A Study of Theories of Mergers and Acquisitions with Special Reference to Banks

Dr. Anjali Bhatnagar

Associate Professor in Commerce

Sri Aurobindo College

University of Delhi

You have to be careful in any kind of merger that you don't get a big weak bank. You'd hope that the strong bank would clean up the weak bank's problems but there are very few banks without problems today in the public sector. ***-- Dr. Raghuram Rajan (Former RBI Governor)***

Abstract

In the world of finance, mergers and acquisitions (M&As) are referred to as strategic agreements and arrangements involving transfer and consolidation of the company's, businesses, or operational units' ownership with other entities. M&As have major repercussions on the overall prospects, performance and profitability of the concerned banks besides simultaneously posing challenges for them. The purpose of this paper is to review the theories of mergers and acquisitions that explain the necessity, pros, cons and laws governing (M&As). These theories have been categorised as value increasing and value decreasing considering the impact they have on the merged entity.

Keywords: *Mergers & Acquisitions, Theories, Insolvency, Capital Adequacy, Non-Performing Assets (NPAs).*

I. Introduction

The banking sector in any economy is the prime source that supports all economic activity and propels economic growth and development. The growing financial needs of a developing economy in addition to the liberalisation efforts to meet global standards has made it imperative for the Indian Banking System to review its managerial and regulatory environment. The present-day scenario requires the banking sector to be equally competitive given the technological advancements and the prevailing operational risks along with market risk and interest rate risk. The Indian Banking System has been subjected to several experiments at the operational level in search of a suitable model that a mixed economy like India requires [1]. Banking systems can be equated to the heart of the financial system of an economy. It acts as the most relevant instrument to cater to the needs of an economy and making it flourish. Indian Commercial Banks are being subjected to major overhaul, modifications and modernizations to gain synergies in their basic functioning and overall performance. The prominent means adopted worldwide are M&As which is a common jargon that explains

the combination and consolidation of entities or assets via variety of financial transactions, incorporating consolidations, tender offers, asset purchase, and management acquisitions. Mergers and acquisitions are interchanged quite frequently, although they possess differing legal connotations. In a merger, companies of equal size and strength constitute to form a new single powerful entity which may not be so in case of acquisition where by and large a bigger company absorbs the business of a smaller company. The approval of the target companies board determines whether a M&As is hostile or friendly. Another form of classification of M&As is horizontal (between similar industries), vertical (between a company and its suppliers or customer) or conglomerate (between unrelated companies). The differentiation between the 3 forms of integration viz. a) Statutory mergers, where the target company no more exists as a separate legal entity and the balance sheet items of the target firm are acquired by a firm much larger than the target firm. b) In subsidiary mergers, the target firm continues its business although it becomes a subsidiary of the acquirer firm. c) Consolidated, under this form of integration, the target and acquirer firm both lose their identity, and a new entity is formed.

Although M&As are eulogized, the process of integration is not hassle-free. A major part of discussion and contention is the valuation of the targeted entity by the acquirer. The modus operandi could be stock purchase or asset purchase. There is a counter argument that also state the impact that weaker banks have at the operational level of the stronger bank post-merger.

The Basel Committee on Bank Supervision (BCBS) framed recommendations in the form of Basel I (1998), pertaining to minimum level of capital requirements of financial institutions with the objective of containing credit risk. This was followed by Basel II (2004) which was the subsequent international banking regulations accord that constituted 3 essential conditions: minimised capital requirements, regulatory monitoring and supervision, and market health and discipline. Despite these major compliances Indian Banks did not set off on a path to becoming large scale to improvise efficiency although they were equally vulnerable to the threat from looming foreign banks. The possibilities that emerge are banks showing greater efficiency in the utilisation and management of capital or a greater demand for capital by more aggressive banks [2]. Later Basel III norms focused on four parameters viz. Capital leverage, funding, and liquidity. Basel III was introduced by the Reserve Bank of India (RBI) in 2003 with the agenda to make all commercial banks compliant with Basel III recommendations latest by the closing of the financial year 2019. As of now banks in India have 8% capital adequacy norm for meeting the capital needs.

II.A. Background

The Banking system found its origin in 1770 with the first bank "Bank of Hindustan". This was followed by the British East India Company establishing the Bank of Bombay in 1840, the Bank of Calcutta in1840 and later the Bank of Madras in 1843, which constituted the primary merger of Indian banks to form Imperial

Bank of India. Post-independence the Narasimham committee (1991) emphasised the consolidation of Indian banks to make them correspond if not, equivalent in size, to the global banks. They recommended merger of banks to create a three-tier anatomy, with 3 big sized banks having a strong presence globally, 8 to 10 national level banks at the middle tier while having regional & local banks at the bottom. Later in 1998, the second Narasimham committee strongly recommended the merger of big banks or financial institutions to enhance economic and commercial profitability. PJ Naik panel (2014) reiterated that governments either merge or privatise Public Sector Banks (PSBs).

During the period prior to 1969, the government nationalised a set of fourteen private sector banks and as many as 46 of private banks were merged to take corrective action against the low performing banks. The time starting from 1969 to 1991 categorized as the pre-liberalisation period saw 6 private banks nationalised in 1980 and 13 mergers materializing between banks existing in the public sector and the private sector. Subsequently, the period after liberalisation that stretched from 1991 to 2015 experienced many reforms including 22 mergers and allowing direct foreign investments. In the year 1993-94, the Punjab National Bank was merged with the New Bank of India (NBI) to save its life followed by the Benaras State Bank Ltd. was merged with the Bank of Baroda in 2002 and further in 2004, the Oriental Bank of Commerce was merged with the Global Trust Bank which was in doldrums due to the erosion of its net worth.

B. Consolidation of Banks during (2015-2017)

The decision to merge the five subsidiaries namely: the State Bank of Bikaner and Jaipur (SBBJ), the State Bank of Hyderabad (SBH), the State Bank of Mysore (SBM), the State Bank of Patiala (SBP), the State Bank of Travancore (SBT) and the Bhartiya Mahila Bank along with State Bank of India in 2017, which was preceded by two other subsidiaries, the State Bank of Saurashtra and the State Bank of Indore that had been imbibed with the State Bank of India (SBI) in 2008 and 2010 respectively, placed SBI amongst the 50 largest banks on the globe. The result was an expansion of the customers to a sizeable 37 crores, the network of branches to 24,000 and 60,000 ATMs all over the country resulting in SBI becoming the largest bank in India.

C. Challenging merger of BOB, VB & DB

A strong case in point is the recent announcement about the merger of the 3 banks in September 2018, namely, the Bank of Baroda (BOB), the Dena Bank (DB) and the Vijaya Bank (VB). After the merger announcement, the shares of Bank of Baroda and Vijaya Bank fell substantially, while shares of Dena Bank gained sharply. Interestingly, Dena Bank's financial condition was the worst among the three banks and found under the ambit of RBI, Prompt Corrective Action (PCA) framework. This framework is a strategic move by the RBI to monitor, control and take corrective action on weak and troubled banks. The key factors requiring attention are the Capital to Risky Asset Ratio (CRAR) also known as Capital Adequacy Ratio (CAR), Non-Performing

Assets (NPAs), Return on Assets (ROA) and Return on Investments (ROI) while undertaking the revival activity.

When heads of three banks BOB, VB & DB set sail into unexplored territories few could anticipate whether the Columbus in them would finally reach India or hit unknown lands of present-day America. The herculean task assigned was to bring these banks at the same financial pedestal. The most trying aspect in this merger was the non-available option of laying off the three heads. The newly created merged entity has about 9,489 domestic branches of which nearly 10% i.e., about 941 branches belonged to the same locality. Thus, there is a need to bring down the count in this area. Another set of nitty - gritties relate to integration of technology which at the moment differs in all the three cases, assigning and conveying new account codes to all the clients, replacing cheque books and developing online banking systems [3].

The biggest challenge arising out of mergers and acquisitions is the presence of emotional and social repercussions, than merely technical or managerial [1]. Quite often banks merge only on papers while the customers, employees and officials are likely to confront friction and dissatisfaction. The merger of weak banks with the healthy ones sometimes may add to the crisis in the banking system and is less likely to resolve the NPA crisis. It may also result in added problems faced by the minority shareholders who are at mercy of majority shareholders, human resource and cultural issues may also add up to the existing issues. Such mergers also hamper the government's endeavours of reaching the rural, remote and backward regions through financial inclusions as these mergers end up consolidating the smaller loss-making banks. The problem of NPAs could be addressed by the government through other market-based resolution plans such as the Insolvency and Bankruptcy Code (IBC). Likewise, the PCA work has under its surveillance 11 stressed banks to take care. Some of the measures to improve the prevailing conditions of these PSBs through inculcating good governance through the Bank Board Bureau (BBB) and establishing infrastructure development banks that could relieve the PSBs of infrastructural loans are a major component of stressed loans. Due care needs to be taken to ensure that mergers do not end up weakening a strong bank and result in synergies and scale efficiencies.

The Government of India is planning to introduce an exhaustive plan for refunding of the public sector banks under the nomenclature of "Indradhanush 2.0". The urgency of this move is to ensure that PSBs maintain solvency while complying with the capital adequacy norms as deliberated by the central bankers from all over the world. An announcement was made in 2015 wherein the Government had undertaken to contribute Rs. 70,000 crores (over a 4-year period) into the state-run banks [4]. To fulfil the Basel III norms banks would require raising another 1.1 lakh crores as finances to cover the requirement of capital as per the norms and recommended levels of the global risk.

The discussion above makes it amply evident that M&As of banks have been part of the history of the banking sector.

III. Legal Provisions for Bank mergers

The procedure for merger of banks is covered under the Banking Regulation Act (BRA), 1949. So, the final proposal of merger is placed before the Parliament for approval and should be given consent by the government in consonance with the Reserve Bank of India (RBI). According to the Banking Regulation Act (BRA), 1949, mergers are bifurcated into: -

(a) Voluntary: Section 44(A) of the BRA lays down the provisions and procedures for the voluntary mergers [5]. Two banks may be merged into one if the shareholders give their approval with a majority of ⅔ in value of shareholders. This consent of shareholders is only after being approved by the RBI. Quite often the scheme for mergers is encouraged by considering the interests of the depositor's post amalgamation or merger.

(b) Compulsory: Section 45(4) of the BRA lays down the provisions for compulsory merger of banks with other banking institutions unlike the voluntary merger compulsory mergers, is without the consent of its members and is often enforced due to the weakening of the bank and for guarding the interests of the depositors [6]. Voluntary merger does not permit a banking company to merge with a nationalised bank or another financial entity while RBI is empowered to allow merger or amalgamation of one banking company with another. It also permits mergers with nationalised banks and other banks belonging to the private sector or the public.

IV. Objective of the Paper

This paper attempts to a) review, and explain the theories of M&As, b) to develop a theoretical framework highlighting the windfalls and pitfalls of M&As.

V. Rationale for M&As

In the past, PSBs in the Indian economy have been highly fragmented. Large-sized banks adopt higher professional standards, can reduce cost of operations thus become more competent in facing global competition. Merger of banks will facilitate closure supervision by the government and enhance profitability. These measures would satisfy the growing demands or credit for the sustenance of the economic growth and help deal with stressed loans promptly. Non-Performing Assets (NPAs) or stressed loans would be handled better as banks would consolidate resources and manage risks better. Another advantage of mergers would be the reduced dependence on the government for capital and would lead to greater capital generation opportunities for the merged entity. With large-sized banks in operation, the operational risks would come down and with less competitors in the financial sector greater concentration of payment and settlement flows

would happen. Larger banks also are more adept at offering a wide range of products and services. Multiple higher executive posts will also tend to be streamlined when banks come under a single umbrella resulting in major financial savings.

In the study of consolidation in the Nigerian banks Imala (2005) [7] highlighted eight factors responsible for M&As in the financial services sector. These are savings in cost, increased revenue, reduction in risk, newer developments, removal of regulations, integration and globalisation, greater financial stability, and increased pressure from shareholders for greater profit and returns on investments.

- Increased Diversification: Each business that joins hands to consolidate into one brings its own set of specialization leading to a new diversified unit with many more dimensions.
- Economies of Scale: Any business is subject to large scale economies owing to technical, managerial, financial factors that provide efficiency in allocation of resources across the company. It also results in cost cutting leading to increased performance.
- Accelerate Growth: The resulting inflow of additional resources in terms of finances, assets and manpower undoubtedly provide increased opportunities for growth and improved performance.
- Financial Synergy: The synergistic effect that explains the combined effect of two or more agents / organisations to be higher than the sum total of their independent effects which is bound to materialise by the joining hands or merger of two entities.
- Risk Reduction: The impact of increase in economies of scale, reduced costs, greater additional resources and enhanced diversification, all these new developments lead to reduction of risk.
- Tax Benefits: These accrue when one of the companies has a sizable taxable income while the other has substantial tax losses which will enable to lower the tax liability. This is more of an outcome rather than a reason for M&As.

VI. A. Research Papers on theories of M&As

There are various motives as to why companies adopt M&As route to growth and expansion. On synthesizing the previous research, the basic contention lies in creating value of the consolidated firm. The whole perspective is that synergistic benefits would approve out of M&As. On the contrary, where the premium paid on takeover and the integration costs are higher, M&As do not create synergy nor add to the value of the firm.

The theories of mergers and tender offers were explained by Weston et al (2011) [8] and three points emerged viz. a) the reason for the merger, b) the consequences of the merger on the valuation of the firm and c) the process involved in the mergers. According to them, economies of scale and transaction costs explained the monetary benefits of the announcement of M&As.

The fact that M&As act as mechanisms to eliminate inefficient management of the target firm was observed by Kumar and Rajib (2007a, b, c). This inefficient management theory becomes the basis for mergers of unrelated businesses. This is intune with the differential efficiency theory, but it mentions that managers possess expertise but do not exploit it fully. Therefore, the efficient ones take better charge of the assets of the other companies, as compared to the existing inefficient managers.

Motis (2007) categorized the motives of M&As into two theories. The first motive named industrial organisation theory included reasons such as increasing market power and improving efficiency. These motives he called are value increasing activities. The second names corporate governance theory included solving agency problems and resolving internal inefficiencies. These motives he called are value decreasing activities.

B. Research Papers on impact of M&As on performance

Müslümov (2002) concluded synergy to be one of the main ingredients, inducing a total of 56 firms that undertook mergers in the US. The improvement in the flow of funds and the effectiveness in the use of assets and increase in sales figures were attributable. The merger created additional value and showed improvement of the acquiring firm. Non-parametric tests were used to test post-merger performance. To analyse the various motives for M&As, Mehta & Kakani (2006) observed that there were numerous reasons for Merger and Acquisitions in the Banking Sector in India. They observed that fragmented Indian banks might have benefitted the customer due to the level of operation among banks, but hardly had any presence in global banking.

Mantravadi & Reddy (2007) assessed the effect of merger on the operational functioning of the acquirer firms in contrasting industries with the help of financial ratios before and after the merger. They observed all mergers belonging to Indian public limited and trading companies during the period 1991 to 2003. Their results revealed that post-merger very little difference was observed in the operational performance of banks. The influence of announcements pertaining to mergers on the shareholders of the five banks that got merged in the Indian Banks scenario, was studied by Anand & Singh (2008). They covered the mergers of the Times Bank with the HDFC Bank, the Bank of Madurai with the ICICI Bank, the ICICI Ltd with the ICICI Bank, the Global Trust Bank with the Oriental Bank of commerce and the Bank of Punjab with the Centurion Bank and concluded that the announcement of the merger of the Bank witnessed a positive and noteworthy impact on the shareholder's wealth. They used event study for demonstrating the positive impact of merger on the bidder banks. R. Srinivasan et al., (2009) gave their opinion on financial compulsions and complications of M&As. They favoured the case for consolidation and the resulting synergy post-merger. They concluded that mergers were for making large-sized firms but there was risk involved in mergers. Kuriakose Sony et al., (2009), analysed the procedure of valuing and the authenticity of swap ratio settled in discretionary amalgamation in the Indian Banking sector. They observed that in many cases the settlement swap ratio was

inappropriate compared to the firm's financials. Sinha & Gupta (2011) conducted a study on firms prior to and after the merger and deduced that M&As had a positive impact on the profits and earnings, but in many other cases liquidity showed a decline.

After reviewing the literature on M&As the last section of this paper throws light on the various theories of M&As that have explained the contributory reasons and consequences of mergers.

VII. Theories of Mergers and Acquisitions

Over the years numerous theories have been propounded, some of which justify the reasoning and the consequential impact of M&As while others contradict and criticize mergers. The two schools of thought have been categorised as value increasing theories and value impacting between the acquiring firm and the targeted firm, which in turn provides a boost to the valuation of the firm [9]. Some of these theories are the Differential Efficiency Theory (DET), the Synergy Theory (ST), the Agency Theory (AT), and the Bank Pro-Concentration Theory (BPCT). The value destroying theories advocate that merger fail to create value and it is indicated that banks almost 60% to 80% are categorized as failures (Singh 1999). The examples falling under this category are Hubris theory and Pro-Deconcentration theory.

A. Efficiency/Value Building Theories

1. Differential Efficiency Theory

This theory provides the logic that those companies which exist at suboptimal levels operationally would benefit and it is in their interest that such companies be taken over by another company whose management is more efficient than the previous one. Another implication is that such an inefficient company would always be in the throes of being taken over by a stronger company. Such mergers will be particularly beneficial when they belong to the same industry, creating reduction in costs due to efficient utilisation of resources. The basis of the success of this theory lies in the managerial ability of efficient firms to recognise firms with good prospects but functioning at low level of efficiency. The only problem area could be if the acquirer pays too heavily for the target company, thus, washing out the likely benefits yet to be accrued.

The managerial synergy hypothesis which is the extended version of the Differential Efficiency Theory states that firms with efficient management teams with great competency seek to invest their surplus resources in firms lacking managerial abilities. This often happens in mergers between non-related industries where the acquiring firm benefits from the other organisation's capital and gains 'a toehold entry'. Efficiency theory predicts positive benefits to both the parties involved the acquiring firm and the merged firm, they suggest that operational synergies get created and gains in efficiency are materialized due to cost effectiveness of scale & scope and transference of knowledge.

2. **Inefficient Management / Undervaluation Theory**

Inefficient management is one reason for a firm to be undervalued thus, becoming a motive behind M&As. This happens when management functions below its potential capacity. It, therefore, becomes lucrative to another firm with efficient management to include such an underperforming firm in its ambit.

3. **Information and Signaling Theory**

   The basic premise of this theory is that different sets of investors behave, and act differently given different sets of information. The announcement of a merger signals to the market about the likely effect of the deal on the firm's value. It might even get reflected in a major rise in the value of the targeted firm or in the ensuing cash flows. This information asymmetry and associated predictions might affect the acquiring firm's offer price.

4. **Market Power Theory**

   Another reason for mergers is explained by this theory which summarizes the main motive behind all mergers to be the substantial enlargement in the firm's share in the market. This enables the acquiring firm to yield more power which often results in creation of monopolies or intense competition amongst the larger companies. The market power theory thus proposes the increase in market power due to increase in the size of the firm.

5. **Synergy Theory**

   Synergy refers to a concept where the combined force and power of two entities is substantially higher than the sum of its individual parts. These are of two types: financial and operating synergy. This theory states that internal financing due to its very nature is cost effective in contrast to external financing resulting in financial synergy. When two firms merge their potency in servicing the collective debt is higher than the sum of their capacities individually. Other considerations could be savings in taxes and reallocation of pooled capital**.** Likewise, operating synergy results from combined use of resources, machinery and manpower.

6. **Strategic Realignment Theory**

   This theory explains the need of companies to ongoingly create strategies to counter the changing economic environment. The uncertainty in the business environment is therefore, yet another reason for mergers as companies attempt to grow through diversification. Moreover, growth through M&As is much more expedited than any other internal growth strategy.

7. **Diversification**

   This theory states that mergers are preferable routes for expansion than internal growth. This is owing to restrictions in the timing and non-availability of diversified resources within a single entity. Reputational capital is a direct value addition besides expansion geographically and/or in terms of products and services.

8. **Bank Concentration Theory**

Bank concentration theory was propounded by Demirguc-Kunt and Levine in 2000 and Boyd and Runkle in 1993. This theory propagates the idea that a small number of banks are ideal as it promotes economies of scale. Likewise, reduced concentration in banks could be attributed to reduced number of a few and dominant large-sized firms and /or increase in size of the under-performing (smaller) firms. Bank concentration theories are categorised into Pro-concentration (value increasing) and Pro-deconcentration (value decreasing).

Pro-concentration theory

According to this theory the large-sized brings about economies of scale that promotes increased concentration resulting in greater efficiency. The proponents of this theory argue that greater bank stability is a consequence of increased bank concentration. They further state that it is easier to manage and supervise large banks that are few than monitoring a large number of small banks [10]. This theory promotes a few large banks with the belief that they are less vulnerable to crises and "too big to fail".

B. Value Decreasing Theories

1. Agency Theory

Agency theory finds its origin in economics, derived in information economics (Jensen and Meckling, 1976). This theory is based on the premise that conflict arises irrespective of the principal and agent both being rational in their approach. Agency theory critically analyses the role played by the managers (agents) in working towards their own personal utility and not catering 100% to the interests of the shareholders (principal). But these decisions carry personal biases and cannot be categorized as erratic or irrational. Rather, they are opportunities availed at the cost of the principal with full awareness and selfish motive where superior information is used to take advantage.

2. Eat or Be Eaten theory

Gorton, Kahl and Rosen in 2005, put forth the Eat or Be Eaten theory to explain the behaviour of various mergers that took place in US starting 1970s up to late 90s. The basic thought behind the theory is the fact that the managers favour independence rather than be acquired by another firm. To avert such risks of acquisition and become a prey they rather acquire to be a predator. This strategy ensures that by acquiring a smaller firm, a medium sized firm can stall any attempts of acquisition by a larger firm. This can be summarized as a move to maintain an entity's independence, increase its size and save the jobs of the managers. Thus, a firm would rather eat someone rather than being eaten by anyone.

3. **Hubris Theory**

This theory is more of a psychological explanation to managements over optimism resulting in erroneous decisions that may be overpriced. Thus, overconfidence leads to overestimation increasing the probability of overpaying. This theory also elaborates the 'winner's curse', wherein post-merger announcement, where the shareholdings of the acquirer firm sometimes face loss in the prices of shares, while the target firms enjoy the rise in price.

4. **Pro-Deconcentration Theory**

The promoter of this theory believes that concentration results in big conglomerates often obstructing competition and reducing efficiency. In other words, they become "too big to be disciplined". Quite often these big banks with political influence interfere in the government policy making and intervene in stock market developments. Another viewpoint is that concentration increases fragility and sometimes greater facilities in the form of subsidies may trigger banks to adopt unproportionate risk taking strategies resulting in bank failures. Thus, this theory criticises concentration and finds it undesirable, unethical and promotes more disparities in the socio-economic structure.

All these theories explain the mechanics of M&As along with the impact on the value and the performance of the merged entities.

VIII. Conclusions

Banking sector has been subjected to noteworthy changes and developments. This paper discusses the history of bank mergers, its legal framework, need for M&As, post-merger challenges, literature review and theories of M&As. It can be deduced that mergers and acquisitions are instruments to hedge banks against financial crises. The strong bank undertakes to bear the losses and clears the book of accounts of the weak bank. In the year 2017, 5 subsidiaries of SBI along with Bhartiya Mahila Bank merged with SBI. The forethought was to have a smaller number of strong banks instead of having many weak banks. This merger of SBI brought its name in the listing of the top ranking 50 banks, in the banking sector in the world.

We conclude that these theories have sound premises and justifications but lack the depth to individually define and describe the entire process of M&A. Moreover, the costs of M&As vary from one entity to another and so do the performance results of the combined entity. Adequate precaution and awareness need to be undertaken to ensure that one bank is not sacrificed to save the other bank's soul and that the interests of both the banks are well balanced and taken care of. In a nutshell M&A cannot be treated as a strategy to bail out weak banks.

References

[1] T.R Bishnoi and S. Devi, Banking Reforms in India: Consolidation, Restructuring And Performance 2 (2011). https://www.scribd.com/document/469554411/Banking-Reforms-in-India-Consolidation-Restructuring-and-Performance-by-T-R-Bishnoi-Sofia-Devi-auth-z-lib-org

[2] Madan Mohan Dutta & Dr. Suman Kumar Dawn, Mergers and Acquisitions In Indian Banks After Liberalisation: An Analysis Indian Journal Of Commerce & Management Studies 108 (2012). https://ideas.repec.org/a/aii/ijcmss/v3y2012i1p108-114.html

[3] MC, Govardhana Rangan, The challenges behind Bank of Baroda, Vijaya Bank & Dena Bank merger economic times December 5 2018. Economic times. https://economictimes.indiatimes.com/industry/banking/finance/banking/the-challenges-behind-bank-of-baroda-vijaya-bank-dena-bank-merger/articleshow/66946549.cms?from=mdr

[4] Year 2015: Ministry of Finance - enhancing revenue collection, easing taxation (indiainfoline.com).

[5]BankingRegulationAct,1949. https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/BANKI15122014.pdf

[6] ibid

[7] Imala, O.I. (2005). Challenges of banking sector reforms and bank consolidation in Nigeria. CBN bullion, Vol.29 No.2, April- June 2005. http://library.cbn.gov.ng:8092/jspui/bitstream/123456789/29/1/Bullion%20Apr-Jun-05%2CBanking%20Sector%20Reforms%20and%20Bank%20Consolidation%20in%20Nigeria.26-37.pdf

[8] Weston et al. (2011). Mergers, Restructuring, and Corporate Control Prentice Hall. Wolfe, M., Stressman, S. and Manfredo, M. (2011). https://www.scribd.com/document/431485146/Theory-and-Practice-of-Mergers-and-Acquisitions-Em

[9] Hitt, M.A, J.S. Harrison, and R.D. Ireland, (2001) Mergers and acquisitions: A Guide to Creating Value for Stakeholders, Oxford University Press, Oxford. https://econpapers.repec.org/bookchap/oxpobooks/9780195112856.htm

[10] Allen, F. & Gale, D. (2003). Competition and financial stability. Journal of Money, Credit and Banking. https://www.jstor.org/stable/3838946

Bibliography

- Anand Manoj & Singh Jagandeep (2008), "Impact of Merger Announcements on Shareholder's Wealth Evidence from Indian Private Sector Banks", Vikalpa, Volume 33, No 1 January – March. https://doi.org/10.1177/0256090920080103
- Jensen, M.C. (1986). Agency costs of free cash flow, corporate finance and takeovers. American Economic Review, Vol. 76, pp. 323–329. http://www.jstor.org/stable/1818789
- Kumar, B.R. and Rajib, P. (2007a). An analytical study on multiple mergers in India. Management Review, Vol. 9, No. 1, pp. 1–31. https://www.iimb.ac.in/node/4239
- Kumar, B.R. and Rajib, P. (2007b). Characteristics of merging firm as in India: an empirical examination. Vikalpa, Vol. 32, No. 1, pp. 27–44. https://doi.org/10.1177/0256090920070103
- Kumar, B.R. and Rajib, P. (2007c). Mergers and corporate performance in India: an empirical study. Decision, Vol. 34, No. 1, pp.121–147. Kwoka, J. and Pollitt, M. (2012). http://www.indianjournals.com/ijor.aspx?target=ijor:iimsjms&volume=7&issue=2&article=004
- Kuriakose, Sony and Raju, M. S. Senam and Narasimham, N. V., Voluntary Amalgamations in Indian Banking Sector: Valuation Practices and Adequacy of Swap Ratios (July 5, 2009). Indian Journal of Commerce, Vol. 62, No. 3, July-September 2009, Available at SSRN: https://ssrn.com/abstract=1653698 or http://dx.doi.org/10.2139/ssrn.1653698
- Mantravadi Pramod & Reddy A Vidyadhar. (2007), "Relative Size In Mergers And Operating Performance: Indian Experience", Economic and Political Weekly, September 29.
- Mehta Jay & Kakani Ram Kumar. (2006), "Motives for Mergers and Acquisitions in the Indian Banking Sector – A Note on Opportunities & Imperatives", SPJCM Working Paper:06-13. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1008717
- Motis, J.(2007). Mergers and Acquisitions Motives (No. 0730), available from https://economics.soc.uoc.gr/wpa/docs/paper2mottis.pdf
- Müslümov Alövsat. (2002), "The Financial Analysis of Post-merger Performance of Surviving Firms", Yapi Kredi Economic Review, Vol. 13(1). http://ijbarr.com/downloads/0108201423.pdf
- R. Srivassan, Chattopadhyay Gaurav & Sharma Arvind (2009), "Merger and Acquisition in the Indian Banking Sector-Strategic and Financial Implications", IIMB Management Review, October. https://www.academia.edu/5449422/Merger_and_Acquisitions_M_and_As_in_the_Indian_Banking_Sector_in_Post_Liberalization_Regime.
- Sinha, P., & Gupta, S. (2011). Mergers and Acquisitions: A pre-post analysis for the Indian financial services sector. Available at https://mpra.ub.uni-muenchen.de/31253/