CHAPTER 9

Findings & Suggestions
Findings:

The research was carried out in the area of Goa/Maharashtra bank Mergers with respect to the merger of Sangli Cooperative Bank with ICICI bank which took place in the year 2006 to look into the matter of economic development of the bank, the shareholders, depositors and in turn on a larger picture the nation.

Upon analysis from the data collected from the questionnaire consisting of 35 questions I have found the following:

1. 73.73% of the participants had joined the bank before the pre-merger with ICICI bank Ltd
2. More than 80% of the participants are of the opinion that Merger of the Sangli Bank and ICICI Bank has improved the conditions for the employees of the Sangli Bank
3. More than 70% of the participants have an opinion that the position of the shareholders has improved after the merger.
4. More than 70% have a positive reply towards the improvement of the services in the bank post merger.
5. About 70% of the participants feel that the services provided by the bank post merger have improved.
6. More than 60% of the participants have formed an opinion that there was an technological enhancement upon the merger
7. About 60% of the participants have a positive opinion about the work culture improvement post merger
8. Upon the analysis it can safely opined that the participants are satisfied and feel a positive impact on their salaries post merger.
9. The participants have a feeling that the post merger management policies have improved.
10. About 70% of the participants feel that there is a positive response from the shareholders and depositors post merger

11. About 80% of the people feel that the depositors have shown a better response in terms of return on investment.

12. About 75% of the people have stated that they have better career prospects post merger

13. About 85% of the people feel that there was an economic growth of the sector with respect to the pre-merged Sangli Bank

14. About 82% of the participants are of the opinion that the shareholders have been benefited with the merger.

15. About 89% are of an opinion that there has been a positive impact on the share value after the merger of two banks

16. About 87% of the participants are of the opinion that the dividend paid by the bank has had a positive impact post merger

17. About 66% of the participants feel that a person would benefit buying the shares of the entity formed post merger

18. The participants are of the positive opinion that the management policies are favorable for the growth of the money invested by the shareholders.

19. About 65% of the participants feel that there is a certainty for the return on investment made by the pre-merger shareholders.

20. More than 75% of the participants are of the opinion that the lending terms have become more complicated for the pre-merger shareholders /clients

21. About 85% of the participants are of the opinion that the lending procedure has become complicated lengthy and time consuming for the premerger clients after the merger.

22. It is seen that more than 85% of the participants have an opinion that retaining their investment post-merger has been a beneficial decision.
23. It is observed that majority of the participants have formed an opinion that there were certain privileges given to the existing client base of the Sangli Bank upon merger.

24. The participants are of the opinion that during the initial phase of the merger exiting depositors found it difficult to maintain banking relationship with newly formed entity.

25. About 65% of the participants have an opinion that there was a direct impact on the banking needs of the existing clients of the Sangli Bank.

26. Upon analysis it is observed that the participants feel that there was a sudden impact on the economic condition of the Sangli Bank on the announcement of the merger with the ICICI Bank.

27. The results of the analysis show beyond a reasonable doubt that the participants are of the opinion that they have witnessed a direct impact on the business revenue upon the merger of the bank.

28. On the data analysis it can been seen that participants are in favour of merger of two different streams of banking like Sangli Bank being a State Cooperative Bank and ICICI being a private sector bank.

29. The data analysis shows that participants are of the opinion that the economic development improves upon merger of two different banking streams.

30. The participants agree that such Mergers are beneficial for the economic growth of the country.

31. About 85% of the participants feel that after the merger the rural banking has improved considerably.

32. About 85% of the participants feel that the shareholders of the Sangli Bank have been able to participate in the growth of the ICICI bank as stated in the amalgamation.

33. 80% of the participants agree that the situation of the existing clients of the Sangli Bank has improved in terms of the banking needs post merger.
34. 82.5% of the participants have an opinion that the amalgamation has been able to live up to the expectations in terms of the banking products for the premerger clients.

35. 82% of the participants feel that the entity formed upon amalgamation has been able to satisfy the customer demands in economic terms.
Suggestions:

Upon data analysis of the primary data and the review of the secondary data available it can be suggested that:

1. The merger of two different streams of banking has proved beneficial for the economic development of the customers and in-turn the country.

2. The Mergers often take place when either one of the banks are sick or on the verge of liquidation. Most often the management of the bank wait for two long before they actually look for Mergers and/or amalgamations which actually damages the economic situation even more and finally affecting the customers and shareholders. This can be avoided if the sick banks management keeping their private interests aside think about the customers and shareholders of the bank and look for the merger at a slightly early stage.

3. Most often when there is a fear and uncertainty in the minds of the depositors and the shareholders when they see the downfall of their bank, at such times, the announcement of merger plays a very important role in safeguarding the interests of the shareholders and the depositors. As well this could avoid the run on the bank.

4. There is a general notion that big fishes eat up the small ones in the sea, and the similar fundamental applies to the banking sector but with a slight adaptation of the small bank being unhealthy and economically unsound. Hence there is no harm in promotion of such Mergers in the banking streams.

5. It is important to understand that Mergers are beneficial for the economic development of the country and Reserve Bank of India can issue guidelines or make rules as to when the banks should initiate appropriate steps for the merger.

6. Such guidelines and rules will definitely prove to be deterrent for non-performance as well as bottom-line mark for the bank to improve upon or make reforms in their existing structure to improve the economic condition of the bank.
7. With such guidelines and/or rules in place the vested interests of the Board of Directors in small cooperative banks also can be controlled, leading to lesser frauds and economic stability.

8. In Recent times, Reserve Bank of India has issued a circular for grant of new banking licenses wherein all the major big players like TATA, Ambanis, and Birlas have applied for the banking licenses. These players instead of forming new banks and creating more infrastructure can take-over other existing sick banks with actually a lesser amount of investment and revamp their infrastructure and contribute to better economic growth of the country.