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CONTENTS

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   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

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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.

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- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

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- 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.

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- 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 IMPACT OF MERGER AND ACQUISITION ON GROWTH PERFORMANCE OF SELECTED ACQUIRER BANKS IN INDIA

DR. G. MANOKARAN
ASST. PROFESSOR
SREE SARASWATHI THYAGARAJA COLLEGE
POLLACHI

R.RADHARUKKUMANI
ASST. PROFESSOR
DEPARTMENT OF MANAGEMENT
RATHINAM COLLEGE OF ARTS & SCIENCE (AUTONOMOUS)
EACHENARI

ABSTRACT
In present era, Merger and Acquisitions act as an important tool for the growth and expansion of the economy. The main motive behind the Merger and acquisitions is to create synergy, that is one plus one is more than two and this rationale beguiles the companies for merger at the tough times. This research paper is to explore various motivations of Merger and Acquisitions in the Indian banking sector. This includes the various aspects of banking Industry's Merger and Acquisitions. It also compares pre and post merger financial performance of merged banks with the help of financial parameters like Interest Income, Non-Interest Income, Total income, Non-interest expenses, Operating expenses, Non-performing assets, Working funds. Through literature review it comes to know that most of the work done high lightened the impact of Merger and Acquisitions on different aspects of the companies. The data of Merger and Acquisitions since economic liberalization are collected for a set of various financial parameters. This study also examines the changes occurring in the acquiring firms on the basis of financial ground and also the overall impact of Merger and acquisitions on acquiring banks. Here growth performance is being tested on the basis of two grounds i.e. Pre merger and Post merger and used growth performance measurement tools like that mean, standard deviation, Co-efficiency of variation, Annual growth rate. The result of the study indicates that the banks have been positively affected by the event of Merger and acquisitions. These results suggest that merged banks can obtain efficiency and gains through Merger and Acquisitions.

KEYWORDS
Merger & Acquisitions, Financial parameters, Growth Performance, Indian Banks.

INTRODUCTION
India has a long history of both public and private banking. Modern banking in India began in the 18th century, with the founding of the English Agency House in Calcutta and Bombay. The first half of the 19th century, three Presidency banks were founded. After the 1860 introduction of limited liability, private banks began to appear, and foreign banks entered the market.

The beginning of the 20th century saw the introduction of joint stock banks. In 1935, the presidency banks were merged together to form the Imperial Bank of India, which was subsequently renamed the State Bank of India. Also that year, India's central bank, the Reserve Bank of India (RBI), began operation. Following independence, the RBI was given broad regulatory authority over commercial banks in India. In 1959, the State Bank of India acquired the state-owned banks of eight former princely states. Thus, by July 1969, approximately 31 percent of scheduled bank branches throughout India were government controlled, as part of the State Bank of India.

The post-war development strategy was in many ways a socialist one, and the Indian government felt that banks in private hands did not lend enough to those who needed it most. In July 1969, the government nationalized all banks whose nationwide deposits were greater than Rs. 500 million, resulting in the nationalization of 54 percent more of the branches in India, and bringing the total number of branches under government control to 84 percent.

Without a sound and effective banking system in India it cannot have a healthy economy. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors.For the past three decades India's banking system has several outstanding achievements to its credit. The most striking is its extensive reach. It is no longer confined to only metropolitans or cosmopolitans in India. In fact, Indian banking system has reached even to the remote corners of the country. This is one of the main reasons of India's growth process. The government's regular policy for Indian bank since 1969 has paid rich dividends with the nationalization of 14 major private banks of India. Not long ago, an account holder had to wait for hours at the bank counters for getting a draft or for withdrawing his own money. Today, he has a choice. Gone are days when the most efficient bank transferred money from one branch to other in two days. Now it is simple as instant messaging or dials a pizza. Money has become the order of the day.

The first bank in India, though conservative, was established in 1786. From 1786 till today, the journey of Indian Banking System can be segregated into three distinct phases. They are as mentioned below:

- Early Phase from 1786 to 1969 of Indian Banks
- Nationalisation of Indian Banks and up to 1991 prior to Indian banking sector Reforms.
- New phase of Indian Banking System with the advent of Indian Financial & Banking Sector Reforms after 1991.

REVIEW OF LITERATURE
Under this study the researcher reviewed research papers for the purpose of providing an insight into the work related to Merger and Acquisitions. After going through the available relevant literature on M&As and it comes to know that most of the work done high lightened the impact of M&As on different aspects of the companies. A firm can achieve growth both internally and externally. Internal growth may be achieved by expanding its operation or by establishing new units, and external growth may be in the form of Merger and Acquisitions, Takeover, Joint venture, Amalgamation etc. Many studies have investigated the various reasons for Merger and Acquisitions to take place, Just to look the effects of Merger and Acquisitions on Indian financial services sector.

Zollo & Singh (2004) studied the knowledge-based view of corporate acquisitions and tested the post-acquisition consequences on performance of integration decisions and capability-building mechanisms. They used a sample of 228 acquisitions in the U.S. banking industry and found that knowledge codification strongly and positively influences acquisition performance, while experience accumulation does not.

Murthy (2007) studied the case of five bank mergers in India viz. Punjab National Bank and New Bank of India, ICICI Bank and Bank of Madura, ICICI Ltd. and ICICI Bank, Global Trust Bank and Oriental Bank of Commerce and Centurion Bank with Bank of Punjab.

Goyal K.A. & Joshi Vijay (2011) in their paper, gave an overview on Indian banking industryand highlighted the changes occurred in the banking sector after post liberalization and defined the Merger and Acquisitions as per AS-14.

Murthy (2007) studied thecase of five bank mergers in India viz. Punjab National Bank and New Bank of India, ICICI Bank and Bank of Madura, ICICI Ltd. and ICICI Bank, Global Trust Bank and Oriental Bank of Commerce and Centurion Bank with Bank of Punjab.

Duttaand Dawn(2012), in a paper “Merger and acquisitions in Indian banks after liberalization: An analysis “investigates the performance of merged banks in terms of its growth of total assets, profits, revenue, deposits, and number of employees.

IMPORTANCE OF MERGER AND ACQUISITION IN BANKING SECTOR

In the globalized economy, Merger and Acquisitions acts as an important tool for the growth and expansion of the economy. The main motive behind the Merger and acquisitions is to create synergy, that is one plus one is more than two and this rationale beguiles the companies for merger at the tough times. Merger and Acquisitions help the companies in getting the benefits of greater market share and cost efficiency. Companies are confronted with the facts that the only big players can survive as there is a cut throat competition in the market and the success of the merger depends on how well the two companies integrate themselves in carrying out day to day operations.

One size does not fit for all, therefore many companies finds the best way to go ahead like to expand ownership precincts through Merger and acquisitions. Merger creates synergy and economies of scale. For expanding the operations and cutting costs, Business entrepreneur and Banking Sector are using Merger and Acquisitions world wide as a strategy for achieving larger size, increased market share, faster growth, and synergy for becoming more competitive through economies of scale. A merger is a combination of two or more companies into one company or it may be in the form of one or more companies being merged into existing companies or a new company may be formed to merge two or more existing companies. On the other hand, when one company takes over another company and clearly well-known itself as the new owner, this is called Acquisition. The companies must follow legal procedure of Merger and Acquisitions which has given by RBI, SEBI, Companies’ Act 1956 and Banking Regulation Act 1949.

Growth is always the priority of all companies and confers serious concern to expand the business activities. Companies go for Merger and Acquisitions for achieving higher profit and expanding market share. Merger and Acquisitions is the need of business enterprises for achieving the economies of scale, growth, diversification, synergy, financial planning, Globalization of economy, and monopolistic approach also creates interest amongst companies for Merger and Acquisitions in order to increase the market power. Merger and Acquisitions is not a single day process, it takes time and decisions are to be taken after examining all the aspects.

Indian companies were having stringent control before economic liberalization; therefore they led to the messy growth of the Indian corporate sector during that period. The government initiated the reform after 1991 and which resulted in the adaptation of different growth and expansion strategies by the companies.

The Banking system of India was started in 1770 and the first Bank was the Indian Bank known as the Bank of Hindustan. Later on some more banks like the Bank of Bombay-1840, the Bank of Madras-1843 and the Bank of Calcutta-1840 were established under the charter of British East India Company. These Banks were merged in 1921 and took the form of a new bank known as the Imperial Bank of India. For the development of banking facilities in the rural areas the Imperial Bank of India partially nationalized on 1 July 1955, and named as the State Bank of India along with its 8 associate banks. Later on, the State Bank of Bikaner and the State Bank of Jaipur merged and formed the State Bank of Bikaner and Jaipur.

The Indian banking sector can be divided into two eras, the pre liberalization era and the post liberalization era. In pre liberalization era government of India nationalized 14 Banks on 19 July 1969 and later on 6 more commercial Banks were nationalized on 15 April 1980. 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 post liberalization regime, government had initiated the policy of liberalization and licenses were issued to the private banks which lead to the growth of Indian Banking sector.

The Indian Banking Industry shows a sign of improvement in performance and efficiency after the global crisis in 2008-09. The Indian Banking Industry is having far better position than it was at the time of crisis. Government has taken various initiatives to strengthen the financial system. The economic recovery gained strength on the back of a variety of monetary policy initiatives taken by the Reserve Bank of India.

STATEMENT OF THE PROBLEM

Indian economy is currently witnessing a change from the controlled to the market driven environment. Merger and acquisition activity have become a part and parcel of the banking sector. Merger and acquisition is a sporadic event and there is very little scope to banking companies to learn from their past experience.

Therefore to determine the success of a merger it has to be ascertained there will be any economic gain from merger. Post merger economic gain will be generated only if the two banking companies are worth more together than apart.

Therefore there is a need to study performance of pre and post merger which will be helpful in assessing the scope and degree of their financial success. Many research have been conducted in USA and UK in this regard, a comprehensive empirical study is lacking in India this study attempts to fill the gap in the research in Indian contest.

OBJECTIVE OF THE STUDY

1. To analyze the impact of merger on the growth performance of acquiring bank
2. To study the operating performance of the banks in the pre and post Merger and Acquisition.
3. To study the effect of Merger on efficiency of Bank.

RESEARCH METHODOLOGY

Among the various merger deals in Indian Banking sector a sample of three merged banks viz Bank of IDBI, Indian Overseas Bank, and HDFC bank, are selected. The research has depended heavily on secondary data. Data has been gathered from the annual report of IDBI Bank, Indian Overseas Bank and HDFC Bank. The whole evaluation is based on the principle that if one plus one gives a figure greater than two then the variable under study has resulted in a synergy. In other words, the study adopts a before and after approach for evaluating the merger’s impact. Since interpretations drawn from actual figures may be leading AGR has been employed as a principal tool. Accordingly an attempt has been made to analyses the profitability, interest income Non- interest income, operating expenses and working fund have been looking in to.

SOURCES OF DATA

Data core also obtained from the publications of the reserve bank of India relating to banking business in its monthly bulletins, annual reports, reports on currency and finance, CMIE publications and various business newspapers have also been used. Finally the various internet website have been comprehensively referred for the information.

PERIOD OF THE STUDY

Empirical analysis of all samples merged banks has been conduced, from 2001 to 2012 pre-merge and post-merger years, from banks like that United Western Bank merged with IDBI bank in 2006, Bharat Overseas bank merger with Indian Overseas Bank in 2007 and Centurion Bank of Punjab merged with HDFC Bank in 2008.

The year of merger has been left out from analysis to have consistency in evaluating post merger performance of this selected bank because the data of merger and acquisition is different for all banks.

SAMPLE DESIGN

In this Study Simple Random sampling technique was adopted. Each element in the population an equal chance of being included in the sample and all choices are independent of each other is called simple random sampling.

SAMPLE SELECTION

These are:-

1. Merger between United Western Bank Ltd and Bank of IDBI in 2006.
2. Merger between Bharat Overseas Bank Ltd and Indian Overseas Bank Ltd in 2007.
3. Acquisition of Centurion Bank of Punjab by HDFC bank in 2008.

GROWTH PERFORMANCE RATIO

For the purpose of the study evaluation of merger is undertaken with samples units. In other words, this chapter evaluates the growth performance of mergers and acquisitions in the banking Industry the study analysis the growth of merger from the financial point of view and hence quantitative in approach, ratios like that

1. Interest Income
2. Non-Interest Income
3. Total Income
4. Non-interest expenses
5. Operating expenses
6. Non-performing assets
7. Working funds

INTEREST INCOME

Interest income is income earned in the form of interest which accumulates, Savings accounts, dividend and shares in credit unions can also generate interest income. The interest income of the select acquirer banks during pre and post merger period in presented in table 4.1

TABLE 4.1: INTEREST INCOME

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	7028.26	6345.42	2793.42	7738.77	1259.46	16332.26
2	6679.4	8040.88	3170.69	9641.4	1702.99	16172.72
3	5769.46	11545.12	3485.91	10245.77	2013.61	19928.21
4	6842.97	15261.32	3754.1	12101.47	2548.93	27874.19
5	2655.72	18541.24	3951.05	17889.11	3093.49	
6		23369.93	4406.28		4475.34	
7					6647.93	
MEAN	5795.16	13850.65	3593.58	11523.30	3105.96	20076.85
SD	1820.51	6480.83	573.54	3884.40	1884.25	5479.81
CV%	31.41	46.79	15.96	33.71	60.67	27.29
AGR%	7.56	61.38	26.29	46.23	75.41	42.67

Source: computed from the annual report of the banks

Table 4.1 portrays interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher interest income during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the interest income during post merger was greater in case of all the selected merged banks.

The analysis of 'CV' reveals that there is a higher fluctuation during the post merger period that of the pre merger Period except HDFC bank.

The annual growth rate signifies that the growth performance in terms of interest income is improved in post merger period than that of pre-merger period in case of IDBI and IOB banks, where as it is declined to HDFC bank during the post merger period.

NON-INTEREST INCOME

Bank and creditors income derived primarily from fees institutions charges fees that provide non-interest income as way of generating revenue and ensuring liquidity in the event of increased default rates. Examples of non-interest income include deposit and transaction fees, insufficient funds fees, annual fees, monthly account service charges etc.

The non-interest income of the select acquirer banks during pre and post merger period is presented in table 4.2.

TABLE 4.2: NON-INTEREST INCOME

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	807.66	1058.14	302.42	1075.46	186.87	3470.64
2	509.61	1759.42	531.26	1713.07	334.06	3983.11
3	601.8	1562.22	543.45	1143.26	467.68	4335.15
4	1385.68	2301.73	824.5	1225.1	491.39	5783.63
5	673.23	2143.23	799.55	1681.04	731.08	
6		2112.18	728.21		1213.64	
7					1594.59	
MEAN	795.60	1822.82	621.57	1367.59	717.04	4393.13
SD	347.37	463.12	200.17	305.60	509.53	992.63
CV%	43.66	25.41	32.20	22.35	71.06	22.60
AGR%	16.67	33.27	40.13	31.26	121.90	41.66

Source: computed from the annual report of the banks

Table 4.2 portrays Non-interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher Non- interest income during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Non-interest income during post merger was greater in case of all the selected merged banks.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post merger period that of the pre merger Period in all the sample banks.

The annual growth rate signifies that the growth performance in terms of Non-interest income is improved in post merger period than that of pre-merger period in case of IDBI bank, where as it is declined to IOB and HDFC banks during the post merger period.

TOTAL INCOME

Total Income is a sum of all income from all sources. It includes all income, even income that is not taxable. The total income of the select acquirer banks during the pre and post merger period is discussed in the following table 4.3

TABLE NO 4.3: TOTAL INCOME

YEAR	IDBI		IOB		HDFC	
	Pre-merger	Post-merger	Pre-merger	Post-merger	Pre-merger	Post-merger
1	7835.92	7403.56	3095.84	8814.23	1446.33	19802.9
2	7189.01	9800.3	3701.95	11354.5	2037.05	20155.8
3	6371.26	13107.3	4029.36	11389	2481.29	24155.8
4	8228.65	17563.1	4578.6	13326.6	3040.32	33657.8
5	3328.95	20684.5	4750.6	19570.2	3824.57	
6		25482.1	5134.49		5688.98	
7					8242.52	
MEAN	6590.76	15673.47	4215.14	12890.89	3823.01	24443.10
SD	1954.39	6846.32	750.30	4063.18	2389.74	6452.54
CV%	29.65	43.68	17.80	31.52	62.51	26.40
AGR%	8.50	57.36	27.64	44.41	81.41	42.49

Source: computed from the annual report of the banks

Table 4.3 portrays Total income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher Total income during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Total income during post merger was greater in case of all the selected merged banks.

It could be noted from the result of Co-efficiency of variation that there is shows higher fluctuation the banks of IDBI and IOB, where as it is declined to HDFC bank during the post merger period.

The annual growth rate signifies that the growth performance in terms of Total income is improved in post merger period than that of pre-merger period in case of IDBI and IOB banks, where as it is declined to HDFC bank during post merger period.

NON-INTEREST EXPENSES

Fixed operating cost that financial institutions must incur such as anticipated bad depts, Provision .Non-interest expenses can include employee's salaries and benefits, equipments and properly leases, taxes ect.

TABLE NO 4.4: NON-INTEREST EXPENSES

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	155.15	429.05	251.25	541.53	97.59	3414.2
2	141.12	881.54	406.17	867.35	184.8	3613.59
3	129.66	802.23	461.78	1067.52	227.52	3677.71
4	184.61	2099.36	712.13	1533.83	444.59	4863.57
5	247.27	2303.6	634.67	2604.63	677.41	
6		1884.52	662.51		1090.37	
7					1571.6	
MEAN	171.56	1400.05	521.42	1322.97	613.41	3892.27
SD	47.05	788.57	178.29	801.66	544.20	657.18
CV%	27.42	56.32	34.19	60.60	88.72	16.88
AGR%	31.87	73.21	43.95	96.20	230.06	35.61

Table 4.4 portrays Non-interest expenses of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks spend higher Non-interest expenses during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Non-interest expenses during post merger was greater in case of all the selected merged banks.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post merger period that of the pre merger Period in case of IDBI and IOB banks.

The annual growth rate signifies that the growth performance in terms of Non interest expenses is reduced in post merger period than that of pre-merger period in case of HDFC bank during the post merger period expects IDBI and IOB banks.

OPERATING EXPENSES

The expenses which are incurred in performing its normal business. Operations are known as operating expenses. It includes the payment of employee's wages and funds allocated towards research and development.

TABLE NO 4.5: OPERATING EXPENSES

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	37.8	199.78	99.2	304.19	147.99	1580.24
2	43.34	266.01	105.8	388.23	174.87	1783.23
3	58.58	392.06	108.09	418.14	232.87	2048.46
4	78.16	565.79	126.91	460.94	335.91	2349.08
5	83.76	674.41	158.38	600.84	431.92	
6		824.97	198.35		750.19	
7					856.26	
MEAN	60.33	487.17	132.79	434.47	418.57	1940.25
SD	20.41	243.27	38.61	109.27	281.56	333.22
CV%	33.83	49.94	29.08	25.15	67.27	17.17
AGR%	44.32	68.82	33.32	39.50	82.66	37.16

Table 4.5 portrays Operating expenses of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks spend higher Operating expenses during post merger period, than that of pre-merger period.

The standard deviation unfolds the facts the variation in the Operating expenses during post merger was greater in case of all the selected merged banks it shows that negative impact during the post merger period.

It could be noted from the result of Co-efficiency of variation that there is shows less fluctuation in all the selected acquirer banks excepts IDBI bank.

The annual growth rate signifies that the growth performance in terms of operating expenses is increased in post merger period than that of pre-merger period in case of in case of IDBI and IOB banks, where as it is declined to HDFC bank during the post merger period.

NON-PERFORMING ASSEST

The Non-performing assets in nothing but not yielding any income to the lender in the form of principal and interest payments. The non-performing assets to select acquirer banks during pre and post merger periods is discussed in the following table.

TABLE 4.6: NON-PERFORMING ASSEST

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	PreMe rger	Post Merger	Pre Merger	Post Merger
1	8370.58	721.93	917.58	363.2	20.7	627.62
2	6500.18	1082.91	957.51	999.14	34.36	392.05
3	7329.94	948.96	912.21	1994.97	42.92	296.41
4	881.89	1406.32	577.52	1328.42	27.95	352.33
5	847.49	1677.91	319.2	1907.44	60.63	
6		2910.93	224.33		155.18	
7					202.89	
MEAN	4786.02	1458.16	651.39	1318.63	77.80	417.10
SD	3640.51	787.86	325.82	674.38	71.62	145.73
CV%	76.07	54.03	50.02	51.14	92.06	34.94
AGR%	2.02	67.20	4.07	105.04	140.02	14.03

Table 4.6 explain the Non-performing assets of sample merged bank period. It could be noted from the analysis of average all the sample banks have higher level of Non-performing assets during post merger period, than that of pre-merger period except IDBI bank.

The standard deviation unfolds the facts the variation in the Non-performing assets during post merger was greater in case of IOB and HDFC all the selected merged banks it shows that negative impact during the post merger period, but in case of IDBI bank reduced the Non-performing assets level it shows that positive impact in post merger period.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post period than that of the premerger period in case of IDBI and HDFC banks, but in case of IOB bank less fluctuation during the post merger period.

The annual growth rate signifies that the growth performance in terms of Non-performing assets increased in post merger period than that of pre-merger period in case of in case of IDBI and IOB banks, where as it is declined to HDFC bank during the post merger period.

WORKING FUND

The total resources which may either the total liabilities (or) total assets of bank as on a particular data is said to be working fund. Total resources include capital, reserve and surplus, deposit, borrowing and other liabilities and provisions. A high working fund shows bank total resources strength. The working fund of the select acquirer banks during pre and post merger period is presented in following table.

TABLE 4.7: WORKING FUND

YEAR	IDBI		IOB		HDFC	
	Pre Merger	Post Merger	Pre Merger	Post Merger	Pre Merger	Post Merger
1	71783.4	103965.9	30294.48	186163.3	15617.33	182952.3
2	66642.64	130867.5	35441.12	121073.4	23819.11	222554
3	63145.25	1725553	41154.72	131091.6	30482.45	277425.9
4	63865.28	233767.6	47322.02	178784.3	42379.98	337971.2
5	81430.29	253612.8	50815.05	219637.1	51505.98	
6		290361.9	59357.81		73586.87	
7					91319.29	
MEAN	69373.37	456354.70	44064.20	167349.90	46958.72	255225.90
SD	7545.91	625969.00	10606.69	40849.78	27409.71	67405.62
CV%	10.88	137.17	24.07	24.41	58.37	26.41
AGR%	22.69	46.55	32.66	23.60	83.53	46.18

Source: computed from the annual report of the banks

The Working fund of sample merged banks is provided in table 4.7 from the analysis it is interesting to note that the average amount of working fund by all the sample banks taken for this study was greater during post merger period. It is a clear proof that all sample banks after merger initiated expansion or modernization through increased investment in fixed assets. Further sample banks after merger attempted to turn around positively.

The standard deviation shows that the variation in the working fund during post merger period was greater in all sample merger banks.

The analysis of Co-efficiency of variation reveals that there is a higher fluctuation during the post period than that of the premerger period in case of IDBI bank, where as it is declined in case of HDFC bank and it shows balance fluctuation in bank of IOB.

The annual growth rate signifies that the growth performance in terms of working fund is improved during post merger period in case of bank of Indian Overseas Bank , where as it is declined in case of HDFC bank and Industrial Development Bank of India.

SUMMARY OF FINDINGS

- ❖ Interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher interest income during post merger period, than that of pre-merger period. This indicates the fact that there was positive impact of all selected sample banks during the post merger period.
- ❖ Non-interest income of sample merged banks during pre and post merger period. It could be noted from the analysis all the sample banks earned higher Non- interest income during post merger period, than that of pre-merger period
- ❖ The standard deviation unfolds the facts the variation in the Total income during post merger was greater in case of all the selected merged banks.
- ❖ The analysis all the sample banks spend higher Non-interest expenses during post merger period, than that of pre-merger period.
- ❖ The analysis all the sample banks spend higher Operating expenses during post merger period, than that of pre-merger period

- ❖ The variation in the Non-performing assets during post merger was greater in case of IOB and HDFC all the selected merged banks it shows that negative impact during the post merger period, but in case of IDBI bank reduced the Non-performing assets level it shows that positive impact in post merger period.
- ❖ The average amount of working fund by all the sample banks taken for this study was greater during post merger period. It is a clear proof that all sample banks after merger initiated expansion or modernization through increased investment in fixed assets. Further sample banks after merger attempted to turn around positively.
- ❖ This growth performance analysis revealed that the Interest Income, Non-Interest Income and Total Income also statistically increased; it shows positive impact after merger and acquisition. Non-interest expenses, Operating expenses had less variance in after merger. The analysis of Non-performing assets it could be noted that increased all the sample acquirer banks except HDFC bank and the average amount of working fund by all the sample banks taken for this study was greater during post merger period.

SUGGESTIONS

- The banks are suggested to concentrate on utilization of funds to improve operational efficiency. They should try to maintain international standards of capital adequacy.
- The analysis of performance of acquirer banks in terms of growth in deposits was not satisfactory significant, so need for concentration to achieved the expected growth.
- This research revealed that some banks were not achieved growth due the lack of creative knowledge in merger and acquisition activities; so that they can avoid common mistakes associated with merger and acquisition activities. Further they may develop appropriate measures to improve their post merger performance.
- The diversions of short term funds for long term needs should be avoided in and around merger and acquisition event.

CONCLUSION

This chapter provides the information about the analysis of growth performance of selected acquirer banks. The analysis revealed that the Interest Income, Non-Interest Income and Total Income also statistically increased; it shows positive impact after merger and acquisition. Non-interest expenses, Operating expenses had less variance in after merger. The analysis of Non-performing assets it could be noted that increased all the sample acquirer banks except HDFC bank and the average amount of working fund by all the sample banks taken for this study was greater during post merger period.

LIMITATION OF THE STUDY

This study is a descriptive analysis of financial performance of sample banks such as IDBI, IOB and HDFC banks.
The following are some of the limitations of the study.

1. The study is based on the published data of banks. Hence the study carries all limitations inherent in the secondary data.
2. The study limited to three merger cases.
3. Effect of merger on share price has been excluded from the study.
4. The cost of acquisition for mergers will not consider in the methodology.
5. However, all these limitations do not in any way affect the worth of this research work.

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