CHAPTER - V
CONCLUSIONS
Chapter five would be on conclusion which would specify about the way the entire research was conducted and the end result of the same. The section would provide inputs with justification for reaching the aims and objectives. The hypothesis which has been framed earlier would be treated as positive and negative. The conclusions of this section would be as to assess the post merger performance with its positive or negative impact on the key performance indicators of the acquiring firm.
CONCLUSIONS

The study simply offers a framework within which to select appropriate key performance indicators for banks so as to select appropriate ratios and specify standards against to evaluate the post merger performance of the all the six cases in India during the period 2005-2010. (Cargill, 1989). Changing financial scenario has opened up opportunities for banks to expand their global presence through self expansion, strategic alliances, and so on. Banks are diverting their focus on retail banking so as to obtain access to low cost funds and to expand into relatively untapped potential areas. Banking sector is to witness the emergence of financial supermarkets in the form of universal banks (Uppal and Kaur 2007). They are providing a suite of services from retail to corporate banking and industrial lending to investment banking, besides providing personnel financial services which is the highest growth segment. The financial sector reforms have brought the Indian financial system closer to global standards. The process of strengthening the banking system has to be viewed as a continuous one. With India increasingly getting integrated with the global financial world, the Indian banking sector has still a long way to go to catch up with their counterparts.

The empirical evidences signifies for individual cases viz., State Bank of India concluded that there is no significant difference in the post merger performance of SBI in Short term investment ratio, cash to total assets, capital adequacy ratio, return on equity, profit margins, interest cost to asset ratio and efficiency ratio with that of pre-merger with State Bank of Saurashtra during the period 2008. However, the performance of the bank in cash to total deposits, equity multiplier, return on equity, asset utilization, operating
efficiency and cost of funds found significant difference during the post-merger period of State Bank of India.

While the post merger performance of HDFC with that of Centurian Bank of Punjab during the period 2008, concluded from the analysis that there is a significant difference in the performance of HDFC bank in short term investment ratio, cash to total deposits, equity multiplier, equity ratio, capital adequacy ratio, return on equity and operating efficiency comparing to that of pre-merge while in some parameters, the performance of the bank during pre-merge period shows better than post-merge period and in some other parameters the performance during post-merge period dominated the pre-merge period. Whereas, in cash to total assets, return on assets, profit margin, asset utilization, interest cost to asset ratio, cost of funds and efficiency ratio there is no significant difference in the performance of the bank during post-merger period to that of Pre-merger period.

The analysis of Indian Overseas Bank merged with Bharat Overseas Banks during the period 2007 concluded that there is no significant difference in the post merger performance with the parameters like short term investment ratio to total assets, cash to total assets, capital adequacy, profit margin and short term investment ratio during post merger period to that of pre-merger period. Whereas, the parameters like, cash to total deposits, equity multiplier, equity ratio, return on equity, return on assets, asset utilization, interest cost to asset ratio, operating efficiency, cost of funds and efficiency ratio there is indeed a significant difference was found during post merger period to that of pre-merger period.

The post merger performance of ICICI Bank can concluded that there is significant difference found in the performance of the ICICI bank in the parameters like, cash to total
deposits, cash to total assets, equity multiplier, equity ratio, capital adequacy, return on equity, profit margin and efficiency ratio. Whereas, the parameters like, short term investment ratio, return on assets, asset utilization, interest cost to asset ratio, operating efficiency and cost of funds, there is no significant difference found in the post merger performance to that of pre-merger period. The case of IDBI Bank merger with United Western Bank during the period of 2006 indicated in the analysis that there is no significant difference in the post merger performance of IDBI in short term investment ratio on total assets, cash to total assets, return on assets, profit margin, asset utilization, interest cost to asset ratio, cost of funds and efficiency ratio to that of the pre merger period. While, the post merger performance of the IDBI bank with the parameters like cash to total deposits, equity multiplier, equity ratio, capital adequacy, return on equity and operating efficiency during pre-merge and post-merge period, where the performance of some parameters are found better during pre-merge period and in some other parameters the performance during post-merge shows better.

The case of Federal Bank merger with Ganesh bank of Kurundwad during the period 2006 concluded that there is a significant difference in the post merger performance of FEDERAL bank in cash to total deposits, equity multiplier, equity ratio, return on equity, return on assets, profit margin, asset utilization, interest cost to asset ratio, operating efficiency, cost of funds and efficiency ratio. Whereas the performances of some parameters are found better during pre-merge period and in some other parameters the performance during post-merge shows better. But the parameters viz., short term investment ratio on total assets, cash to total assets and capital adequacy there is no significant difference in the post merger performance period.
LIMITATIONS OF THE STUDY:

There are certain limitations of this research study. In fact, the main limitations of the study is the non-availability of financial data before 2005. The data before 2005 is neither available on Internet databases like Capitaline, nor the Annual Reports could be retrieved from the various target banks and the Stock Exchange (BSE) which are the utmost sources of information regarding financial data. Another limitation is that it only talks about the effects on bank mergers and acquisition and it totally ignores the other corporate sectors of the economy, there must be an impact of possible differences in the key performance indicators as highlighted in Chapter III adopted by the target banks. Although this study investigated the Liquidity, Profitability, Risk and Efficiency factors of the post merger performance of the target banks but it did not address issues having to do with political dimensions of the merger exercise.

Based on the results, on the policy side the researcher suggests that Reserve Bank of India (RBI) should activate the prompt corrective mechanism which helps in identifying the sick banks and the timing of the merger may be advanced to avoid no significant returns of the Bank. Another issue which is completely ignored is impact of consolidation on customers, especially small borrowers who are dependent on the banking channel. The other factor over consolidation model which is simultaneously in progress is operational consolidation among the target banks. The largest public sector bank, State Bank of India has been operationally integrated with its subsidiaries in providing various banking services. Above all the researcher firmly believes that certain corporate governance issues are to be solved on a priority basis before implementation of merger agenda.
FUTURE DIRECTIONS OF THE RESEARCH:

The researcher is focused on the research carried out with respect to the field of mergers and acquisitions. However since particular periods and key performance indicators have been prevailed at different points, it would be necessary for the research to be further enhance. This research topic of analyzing the impact of mergers and acquisitions on the key performance indicators of the acquiring firm holds immense scope for further analysis. This topic can be further studied by conducting research using different variables/key performance indicators or different sector or companies.