

INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

I
J
R
C
M



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

Indexed & Listed at:

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A.

as well as in Open J-Gate, India (link of the same is duly available at Infibnet of University Grants Commission (U.G.C.))

Registered & Listed at: Index Copernicus Publishers Panel, Poland

Circulated all over the world & Google has verified that scholars of more than 1388 Cities in 138 countries/territories are visiting our journal on regular basis.

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

www.ijrcm.org.in

CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	THE IMMIGRANTS DILEMMA AND HOW THE HUMAN RESOURCE MANAGER COPES WITH THE MIGRATED LOT: A COMPARISON OF UK AND PAKISTANI COMPANIES <i>DR. AMER AL-KASSEM</i>	1
2.	ASSESSING CAUSES AND EFFECTS OF ETHNIC CONFLICT IN WONDOPENET WOREDADA BETWEEN THE SIDAMA AND GUJI-OROMO PEOPLE <i>DR. BREHANU BORJI AYALEW</i>	5
3.	THE RANKING OF EFFECTIVE FACTORS ON LABOR PRODUCER WOMEN'S ENTREPRENEURSHIP BY TOPSIS (THE CASE OF A PROVINCE IN IRAN) <i>DR. YOUNOS VAKIL ALROAIA & RAHIL KATOLI</i>	10
4.	THE STRATEGIC GAINS OF ORGANIZATIONAL VERTICAL INTEGRATION: A STUDY ON SOME EDUCATIONAL INSTITUTIONS <i>GOLAM MOHAMMAD FORKAN</i>	17
5.	THE IMPACT OF MICRO CREDIT ON WOMEN EMPOWERMENT <i>RATHIRANEYOGENDRARAJAH</i>	22
6.	THE MEDIATING EFFECT OF INTRINSIC MOTIVATION ON PERCEIVED INVESTMENT IN EMPLOYEE DEVELOPMENT AND WORK PERFORMANCE <i>ASIF SHAHZAD, AAMER WAHEED & MUHAMMAD ARSALAN KHAN</i>	27
7.	THE IMPACT OF IMPLEMENTATION OF KNOWLEDGE MANAGEMENT ON THE FINANCIAL PERFORMANCE OF COMPANIES <i>ROYA DARABI & ALIREZA ESLAMPOOR</i>	36
8.	EDUCATED UNEMPLOYMENT PROBLEM IN KARNATAKA: A STUDY <i>DR. RAJNALKAR LAXMAN & AMBANNA MALAKAPPA</i>	42
9.	COMPARATIVELY STUDY OF REAL ORGANIZATION & VIRTUAL ORGANIZATION (STUDY OF SELECTED COMMERCIAL BANK) <i>VIVEK UPRIT & MANGAL MISHRA</i>	46
10.	A STUDY ON MERGERS AND BANKS PERFORMANCE IN INDIA <i>M. VAISHNAVI, DR. S. NIRMALA & V. JEYAKUMAR</i>	51
11.	IMPACT OF MICROFINANCE ON POOR PEOPLE: A STUDY OF LIVING STANDARDS, EMPOWERMENT AND POVERTY ALLEVIATION IN THE DAVANAGERE DISTRICT OF KARNATAKA STATE <i>MANJULA B.G & DR. CHANNABASAVANAGOUDA</i>	56
12.	INDIA'S SPECIAL ECONOMIC ZONES: DEVELOPMENT AND EXPORT PERFORMANCE <i>PRAMOD P. LONARKAR & DR. A. B. DEOGIRIKAR</i>	59
13.	THE RE-VITALIZATION OF KHADI - A NEED OF THE HOUR: A CASE STUDY AT SANGRUR (PUNJAB) <i>RAKESH MISHRA & DR. P. K. JAIN</i>	63
14.	VALIDATION AND EVALUATION OF BURNOUT AMONG NURSES <i>DR. BEJOY JOHN THOMAS & DR. G. S. DAVID SAM JAYAKUMAR</i>	67
15.	'SWADESHI': A TOOL OF ECONOMIC EMPOWERMENT <i>DR. AVIJIT ROYCHOUDHURY</i>	72
16.	WOMEN ENTREPRENEUR THROUGH SHGs: A STUDY IN THOOTHUKUDI DISTRICT <i>C. RATHINAM & DR. K. KAMALAKANNAN</i>	75
17.	A STUDY ON CENTRAL COORDINATED VEGETABLE MARKET IN PARAVAI MADURAI: PROSPECTS AND PROBLEMS WITH SPECIAL REFERENCE TO FARMERS <i>DR. MRS. S. FATIMA ROSALINE MARY & S. P. SAVITHA</i>	79
18.	EMPOWERMENT OF WOMEN AT HOUSE-HOLD LEVEL THROUGH SELF-HELP-GROUPS- A STUDY OF KHORDHA DISTRICT OF THE STATE OF ODISHA, INDIA <i>DR. ANUJA MOHAPATRA</i>	83
19.	ENVIRONMENTAL ASSETS AND LIABILITIES IN ARUNACHAL PRADESH, INDIA: A CRITICAL ASSESSMENT <i>DR. TASI KAYE</i>	88
20.	STUDENTS AND PRIVATISATION OF HIGHER EDUCATION <i>DR. NARINDER TANWAR</i>	92
21.	ECONOMIC DEPENDENCE OF TRIBAL ON FOREST: A CASE STUDY IN THE GANJAM DISTRICT OF ORISSA <i>PADMA LOCHANA BISOI</i>	96
22.	NON - PERFORMING ASSETS IN STATE CO-OPERATIVE BANKS IN INDIA - AN EMPIRICAL STUDY <i>DR. A. DHARMENDRAN</i>	102
23.	GOVERNANCE OF MANAGEMENT EDUCATION IN INDIA: A MYTH OR REALITY? <i>A. LAKSHMANA RAO</i>	107
24.	MODERN DAY WOMEN ENTREPRENEURS OF TAMILNADU - A CASE STUDY <i>S. SHAILAJA</i>	112
25.	PERFORMANCE OF PRIME MINISTER'S EMPLOYMENT GENERATION PROGRAMME SCHEME IN NAGAPATTINAM DISTRICT <i>S. DHINESHANKAR & DR. S. MAYILVAGANAN</i>	116
26.	WOMEN EMPOWERMENT: A STUDY BASED ON INDEX OF WOMEN EMPOWERMENT IN INDIA <i>N. P. ABDUL AZEEZ & S. M. JAWED AKHTAR</i>	119
27.	WOMEN EMPOWERMENT - BREAKING THE GLASS CEILING <i>ANANDAMMA N.</i>	126
28.	POVERTY AND FOOD SECURITY NEXUS IN INDIA <i>PARVAZE AHMAD LONE & NASEER AHMAD RATHER</i>	129
29.	A STUDY ON THE PERFORMANCE OF DAIRY CO-OPERATIVES IN TAMIL NADU <i>S. MADHESWARAN</i>	133
30.	AN ECONOMIC STUDY ON THE PERFORMANCE OF PRIMARY AGRICULTURAL CO-OPERATIVE BANK <i>P. SANTHOSH KUMAR</i>	137
	REQUEST FOR FEEDBACK	140

CHIEF PATRON

PROF. K. K. AGGARWAL

Chancellor, Lingaya's University, Delhi
Founder Vice-Chancellor, GuruGobindSinghIndraprasthaUniversity, Delhi
Ex. Pro Vice-Chancellor, GuruJambheshwarUniversity, 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. BHAVET

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

ADVISORS

DR. PRIYA RANJAN TRIVEDI

Chancellor, The Global Open University, Nagaland

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., HaryanaCollege of Technology & Management, Kaithal

PROF. S. L. MAHANDRU

Principal (Retd.), MaharajaAgrasenCollege, Jagadhri

EDITOR

PROF. R. K. SHARMA

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

CO-EDITOR

DR. SAMBHAV GARG

Faculty, M. M. Institute of Management, MaharishiMarkandeshwarUniversity, Mullana, Ambala, Haryana

EDITORIAL ADVISORY BOARD

DR. RAJESH MODI

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

PROF. SIKANDER KUMAR

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

PROF. SANJIV MITTAL

UniversitySchool of Management Studies, GuruGobindSinghI. P. University, Delhi

PROF. RAJENDER GUPTA

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

PROF. NAWAB ALI KHAN

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

PROF. S. P. TIWARI

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

DR. ANIL CHANDHOK

Professor, Faculty of Management, Maharishi Markandeshwar University, Mullana, Ambala, Haryana

DR. ASHOK KUMAR CHAUHAN

Reader, Department of Economics, Kurukshetra University, Kurukshetra

DR. SAMBHAVNA

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

DR. MOHENDER KUMAR GUPTA

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

DR. VIVEK CHAWLA

Associate Professor, Kurukshetra University, Kurukshetra

DR. SHIVAKUMAR DEENE

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

ASSOCIATE EDITORS

PROF. ABHAY BANSAL

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

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

Principal, Aakash College of Education, Chanderkalan, Tohana, Fatehabad

DR. VIKAS CHOUDHARY

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

TECHNICAL ADVISORS

MOHITA

Faculty, Yamuna Institute of Engineering & Technology, Village Gadholi, P. O. Gadholi, Yamunanagar

AMITA

Faculty, Government M. S., Mohali

FINANCIAL ADVISORS

DICKIN GOYAL

Advocate & Tax Adviser, Panchkula

NEENA

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

LEGAL ADVISORS

JITENDER S. CHAHAL

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

CHANDER BHUSHAN SHARMA

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

SUPERINTENDENT

SURENDER KUMAR POONIA

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 like Accounting Education; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Monetary Policy; Portfolio & Security Analysis; Public Policy Economics; Real Estate; Regional Economics; Tax Accounting; Advertising & Promotion Management; Business Education; Management Information Systems (MIS); Business Law, Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labor Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; Public Administration; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism, Hospitality & Leisure; Transportation/Physical Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Digital Logic; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Multimedia; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic and Web Design. 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: infoijrcm@gmail.com or info@ijrcm.org.in.

GUIDELINES FOR SUBMISSION OF MANUSCRIPT

1. **COVERING LETTER FOR SUBMISSION:**

DATED: _____

THE EDITOR
IJRCM

Subject: SUBMISSION OF MANUSCRIPT IN THE AREA OF.

(e.g. Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)

DEAR SIR/MADAM

Please find my submission of manuscript entitled ' _____ ' for possible publication in your journals.

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 elsewhere.

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

NAME OF CORRESPONDING AUTHOR:

Designation:
Affiliation with full address, contact numbers & Pin Code:
Residential address with Pin Code:
Mobile Number (s):
Landline Number (s):
E-mail Address:
Alternate E-mail Address:

NOTES:

- a) The whole manuscript is required to be in **ONE MS WORD FILE** only (pdf. version is liable to be rejected without any consideration), which will start from the covering letter, inside the manuscript.
- b) The sender is required to mention the following in the **SUBJECT COLUMN** of the mail:
New Manuscript for Review in the area of (Finance/Marketing/HRM/General Management/Economics/Psychology/Law/Computer/IT/Engineering/Mathematics/other, please specify)
- c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any specific message w.r.t. to the manuscript.
- d) The total size of the file containing the manuscript is required to be below **500 KB**.
- e) Abstract alone will not be considered for review, and the author is required to submit the complete manuscript in the first instance.
- f) The journal gives acknowledgement w.r.t. the receipt of every email and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending separate mail to the journal.

2. **MANUSCRIPT TITLE:** The title of the paper should be in a 12 point Calibri Font. It should be bold typed, centered and fully capitalised.

3. **AUTHOR NAME (S) & AFFILIATIONS:** The author (s) **full name, designation, affiliation (s), address, mobile/landline numbers, and email/alternate email address** should be in italic & 11-point Calibri Font. It must be centered underneath the title.

4. **ABSTRACT:** Abstract should be in fully italicized text, not exceeding 250 words. The abstract must be informative and explain the background, aims, methods, results & conclusion in a single para. Abbreviations must be mentioned in full.

5. **KEYWORDS:** Abstract must be followed by a 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.
6. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER**. 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 8 point Calibri Font with page numbers at the bottom and centre of every page. It should be free from grammatical, spelling and punctuation errors and must be thoroughly edited.
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 follow the following sequence:

INTRODUCTION**REVIEW OF LITERATURE****NEED/IMPORTANCE OF THE STUDY****STATEMENT OF THE PROBLEM****OBJECTIVES****HYPOTHESES****RESEARCH METHODOLOGY****RESULTS & DISCUSSION****FINDINGS****RECOMMENDATIONS/SUGGESTIONS****CONCLUSIONS****SCOPE FOR FURTHER RESEARCH****ACKNOWLEDGMENTS****REFERENCES****APPENDIX/ANNEXURE**

It should be in a 8 point Calibri Font, single spaced and justified. The manuscript should preferably not exceed **5000 WORDS**.

10. **FIGURES & TABLES:** These should be simple, crystal clear, centered, separately numbered & self explained, and **titles must be above the table/figure**. **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. 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 the 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.
 - 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, Nigeria.

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

- Garg, Sambhav (2011): "Business Ethics" 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. (2011): "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

- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>

A STUDY ON MERGERS AND BANKS PERFORMANCE IN INDIA

M. VAISHNAVI
ASST. PROFESSOR
ADITHYA INSTITUTE OF TECHNOLOGY
KURUMBAPALAYAM

DR. S. NIRMALA
DIRECTOR
PSGR KRISHNAMMAL COLLEGE FOR WOMEN
PEELAMEDU

V. JEYAKUMAR
ASST. PROFESSOR
RVS INSTITUTE OF MANAGEMENT STUDIES
KANNAMPALAYAM

ABSTRACT

In today's globalised economy, mergers and acquisitions (M&A) are being increasingly used the world over, for improving competitiveness of companies through gaining greater market share, broadening the portfolio to reduce business risk, for entering new markets and geographies, and capitalizing on economies of scale etc. This research aims at evaluating the synergies gained from bank mergers by dividing them into two categories of forced mergers and market driven mergers. The result indicate that market have reacted negatively to the announcement of forced mergers while the reaction has been positive to that of market driven mergers. In line with the market expectation, forced mergers have not added any value to financial performance of merged banks in the post merger period. Although market driven mergers have not immediately improved the financial performance of merged banks, but they have improved the operating performance of merged banks and have provided these banks an edge over the competitors in terms of geographic dispersions and thus have provided a better vehicle growth.

KEYWORDS

Driven Merger, Forced Merger.

INTRODUCTION

Mergers and acquisitions (M&A) and corporate restructuring are a big part of the corporate finance world. Globally mergers and acquisitions have become a major way of corporate restructuring and the financial services industry has also experienced merger waves leading to the emergence of very large banks and financial institutions. The key driving force for merger activity is severe competition among firms of the same industry which puts focus on economies of scale, cost efficiency, and profitability. The other factor behind bank mergers is the "too big to fail" principle followed by the authorities. Weak banks were forcefully merged to avoid the problem of financial distress arising out of bad loans and erosion of capital funds. The first approach relates to evaluation of the long term performance resulting from mergers by analyzing the accounting information such as return on assets, operating costs and efficiency ratios. A merger is expected to generate improved performance if the change in accounting-based performance is superior to the changes in the performance of comparable banks that were not involved in merger activity. An alternative approach is to analyze the merger gains in stock price performance of the bidder and the target firms around the announcement event.

The Mergers and acquisitions (M&A) has two types of approaches they are as follows.

DRIVEN MERGERS

There have been a few mergers in Indian banking with expansion, diversification, and overall growth as the primary objectives. The first of its kind in the post 1993 period was the acquisition of Times Bank by HDFC bank subsequently followed by Bank of Madura's acquisition by ICICI Bank.

FORCED MERGERS

Many small and weak banks have been forcefully merged with other banks mainly to protect the interests of depositors. Normally the acquiring bank takes up all assets and liabilities of the weak bank and ensures payment to all depositors in case they wish to withdraw their claims. In 2004 South Gujarat Local Area Bank was acquired by Bank of Baroda followed by Oriental Bank of Commerce acquired Global Trust Bank Ltd.

BANK MERGERS IN INDIA	
Period	Number of Mergers
Pre-nationalization of banks (1961-1968)	46
Nationalization period (1969-1992)	13
Post-reform period (1993-2006)	21
☐ Forced Mergers 13	
☐ Driven Mergers 5	
☐ Convergence of Financial Institutions in to Banks 2	
☐ Other Regulatory Compulsions 1	
Total number of mergers	80

(Source: Compiled from various publications of RBI)

REVIEW LITERATURE

- G. Mandelker (1970)** examines the profitability of mergers along such aspects as risk, growth, capital structure, income tax savings, earning per share. The conclusion drawn is that the long run profitability of acquiring firms is probably somewhat higher than that of comparable non-merging firms.
- Vardhana Pawaskar (2001)** compares the pre and post merger operating performance of Indian companies involved in merger by identifying their financial characteristics, the study finds that the mergers seem to lead to financial synergies and a onetime growth.
- Havrylychuk (2004)** observed that the reaction of stock market to 17 bank mergers and acquisitions during 1997-2001 was positive and most of the returns were realized before the announcement of merger.
- Survey—Grant Thornton (2006)** found that mergers and acquisitions are a significant form of business strategy today for Indian corporate. The main objectives behind any M&A transaction, for corporate today were found to be:

Objective behind the M&A Transaction	Response
To improve revenues & Profitability	33%
Faster growth in scale and quicker time to market	28%
Acquisition of new technology or competence	22%
To eliminate competition & increase market share	11%
Tax shields & Investment savings	3%

STATEMENT OF THE PROBLEM

Now-a-days mergers and acquisitions (M&A) are being increased in the global economy, for improving competitiveness of companies through gaining greater market share, broadening the portfolio to reduce business risk for entering new markets and geographies and capitalizing on economies of scale etc. This research study was aimed to study the impact of mergers on the operating performance and share price of acquiring corporate in banking, by examining some ratios in pre- merger and post-merger period.

OBJECTIVE OF THE STUDY

- To find the average abnormal return generated by the banks before and after merger.
- To find the operating performance of banks before and after merger.

LIMITATION OF THE STUDY

A major limitation of the study is that it has been undertaken with a small sample size that has made difficult to draw proper statistical inferences.

RESEARCH METHODOLOGY

- The study is based on the analysis of performance after merger announcements; so the research design is based upon descriptive and analytical type.
- The secondary data is been used in the analysis because the closing price of the banks has been taken for the pre- merger and post- merger performance analysis from the stock market and the sample size selected is 30.
- The study covers two classifications as Bank mergers (Driven Merger & Forced Merger).
 - Driven mergers - HDFC, IOB, SBI and ICICI.
 - Forced mergers - BOB, FEDERAL, Oriental, and IDBI.
- The statistical tools used in the study are "Paired t' test" and "Regression"
- The financial ratios used in the study like operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth are taken to find out the financial performance of the banks in pre- merger and post-merger period.

ANALYSIS AND INTERPRETATION**COMPARING MEANS – DRIVEN MERGER & FORCED MERGER****OBJECTIVE**

It is intended to study whether there is any significant difference in share prices of banks during pre and post merger period. To find out this the 't' test was applied.

HYPOTHESIS

Ho – There is no significant difference in Average abnormal return of banks before and after merger.

H1 – There is significant difference in Average abnormal return of banks before and after merger.

TABLE 4.1.1: COMPARISON OF AVERAGE ABNORMAL RETURNS GENERATED BY BANKS

Bank	Period	N	Mean	T _o
HDFC	Before merger	30	-0.974	1.69
	After merger	30	0.73	
IOB	Before merger	30	-0.334	1.32
	After merger	30	0.548	
SBI	Before merger	30	-0.523	1.10
	After merger	30	0.408	
ICICI	Before merger	30	-0.077	-0.3
	After merger	30	-0.316	
BOB	Before merger	30	-0.348	-0.01
	After merger	30	-0.356	
FEDERAL	Before merger	30	0.362	-1.36
	After merger	30	-0.374	
Oriental	Before merger	30	0.246	-0.84
	After merger	30	-0.500	
IDBI	Before merger	30	-0.999	0.27
	After merger	30	0.088	

INFERENCES

From the above tables, the value of T_o is less than table value (2.045) at 5% level of significance, so we accept the null hypothesis.

OPERATING PERFORMANCE ANALYSIS – DRIVEN MERGER

OBJECTIVE

It is indented to study whether there is any significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of banks during pre and post merger period. To find out this the 't' test was applied.

NULL HYPOTHESIS

There is no significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of market driven banks before and after merger.

COMPARING MEANS – OPERATING PROFIT MARGIN - DRIVEN MERGER

TABLE 4.2.1: MEAN PRE-MERGER AND POST-MERGER OPERATING PROFIT MARGIN FOR ACQUIRING BANKS

Operating profit margin	Before merger	After merger	T(0.05)
HDFC	78.91	89.60	3.488
IOB	78.35	87.64	3.493
SBI	82.87	94.78	3.297
ICICI	87.84	97.46	1.508

INFERENCES

From the above table, the value of T_o is greater than the table value (3.182) at 5% level of significance for HDFC, IOB and SBI so we reject the null hypothesis. So it is concluded the operating profit margin have increased considerably after merger. In the other hand T_o is less than the table value (3.182) at 5% level of significance for ICICI. So we accept the null hypothesis.

COMPARING MEANS – GROSS PROFIT MARGIN - DRIVEN MERGER

TABLE 4.2.2: MEAN PRE-MERGER AND POST-MERGER GROSS PROFIT MARGIN FOR ACQUIRING BANKS

Gross profit margin	Before merger	After merger	T(0.05)
HDFC	77.76	85.53	2.336
IOB	77.18	86.62	3.598
SBI	81.23	83.76	2.664
ICICI	82.55	56.36	-2.720

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for HDFC, ICICI and SBI so we accept the null hypothesis. In the other hand T_o is greater than the table value (3.182) at 5% level of significance for IOB. So we reject the null hypothesis. So it is concluded the Gross profit margin have showed significant change after merger.

COMPARING MEANS – NET PROFIT MARGIN- DRIVEN MERGER

TABLE 4.2.3: MEAN PRE-MERGER AND POST-MERGER NET PROFIT MARGIN FOR ACQUIRING BANKS

Net profit margin	Before merger	After merger	T(0.05)
HDFC	13.88	17.25	3.180
IOB	15.96	15.52	-1.460
SBI	16.57	19.54	3.172
ICICI	11.46	14.35	1.202

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for HDFC, ICICI, SBI and IOB so we accept the null hypothesis.

COMPARING MEANS – RETURN ON NET WORTH- DRIVEN MERGER

TABLE 4.2.4: MEAN PRE-MERGER AND POST-MERGER RETURN ON NET WORTH FOR ACQUIRING BANKS

Return on net worth	Before merger	After merger	T(0.05)
HDFC	19.17	22.69	2.295
IOB	30.04	27.26	-1.500
SBI	28.93	32.67	2.268
ICICI	12.87	16	0.591

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for HDFC, ICICI, SBI and IOB so we accept the null hypothesis.

COMPARING MEANS – RETURN ON CAPITAL EMPLOYED- DRIVEN MERGER

TABLE 4.2.5: MEAN PRE-MERGER AND POST-MERGER RETURN ON CAPITAL EMPLOYED FOR ACQUIRING BANKS

ROCE	Before merger	After merger	T(0.05)
HDFC	1.06	1.2	1.052
IOB	1.22	1.16	-1.500
SBI	1.12	1.14	1.076
ICICI	0.65	0.88	0.518

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for HDFC, ICICI, SBI and IOB so we accept the null hypothesis.

FINANCIAL PERFORMANCE – DRIVEN MERGER

TABLE 4.3: FINANCIAL PERFORMANCE (DRIVEN MERGER)

RATIOS	Accepted	Rejected
Operating profit margin	1	3
Gross profit margin	3	1
Net profit margin	4	0
Return on net worth	4	0
Return on capital employed	4	0

INFERENCE

Out of four, market driven bank mergers three banks showed a significant change in operating profit margin and one bank showed a significant change in gross profit margin and remaining showed insignificant change.

OPERATING PERFORMANCE ANALYSIS – FORCED MERGER

OBJECTIVE

It is indented to study whether there is any significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of banks during pre and post merger period. To find out this the 't' test was applied.

NULL HYPOTHESIS

There is no significant difference in operating profit margin, gross profit margin, net profit margin, ROCE, Return on net worth of non-market driven banks before and after merger.

COMPARING MEANS – OPERATING PROFIT MARGIN- FORCED MERGER

TABLE 4.4.1: MEAN PRE-MERGER AND POST-MERGER OPERATING PROFIT MARGIN FOR ACQUIRING BANKS

Operating profit margin	Before merger	After merger	T(0.05)
BOB	79.57	79.61	0.005
Federal	80.43	83.25	0819
Oriental	85.94	80.30	-1.602
IDBI	108.74	100.89	-4.347

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for BOB, Federal, Oriental and IDBI. So we accept the null hypothesis.

COMPARING MEANS – GROSS PROFIT MARGIN- FORCED MERGER

TABLE 4.4.2: MEAN PRE-MERGER AND POST-MERGER GROSS PROFIT MARGIN FOR ACQUIRING BANKS

Gross profit margin	Before merger	After merger	T(0.05)
BOB	78.50	78.29	-0.032
Federal	78.41	81.83	1.002
Oriental	84.59	78.37	-1.593
IDBI	105.35	99.75	-3.802

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for BOB, Federal, Oriental and IDBI. So we accept the null hypothesis.

COMPARING MEANS – NET PROFIT MARGIN- FORCED MERGER

TABLE 4.4.3: MEAN PRE-MERGER AND POST-MERGER NET PROFIT MARGIN FOR ACQUIRING BANKS

Net profit margin	Before merger	After merger	T(0.05)
BOB	7.73	12.97	2.892
Federal	9.47	15.41	5.790
Oriental	10.57	15.02	4.224
IDBI	7.05	10.20	0.318

INFERENCE

From the above table, the value of T_o is greater than the table value (3.182) at 5% level of significance for Federal bank and oriental bank. So we reject the null hypothesis. So it is concluded the Net profit margin have increased considerably after merger and the increased showed significant change. In the other hand T_o is less than the table value (3.182) at 5% level of significance for BOB and IDBI. So we accept the null hypothesis.

COMPARING MEANS – RETURN ON NET WORTH- FORCED MERGER

TABLE 4.4.4: MEAN PRE-MERGER AND POST-MERGER RETURN ON NET WORTH FOR ACQUIRING BANKS

Return on net worth	Before merger	After merger	T(0.05)
BOB	12.43	17.23	1.575
Federal	19.27	19.32	0.009
Oriental	19.45	20.03	0.182
IDBI	7.05	10.20	1.011

INFERENCE

From the above table the value of T_o is less than the table value (3.182) at 5% level of significance for BOB, Federal, Oriental and IDBI. So we accept the null hypothesis.

COMPARING MEANS – RETURN ON CAPITAL EMPLOYED-FORCED MERGER

TABLE 4.4.5: MEAN PRE-MERGER AND POST-MERGER RETURN ON CAPITAL EMPLOYED FOR ACQUIRING BANKS

ROCE	Before merger	After merger	T(0.05)
BOB	0.72	0.95	1.055
Federal	0.76	1.12	3.787
Oriental	1.02	1.13	0.930
IDBI	0.57	0.55	-0.129

INFERENCE

From the above table, the value of T_o is less than the table value (3.182) at 5% level of significance for BOB, Oriental and IDBI. So we accept the null hypothesis. In the other hand the value of T_o is greater than the table value (3.182) at 5% level of significance for Federal Bank. So we reject the null hypothesis. So it is concluded there is significant change in Return on capital employed after merger.

TABLE 4.5: FINANCIAL PERFORMANCE (FORCED MERGER)

RATIOS	Accepted	Rejected
Operating profit margin	4	0
Gross profit margin	4	0
Net profit margin	2	2
Return on net worth	4	0
Return on capital employed	3	1

INFERENCE

Out of four forced bank mergers two banks showed a significant change in Net profit margin and one bank showed a significant change in ROCE and remaining showed insignificant change.

FINDINGS

From the analysis, the researcher has found mergers are favourable for banks, in terms of improving shareholders wealth, only when they are market driven. This is the reason why markets react positively to the stocks of these acquiring banks. On the other hand, when mergers were forced by regulatory agencies, they have deteriorated the wealth of shareholders during announcement period.

Furthermore the analysis of various financial ratios for both forced mergers and market driven mergers have showed weakened signals. But compare with forced mergers, market driven mergers were slightly better. It means market driven mergers have not brought immediate changes in the operating performance.

One of the reasons why forced mergers are value destroying is that most of these forced mergers were sick banks with healthy one to rehabilitate the former. So instead of bringing any improvements, these mergers burdened the acquiring banks with their huge non-performing assets, negative net worth and negative profitability.

CONCLUSION

From the above analysis it can be concluded that market driven mergers create wealth to shareholders but it doesn't create synergies in operating performance of the banks. On the other hand, forced mergers have not created wealth to shareholders as well as synergies in operating performance of the banks.

REFERENCES

1. Dr. K. Srinivas (2010), "Pre and Post Merger Physical Performance of Merged Banks in India – A Selected Study," Indian Journal of Finance, Vol. 4, No. 5, pp. 39- 49.
2. Dr. K. Srinivas (2010), "Pre and Post Merger Physical Performance of Merged Banks in India – A Selected Study," Indian Journal of Finance, Vol. 4, No. 1, pp. 3- 19.
3. Dhawal Mehta & Sunil Samanta (1997), "Mergers and Acquisition: Nature and Significance," Vikalpa the journal for Decision Makers, Vol. 22, No. 4, pp. 31- 38.
4. RBI: www.rbi.org.in, viewed on December 24, 2011.
5. SEBI: www.sebi.org.in, viewed on December 12, 2011.
6. B.K. Bhoi "Mergers and acquisition; An Indian Experience" RBI, Occasional Papers -2000.
7. Dhilip Kumar Chand (2005), "Bank Merger in India: A Critical Analysis" IASSI Quartely, Vol. 23, No. 4, pp. 107-123.

REQUEST FOR FEEDBACK

Dear Readers

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

I would like to request you to supply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mails i.e. infoijrcm@gmail.com or info@ijrcm.org.in for further improvements in the interest of research.

If you have any queries please feel free to contact us on our E-mail infoijrcm@gmail.com.

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward an appropriate consideration.

With sincere regards

Thanking you profoundly

Academically yours

Sd/-

Co-ordinator

ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

Our Other Journals

