INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

IJRCM

A Monthly Double-Blind Peer Reviewed (Refereed/Juried) 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.,

Open J-Gage, India [link of the same is duly available at Inflibnet of University Grants Commission (U.G.C.)],

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 3480 Cities in 174 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

http://ijrcm.org.in/

CONTENTS

CALL FOR MANUSCRIPTS

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; 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; Rural Economics; Co-operation; Demography: Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour 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; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** ***anytime*** in ***M.S. Word format*** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. infoijrcm@gmail.com or online by clicking the link **online submission** as given on our website (***FOR ONLINE SUBMISSION, CLICK HERE***).

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 mentionthe 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.

WEBSITES

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

MERGERS AND ACQUISITIONS IN INDIAN BANKING SECTOR: AN IMPACT ANALYSIS WITH SPECIAL REFERENCE TO SELECT SURVIVING COMMERCIAL BANKS (INDIAN OVERSEAS BANK AND FEDERAL BANK LIMITED)

DR. WAGHAMARE.SHIVAJI
DEAN
DEPARTMENT OF COMMERCE
GULBARGA UNIVERSITY
GULBARGA

VEERESHA
RESEARCH SCHOLAR
DEPARTMENT OF COMMERCE
GULBARGA UNIVERSITY
GULBARGA

ABSTRACT

It is generally held opinion that flowing water is free from contamination; and stagnant water is the fulcrum of contamination. This can be encapsulated in relation to corporate sector as growth is the essence of corporate life; and stagnation is death of corporate life. Hence, growth strategies are imperative to keep the wheels of organization on a growth track on continuous basis. The banking sector in India is not an exception to it as banks are operating not under static and stabilized conditions but under ever changing condition since the implementation of LPG policy in 1991. In this backdrop, the present paper aims to evaluate the impact of external growth strategy namely mergers and acquisitions in the banking sector. It aims to determine the impact of mergers on Profitability, Efficiency and Solvency of acquiring banks or bidder banks. For this purpose several relevant and critical financial parameters are used such as Interest spread ratio, Net profit margin, Return on net worth, Interest income/Total fund, Interest expended/Total fund, Operating expenses/Total fund, Net income/Total fund, Credit deposit ratio, Interest coverage ratio and Cash deposit ratio. Data required to evaluate the impact of mergers on surviving banks are collected by dividing study 10 years in to pre-merger period of 5 years and post-merger period of 5 years excluding the year of merger. And so categorized data is systematically Compiled, Classified, Tabulated, and Analyzed and interpreted by using appropriate statistical tools and techniques. To be more specific Paired T-test has been applied to conclude the hypotheses set for the present study. In the ultimate analysis, it can be inferred that there is a positive impact of the event of merger on both Indian overseas Bank and Federal Bank. But the extent of positive impact is found more in case Indian Overseas Bank than Federal Bank.

KEYWORDS
Efficiency ratios, M & A, Profitability ratios, RBI guidelines, Regulatory framework, Solvency ratios.

INTRODUCTION

It is generally held opinion that flowing water is free from contamination; and stagnant water is the fulcrum of contamination. This can be encapsulated in relation to corporate sector as growth is the essence of corporate life; and stagnation is death of corporate life. Hence, growth strategies are imperative to keep the wheels of organization on a growth track on continuous basis. The banking sector in India is not an exception to it as banks are operating not under static and stabilized conditions but under ever changing condition since the implementation of LPG policy in 1991. Under these conditions, no entity even dreams to give pause for its growth and welcome potential disastrous conditions. This growth can be realized either through organic growth route or through in-organic growth route or mixture of both. Organic growth refers to internal growth those results in enhanced customer base, higher sales, increased revenue, without resulting in change of corporate entity. Inorganic growth refers to the external growth producing leap frog effect as it enables to skip few steps on the growth ladder associated with internal growth process. At present, every banking entity desires to pool up the resources, by joining hands with other banking entity, with the purpose of realizing enhanced competitive advantage. One cannot fail to notice occurrences of such events in Indian banking sector. In this backdrop present paper intents to touch and disclose an overview of Mergers and Amalgamations in banking sector; reasons for Mergers and Amalgamations; regulatory framework governing Merger and Amalgamation in banking sector. In addition to, it, present paper intends to evaluate the impact of Mergers on surviving banks in terms of Profitability, Efficiency and Solvency.

Merger and Acquisition in banking sector made modest beginning in the year 1993 Government merged, the New Bank of India and The Punjab National Bank and this was the only merger between nationalized Banks, after that the numbers of nationalized Banks reduced from 20 to 19. In Feb-2008 HDFC bank have approved the acquisition of Centurion Bank of Punjab for Rs-9510 crores ($2.46 billion) is one of the largest mergers in the financial sector in India. Centurion Bank of Punjab shareholders got one share of HDFC Bank for every 29 shares held by them. Due to such Acquisition, HDFC Bank occupied the second largest position private sector bank in India.

THE REGULATORY FRAMEWORK FOR BANK AMALGAMATION UNDER VARIOUS ACTS

The various provisions relating to mergers and amalgamations in banking sector as contained in various Acts are presented hereunder.

MERGERS-BANKING REGULATION ACT 1949

According to this Regulation amalgamation of banking companies are categorized as voluntary amalgamation and compulsory amalgamation.

SECTION 44A OF THE VOLUNTARY AMALGAMATION OF BANKING COMPANIES

Section 44A of the banking regulation act 1949 provides for the procedure to be followed in case of voluntary merger of banking companies. Under these provisions a banking company may be amalgamated with another banking company by approved of shareholders of each banking company by resolution passed by majority of two third (2/3)in value of shareholders of each of the said companies. The Bank to obtain Reserve Bank's section for the approval of the scheme of amalgamation. However, as per the Observation of JPC the role of RBI is limited. The reserve bank generally encourages amalgamation when it is satisfied that the scheme is in the interest of depositors.

SECTOR 45-COMPULSORY AMALGAMATION OF BANKS

Under sector 45(4) of the baking regulation act, reserve bank may prepare a scheme of amalgamation of a banking company with other institution 9 the transferee bank. Under sub- section **(**15) sector 45.Banking institution means any banking company and includes SBI and subsidiary banks or a corresponding new bank**.** A compulsory amalgamation is a passed in to action where the financial position of the bank has become week and urgent measures are required to be taken to safeguard the depositor's interest. Action under their provision of this section is taken by reserve bank in consultation with the central government in the case of banks which are weak, unsold or improperly managed. Under the provisions, RBI can apply to the central government for suspension of business by a banking company and prepare a scheme of reconstruction or amalgamation in order to safeguard the interests of the depositors.

MERGERS NAD ACQUISITIONS ACCORDING TO COMPANIES ACT 2013

Provisions of section 230 and section 232, a scheme of merger or amalgamation may be entered into between two or more small companies or between a holding company and its wholly-owned subsidiary company or such other class or classes of companies. The 2013 Act has streamlined as well as introduced concepts such as reverse mergers (merger of foreign companies with Indian companies) and squeeze-out provisions, which are significant. The 2013 Act has also introduced the requirement for valuations in several cases, including mergers and acquisitions, by registered valuers.

RBI GUIDELINES ON MERGERS AND ACQUISITIONS OF BANKS

- With a view to facilitating consolidation and encourages of strong entities and providing an avenue for non disruptive exit of weak/ unviable entities in the banking sector, it has been decided to frame guidelines to encourage merger / amalgamation in the sector.
- Although the Banking Regulation Act, 1949 (AACS) does not empower Reserve Bank to formulate a scheme with regard to merger and amalgamation of the banks. The state governments have incorporated in their respective act as provision for obtaining prior sanction in writing, of a RBI in order, inter alia, for sanctioning a scheme of amalgamation or reconstruction.
- The request for merger can emanate from bank registered under the same state Act or from banks registered under the Multi State Co operative Societies Act (Central act) for takeover of a banking registered under state Act, while the sate Acts specifically provide for the merger of co- operative societies registered under them, the position with regard to takeover of a co-operative bank registered under the state Act by a co –operative bank registered under the central.
- Although there are no specific provisions in the state Act or the central Act for the merger of a co-operative society under the state Acts with that under the central Act, it is felt that, if all concerned including administrators of the concerned Acts are agreeable to order merger/amalgamation.

REVIEW OF LITERATURE

V.Radha Naga Sai and **Dr.Syed Tabassum Sultan** (2013) in their article entitled to “christened has financial performance analysis in banking sector; a pre and post merger perspective” have made an attempt to evaluate financial performance of the selected two banks based on the financial ratios from the perspective of pre and post merger. To analyze the impact of merger paired t-test was applied to the various financial ratios for before and after merger data relating to Indian overseas bank and HDFC bank. An Indian banking sector plays a significance role in the mergers and Acquisitions (M&A).

Pawan Sharma and **Dr.D.P.warne** (2012) in their article entitled to **“**Banks perspective in merger; A case study on merger of the Bank of Rajasthan ltd with ICIC Bank Ltd,” made a brief attempt to analyze the impact of merger with reference to successful movements of merger in between two banks. The main objective of this paper is to analyze the pre and post merger impact of share price fluctuations on selected sample of study. This study is exploratory and descriptive in nature. Secondary source for data and information has been used in the study. As per the requirements of the research, data are taken from the website of NSE (National Stock Exchange).Basically; this paper investigates the impact of merger on ICICI Bank Ltd. The analysis of the collected data is based on appropriate statistical methods/tools.

Devarajappa S. (2012) in his article entitled to as “merger in Indian banks, as study on merger of HDFC bank ltd and Centurion bank Punjab of ltd” has made attempt explore various motives of merger in Indian banking industry covering various aspects of bank merger. In his paper, he has carried out a comparative study of select financial parameters during the pre and post period. He has used independent T-test to tress out spastically significance. He legitimately concludes that banks have been positively affected by the event of merger.

Dr.K.A. Goyal and **Vijay Joshi** (2012) in their article entitled to “Merger and Acquisition in Banking Industry: A Case Study of ICICI Bank Ltd**,** the largest private sector bank in India, which has acquired nine financial firms to make the steps of the ladder of success. Therefore, the aim of this article is to study the growth of ICICI Bank Ltd. through mergers, acquisitions, and amalgamations. This article is divided into four parts. The first part includes introduction and conceptual framework of mergers and acquisition. The second part discusses the historical background of ICICI Bank Ltd and followed by review of literature. The third part discusses all the mergers, acquisitions, and amalgamations in detail. Finally, the article concludes that a firm must devise a strategy in three phases i.e. Pre-merger phase, acquisition phase and post-merger phase. The article will be helpful for policy makers, strategy makers, HR people, bankers, researchers, and scholars

Dr.Abhinn baxi bhatnagar and **Ms. Nitu sinha** (2012) in their article entitled to “Strategic move of ICICI bank; A case study of Merger of ICICI Bank and bank of Rajasthan,” have expressed that Changing is the regulation of nature. Any business organization undergoes change on a continuous basis, technically termed as Corporate Restructuring. It is a fundamental fact of finance that growth and capital employed are two basic drivers of the value of an organization. On the other hand neither growth nor improvement in ROCE is possible unless the company is under the control of competent, progressive and visionary management. The present paper is an attempt to understand the strategic move of ICICI bank. The case study will reveal the motives behind and synergies from such M&A activities. Why ICICI Bank has taken such a strategic move and many more questions will be solved from the case study.

Dr.V.K.Shobhana and **Dr.N.Deepa**(2011) in their article entitled to “Merger and Acquisitions in Indian banking sector and pre and post merger technical efficacies-An empirical investigation” have examined technical efficiencies of the nine select merged banks in the post reform period. The study uses stochastic Production Frontier Approach to measure the technical efficiency as a ratio of output and input. The study reveals that of the nine select cases of M&A, the merger deals of Union Bank of India and HDFC Bank only resulted in significance improvement in the technical efficiency.

Awadhesh KR.Tiwari (2011) in his article entitled to “Growth of Merger and Acquisitions in Indian banking industry a case Study. The Indian banking sector is growing at an astonishing pace. A relatively new dimension in the Indian banking industry is accelerated through mergers and acquisitions. It will enable banks to achieve world class status and throw greater value to the stakeholders.

Ms. S. Revathy (2011) in her article entitled to “Mergers and Acquisitions in the Indian Banking Sector-Financial Implications” opined that M&A in the banking sector have been on the rise in the recent past, both globally and in India. In this backdrop of emerging global and Indian trends in the banking sector, this article illuminates the key issues surrounding M&A in this sector with the focus on India. It seeks to explain the motives behind some M&A that have occurred in India post-2000, analyze the benefits and costs to both parties involved and the consequences for the merged entity. Mergers were initiated by regulator (RBI) to protect the interest of depositors of weak banks but the market led mergers have been gaining momentum in the present day context and these cannot be seen as a means of bailing out weak banks any more. Mergers between strong banks/FIs make greater economic and commercial sense and have a “force multiplier effect”.

OBJECTIVES OF THE STUDY

1) To determine the impact of mergers on profitability of acquiring banks.
2) To study the impact of mergers on efficiency of the acquiring or bidder banks.
3) To ascertain the impact of merger on solvency of acquiring banks.

SCOPE OF THE STUDY

The present study chosen one public sector bank and one private sector bank to evaluate impact of merger of surviving banks from perspective of pre and post merger. The public sector bank Indian overseas bank and Bharat overseas bank, and The private sector Federal bank ltd and Ganesh Bank of Kurandwada Ltd have been evaluated consider five years pre and post merger.

HYPOTHESES OF THE STUDY

In order to evaluate the impact of merger on surviving banks in terms of profitability, Efficiency and solvency of acquiring banks, the following research hypotheses have been set for the present study.

1) **H1-** Merger results into improvement in profitability of surviving banks.
2) **H2** -Merger results into enhancement efficiency of acquiring banks.
3) **H3**- Merger leads to higher solvency of acquiring banks.

RESEARCH METHODOLOGY

The present paper intents to cockeye the impact of Merger and Acquisitions (M&A) on surviving Bank with a particular focus on Indian Overseas Bank functioning in Public sector which acquired Bharat Overseas Bank Ltd, Federal Bank Ltd, one of the popular Private Sector Bank acquired Ganesh Bank of Kurandwada Ltd .Researcher purposefully selected these two banks for the present study. This is so because, acquisition of Bharat Overseas Bank by Indian Overseas Bank falls under the category of Forced Merger, whereas acquisition of Ganesh Bank of Kurandwada Ltd by Federal Bank Ltd falls under category of Compulsory Merger. In addition to this, researcher felt it relevant to select these entities as one of them involves merger of private bank with public sector bank and another deals with merger of private sector bank with private sector bank. The present study is purely based on secondary data. To make impact study of merger data relating to both acquiring banks are collected by categories them into pre merger period of Five years (2001 to 2005 and 2002 to 2006 of both Banks) And post merger period of Five years (2007 to 2011 and 2008 to 2012 of both Banks) excluding year of merger in each case treating the same transition period. And so categorized data is systematically Compiled, Classified, Tabulated, and Analyzed and interpreted by using appropriate statistical tools and techniques. To be more specific Paired T-test has been applied to conclude the hypotheses set for the present study. The lines of investigation followed under present study are based on Profitability, Management Efficiency and Solvency parameters of impact evaluation. There are three variants of merger and acquisition in Indian banking sector based on nature of banking entities involved either as target bank or as acquiring bank(Public bank and Private), namely I) Public sector banks with Public sector banks (03); ii) Private sector banks with Public sector banks (24); and iii) Private sector banks with Private sector banks (14).

PROFILE OF THE MERGER OF THE INDIAN OVERESEAS BANK AND BHARAT OVERSEAS BANK

Indian overseas Bank (IOB) was founded 0n 10th February 1937 by Sri M Ct. M Chidambaram Chettyar with the twin objectives of specializing in foreign exchange business and overseas banking, with 3 branches across the country. It was nationalized in the year 1969 having 208 branches with an asset mix of Rs, 156 crores. In February 2006, Indian Overseas Bank board cleared a proposal to buy 70% stake of six banks in Bharat Overseas Bank; to take over the old private bank in which it held 30% stake. The other stockholder with their respective proportion of the holding is as follows. Bank of Rajasthan -16%/,Vysya Bank -14.66%, Federal Bank -10.67%, Karur Vysya Bank -10%, South Indian Bank -10% and Karnataka Bank-8.67%. So, there will be no problem in India Overseas Bank taking over Bharat Overseas Bank. RBI norms require commercial banks to have an equity base of the Rs 300 crores. Besides; they must have a diversified holding with no single entity owning more than a 5 percent stake. Accordingly Indian overseas bank acquired Bharat overseas bank during the year 2007.

TABLE-01: FINANCIAL PERFORMANCE OF INDIAN OVERSEAS BANK FOR THE FIVE FINANCIAL YEARS (PRE AND POST MERGER PERIOD)

RATIOS	BEFORE MERGER 5 YEARS					AFTER MERGER 5YEARS				
	2002	2003	2004	2005	2006	2008	2009	2010	2011	2012
Profitability Ratio										
ISR*	5.03	5.18	5.18	4.53	3.81	4.26	4.29	4.69	3.89	3.93
NPM*	6.22	10.52	11.4	14.27	16.44	13.94	11.87	6.14	8.04	5.41
RONW*	22.29	32.1	30.25	29.85	28.55	25.35	22.31	11.13	13.13	9.73
Efficiency Ratio										
Int.Inc/TF*	11.17	10.23	10.09	9.19	8.54	9.09	9.85	9.06	8.46	9.59
Int.Ex/TF*	4.47	4.32	5.21	4.9	4.28	3.34	3.74	3.39	3.32	3.08
Opt.Ex/TF*	6.7	5.91	4.88	4.28	4.26	5.75	6.11	5.67	5.13	6.5
NI/TF*	2.56	3.03	3.38	2.88	2.55	1.67	1.99	2.62	2.28	2.28
Solvency Ratio										
CrDR*	47.71	47.6	48.27	53.08	63.27	70.22	73.36	72.96	74.54	78.03
ICR*	1.3	1.23	1.39	1.51	1.44	0.34	0.32	0.16	0.24	0.16
CDR*	7.69	7.15	8.98	9.92	7.65	9.02	8.17	6.45	6.9	6.24

Source: Compiled from Financials Report from Moneycontrol.com and annual reports.

ISR*: Interest spread, **NPM***: Net profit margin, **ROCE***: Return on capital employed, **Int.Inc/TF*:** Interest Income/Total Fund, **Int.Ex/TF*:** Interest Expended/Total Fund, **Opt.Ex/TF*:** Operating Expenses / Total Fund, **NI/TF*:** Net Income/ Total Fund, **CrDR***: Credit deposits ratio, **ICR*:** Interest coverage ratio, **CDR***: Cash deposits ratio.

The table-01 reveals profitability, efficiency and solvency ratios of Indian overseas bank for a period before merger and after merger. It is clear that during pre merger ISR and RONW have shown increased trend for the first three years and thereafter that exhibited declining trend, whereas NPM ratio as experience an increasing trend. During post merger ISR as declining continuously for the first four years and there after marginal increasing trend; NPM decreased first three years and increased in the fourth year thereafter decreased level of 5.41 % during the year 2011.It is astonishing to more trends except 2011.An Acute in to efficiency ratio of Indian overseas bank during the pre and post merger reveals that Int.Income ratio has shown continuous declining during pre merger period ending 2006.and during the post merger period it has shown volatility; Int.Ex/FT stood at 4.47% for the year 2002 reached to a level of 4.28% during the year 2006 after reaching peak level of 5.21% during 2004 and during the post merger period this ratio stood at 3.34% during the 2008 and bought down to a level of 3.08% during 2001 after reaching high level of 3.47% during the 2009.and solvency ratios in pre merger period CrDR has shown declined trend first one year thereafter continuously increasing up to level of 63.27% whereas ICR and CDR have shown first one year declined there after two years increasing trend then declining trend. In the post merger period. CrDR has shown increasing trend except 2010 (72.96), ICR and CDR have shown mixed trend.

TABLE-02: ANALYSIS OF FINANCIAL RATIOS OF INDIAN OVERSEAS BANK (IOB)

RATIOS	Mean Diff.	Std. Deviation	T-value			Significant / Insignificant
			Actual Value	Table Value	Alternative Hypothesis Reject / Accept	
Profitability Ratios						
a) Interest Spread Ratio	-0.534	0.3947	-3.034	2.132	Accepted	Significant
b) Net Profit Margin	-2.69	7.3037	-0.823	2.132	Accepted	
c) Return on Net Worth	-12.278	9.3646	-2.931	2.132	Accepted	
Efficiency Ratios						
a) Interest Income /Total Fund	-0.634	1.1354	-1.2485	2.132	Accepted	Significant
b) Interest expended / /Total Fund	-1.262	0.4740	-5.9528	2.132	Accepted	
c) Net Income / /Total Fund	-0.715	0.2955	-5.3862	2.132	Accepted	
d)Operating Expenses/ Total Fund	0.626	1.1562	1.2106	2.132	Accepted	
Solvency Ratios						
a) Credit Deposit Ratio	21.836	4.3072	11.3363	2.132	Rejected	Insignificant
b) Interest coverage ratio	-1.130	0.1798	-14.049	2.132	Accepted	Significant
c) Cash Deposit Ratio	-0.922	2.0042	-1.0286	2.132	Accepted	Significant

Source: Based on table 01.

RESULTS AND DISCUSSION

The table-02 reveals that descriptive statistics, to know whether there is significant difference in the Profitability, Efficiency and Solvency ratios before and after merger, paired T-test is applied and considered one tailed T-test. The summery of analysis in the Profitability; ISR, NPM and RONW these are less than 5% one tailed T-test (Table value), it can be concluded that there is Significance difference. In the Efficiency ratios all the four ratios are less than 5% one tailed T-test (Table value), it can be concluded that there is more Significant difference. And Solvency ratios ICR and CDR are less than 5% one tailed T-test (Table value), it concluded that significant difference, but CrDR is more than 5% one tailed T-test (Table value), it can be concluded that no Significant difference in the before and after merger.

PROFILE OF MERGER OF THE FEDERAL BANK LTD AND GANESH BANK OF KURUNDWAD

Federal Bank Ltd (Federal Bank) was incorporated in 1931 as Travancore Federal Bank Ltd. It acquired its present name in 1949 and was licensed under the Banking Regulation Act, 1949 on July 11, 1959 and became a scheduled Commercial bank under the second schedule of Reserve Bank of India Act, 1934 in July 20, 1970. On January 19,2006, the Reserve Bank of India announced an amalgamation scheme due to the continued inability of Ganesh Bank to raise the required capital, the Reserve Bank of India had to exercise the option of compulsory merger available to it under section 45 Banking Regulation Act 1949.Merging the family controlled Western Bank of Kurundwada with Federal Bank. The alive based bank was willing to invest Rs 30 crores capitals into Ganesh Bank from its Rs 657 crores reserves, as it would give the bank greater exposure to Maharashtra, and help build its agriculture loan portfolio.

TABLE-03: FINANCIAL PERFORMANCE OF FEDERAL BANK LTD (FB) FOR THE FIVE FINANCIAL YEARS (PRE AND POST MERGER PERIOD)

RATIOS	BEFORE MERGER 5 YEARS					AFTER MERGER 5YEARS				
	2001	**2002**	**2003**	**2004**	**2005**	**2007**	**2008**	**2009**	**2010**	**2011**
Profitability Ratio										
ISR	6.07	6.88	6.1	5.84	6.19	5.01	4.79	6.31	5.21	5.12
NPM	5.84	6.49	7.85	9.17	7.09	13.91	12.78	13.14	10.79	12.88
RONW	15.7	18.98	21.47	23.29	13.28	19.57	9.39	11.58	9.91	11.5
Efficiency Ratio										
Int.Inc/TF	12.46	13.08	11.75	10.58	7.57	8.61	9.34	9.9	9.78	8.96
Int.Ex/TF	4.15	5.00	4.84	4.94	3.25	3.86	3.62	4.29	4.29	4.11
Opt.Ex/TF	8.31	8.08	6.91	5.64	4.32	4.75	5.72	5.61	5.48	4.85
NI/TF	1.91	1.82	3.25	3.42	2.65	2.06	2.19	2.45	2.52	2.67
Solvency Ratio										
CrDR	62.92	60.75	57.57	56.98	57.63	67.49	71.17	71.06	72.29	74.49
ICR	1.3	1.42	1.26	1.32	1.23	0.5	0.36	0.47	0.44	0.43
CDR	4.62	4.37	5.39	5.47	4.94	6.2	7.55	7.86	6.64	6.64

Source: Compiled Financials Report from Moneycontrol.com and annual reports.

The table-03 presents profitability, efficiency and solvency ratios of Federal Bank Ltd for a period before merger and after merger. It is clear that during pre merger NPM and RONW have shown increased trend for the first three years and thereafter that exhibited declining trend, whereas ISR ratio as experience an mixing trend. During post merger ISR, NPM and RONW as mixing trend; An Acute in to efficiency ratio of Federal bank during the pre and post merger reveals that Int.Income ratio has shown increasing first one year thereafter continuously declining trend, and during the post merger period it has shown volatility; Int.Inc/TF increased first one year thereafter declining trend Int.Ex/TF and NI/TF have shown mixing trend whereas Opt.Ex/TF is exhibited decreasing trend continuously whereas. In post merger period Int.Inc/TF increased first three years thereafter declining trend. Int.Ex/TF and Opt.Ex/TF have shown mixed trend and NI/TF has exhibited continuously increasing trend. And solvency ratio all four ratios have shown mixed trend.

TABLE-04: ANALYSIS OF FINANCIAL RATIOS OF FEDERAL BANK LTD (FB)

RATIOS	Mean Diff.	Std. Deviation	T-value Actual Value	T-value Table Value	Alternative Hypothesis Reject / Accept	Significant / Insignificant
Profitability Ratios						
a) Interest Spread Ratio	-0.928	0.8324	-2.4932	2.132	Accepted	Significant
b) Net Profit Margin	5.412	2.3650	5.1169	2.132	Rejected	Insignificant
c) Return on Net Worth	-6.154	7.0283	-1.9578	2.132	Accepted	Significant
Efficiency Ratios						
a) Interest Income /Total Fund	-1.77	2.1874	-1.8094	2.132	Accepted	Significant
b) Interest expended / /Total Fund	-0.402	0.8131	-1.1056	2.132	Accepted	
c) Net Income / /Total Fund	-0.232	0.5789	-0.8960	2.132	Accepted	
d) Operating Expenses/Total Fund	-1.370	1.6473	-1.8595	2.132	Accepted	
Solvency Ratios						
a) Credit Deposit Ratio	12.030	4.8583	5.5829	2.132	Rejected	Insignificant
b) Interest coverage ratio	-0.866	0.1143	-16.947	2.132	Accepted	Significant
c) Cash Deposit Ratio	2.02	0.8010	5.6393	2.132	Rejected	Insignificant

Source: based on table 03.

RESULTS AND DISCUSSION

The table-04 presents descriptive statistics, to understand whether there is significant difference in the Profitability, Efficiency and Solvency ratios before and after merger, paired T-test is applied and considered one tailed T-test. The summery of analysis in the Profitability ISR, and RONW both are less than 5% one tailed T-test (Table value), it can be concluded that there is Significance difference, but NPM is more than 5% one tailed T-test (Table value), it can be concluded that no Significant difference in the Efficiency ratios all the four ratios are less than 5% one tailed T-test (Table value), it can be concluded that there is more Significant difference and Solvency ratios, ICR is less than 5% one tailed T-test (Table value), it can be concluded that significant difference, but CrDR and CDR are more than 5% one tailed T-test (Table value), it can be concluded that no Significant difference in the before and after merger.

CONCLUSION

Merger is, in fact, a potent strategic tool of consolidation in the banking sector. Many times, mergers do produce positive impact on surviving banks. This conception, perhaps, may not be universally true. Hence the impact differs from case to case. This study shows that impact of merger on financial performance of surviving banks. For this a comparison between pre and post merger performance examined in terms of profitability, efficiency and solvency ratios. In the present study, based on results and discussion of 5 years pre and post merger financial ratios of merger data of Indian Overseas Bank and Federal Bank Ltd, it can be concluded that ISR, RONW, all the four ratios of efficiency and ICR there is significant difference of both banks, while NPM, CDR are significant in the Indian overseas bank but no significant in the Federal bank Ltd, and CDR is no significant in both banks.

In the ultimate analysis, it can be inferred that there is a positive impact of the event of merger on both Indian overseas Bank and Federal Bank. But the extent of positive impact is found more in case Indian Overseas Bank then Federal Bank.

REFERENCES

1. Awadhesh K.R Tiwari,(2011) Mergers and Acquisitions in Indian banking industry Case on study.APJRBM Vol.2, issue 2, Feb-2011, ISSN 2229-4104.
2. Devarajappa S. (2012) 'Mergers in Indian banks: A study on mergers of HDFC bank ltd and Centurion bank of Punjab ltd Vol.1Issue9, Sept-12 and ISSN2277-3622 (p33-42).
3. Dr. K.A. Goyal and Vijay Joshi (2012)' Merger and Acquisition in Banking Industry:A Case Study of ICICI Bank Ltd. IJRM, ISSN 2249-5908 Issue2, Vol. 2 March-2012.(pp30-40)
4. Dr.Abhinn Baxi Bhatnagar & Ms.Nitu Sinha (2012) "Strategic move of ICICI bank; A case study of Merger of ICICI Bank and bank of Rajasthan" ZENITH Vol.2, May 2012, ISSN 2231-5780 (pp192-207).
5. Dr.V.K.Shobhana, Dr.N.Deepa(2011) Mergers & Acquisitions in the Indian Banking Sector and Pre & Post Merger Technical Efficiencies–An Empirical Investigation'.JBFSIR Vol.1 issue 8 Nov, 2011 ISSN 2231-4288
6. I M Pandey, Vikas publication, financial management Tenth Edition.
7. ICFAI University Press Mergers and Acquisitions Vol.1 & IV ISBN-81-7881-189-8 (Books)
8. Mergers and Acquisitions in Indian banking sector Published by Shafia Ahmad
9. Ms. S. Revathy (2011) "Mergers and Acquisitions in the Indian Banking Sector – Financial Implications" NIJMR Vol. 1, Issue No. 1, December 2011 (pp62-68).
10. Pawan Sharma & Dr. D.P. Warne (2012) **"**Banks perspective in merger: A case study on merger of the Bank of Rajasthan ltd with ICIC Bank Ltd" IRJC Vol.1, issue10, Oct 2012, ISSN 2277-3622 (pp101-112).
11. V.Radha Naga Sai and Dr.Syed Tabassum Sultan (2013) "Financial performance analysis in Banking sector- A Pre & Post Merger perspective" ABHINAN Vol,2,April 2013,ISSN 2320-0073 (pp56-66)

REQUEST FOR FEEDBACK

Dear Readers

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

I would like to request you tosupply your critical comments and suggestions about the material published in this issue as well as on the journal as a whole, on our E-mail**infoijrcm@gmail.com** for further improvements in the interest of research.

If youhave 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

DISCLAIMER

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