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ANALYSIS OF PRE AND POST-MERGER FINANCIAL PERFORMANCE OF SELECTED INDIAN BANKS

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Abstract:

The main objective of this paper is to analyse pre and post-merger financial performance of merged banks of selected four Indian banks for a period of 2004-2017 and performance is assessed based on different factors which are as follows gross profit, debt equity ratio, total debt ratio, proprietary ratio, return on assets, return on equity, net profit, current assets turnover ratio, fixed assets turnover ratio, total asset turnover ratio and Current ratio. Data were collected from the published annual report, moneycontrol.com website and analysis was applied with paired t-test through statistical package for social sciences (SPSS) and significance level considered as 5%. The study found a positive impact of ICICI bank after merger and other banks decreased after merger. Kotak Mahindra Bank and HDFC bank has experienced an adverse consequences after the merger on the many of the ratios. However, it is seen that the majority of the ratios have declined in the post-merge. By applying the Comparative Analysis, the paper also assesses the financial performance of acquiring bank with the banking industry. The KMB and HDFC Bank had more net profit than other banks in the merger post-period of time and remaining of the banks have their net profit less than the average.

***Keywords**: M & A, evaluation, performance, Banks in India, ratios, T-TEST*

Introduction:

The evolution of bank is from old Italian word "banca" or French word "banque", which means "a bench or money exchange table", normally bank is known as financial institution which accept deposits to provide loan. But today banking work as an agent, as underwriter, as advisor, an investor, and Indian banking's are regulated by Indian Regulation Act, 1949. Merger is a combination of two or more banks, which means when a bank combine with other banks and purchase its assets and ownership and create new one bank or existence of acquirer bank or buyer bank. It's relevant of acquisition and acquisition is also known as takeover. In Indian banking sector mergers has become admired trend throughout the country. A large number of public sector banks, private sector banks and other banks are engaged in mergers and acquisitions activities in India. Since the advancement of Indian economy in 1991, merger has been one of the significant technique for company or banks rebuilding. With the globalization of the economy, expanded contest from banks and new innovation, there has been quick change in the banking business industry in most recent twenty years. The main reason behind mergers and acquisitions in the banking sector is the advantage of economies of scales. As per research papers conducted so far, several of the mergers done in the past have proven to be an overall success for the weaker banks. To defeat these difficulties effectively, a large portion of the banks have received a rebuilding system like take over's, M & A, and so forth to decreased expenses, expanded geo inclusion, client base, and so on In ongoing past, numerous M and A occurred in the Indian banking system of which some were constrained one like consolidation. . Hence, going by the track record, M and A in Indian banking have been fruitful for the Indian Economy. The recent reported on August 30, 2019, ten public area banks will be diminished into four huge banks.

LITERATURE REVIEW:

R. Patel (Dec2017) in his paper about selected banks have found an adverse consequence of the consolidations on the vast majority of the year and a positive effect on a couple of factors. After the consolidations, business per worker and benefit per representative in every one of the banks have expanded. Furthermore, by applying the Comparative Analysis, the paper likewise evaluates the performance of monetary of obtaining save money with banks. After the consolidation, all banks advances, equity and investment expanded, however a few banks would not ready to use these assets at the ideal level and it brought about decline in their separate yields.

V Radha (Apr2013) The current paper assesses the exhibition of the chose two banks depends on the financial proportions from the point of view of pre and post consolidation. To examine the effect of consolidation combined t-test was chosen to the different financial proportions for when merger information. In this paper picked one public sector and another one private sector bank to assess the financial exhibition of banks from the point of view of pre and post consolidation.

OBJECTIVES:

- To examine the effect of merger of banks on the financial performance of selected banks
- To analyze bank performance through SPSS (T-test) model and give suggestion for improvement if its necessary.
- Post merger study chosen ratios to analyse the merger effectiveness.

HYPOTHESIS:

The present study tested the following hypothesis:

- H0: There is no significant difference between the performances of selected banks in India.
- H1: There is significant difference between the performances of selected banks in India.

METHODOLOGY:

The sample size of this research are four banks selected based on merger, merger period 2004 to 2017.In this study used secondary data and collected from the annual report of the banks, collected from Money Control and related financial websites for the study.The MS Excel software used for ratio calculations and SPSS statistical tool used in this study for paired t-test for significance level.The banks were calculated using financial ratios, which are as follows: Total Debt Ratio, Proprietary Ratio, ROA, Return on equity, Current Assets Turnover Ratio, Fixed Asset Turnover Ratio, Total Asset Turnover Ratio, and Current Ratio.

DATA ANALYSIS AND INTERPRETATION

Table 1: Following table shows about the ratios of the ICICI Bank and Bank of Rajasthan

	BANK OF RAJASTHAN			**ICICI Bank**					
	Pre merger			**Pre merger**			**Post Merger**		
VARIABLES	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Gross Profit	0.0989	0.0785	-0.0686	0.1089	0.1010	0.1262	0.1642	0.1629	0.1780
Net profit	0.0979	0.0781	-0.0686	0.1050	0.0971	0.1213	0.1579	0.1575	0.1719
Debt equity ratio	0.6823	7.9393	4.0583	44.8823	46.0084	84.5497	95.1141	121.5898	125.9856
Total debt ratio	5.8060	7.4371	3.7850	0.1642	0.1775	0.2594	0.2697	0.2866	0.2708
Proprietary ratio	8.5089	9.3675	9.3266	3.6586	3.8579	3.0679	2.8354	2.3571	2.1491
Return on assets	7.2900	6.8340	-5.9035	0.0104	9.9081	0.0111	0.0127	0.0132	0.0155
Return on equity	0.8568	0.7295	0.6330	2.8425	2.5683	3.6102	4.4724	5.6385	7.2167
Current assets turnover ratio	0.1116	0.1524	0.1480	0.1393	0.1420	0.1387	0.1223	0.1263	0.1342
Fixed assets turnover ratio	2.2259	2.8732	2.8857	9.6374	10.1789	10.3292	6.8761	8.8945	10.4198
Total asset turnover ratio	0.0744	0.0875	0.0861	0.0990	0.1020	0.0913	0.0803	0.0839	0.0902
Current ratio	0.7138	0.6114	0.6149	0.9892	1.5604	1.1001	1.1044	1.1262	1.1109

Table 2: Average and SD and t-value of Pre and Post-merger financial performance of ICICI Bank

VARIABLES		**AVERAGE**	**SD**	**t value**	**SIG**
GP	Pr	0.1120	0.0129	-6.152	0.025
	Post	0.1683	0.0084		

Net profit	Pre	0.1078	0.0123	-18.557	0.003
	Post	0.1625	0.0082		
Debt equity ratio	Pre	58.4802	22.5839	-5.447	0.032
	Post	114.2298	16.7000		
Total debt ratio	Pre	0.2004	0.0516	-2.354	0.143
	Post	0.2757	0.0095		
Proprietary ratio	Pre	3.5281	0.4108	5.105	0.036
	Post	2.4472	0.3519		
Return on assets	Pre	3.3098	5.7142	0.999	0.423
	Post	0.0138	0.0015		
Return on equity	Pre	3.0070	0.5401	-4.692	0.043
	Post	5.7759	1.3773		
Current assets turnover ratio	Pre	0.1400	0.0018	3.106	0.09
	Post	0.1276	0.0061		
Fixed assets turnover ratio	Pre	10.0485	0.3639	1.601	0.251
	Post	8.7301	1.7775		
Total asset turnover ratio	Pre	0.0975	0.0055	2.192	0.16
	Post	0.0848	0.0050		
Current ratio	Pre	1.2166	0.3029	0.61	0.604
	Post	1.1138	0.0112		

INTERPRETATION:

The above table represents the statistics and analysis of the different ratios of ICICI Bank. The mean ratios of GP, NP, DER, total debt ratio, return on equity, of after merger was found that more than the before. This shows that in the post bank merger situation performance of the ICICI Bank has improved as far as these proportions. However, the average ratios of proprietor ratio, return on asset, CATR, FATR, TATR, and current ratio of merger were found on be less contrasted with pre bank merger. To know whether there is difference of significance in the variables of finance when merger used or analyse with SPSS paired t test applied. The outcome of the study clearly shows in table 2. The GP is increased in post-merger and the t value is -6.152 & significance value shows 0.024 and sig improved in GP after merger. NP is increased in post-merger and the t value is -18.557 & significance value shows 0.003 and sig improved in NP post merger.

Table 3: Following table shows about the ratios of ING Vysya Bank and KMB

	ING VYSYA BANK			KOTAK MAHINDRA BANK					
	Pre merger			Pre merger			Post Merger		
VARIABLES	**2012**	**2013**	**2014**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Gross Profit	0.2654	0.4061	0.2851	0.1429	0.1388	0.1461	0.1434	0.1231	0.1456
Net profit	0.1008	0.1097	0.1084	0.1422	0.1382	0.1454	0.1428	0.1224	0.1456
Debt equity ratio	37.9462	42.0488	51.2536	78.8321	96.8978	75.3119	81.3478	47.6780	53.9844
Total debt ratio	0.1212	0.1187	0.1600	0.3161	0.3123	0.2373	0.2114	0.1816	0.1799
Proprietary ratio	3.1951	2.8238	3.1225	4.0102	3.2227	3.1509	2.5992	3.8089	0.1799
Return on assets	9.7129	0.0112	0.0109	0.0200	0.0190	0.0205	0.0206	0.0142	0.0179
Return on equity	3.0400	3.9598	3.4877	4.9968	5.9047	6.5208	7.9369	3.7409	5.3768
Current assets turnover ratio	0.1340	0.1550	0.1407	4.6163	4.6587	4.7591	4.6500	6.0205	6.0607
Fixed assets turnover ratio	9.0341	11.1802	11.5713	21.1507	25.7304	13.6606	15.5029	15.9183	19.3241
Total asset turnover ratio	0.0963	0.1019	0.1005	0.1409	0.1377	0.1413	0.1445	0.1164	0.1230
Current ratio	0.7854	0.7183	0.8094	0.8553	0.8231	0.8946	0.8891	0.8795	0.9430

Table 4: Average and SD and t-value of Pre and Post-merger financial performance of Kotak Mahindra Bank

VARIABLES		Average	SD	t value	SIG
GP	Pr	0.1426	0.0037	0.994	0.425
	Post	0.1374	0.0124		
Net profit	Pre	0.1419	0.0036	0.931	0.450
	Post	0.1369	0.0127		
Debt equity ratio	Pre	83.6806	11.5810	1.517	0.269
	Post	61.0034	17.8987		
Total debt ratio	Pre	0.2886	0.0444	4.549	0.045
	Post	0.1910	0.0177		
Proprietary ratio	Pre	3.4613	0.4767	1.229	0.344

	Post	2.1960	1.8478		
Return on assets	Pre	0.0199	0.0008	1.456	0.283
	Post	0.0176	0.0032		
Return on equity	Pre	5.8074	0.7666	0.079	0.945
	Post	5.6849	2.1149		
Current assets turnover ratio	Pre	4.6780	0.0733	-2.076	0.174
	Post	5.5771	0.8031		
Fixed assets turnover ratio	Pre	20.1806	6.0931	0.706	0.553
	Post	16.9151	2.0966		
Total asset turnover ratio	Pre	0.1400	0.0020	1.528	0.266
	Post	0.1280	0.0147		
Current ratio	Pre	0.8576	0.0358	-6.998	0.020
	Post	0.9038	0.0342		

INTERPRETATION:

The above table represents the statistics and analysis of the different ratios of KMB. The ratios of average of CATR, current ratio of after bank merger was found that more than the before. This shows that in the post bank merger situation performance of the KMB has improved as far as these proportions. However, the ratios of average GP.DER, NP, FATR, TATR, of post bank merger were found on be less contrasted with pre bank merger. To know whether there is difference of significance in the variables of finance when merger used or analyse with SPSS paired t test applied. The outcome of the study clearly shows in table 4. The GP is decreased in post bank merger and the t value is 0.994 & significance value shows 0.425 and there is no sig improved in GP after bank merger. NP is decreased in post bank merger and the t value is 0.931 & significance value shows 0.450 and there is no sig improved in NP post bank merger.

Table 5: Following table shows about the ratios of Centurion Bank of Punjab and HDFC Bank

	CENTURION BANK OF PUNJAB			HDFC BANK					
	Pre merger			Pre merger			Post Merger		
VARIABLES	**2005**	**2006**	**2007**	**2005**	**2006**	**2007**	**2009**	**2010**	**2011**
Gross Profit	0.5585	0.5341	0.6957	0.1830	0.1598	0.1403	0.1181	0.1521	0.1670
Net profit	0.0871	0.1524	0.0956	0.1777	0.1555	0.1358	0.1144	0.1476	0.1618
Debt equity ratio	0.0934	0.0055	0.6668	15.4576	9.1284	8.8149	21.5420	28.2160	30.9400
Total debt ratio	0.0097	0.0046	0.0504	0.0931	0.0389	0.0309	0.0500	0.0581	0.0519

Proprietary ratio	0.1044	0.0822	0.0755	6.0255	4.2600	3.5007	2.3211	2.0577	1.6774
Return on assets	0.0056	0.0077	0.0066	0.0129	0.0118	0.0125	0.0122	0.0133	0.0142
Return on equity	0.2975	0.8697	0.7746	2.1478	2.7808	3.5738	5.2774	6.4418	8.4398
Current assets turnover ratio	0.1699	0.1918	0.1548	0.1194	0.1265	0.1408	0.1599	0.1235	0.1188
Fixed assets turnover ratio	3.0660	3.3986	4.9690	5.2869	6.5483	8.6951	11.4974	9.4123	11.1779
Total asset turnover ratio	0.1058	0.1330	0.1123	0.0728	0.0762	0.0921	0.1071	0.0898	0.0875
Current ratio	0.7147	0.7785	0.7919	0.6760	0.6655	0.7040	0.7297	0.8049	0.8106

Table 6: Average and SD and t-value of Pre and Post-merger financial performance of HDFC Bank

VARIABLES		Average	SD	t value	SIG
GP	Pr	0.1610	0.0214	0.574	0.624
	Post	0.1457	0.0251		
Net profit	Pre	0.1563	0.0210	0.579	0.621
	Post	0.1413	0.0243		
Debt equity ratio	Pre	11.1337	3.7480	-3.205	0.085
	Post	26.8993	4.8353		
Total debt ratio	Pre	0.0543	0.0339	0.046	0.967
	Post	0.0533	0.0042		
Proprietary ratio	Pre	4.5954	1.2954	4.486	0.046
	Post	2.0187	0.3236		
Return on assets	Pre	0.0124	0.0006	-1.06	0.4
	Post	0.0132	0.0010		
Return on equity	Pre	2.8341	0.7145	-7.565	0.017
	Post	6.7197	1.5994		
Current assets turnover ratio	Pre	0.1289	0.0109	-0.28	0.806
	Post	0.1341	0.0225		
Fixed assets turnover ratio	Pre	6.8434	1.7231	-3.253	0.083
	Post	10.6959	1.1230		
Total asset turnover ratio	Pre	0.0804	0.0103	-1.283	0.328
	Post	0.0948	0.0107		

Current ratio	Pre	0.6818	0.0199	-4.003	0.057
	Post	0.7817	0.0452		

INTERPRETATION:

The above table represents the statistics and analysis of the different ratios of HDFC. The ratios of average of DER, CATR, ROA, ROE, FATR, TATR, CR, of after bank merger was found that more than the before. This shows that in the post bank merger situation performance of the HDFC has improved as far as these proportions. However, the ratios of average GP. PR, NP, of post bank merger were found on be less contrasted with pre bank merger. To know whether there is difference of significance in the variables of finance when merger used or analyse with SPSS paired t test applied. The outcome of the study clearly shows in table 6. The GP is decreased in post bank merger and the t value is 0.574 & significance value shows 0.624 and there is no sig improved in GP after bank merger. NP is decreased in post bank merger and the t value is 0. 0.579& significance value shows 0.621 and there is no sig improved in NP post bank merger.

Table 7: Following table shows about the ratios of Bharat Overseas Bank and IOB

	BHARAT OVERSEAS BANK			INDIAN OVERSEAS BANK					
	Pre merger			Pre merger			Post Merger		
VARIABLES	**2004**	**2005**	**2006**	**2004**	**2005**	**2006**	**2008**	**2009**	**2010**
Gross Profit	0.5222	0.6367	0.5206	0.7848	0.7763	0.7545	0.8714	0.8979	0.7906
Net profit	0.1566	0.0971	0.0219	0.1141	0.1419	0.1526	0.1370	0.1180	0.0621
Debt equity ratio	0.0928	0.3728	0.3876	1.3390	1.0842	1.3521	11.6623	12.0196	16.4872
Total debt ratio	0.0057	0.0230	0.0213	0.0154	0.0116	0.0124	0.0624	0.0541	0.0685
Proprietary ratio	0.0611	0.0617	0.0548	0.0155	0.0107	9.1782	5.3497	4.4997	4.1557
Return on assets	0.0125	0.0062	0.0015	0.0108	0.0128	0.0132	1.1807	0.0110	5.3927
Return on equity	1.3365	1.2361	1.3596	9.4119	11.9559	14.3786	2.2069	2.4335	1.2977
Current assets turnover ratio	2.6571	2.0281	2.1249	0.1681	0.1464	0.1285	0.1205	0.1275	0.1241
Fixed assets turnover ratio	6.7624	5.7187	7.1591	11.1249	10.1491	11.2171	15.7111	6.5720	6.7011
Total asset turnover ratio	0.0850	0.0685	0.0733	0.0950	0.0903	0.0865	0.0862	0.0928	0.0869
Current ratio	0.5267	0.6271	0.5864	0.1091	0.6498	0.7111	0.7508	0.7738	0.7425

Table 8: Average and SD and t-value of Pre and Post-merger financial performance of Indian Overseas Bank

VARIABLES		Average	SD	t value	SIG
Gross Profit	Pr	0.7719	0.0156	-3.281	0.082
	Post	0.8533	0.0559		
Net profit	Pre	0.1362	0.0199	0.927	0.452
	Post	0.1057	0.0389		
Debt equity ratio	Pre	1.2584	0.1510	-8.022	0.015
	Post	13.3897	2.6884		
Total debt ratio	Pre	0.0131	0.0020	-12.105	0.007
	Post	0.0617	0.0072		
Proprietary ratio	Pre	3.0682	5.2915	-0.482	0.677
	Post	4.6684	0.6146		
Return on assets	Pre	0.0123	0.0013	-1.336	0.313
	Post	2.1948	2.8306		
Return on equity	Pre	11.9155	2.4836	5.815	0.028
	Post	1.9794	0.6012		
Current assets turnover ratio	Pre	0.1477	0.0198	1.861	0.204
	Post	0.1241	0.0035		
Fixed assets turnover ratio	Pre	10.8303	0.5918	0.404	0.725
	Post	9.6614	5.2396		
Total asset turnover ratio	Pre	0.0906	0.0042	0.57	0.626
	Post	0.0886	0.0036		
Current ratio	Pre	0.4900	0.3313	-1.399	0.297
	Post	0.7557	0.0162		

INTERPRETATION:

The above table represents the statistics and analysis of the different ratios of IOB. The ratios of average of GP, DER, TDR, CATR, ROA, CR, of after bank merger was found that more than the before. This shows that in the post bank merger situation performance of the IOB has improved as far as these proportions. However, the ratios of average NP, ROA,ROE, CATR,FATR,TATR, of post bank merger were found on be less contrasted with pre bank merger. To know whether there is difference of significance in the variables of finance when merger used or analyse with SPSS paired t test applied. The outcome of the study clearly shows in table 8. The GP is increased in post bank merger and the t value is -3.281 & significance value shows 0.082 and there is no sig improved in GP after bank merger. NP is decreased in post bank merger and the t value is 0.927 & significance value shows 0.452 and there is no sig improved in NP post bank merger.

Comparative Analysis:

A comparative analysis of different performance of financial factors of acquiring banks and the banking institutions is given regarding during the bank merger. This is finish with the reason of examine the improvement and advancement in the bank performance in the merger period of respective selected samples in corresponding to the banking industry average.

Table 9: Comparative analysis of Banks (with average of all banks)

VARIABLES		Average of ICICI Bank	Average of KMB	Average of HDFC Bank	Average of IOB	Average of all banks
Gross Profit	Pre	0.1120	0.1426	0.1610	0.7719	0.2969
	Post	0.1683	0.1374	0.1457	0.8533	0.3262
Net profit	Pre	0.1078	0.1419	0.1563	0.1362	0.1356
	Post	0.1625	0.1369	0.1413	0.1057	0.1366
Debt equity ratio	Pre	58.4802	83.6806	11.1337	1.2584	38.6382
	Post	114.2298	61.0034	26.8993	13.3897	53.8806
Total debt ratio	Pre	0.2004	0.2886	0.0543	0.0131	0.1391
	Post	0.2757	0.1910	0.0533	0.0617	0.1454
Proprietary ratio	Pre	3.5281	3.4613	4.5954	3.0682	3.6632
	Post	2.4472	2.1960	2.0187	4.6684	2.8326
Return on assets	Pre	3.3098	0.0199	0.0124	0.0123	0.8386
	Post	0.0138	0.0176	0.0132	2.1948	0.5598
Return on equity	Pre	3.0070	5.8074	2.8341	11.9155	5.8910
	Post	5.7759	5.6849	6.7197	1.9794	5.0399
Current assets turnover ratio	Pre	0.1400	4.6780	0.1289	0.1477	1.2737
	Post	0.1276	5.5771	0.1341	0.1241	1.4907
Fixed assets turnover ratio	Pre	10.0485	20.1806	6.8434	10.8303	11.9757
	Post	8.7301	16.9151	10.6959	9.6614	11.5006
Total asset turnover ratio	Pre	0.0975	0.1400	0.0804	0.0906	0.1021
	Post	0.0848	0.1280	0.0948	0.0886	0.0991
Current ratio	Pre	1.2166	0.8576	0.6818	0.4900	0.8115
	Post	1.1138	0.9038	0.7817	0.7557	0.8888

INTERPRETATION:

Table 9 represents a comparative study of different performance of financial variables of merger banks. Among every one of the banks, IOB has more gross profit compare to other banks after merger period and other banks have their gross profit less. The KMB and HDFC Bank had more net profit than other banks in the merger period of time. and remaining of the banks have their net profit less than the average. ICICI Bank and Kotak Mahindra Bank have found their DER and TDR higher compared to the mean of the all banks in both period of merger and remaining two other banks have their debt equity and total debt ratio lesser than the average of all banks. Among all the banks, only HDFC Bank and IOB proprietary ratio has more than all banks mean in pre bank merger and post bank merger respectively as compared to remaining banks have their proprietary ratio below average in after bank and before bank merger. The ICICI Bank had a more ROA as compared to others in the post bank merger time which further upgrades the improvement and IOB had a more ROA when compared to other different banks in the before bank merger. Among all the banks have higher return on equity than all banks mean except IOB in post bank merger. KMB has higher more CATR, FATR, TATR, than the all banks mean in both pre bank and post bank merger period. Other remaining banks have their CATR below mean. The ICICI Bank and Kotak Mahindra Bank have more current ratio as compared to the all banks mean in the both merger period and remaining of the banks have their current ratio lesser than the overall average of all banks.

SUMMARY OF FINDINGS:

The net profit of ICICI has increased and other three banks decreased after merger. HDFC and KMB bank has found that has negative impact of the merger on most of the variables. Except Kotak Mahindra Bank's debt ratio has decreased after merger, its positive impact to the banks and other three banks increased which is negative impact to the banking industry. ICICI Bank increased more net profit as compared to other three banks after merger of selected banks. Total debt ratio of all selected banks are less than 0.6, which is positive impact to the banking industry. It is seen that the majority of the ratios have declined in the post-merger. And, in this paper, compare to other researchers considered three or four banks with less than 6 ratios but in this article we selected four banks with the help of more than 10ratios and observed that most of the variables have declined after the merger and overall result or performance of banks after merger shows negative impact.The results of the analysis of the merger of selected banks does not shows significant improvement in the financial performance in the post-merger period.

CONCLUSION:

Merger is one of the helpful techniques for development and extension in the Indian banking system. It is useful for endurance of weaker banks by converting into bigger banks. This study about pre and post merger of selected Indian banks and took past four bank mergers between 2003 and 2017.For this a comparison between pre and post merger with the help of financial variables. The consolidated performance of both bank before merger and after merger have compared. And, for purpose and objective of this study with paired t-test for anayse the before and after merger of banks performance with the significance level of 5% or 0.05. The results of the analysis of the merger of some selected banks does not shows significant boost in the bank's performance after merge. The net profit of all banks almost similar no changes as compared to post-merger of banks. Thus, it can be concluded from the study that the positive impact of merger may accrue in later years i.e., in long run as the present study is limited to time. Total debt ratio of all banks in good position, which is concluded from the study positive impact to the banking industry, which will improve in future, in this study we considered limited periods i.e., three years.

SUGGESTIONS:

Banks need to keep an eye on the emerging trends in business environment in order to grow, stabilize, and excel in their business. Appropriate blend of capital structure ought to be embraced so as to build the gainfulness of banks. Government needs to concentrate more on improvising the financial health of certain commercial banks which are lagging behind in keeping an adequate capital, asset management, management efficiency, earnings, liquidity of banks merger, which's affect on another bank or bidder bank.The reason behind the merger is to make a strong bank and improve the bank position of a weaker bank, but sometimes, it doesn't help the M &A to some banks, it will affect the profitability of the strong banks. So, we need to consider the financial position of the other banks and also NPA issues, in that situations government need to consider future financial position of the banks before banks merge. In this paper considered only four banks for a period of three years pre and post and we can't deicide banks performance with only three years data and limited variables. And, many researchers prepared and analysed with public sector banks and selected SBI and its associates, BMB.

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