Further marked adjusted CAR is positive and significant at 1 per cent level for event windows from [-15, -13] to [-15, +15]. At the end of 31 days event period, the value to shareholders of public sector banks has increased by 8.17 per cent relative to return from market portfolio. The status of market model and market adjusted model based CAR is shown graphically using line chart in Figure 4. In sum, it is concluded that the market tend to show positive reaction to upcoming acquisition deals of the public sector banks and it has given return higher than return from market portfolio to the investors after amalgamation.

**PRIVATE SECTOR BANKS**

The market adjusted abnormal returns and cumulative abnormal returns for 15 days event periods surrounding the announcement day in order to ascertain the stock market reaction to two private sector banks (combined) acquisition bids are depicted in Table 3. An observation of the table indicates that the condition of abnormal return is almost similar to the condition of risk adjusted abnormal returns. The market adjusted abnormal return is negative and significant on day -



11 (AR = -0.0612, t = -1.89, p < 0.10) while it is positive and significant on day -6 (AR = 0.0786, t = 2.43, p < 0.05) during pre-period. The significant abnormal returns in some of the days during pre-period has revealed the market's anticipation of the upcoming acquisition deals of the private sector banks. During post-period, the abnormal return is positive on day +3 (AR = 0.0884, t = 2.73, p < 0.01) and on day +10 (AR = 0.0924, t = 2.86, p < 0.01). The significant abnormal returns on two days during post-period has indicated that market has considered the deal favourably. In post-period, the market adjusted cumulative abnormal returns are negative and significant for event windows from [-15, -11] to [-15, -9], whereas it is positive and significant for event window [-15, -6] and [-15, -1]. This shows that the market has anticipated the upcoming acquisition deal of the private sector banks. Initially, market has thought it to be unfavourable, but situated changed near to press release. The cumulative abnormal returns are positive and significant at 1 per cent level for event windows from [-15, +3] to [-15, +15]. The graphical presentation of the fluctuations in risk adjusted and market adjusted CAR is portrayed in Figure 5. The above status of CAR has provided evidence that market considered the deal positively after press release and incorporated its positive reactions by increasing market value of shares of these two banks.

#### ALL SECTORS BANKS

The market adjusted average abnormal returns and cumulative average abnormal returns for acquisition activities of all public sector and private sector banks are reported in Table 6. The market adjusted abnormal returns are fluctuated between negative and positive values and it is negative and marginally significant at 10 per cent level on day -5 during pre-period. The insignificant AR values in pre-period reveal that there is no information leakage or delay in market reaction to upcoming acquisition deal of the banks. The significant market adjusted abnormal return is positive on day +3, +10 and +13 and negative on day +5. It seems from the above that market tends to react positively after press release of acquisition announcement. The market adjusted cumulative abnormal returns are positive for all event windows from [-15, -14] to [-15, +15] and they are significant for windows from [-15, -10] to [-15, +15]. How, risk adjusted and markets adjusted CAR is fluctuating in 31 days event period are represented graphically in Figure 6.

From positive and significant CAR values, it is found that the investors have earned returns significantly higher than return earned by not suffered with any loss in their investment due to acquisition announcement of the bankers; instead they earned significantly higher return compared to return from market portfolio.

#### CONCLUSION

The banking industry has been undergoing major consolidation in recent years, with a number of global players emerging through successive mergers and acquisitions. This creates a great deal of uncertainty for all the stakeholders concerned. This research has pointed some elements that are explained and justified by the very nature of merger and acquisition of banking firms in India. The motivation for mergers and acquisitions were examined to establish the extent to which the benefits accrue as a viable factor in enhancing firms' performance and resultant increase in shareholder's wealth. Though there exist some skepticism that these efforts would make the bank lose its cost efficiencies, it is agreed that higher market prices emerges as a distinct beneficial outcome of mergers and acquisitions. This study shows that in a banking environment marked by frequent mergers, such transactions directly or indirectly effect the shareholders sentiments and increase market share (i.e.) mergers enhances performance and wealth for both the businesses and shareholders.

#### REFERENCE

- Lakshminarayanan, P., (2005), Consolidation in the Banking Industry through Mergers and Acquisitions, Special Issues, IBA Bulletin, IBA, (January), pp 92-99.  
 Manoj kumar "Efficiency Gains from Mergers and Acquisitions of Indian Banks: A Data Envelopment Analysis Approach  
 Pramond Mantravadi & A Vidyadhar reddy (2007) " Mergers and Operating performance: Indian experience" 2007 The ICFAI university Press.  
 D.S. Prasad and Sandhya Goyal (2008) ' Issues in banking mergers – An Indian Perspective" ICFAI (Special Issue) Mergers and acquisitions the icfai University press.  
 Surjit, Kaur (2002): A Study if Corporate Takeover in India, Ph.D. Dissertation (unpublished ) University of Delhi, New Delhi.

TABLES

Table 2: MARKET MODEL

Day	Abnormal Return			't' Value (Ab. R)			C.Ab. R			't' Value (C. Ab. R)		
	Public	Private	All	Public	Private	All	Public	Private	All	Public	Private	All
-15	0.0067	-0.0462	-0.0077	0.72	-1.56	-0.82	0.0067	-0.0462	-0.0077	0.72	-1.56	-0.82
-14	-0.0085	-0.0013	0.0016	-0.92	-0.04	0.17	-0.0018	-0.0475	-0.006	-0.19	-1.61	-0.65
-13	0.0168*	0.0005	0.0079	1.82	0.02	0.85	0.0151	-0.0471	0.0018	1.63	-1.59	0.2
-12	0.0068	-0.0085	0.0031	0.74	-0.29	0.33	0.0219**	-0.0556*	0.0049	2.36	-1.88	0.53
-11	-0.0013	-0.0657**	-0.0178*	-0.14	-2.23	-1.92	0.0205**	-0.1213***	-0.0129	2.22	-4.11	-1.39
-10	0.0154	0.0029	0.0124	1.67	0.1	1.34	0.0359***	-0.1184***	-0.0005	3.89	-4.01	-0.05
-9	0.0025	-0.0144	-0.0003	0.27	-0.49	-0.03	0.0385***	-0.1328***	-0.0007	4.16	-4.5	-0.08
-8	-0.0021	0.0423	0.0113	-0.23	1.43	1.22	0.0364***	-0.0905***	0.0106	3.94	-3.07	1.14
-7	0.0054	0.0464	0.0136	0.58	1.57	1.46	0.0418***	-0.0442	0.0242**	4.52	-1.5	2.6
-6	-0.0183*	0.0698**	0.0065	-1.98	2.36	0.7	0.0234***	0.0256	0.0307***	2.54	0.87	3.3
-5	-0.0162*	-0.0591**	-0.0232**	-1.75	-2	-2.49	0.0073	-0.0335	0.0075	0.79	-1.13	0.81
-4	-0.0007	-0.022	-0.0025	-0.08	-0.74	-0.27	0.0065	-0.0555*	0.005	0.71	-1.88	0.54
-3	0.002	-0.0137	-0.0038	0.21	-0.46	-0.41	0.0085	-0.0691**	0.0012	0.92	-2.34	0.13
-2	-0.0029	0.0098	0.0002	-0.32	0.33	0.02	0.0056	-0.0594**	0.0014	0.6	-2.01	0.15
-1	-0.0079	0.0111	0.0007	-0.86	0.38	0.08	-0.0024	-0.0483	0.0021	-0.26	-1.63	0.23
0	-0.0009	-0.0507*	-0.0093	-0.09	-1.72	-1	-0.0032	-0.0989***	-0.0072	-0.35	-3.35	-0.78
1	-0.0009	-0.0313	-0.01	-0.1	-1.06	-1.07	-0.0041	-0.1302***	-0.0172*	-0.44	-4.41	-1.85
2	0.005	0.0343	0.0088	0.54	1.16	0.95	0.0009	-0.0959***	-0.0084	0.1	-3.25	-0.9
3	0.0157*	0.0831***	0.0320***	1.7	2.81	3.44	0.0166*	-0.0128	0.0237*	1.79	-0.43	2.54
4	-0.0098	0.0003	-0.0065	-1.06	0.01	-0.7	0.0068	-0.0126	0.0171*	0.74	-0.43	1.84
5	-0.0157*	-0.0540*	-0.0252***	-1.7	-1.83	-2.71	-0.0089	-0.0665**	-0.0081	-0.97	-2.25	-0.87
6	0.0038	-0.004	0.0036	0.41	-0.14	0.38	-0.0051	-0.0705**	-0.0045	-0.55	-2.39	-0.49
7	-0.0117	-0.0025	-0.0084	-1.26	-0.08	-0.9	-0.0168	-0.0730**	-0.0129	-1.82	-2.47	-1.39
8	-0.0042	0.0087	0.0032	-0.46	0.29	0.35	-0.0210**	-0.0643**	-0.0097	-2.27	-2.18	-1.04
9	0.006	-0.0151	0.0029	0.65	-0.51	0.31	-0.015	-0.0794***	-0.0068	-1.62	-2.69	-0.73
10	-0.002	0.0805**	0.0163*	-0.21	2.73	1.75	-0.0169*	0.0011	0.0095	-1.83	0.04	1.02
11	-0.0075	-0.0286	-0.0116	-0.81	-0.97	-1.25	-0.0244***	-0.0275	-0.0021	-2.64	-0.93	-0.23
12	0.0036	-0.0267	-0.0051	0.39	-0.9	-0.55	-0.0208**	-0.0542*	-0.0072	-2.25	-1.84	-0.78
13	0.0166*	0.0095	0.0135	1.79	0.32	1.46	-0.0042	-0.0448	0.0063	-0.46	-1.52	0.68
14	-0.0004	-0.0447	-0.0091	-0.05	-1.51	-0.98	-0.0047	-0.0895***	-0.0028	-0.51	-3.03	-0.3
15	-0.0038	0.014	0.0049	-0.41	0.47	0.52	-0.0085	-0.0755**	0.0021	-0.92	-2.56	0.22

\*\*\*Significant at 1% level; \*\*Significant at 5% level; \*Significant at 10% level

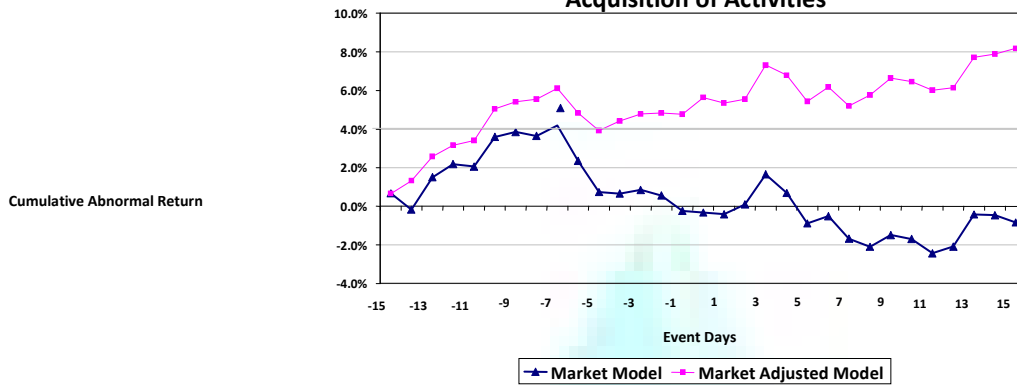
TABLE 3: MARKET ADJUSTED MODEL

Day	Abnormal Return			't' Value (Ab. R)			C. Ab. R			't' Value (C. Ab. R)		
	Public	Private	All	Public	Private	All	Public	Private	All	Public	Private	All
-15	0.0065	-0.0397	-0.005	0.64	-1.29	-0.52	0.0065	-0.0397	-0.005	0.64	-1.29	-0.52
-14	0.0068	0.0006	0.0052	0.66	0.02	0.54	0.0133	-0.0392	0.0002	1.3	-1.28	0.02
-13	0.0125	0.0057	0.0108	1.21	0.19	1.11	0.0258**	-0.0335	0.011	2.51	-1.09	1.12
-12	0.0058	-0.0033	0.0036	0.57	-0.11	0.37	0.0316***	-0.0367	0.0145	3.08	-1.2	1.49
-11	0.0024	-0.0612**	-0.0135	0.24	-2	-1.38	0.0340***	-0.0979***	0.001	3.32	-3.19	0.11
-10	0.0163	0.0161	0.0163	1.59	0.52	1.67	0.0504***	-0.0819***	0.0173*	4.91	-2.67	1.78
-9	0.0037	-0.004	0.0018	0.36	-0.13	0.19	0.0541***	-0.0858***	0.0191**	5.28	-2.8	1.96
-8	0.0014	0.0532*	0.0144	0.14	1.73	1.47	0.0555***	-0.0326	0.0335***	5.41	-1.06	3.44
-7	0.0056	0.0418	0.0146	0.54	1.36	1.5	0.0611***	0.0092	0.0481***	5.96	0.3	4.94
-6	-0.0128	0.0786**	0.01	-1.25	2.56	1.03	0.0482***	0.0878***	0.0581***	4.7	2.86	5.97
-5	-0.0091	-0.0489	-0.0190*	-0.88	-1.59	-1.95	0.0392***	0.0389	0.0391***	3.82	1.27	4.01
-4	0.0049	-0.0109	0.001	0.48	-0.36	0.1	0.0441***	0.028	0.0401***	4.3	0.91	4.11
-3	0.0037	-0.0026	0.0021	0.36	-0.08	0.22	0.0478***	0.0255	0.0422***	4.66	0.83	4.33
-2	0.0005	0.0113	0.0032	0.05	0.37	0.33	0.0483***	0.0367	0.0454***	4.71	1.2	4.66
-1	-0.0007	0.0312	0.0073	-0.06	1.02	0.75	0.0476***	0.0679**	0.0527***	4.65	2.21	5.41
0	0.0087	-0.0417	-0.0039	0.85	-1.36	-0.4	0.0564***	0.0262	0.0488***	5.5	0.85	5.01
1	-0.0029	-0.0049	-0.0034	-0.28	-0.16	-0.35	0.0534***	0.0214	0.0454***	5.21	0.7	4.66
2	0.002	0.0255	0.0079	0.2	0.83	0.81	0.0555***	0.0468	0.0533***	5.41	1.53	5.47
3	0.0176*	0.0884***	0.0353***	1.72	2.88	3.63	0.0731***	0.1352***	0.0886***	7.13	4.41	9.1
4	-0.0054	0.0151	-0.0002	-0.52	0.49	-0.02	0.0678***	0.1503***	0.0884***	6.61	4.9	9.08
5	-0.0135	-0.0503	-0.0227**	-1.31	-1.64	-2.33	0.0543***	0.1000***	0.0657***	5.3	3.26	6.75
6	0.0074	0.0033	0.0064	0.72	0.11	0.65	0.0617***	0.1032***	0.0721***	6.02	3.36	7.4
7	-0.0098	0.0006	-0.0072	-0.96	0.02	-0.74	0.0519***	0.1038***	0.0649***	5.06	3.38	6.66
8	0.0057	0.0246	0.0104	0.56	0.8	1.07	0.0576***	0.1284***	0.0753***	5.62	4.18	7.73
9	0.0088	-0.0036	0.0057	0.86	-0.12	0.59	0.0664***	0.1248***	0.0810***	6.48	4.07	8.32
10	-0.002	0.0924	0.0216**	-0.19	3.01	2.22	0.0645***	0.2172***	0.1026***	6.29	7.08	10.54
11	-0.0044	-0.0263	-0.0098	-0.42	-0.86	-1.01	0.0601***	0.1909***	0.0928***	5.86	6.22	9.53
12	0.0012	-0.027	-0.0058	0.12	-0.88	-0.6	0.0613***	0.1639***	0.0870***	5.98	5.34	8.93
13	0.0158	0.0226	0.0175*	1.54	0.74	1.79	0.0771***	0.1865***	0.1045***	7.52	6.08	10.73
14	0.0017	-0.0316	-0.0066	0.17	-1.03	-0.68	0.0788***	0.1549***	0.0979***	7.69	5.05	10.05
15	0.0029	0.0206	0.0073	0.28	0.67	0.75	0.0817***	0.1755***	0.1051***	7.97	5.72	10.8

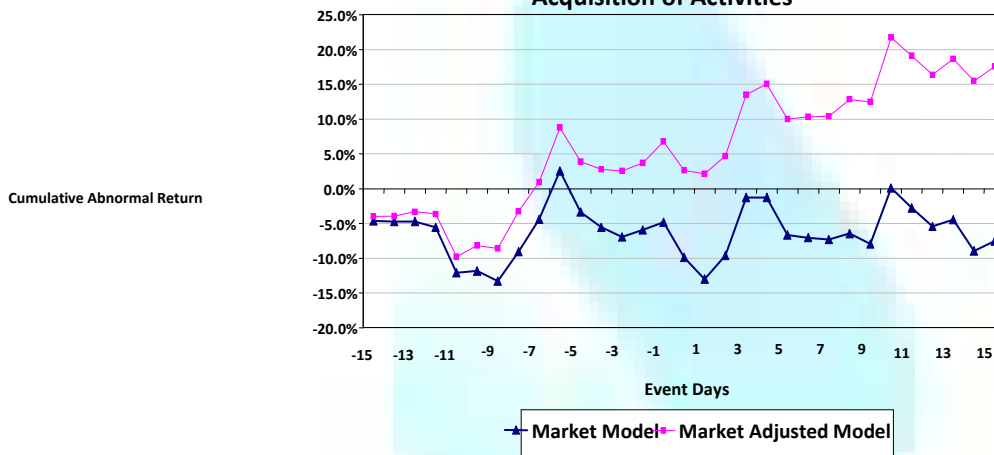
\*\*\*Significant at 1% level; \*\*Significant at 5% level; \*Significant at 10% level

FIGURES

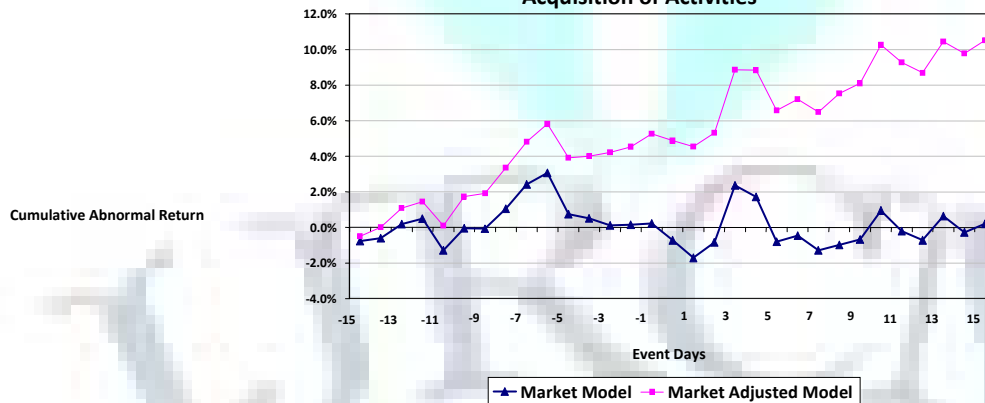
**Figure 4 : CAR for Public Bank's Acquisition of Activities**



**Figure 5: CAR for Private Bank's Acquisition of Activities**



**Figure 6: CAR for All Bank's Acquisition of Activities**



## **REQUEST FOR FEEDBACK**

**Esteemed & Most Respected Reader,**

At the very outset, International Journal of Research in Commerce and Management (IJRCM) appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to take this opportunity to request to your good self to supply your critical comments & suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. [info@ijrcm.org.in](mailto:info@ijrcm.org.in) or [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If your good-self have any queries please feel free to contact us on our E-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

Hoping an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**