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A Study of Financial Statements of Proposed and Post-Merger of Indian Public Sector Banks

Jasvin Patel[1], Vishal Bhagat[2], Supriya Sahu[3], Hemant Tiwari[4]

Lovely Professional University, Jalandhar, India

Jasvin.patel@gmail.com

Abstract: **A study of financial performance of proposed merger and post-merger in public banking sector. Our aim is to analyzing the performance of banking system in India and examines financial performance of proposed merger and post-merger in public baking sector and measure the profitability, liquidity and credit management of selected banks. To achieve these objectives, we would collect the data of financial ratio and its figures from money control and on the basis of the calculated averages we would make the visual graphs ratios, we would also analyze their financial performance after merger as if their performance, either there has been positivity.**

Keywords: Merger, Ratio, Bank, financial performance.

I. INTRODUCTION

Mergers and Acquisitions in Indian Banking Sector:

Mergers and acquisitions within the banking sector may be a common development across the globe. The first objective behind this move is to realize growth at the strategic level in terms of size and client base. This, in turn, will increase the credit-creation capability of the incorporated bank staggeringly. Little banks fearing aggressive acquisition by an outsized bank typically enter into a merger to extend their market share and defend themselves from the attainable acquisition Banks conjointly like mergers and acquisitions to reap advantages the advantages the advantages of economies of scale through reduction of prices and maximization of each economic and noneconomic benefits.

Major mergers in the banking industry

• Oriental Bank of Commerce (OBC) and Global Trust Bank (2004)
• State Bank of India and State Bank of Saurashtra (2008)
• SBI merger with associate banks and Bhartiya Mahila Bank (2017).

Merger in Indian Banking Industry 2019

Table 1

	OBC
	United Bank of India
	Punjab National Bank
Punjab National Bank	**Dena Bank**
	Bank of India
Bank of India	**Allahabad Bank**
	Canara Bank
Canara Bank	**Syndicate Bank**
	Union Bank of India
	Andhra Bank
Union Bank of India	**Corporation Bank**

II. REVIEW OF LITERATURE

Soni and Jain (2013) depicts the compares pre and post-merger of banks with use of financial ratios Gross Profit Margin, Net Profit Margin, Operating Profit Margin, Return on Capital Employed, Return on Equity and Debt Equity Ratio. This study shows the changes represent in the acquired firms based on financial parameters. The tools used t-test for testing the statistical significance and effect of Merger and Acquisitions on the performance of banks. To be concluded that the banks have been positively affected by the event of Merger and Acquisition

Sinha Pankaj & Gupta Sushant (2011) studied a pre and post analysis of Banks and concluded that it had positive effect as their profitability, in most of the cases deteriorated liquidity.

Panwar (2011) studied ongoing merger trends in Indian banking from the viewpoint of two important stakeholders of a banking firm- stockholders and managers. The findings show that the trend of consolidation in Indian banking industry has so far been limited mainly to Restructuring of weak banks and harmonization of banks and financial institutions. Singh and

Mogla (2010) in their research paper examined the profitability of acquiring firms in the pre - and - post merger periods. The sample consists of 153 listed merged companies. Five alternative measures of profitability were employed to study the impact of merged on the profitability of acquiring firms. The results reveal that profitability declined in 55 % of companies and only 29% of companies could improve their profitability. DuPont Analysis reveals that profitability declined due to poor asset utilization. It suggests that managers should give due attention to proper utilization of newly acquired assets. An acquisition of neither healthy nor lossincurring units continued to the profitability of acquires.

Uppal, R.K. (2008) in his brief article analyzed that the performance of major banks in terms of productivity and profitability in the pre and post e-banking period. The paper concludes that performance of all the banks under study is much better in post e-banking period and further 16 | P a g e foreign banks are at the top positions, whereas the performance of the public sector banks is comparatively very poor. The paper suggests some measures to tackle the challenges faced by banks particularly public sectors banks. It's defined the Labor Productivity, Branch Productivity and also Profitability Ratio of public sector banks and private sector banks. The paper concludes that transformation is taking place almost in all categories of the banks and suggests how public sector banks can convert the emerging challenging into opportunities.

III. RESEARCH METHOLODGY

1 Research GAP

In the previous research papers, many researchers have taken near about 5 banks or less than that, but in the study "a study of financial performance of Pre and proposed merger in public banking sector", we have taken 11 public sector banks, which were not taken in the other research papers and calculated the 5 financial ratios to know about their performance and tried to bridge the gap which has not been done earlier.

1.2 NEED AND SCOPE OF THE STUDY

The theoretical scope of the study follows:

1. Due to Deregulation, synergy, expansion of operation, to enlarge customer base and to deal with NPAs.

2. The Indian Banking Structure has significantly changed Nearly about 27 mergers of banks till 2017 in the Indian Banking Industry has been taken place which leads to effect on profitability and performance in Indian Banking system.

1.3 OBJECTIVES

• To analyses the performance of banking system in India.

• To examine financial performance of Post merger in public baking sector.

• To measure the profitability, liquidity and credit management of selected banks.

1.4 RESEARCH METHODOLOGY

The process used to collect information and data for the purpose of making business decisions. The methodology may include publication research, interviews, surveys and other research techniques, and could include both present and historical information.

PRIMARY DATA: Primary data is data that is collected by a researcher from first-hand sources, using methods like surveys, interviews, or experiments. It is collected with the research project in mind, directly from primary sources. The term is used in contrast with the term secondary data.

SECONDARY DATA: Secondary data refers to data which is collected by someone who is someone other than the user. Common sources of secondary data for social science include censuses, information collected by government departments, organizational records and data that was originally collected for other research purposes.

1.5 DATA COLLECTION:

We have taken secondary data method and we were taken the availability of data by journals, Articles and web side of particular banks and on the basis of websites which provide financial data and information.

SAMPLE TECHNIQUE:

To do our research work we are going to take Average method of all the banks ratio of 5 years on the basisc of that our research is based. In average method we are going to take data of every bank and the data which is going to be the output will be presented in Graph for interpretation.

PERIOD OF THE STUDY:

In this study, We have taken 5 year of Return on assets, Return on equity, Net interest margin ratio, CASA ratio, Net profit margin ratio of the given bank.

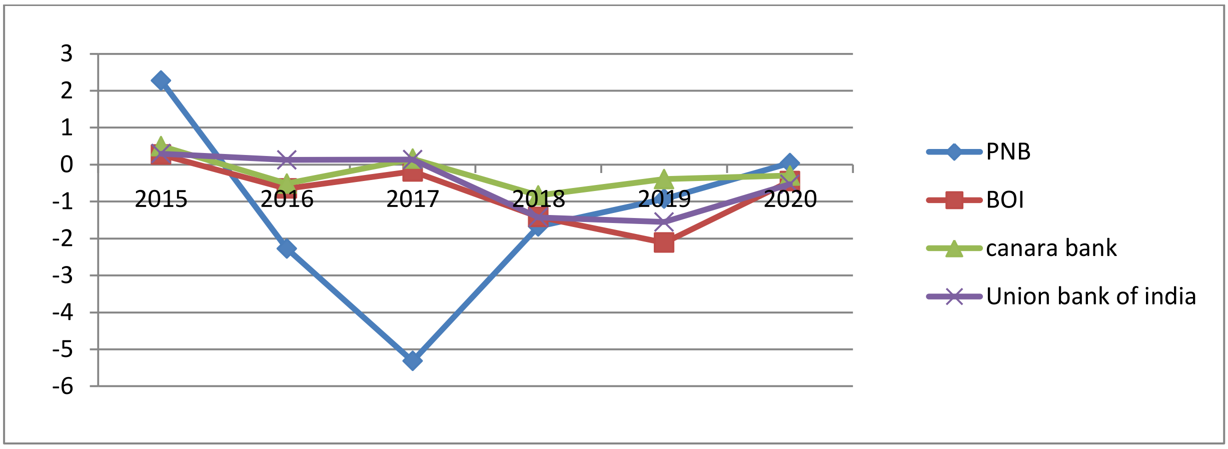
IV. RESULT & ANALYSIS

1) RETURN ON ASSETS (ROA)= ROA= Net Income ÷ Total Assets

Following table shows the ratios of the Pre and Post merger banks of 5 years Return on asset

Table 2

Return on Asset							
		2020	2019	2018	2017	2016	2015
PNB	OBC		0.02	-2.51	-20.95	-8.02	8.19
	United Bank of India		-1.52	-1	0.15	0.21	0.2
	Punjab National Bank	0.04	-1.28	-1.60	0.18	-0.59	0.50
	Dena Bank			-1.59	-0.66	-0.7	0.2
	Average	0.04	-0.92667	-1.675	-5.32	-2.275	2.272
Bank of India	Bank of India	-0.45	-0.88	-0.99	-0.24	-0.99	0.27
	Allahabad Bank		-3.35	-1.84	-0.13	-0.31	0.27
	Average	-0.45	-2.115	-1.415	-0.185	-0.65	0.27
Canara Bank	Canara Bank	-0.3	0.04	-0.68	0.19	-0.5	0.54
	Syndicate Bank		-0.83	-0.99	0.12	-0.53	0.50
	Average	-0.3	-0.395	-0.835	0.155	-0.515	0.52
Union bank of India	Union Bank of India	-0.52	-0.59	-1.07	0.12	0.33	
	Andhra Bank		-1.11	-1.40	0.07	0.26	0.34
	Corporation Bank		-2.96	-1.82	0.22	-0.21	0.25
	Average	-0.52	-1.55333	-1.43	0.136667	0.126667	0.295



INTERPERATION PNB

The above graph shows the trend of 4 Merging banks namely, PNB, OBC, United Bank of India, Dena Bank. We have calculated the ratio called ROA for these bank and have taken the data of Pre 4 year and post 1year i.e 2016 to 2020 and calculated the average of 5 years of data. The Graph shows the trend line as average of 4 banks ROE in 2015 =2.2725 and in 2020 =0.04 which has been deceased but in last it was increased positively. The reason might be for decreasing in between was OBC Bank was having negative ratio of -20.95 but other banks were performing well there investment strategies were wisely chosen and the result shows the positive graph after merging of company.

INTERPERATION BOI

The above graph shows the trend of 2 Merging Banks namely, Bank of INDIA, Allahabad Bank. We have calculated the ratio called ROA for this Bank and have taken the data of Pre 4 year and post 1year i.e. 2016 to 2020 and calculated the average of 5 years of data. The Graph shows the trend line as average of 2 banks ROE in 2015 = 0.27 and in 2020 = -0.45 which has been negatively deceased. Overall, we can say that the trend is decreasing. The reason might be for not stabled ratio in the initial years but after 2017 it has been negatively decreased and the lowest as on 2019= -2.115. Initial years Banks was investing wisely and having positive return but afterwards they started giving negative return but after merging in 2020 it have shown some positive sigh but didn't convert into positive.

INTERPERATION CANARA BANK

The above graph shows the trend of 2 merging banks namely, Canara Bank, Syndicate Bank. We have calculated the ratio called ROA for this bank and have taken the data of Pre 4 year and post 1year i.e. 2016 to 2020 and calculated the average of 5 years of data. The Graph shows the trend line as average of 2 banks ROE in 2015 = 0.5 and in 2020 = -0.3 which has been negatively deceased. Overall, we can say that the trend is decreasing. The reason might be for not stabled ratio in the initial years but after 2017 it has been negatively decreased and the lowest as on 2018= -0.835. In 2015 Banks was investing wisely and having positive return but afterwards they started giving negative return and after merging in 2020 it has shown some positive sigh but didn't convert into positive. Stopped at -0.3 but is a good recovery after merging their resources and other things it has gone to positive side but not positive.

INTERPERATION Union bank of India

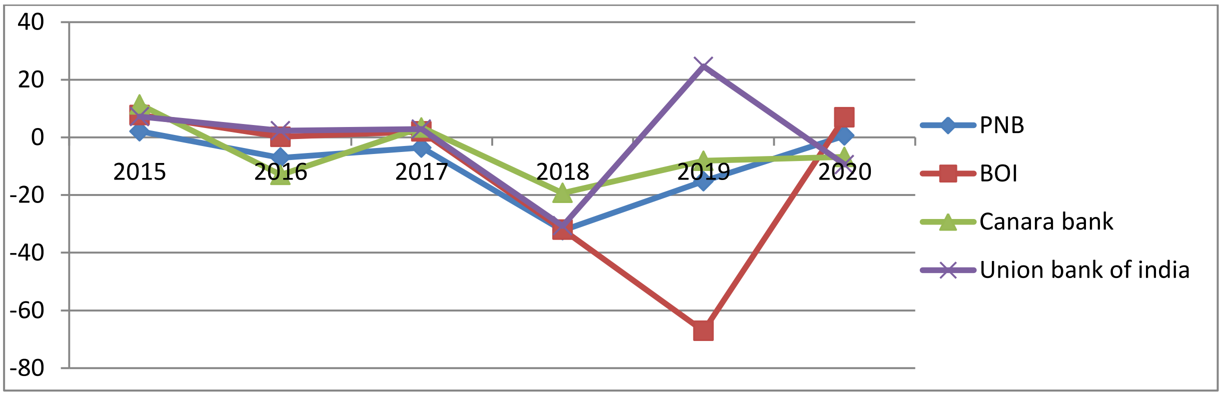
The above graph shows the trend of 3 merging banks namely, Union Bank of India, Andhra Bank, Corporation Bank. We have calculated the ratio called ROA for this bank and have taken the data of Pre 4 year and post 1year i.e. 2016 to 2020 and calculated the average of 5 years of data. The Graph shows the trend line as average of 3 banks ROE in 2015 = 0.295and in 2020 = -0.52 which has been negatively deceased. Overall, we can say that the trend is decreasing. The reason might be for not stabled ratio in the initial years but after 2017 it has been negatively decreased and the lowest as on 2018 & 2019. In 2015-16-17. Banks was investing wisely and having positive return but afterwards they started giving negative return and after merging in 2019 it has shown some positive sigh but didn't convert into positive. Stopped at -0.52 but is a good recovery after merging their resources and other things it has gone to positive side but not positive .it Might be because of Low return on the asset.

2. **RETURN ON EQUITY** = Net Profit ÷ Total Equity

Following table shows the ratios of the Pre & Post merger banks of 5 year.

Table 3

Return on Equity							
		2020	2019	2018	2017	2016	2015
PNB	OBC		0.33	-56.55	-8.63	1.66	3.77
	United Bank of India		-21.89	-18.85	3.41	-5.73	4.89
	Punjab National Bank	0.58	-24.2	-32.85	3.47	-11.2	8.12
	Dena Bank			-20.89	-12.52	-13.09	3.56
	Average	0.58	-15.253	-32.285	-3.5675	-7.09	5.085
Bank of India	Bank of India	6.95	0.39	-3.37	6.69	6.89	10.2
	Allahabad Bank		-134.7	-60.61	-2.68	-6.51	5.26
	Average	6.95	-67.155	-31.99	2.005	0.19	7.73
Canara Bank	Canara Bank	-6.78	1.16	-14.51	3.96	-10.75	10.21
	Syndicate Bank		-17.4	-24.06	2.85	-15.32	12.54
	Average	-6.78	-8.12	-19.285	3.405	-13.035	11.375
Union Bank of India	Union Bank of India	-9.46	-12.15	-20.9	2.36	6.65	9.71
	Andhra Bank		-21.16	-31.54	1.53	4.91	6.34
	Corporation Bank		-40.43	-39.81	4.65	-4.73	5.57
	Average	-9.46	-24.58	-30.75	2.8466	2.27667	7.2066



INTERPERATION PNB

The above graph shows the trend of 4 merging banks namely, PNB, OBC, United Bank of India, Dena Bank. We have calculated the ratio called ROE for these banks and have taken the data for last 5 years i.e. from 2016. In the previous 4 years above trend line clearly visible that showing negative and decreasing line but after merging in 2020 the upward movement of line is visible Overall, we can say that the trend is decreasing. The reason might be for decreasing ratio is that, they might not be able to generate enough profits without needing as much capital. But after merging with greater customer base and more resources it has performed well.

INTERPERATION BOI

The above graph shows the trend of 2 merging banks namely, BANK of INDIA, Allahabad Bank. We have calculated the ratio called ROE for these banks and have taken the data for last 5 years i.e. from 2016. In the previous 4 years above trend line clearly visible that in 2015-2017 having positive line but after 2017it has showing negative and decreasing line. It might be because the Return on Equity was decreasing but after Post Merger in 2020 the upward movement of line is visible it says that after merging both the banks has performed well. Overall, we can say that the trend is decreasing. The reason might be for decreasing ratio is that, they might not be able to generate enough profits without needing as much capital. But after merging with greater customer base and more resources it has performed well.

INTERPERATION Canara Bank

The above graph shows the trend of 2 merging banks namely, Canara bank, syndicate bank. We have calculated the ratio called ROE for these banks and have taken the data for last 5 years i.e. from 2016. In the previous 4 years above trend line it is shown that there are many ups and down on return on equity but after 2017it has gone down at lowest point. But after Post Merger in 2020 the upward movement of line is visible till now for both the bank it says that after merging both the banks has performed well. Overall, the reason might very much ups and down in ratio, they might not be able to generate enough profits simultaneous years but after merging they are performing well and now it's showing stable growth.

➢ **INTERPERATION Union Bank of India**

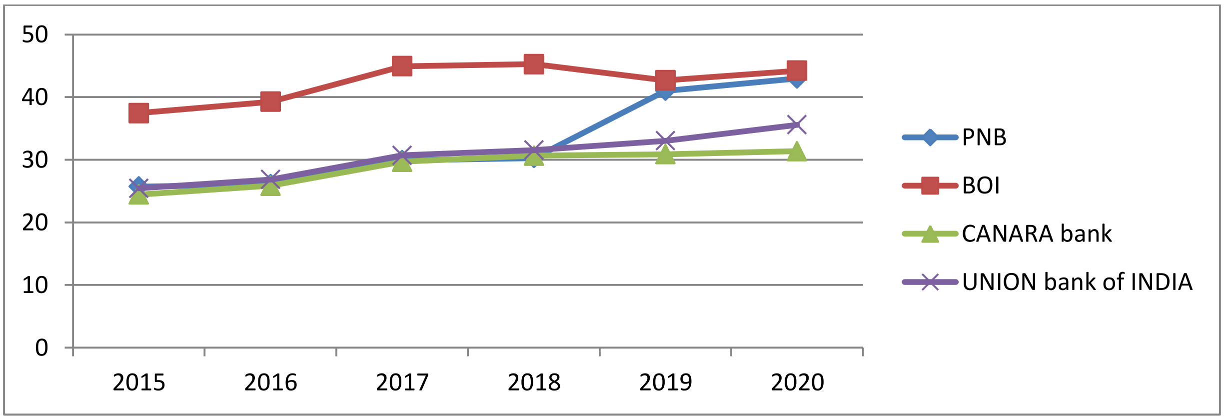
The above graph shows the trend of 3 merging banks namely, Union Bank of India, Andhra Bank, Corporation Bank. We have calculated the ratio called ROE for these banks and have taken the data for last 5 years i.e. from 2016 to 2020. In the previous 3 years above trend line it is shows having stable ROE and after 2017 the lowest ROE was in 2018. And the highest was on 2019= –24.58 But after Post Merger in 2020 the downward trend is visible it is because the returns might have gone down in this financial year.

3. **Current Account Savings Account Ratio**= CASA Deposits ÷ Total Deposits

Following table shows the ratios of the Pre & Post merger banks of 5 years

Table 4

CASA RATIO							
		2020	2019	2018	2017	2016	2015
PNB	OBC		29.39	31.68	30.49	25.22	24.19
	United Bank of India		51.44	48.44	47.33	41.91	42.04
	Punjab National Bank	42.97	42.16	40.98	41.82	37.17	36.65
	Dena Bank			0	0	0	0
	Average	42.97	40.996667	30.275	29.91	26.075	25.72
Bank of India	Bank of India	44.22	35.9	44.48	44.57	42.61	41.34
	Allahabad Bank		49.48	46.07	45.37	35.9	33.56
	Average	44.22	42.69	45.275	44.97	39.255	37.45
Canara Bank	Canara Bank	31.37	29.18	31.82	30.23	25.74	23.96
	Syndicate Bank		32.58	29.47	29.11	25.97	24.94
	Average	31.37	30.88	30.645	29.67	25.855	24.45
Union bank of India	Union Bank of India	35.58	36.09	34.08	34.43	32.35	29.23
	Andhra Bank		31.38	31.04	29.32	26.08	27.35
	Corporation Bank		31.59	29.52	26.46	22.13	19.72
	Average	35.58	33.02	31.5466	30.07	26.8533	25.433



INTERPERATION PNB

The above graph shows the trend of 4 merging banks namely, PNB, OBC, DENA bank, UNITED bank of INDIA. We have calculated the ratio called Current Account Savings Account Ratio (CASA) for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 25.72 & in the 5th year (2020) it was 42.97 and it is the highest as well in the year 2020 after merger. The overall trend is increasing gradually due to increase current account and saving account deposit and has gradually increased in all the years.

INTERPERATION BOI

The above graph shows the trend of 2 merging banks namely, BANK of INDIA, Allahabad Bank. We have calculated the ratio called Current Account Savings Account Ratio (CASA) for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average. The above graph shows the trend as in the 1st year the average ratio of the banks was 37.45 & in the 5th year (2020) it was 44.22 and it is the highest as well in the year 2020 after merger. The overall, view of 5 years we can say that banks at high point of opening current account and saving account deposit.

INTERPERATION Canara Bank

The above graph shows the trend of 2 merging banks namely, CANARA Bank, Syndicate bank. We have calculated the ratio Current Account Savings Account Ratio (CASA) for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average. The above graph shows the trend as in the 1st year the average ratio of the banks was 24.45 & in the 5th year (2020) after merger it was 31.37.The overall we can say that banks has successfully open and current and saving account and having deposit in the same but they are not able to grow more in terms of opening account having minimal growth compare to other banks.

INTERPERATION Union Bank of India

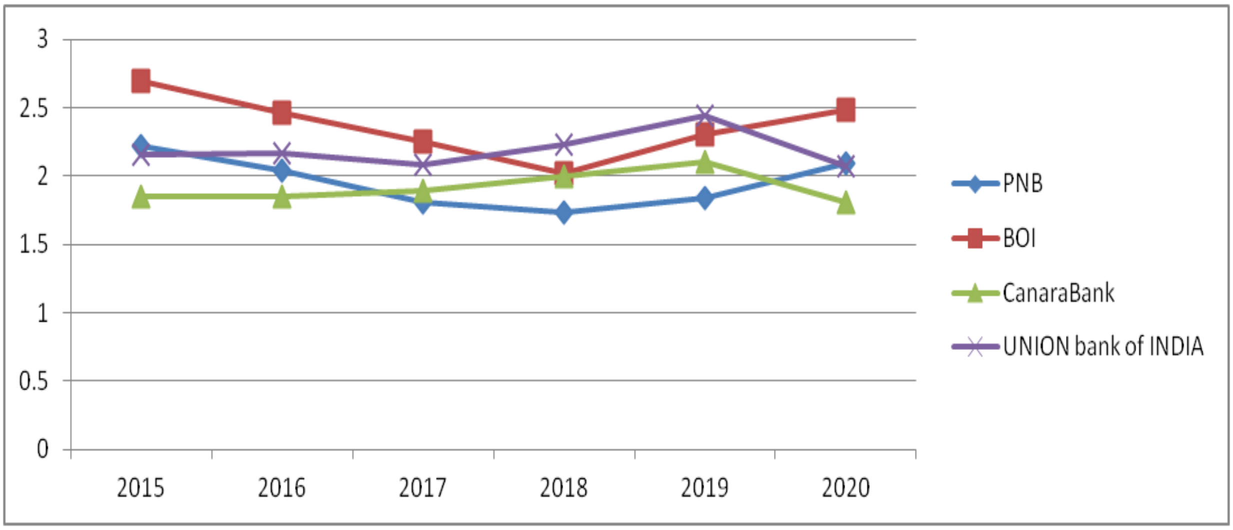
The above graph shows the trend of 3 merging banks namely, UNION bank of India, Andhra Bank, Corporation Bank. We have calculated the Current Account Savings Account Ratio (CASA) for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average. The above graph shows the trend as in the 1st year the average ratio of the banks was 25.43 & in the 5th year (2020) after merger it was 35.58. As you can see eventually all the banks are growing in terms of opening savings and current account but Merger they had grown to 3 % at the end of the year. This shows the good coordination between banks.

4. NET INTEREST MARGIN RATIO = Net Interest Margin = (Interest Received – Interest Paid) / Average Invested Asset.

Following table shows the ratios of the Pre & Post merger banks of 5 year

Table 5

NET INTEREST MARGIN RATIO							
		2020	2019	2018	2017	2016	2015
PNB	OBC		2.02	1.93	1.94	2.26	2.2
	United Bank of India		1.3	1.03	1.36	1.76	2.05
	Punjab National Bank	2.09	2.21	1.94	2.08	2.29	2.74
	Dena Bank			2.04	1.85	1.85	1.88
	Average	2.09	1.8433333	1.735	1.8075	2.04	2.2175
Bank of India	Bank of India	2.48	2.4	2.16	2.28	2.42	2.68
	Allahabad Bank		2.21	1.87	2.23	2.5	2.72
	Average	2.48	2.305	2.015	2.255	2.46	2.7
Canara Bank	Canara Bank	1.81	2.08	1.97	1.69	1.76	1.76
	Syndicate Bank		2.13	2.02	2.09	1.94	1.94
	Average	1.81	2.105	1.995	1.89	1.85	1.85
Union bank of India	Union Bank of India	2.07	2.06	1.9	1.96	2.05	2.21
	Andhra Bank		2.69	2.61	2.49	2.66	2.45
	Corporation Bank		2.57	2.18	1.79	1.8	1.8
	Average	2.07	2.44	2.23	2.08	2.17	2.1533333



INTERPERATION PNB

The above graph shows the trend of 4 merging banks namely, PNB, OBC, DENA bank, UNITED bank of INDIA. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 2.21 & in the 5th year (2020) it was 2.09 and it is the highest as well in the year 2020 after merger. The overall trend is increasing gradually due to increase in investments income and interest expenses related factor and it will be highest in the future as per the trend identified the above graph.

INTERPERATION BOI

The above graph shows the trend of 2 merging banks namely, BANK of INDIA, Allahabad Bank. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 2.7 & in the 5th year (2020) it was 2.48 and it is the highest as well in the year 2020 after merger. The overall trend was lowest at 2018 and increasing after that in 2020 it is at 2.48 gradually due to increase in the investments income and interest expenses related factor and it will be highest in the future as per the trend identified the above graph. Although there efficiency has increased in 2020.

INTERPERATION Canara Bank

The above graph shows the trend of 2 merging banks namely, CANARA bank, Syndicate bank. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 1.85 & in the 5th year (2020) after merger it was 1.81 and it is the highest was in 2019 = 2.10. It has been decreased due to investments income may be low and interest expenses are high.

INTERPERATION Union bank of India

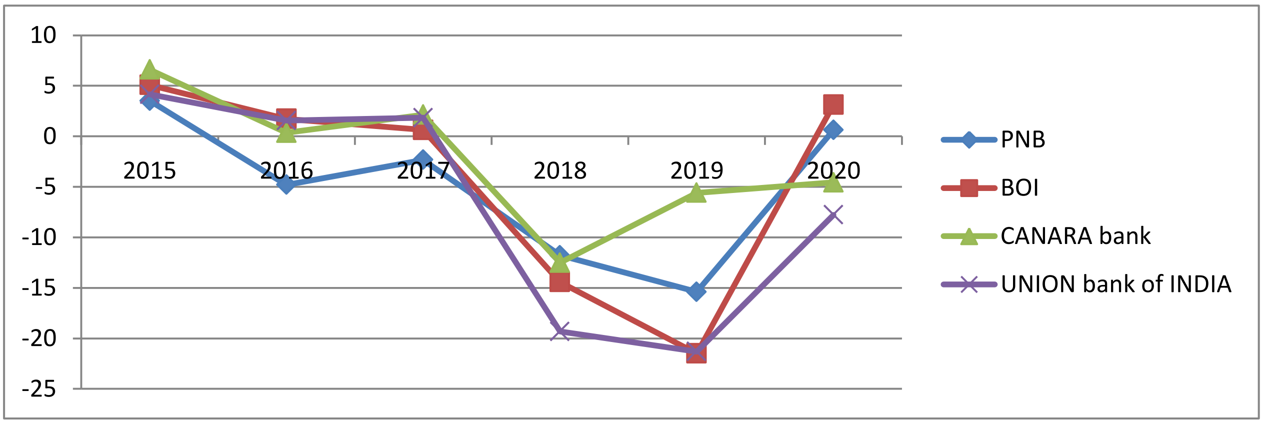
The above graph shows the trend of 3 merging banks namely, UNION Bank of India, Andhra Bank, Corporation Bank. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 2.15 & in the 5th year (2020) after merger it was 2.07 and it is the highest was in 2019 = 2.44. It has been decreased due to investments income may be low and interest expenses are high. People are moving toward savings and there is decrease in number of loans in 2020.

5. **Net PROFIT MARGIN RATIO** = Revenue-cost/Revenue

Following table shows the ratios of the Pre & Post merger banks of 5 year

Table 6

Net Profit Margin Ratio							
		2020	2019	2018	2017	2016	2015
PNB	OBC		0.3	-33.74	-5.93	0.77	2.49
	United Bank of India		-27.05	-17.43	2.32	-2.83	2.51
	Punjab National Bank	0.62	-19.44	25.59	2.8	-8.38	6.61
	Dena Bank			-21.53	-8.48	-8.78	2.46
	Average	0.62	-15.3967	-11.7775	-2.3225	-4.805	3.5175
Bank of India	Bank of India	5.63	0.35	-2.96	5.97	6.06	8.59
	Allahabad Bank		-49.41	-28.57	-1.77	3.93	3.14
	Average	3.12	-21.485	-14.4333	0.6253	1.7283	5.0825
Canara Bank	Canara Bank	-4.56	0.74	-10.23	2.71	-6.38	6.17
	Syndicate Bank		-11.91	-14.79	1.56	7.08	7.04
	Average	-4.56	-5.585	-12.51	2.135	0.35	6.605
Union Bank of India	Union Bank of India	-7.78	-8.65	-16.02	1.69	4.19	5.55
	Andhra Bank		-14.71	-18.98	0.96	3.06	3.9
	Corporation Bank		-40.53	-22.99	2.88	-2.6	2.98
	Average	-7.78	-21.2967	-19.33	1.8433	1.55	4.1433



INTERPERATION PNB

The above graph shows the trend of 4 merging banks namely, PNB, OBC, DENA bank, UNITED bank of INDIA. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 2.21 & in the 5th year (2020) it was 2.09 and it is the highest as well in the year 2020 after merger. The overall trend is increasing gradually due to increase in investments income and interest expenses related factor and it will be highest in the future as per the trend identified the above graph.

INTERPERATION BOI

The above graph shows the trend of 2 merging banks namely, BANK of INDIA, Allahabad Bank. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 2.7 & in the 5th year (2020) it was 2.48 and it is the highest as well in the year 2020 after merger. The overall trend was lowest at 2018 and increasing after that in 2020 it is at 2.48 gradually due to increase in the investments income and interest expenses related factor and it will be highest in the future as per the trend identified the above graph. Although there efficiency has increased in 2020.

INTERPERATION Canara Bank

The above graph shows the trend of 2 merging banks namely, CANARA Bank, Syndicate Bank. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 1.85 & in the 5th year (2020) after merger it was 1.81 and it is the highest was in 2019 = 2.10. It has been decreased due to investments income may be low and interest expenses are high.

INTERPERATION Union Bank of India

The above graph shows the trend of 3 merging banks namely, UNION Bank of India, Andhra Bank, Corporation Bank. We have calculated the ratio called NET Interest Margin ratio for these banks and have taken the data for last 5 years i.e. from 2016 to 2020 and calculated the average of 5 years and POST merger of these banks and on the basis of that average The above graph shows the trend as in the 1st year the average ratio of the banks was 2.15 & in the 5th year (2020) after merger it was 2.07 and it is the highest was in 2019 = 2.44. It has been decreased due to investments income may be low and interest expenses are high. People are moving toward savings and there is decrease in number of loans in 2020.

➢ **FINDINGS AND SUGGESTIONS**

- Overall Return on asset (ROA) of the banks merging were fluctuating, as in the initial years the ratio was between -0.3 to 1.85 and the trend is also showing negative, so the reason could be, they might face the losses in cash inflow by not investing properly without any plan and the future trend is also showing negative that shows clearly that there would not be high revenue generation.
- We have witnessed overall trend in the 1st year for Return on equity of the bank has taken data for last 5 years from 2016.In previous 4 years above trend line it is shown that there is an ups and down on return on equity but after 2017 it has gone down at lowest point but after post merger in 2020 the upward movement of line is visible till now for both the bank. Overall, we can say that the trend is decreasing. The reason might be for decreasing ratio is that, they might not be able to generate enough profits without needing as much capital and it would be stable
- Capital Adequacy Ratio in the initial years of banks were decreasing and in the last years, but the highest ratio was in the middle years only. The overall trend is fluctuating as we can analyze that, the banks might not have enough cushion to absorb reasonable amount of losses whenever they have incurred and the future trend is also identified as decreasing in the graph. And in 2020 when the post merger was implement that time we can find that there was an improvement in the capital Adequacy.
- The trend for Non-performing loans to net advance ratio as in the initial years from2015 to 2017 the average ratio of the banks were lies between 1.69 to 2.57 in the last years it lies between 2.09 to 2.48 and it is the highest as well in the last years as per the future trend. The overall trend is increasing gradually due to increase in the loan related factor and it will be highest in the future. An also due to post merger implemented from 2020.
- Trend for cash and portfolio investment to deposit ratio as in the initial years from 2015 to 2017 the average ratio of the banks were almost high and in the last years it will be near about low as compare to the last year. The overall trend is fluctuating as it was increasing and decreasing later on. As the ratio is fluctuating, this might be analyzed that the banks are not more liquid as they might not invested more in the liquid things in the market.
- Sales to Net Asset Ratio for Banks initially was nearly 2.15 but in the recent years it will be approximately 2.44. The overall trend is fluctuating but increasing. The Trend might be fluctuating due to little inability of the banks to generate sales on as small a base of assets as possible but at increasing rate as higher ratio depicts.

V. SUGGESTION

- The banks should generate the profits by using its assets properly and they should maintain
- The profits earned on their assets. And generate high revenue by using risk free investment.
- The trend for the capital adequacy ratio is overall decreasing, so to improve that they should

- Take some step on adequate capital as needed to work for the good liquidity by investing in the liquid assets which can increase the profit revenue in the market.
- The banks should make a balance between taking risk taking and liquidity management properly so that there should be a growth in this sector.

VI. CONCLUSION

According to Our study, we have found many things. Before conversing our findings, we should first discuss about previous research that can provide some idea regarding to our work of present. Many people had given many different suggestions to the research work but they could not give accurate explanation and solution with their study. According to our knowledge, in this research study We found many things which will help to banks to grow will the help of merger as well as further research people, such as the trend for loan to deposit ratio in the initial years of the banks the average ratio of the banks were 69.61 and it will be 72.58 approximately with will be easy for the people as well as for the bank at the time of credit. The ratio was stable in the three consecutive years i.e. 6th, 7th and 8th years. We can see the overall trend seems to be increasing in the ratios but still there was a sharp decline in the middle years which might be due to that, the banks were taking less risk because there wanted to play save and having high liquidity and vice- versa and the trend for cash and portfolio investment to deposit ratio as in the initial years the average ratio of the banks were approximately 27.54 and in the last years it will be near about 23.26. The overall trend seems to be fluctuating as it was decreasing and increasing later on. As the ratio is fluctuating, this might provide as the clear picture that the banks are growing well liquid after merger as they might not invested more in the liquid things in the market. We are very satisfied with our research work, because we contributed somewhat help to our country with our research work.

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