

A STUDY ON THE MERGER OF ANDHRA BANK AND CORPORATION BANK WITH UNION BANK OF INDIA

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Abstract—*The world of competition is like a jungle where monsters gobble smaller ones therefore one has to be competent enough to win the rivalry. There are evidences that large enterprises have merged smaller competitors in themselves. The study entitled on merger of Andhra Bank, Corporation Bank with Union Bank of India, the main objectives of the study to know the reasons as to why the merger is necessary and to know the impact of merger on the performance of banks; to find out the challenges and benefits of merger on the banks and customers; to determine the overall impact on the Indian economy; and to know the after effect of merger on the senior authorities of merged banks. For this purpose, 120 sample size is taken this study is conducted based on respondents of all the customers of three banks i.e Andhra bank corporation bank and union bank. This article leaves footprints on the way of further studies on mergers from different outlook.*

Keywords—*Acquisitions, Indian banking sector, operations, Regulatory Authority, Merger.*

INTRODUCTION

Banking operation is one of the strongest factors of the fitness of the economy. The ability and freedom of a financial company to borrow from various institutions to lend to businesses has a huge effect on the increase in the price of the currency. Deregulation of U.S. banks in the 1970s was seen by a drastic shift in us King Banks becoming bigger and more diversified. Banks from various developing countries quickly started to work in increasingly dynamic markets as well. Are we seeing the start of an Indian banking consolidation segment? Will liberalization and capitalism, through mergers and acquisitions, make consolidation a sensible way forward for banks to live and tell a story and grow? Will banks in India be able to collaborate with this through various institutions? Do we need changes in our prison system to promote mergers and acquisitions within the Indian banking industry? Will mergers and acquisitions always lead to shareholder value appreciation? Well, those are some of the problems that need to be evaluated, bearing in mind the potentialities of the Indian banking industry's destiny.

Banks are the most important monetary institutions in the economy. They are the most important supply of credit (loan worthy budget) to tens of millions of households but to many government gadgets (school districts, cities, nations, etc.). Banks have a key role to play in the monetary development process. The country's economy depends on the efficient functioning of the financial system. Banks are monetary carriers, generating and selling public policy expert managers, and acting in several specific roles in the economy. Earlier, the services provided by banks included foreign exchange, financial savings accounts, subsidized commercial notes, and commercial purchases.

Promoting the activities of commercial banks, valuables safety and value certification, offering arrangements with offerings, presenting audit accounts (demand deposits) etc. More lately, offerings have been developed by banks and provide commercial loans, financial advice, system renting, venture capital loans and insurance offerings, to promote retirement plans, and provide security brokerage services and safety underwriting services.

REVIEW OF LITERATUR

A literature review is a critical summary of prior studies on the subject. The literature evaluates scholarly articles, books, and other sources relevant to a specific study area. This previous research must be listed, described, summarized, objectively evaluated, and made clear by the evaluation. It needs to provide a theoretical basis for the research and assist you (the writer) determine the nature of your studies.

Chawla (1988)

He analyzed the growth and exponential growth of banking sport after nationalization, especially in the Punjab kingdom, at some point in the period 1969-83. The analysis showed that the nationalization of the major commercial banks in 1969 had a tremendous impact on the mobilization of deposits, the implementation of credit scores and the expansion of outlets.

Al-Mamun, 2012

He found the public image of industrial banking sports in their trend towards existing financial practices in the respective countries. As a result, there is a significant difference between Bangladeshi and Indian business banks' trend towards regular banking. Thus, fashion in the direction of standard banking for Bangladeshi and Indian financial institutions is not going to be too quick.

Ketkar (b. 1993)

He studied the impact of financial institution nationalization on India's financial savings, investment, productivity and GDP thru the forceful financial institution branch expansion packages and primary concern of sector credit allocation. Empirical results indicate that the policy of bank privatization has been a combined blessing.

Manikyam, 2014.

He explained the transformation of the financial condition with the effect of monetary reforms. Rivalry from global banks and technological innovation has forced banks to reconsider their policies and strategies. Different products offered by foreign banks to Indian customers have compelled Indian banks to broaden and upgrade themselves in a good way to succeed and survive inside the market.

Samule of Ramasastrl (2006)

He aims to analyze the attributes of essential banking indicators for the period of 25-12 months from 1980 to 2005. They analyzed the statistics from the lender's stability sheets, did draw some important conclusions for the banking sector as whole and, in addition to unique banking institutions. As a result, compared to the pre-reform span, the general public-zone banks improved substantially after the enter new, even but they were still lower compared to foreign banks.

NEED FOR THE STUDY

As a merger is a mixture of two or more co.'s into an existing co or a whole new co. acquired by Co. Transfer the property, obligations and inventories to the purchasing firm for the purpose of modifying or selling stock. The need for mergers and acquisitions arises as a result of the assumption that, in general, mergers may promote the ability two or more companies to exercise market strength on an interdependent basis, by means of specific agreements or contracts, or by means of other activities that indirectly allow businesses to manage their actions. It is likely to be constructed to prevent or reduce the opposition extensively, whereas the parties to the merger would really like to be in a position to develop a materially greater level of opposition Market power in a substantial portion of the economy for two years or more than if the merger did not continue in whole or in part. Throughout brief, an organization can accomplish its development goal by: Expanding its current markets this same Agency's entry into new markets can be enhanced internally or externally. Unless there may be an issue internally due to lack of resources and managerial skills, it may be external sources equivalent by mergers and acquisitions. This makes it much easier for a business enterprise to develop at a faster pace on a continent and cheaply. Combination of groups may lead in more than normal profits due to a decrease in value and a powerful use of sources.

OBJECTIVES OF THE STUDY

1. To Study the reasons as to why the merger is necessary.
2. To know the impact of merger on the performance of banks.
3. To find out the challenges and benefits of merger on the banks and customers.
4. To determine the overall impact on the Indian economy.

5. To know the after effect of merger on the senior authorities of merged banks

LIMITATIONS OF THE STUDY

The study was conducted at the time of covid19 pandemic, so this made quite difficult to collect the sufficient data.

STATEMENT OF THE PROBLEM

Only in today's tough environment will large organizations thrive. Government banks are in bad condition following demonetization. A lot of government banks have incurred huge losses owing to bad loans, which the lenders have not been willing to recover because they have ruined their company due to a range of factors, including demonetization. There have been discussions of the closing of certain banks because, in such a case, the general public may have withdrawn deposits from their accounts in a very risky circumstance. So, instead of shutting certain banks, the government, in consultation with RBI, has taken a brave decision to merge banks through large-scale economy operations. By merging many public sector banks into few and with efficient resources development, banks can be reinforced with a focus on upgrading services and revenues, optimum utilization of staff, cost efficiencies and reduced NPAs. Therefore, the study is taken up to know more details.

RESEARCH METHODOLOGY

Research methodology is the process of systematic investigation of any management problem is deal with research design, data collection method, sampling plan, statistical tools, research comprises defining and problems, formulating hypothesis or suggesting solution.

RESEARCH DESIGN

A research design is an arrangement of collection and analysis of data in a manner that aims to combine relevance to the research purpose. It contains blueprint for the collection, measurement, and analysis of data.

DESCRIPTIVE RESEARCH

Descriptive research aims to describe a population, situation, or phenomenon accurately and systematically. It can answer *what, when, where, when* and *how* questions, but not *why* questions.

SOURCES OF DATA

For this study, research is based solely on secondary and primary data. Primary sources consist of direct interviews, surveys, and surveys with respondents from the banks under review, and secondary sources comprise evidence already available from public media, such as annual company reports, RBI records and other published material.

SAMPLE SIZE

Out of Total Population the Sample Taken is 120 Customers.

TOOLS FOR DATA COLLECTION

Data collection is a process of collecting data from all relevant assets to identify answers to the study issue, to check the hypothesis and to analyze the findings. Data processing strategies can be divided into two categories: secondary data collection techniques and number one statistical analysis methods.

- ❖ Percentage Analysis
- ❖ Comparative Analysis
- ❖ One Way ANOVA
- ❖ Friedman Test

DATA SOURCE

- RBI Data Published
- Newspapers
- Social Media
- Company Annual Reports

➤ Articles

DATA ANALYSIS AND INTERPRETATION

Data analysis is a means of inspecting, processing, reworking and reworking records and modeling records with a view to discovering useful statistics, informing conclusions, and assisting decision-making.

COMPARATIVE ANALYSIS

Item-by-item assessment of two or even more comparable options, procedures, items, skills, data sets, structures, or the like. For example, in accounting, changes in the gadgets of the financial statements over even a period of accounting may be described together just to recognize new technologies in the company's operations and results. See additional parity analysis.

TABLE 1: COMPARATIVE ANALYSIS OF RESPONDENTS GENDERS AND BANK'S NAME CROSS TABULATION

			<i>Bank's name</i>			<i>Total</i>
			<i>Andhra Bank</i>	<i>Corporation Bank</i>	<i>Union Bank of India</i>	
Gender	Male	No. of respondents	23	21	21	65
		%	19.20%	17.50%	17.50%	54.20%
	Female	No. of respondents	17	19	19	55
		%	14.20%	15.80%	15.80%	45.80%
Total		No. of respondents	40	40	40	120
		%	33.30%	33.30%	33.30%	100%

INTERPRETATION:

In this table out of 65 male respondents 23 (19.2%) are customers of Andhra bank, 21 (17.5%) are customers of corporation bank and 21(17.5%) are customers of union bank. And out of 55 female customers 17 (14.2%) are customers of Andhra bank, 19 (15.8%) are customers of corporation bank and 19(15.8%) are customers of union bank. Most of the customers are male.

TABLE 2: COMPARATIVE ANALYSIS OF RESPONDENTS AGE GROUP WITH RESPECTED TO THERE BANK

			<i>Bank's name</i>			<i>Total</i>
			<i>Andhra Bank</i>	<i>Corporation Bank</i>	<i>Union Bank of India</i>	
Age Group	Below 25 years	No. of respondents	7	7	6	20
		%	5.80%	5.80%	5.00%	16.70%
	26 years to 35 years	No. of respondents	9	7	9	25
		%	7.50%	5.80%	7.50%	20.80%
	35 years to 45 years	No. of respondents	14	14	12	40
		%	11.70%	11.70%	10.00%	33.30%
	46 years to 55 years	No. of respondents	5	7	8	20
		%	4.20%	5.80%	6.70%	16.70%
	Above 55 years	No. of respondents	5	5	5	15
		%	4.20%	4.20%	4.20%	12.50%
Total		No. of respondents	40	40	40	120
		%	33.30%	33.30%	33.30%	100%

INTERPRETATION:

In the table 2 explains that out of 120 respondents 20(16.7%) are in the age group of below 25 years 25 are in the age group of 26 years to 35 years 40(33.3%) are in the age group of 35yeras to 45 years 20(16.7%) are in the age group of

46 years to 55 years 15(12.5%) are in the age group of above 55 years. So, the table will conclude that many of the customers are falls under the age group of 35 to 45 years

TABLE 3: COMPARITIVE ANALYSIS OF EDUCATIONAL QUALIFICATION WITH RESPECTED TO THERE BANKS

			<i>Bank's name</i>			<i>Total</i>	
			<i>Andhra Bank</i>	<i>Corporat ion Bank</i>	<i>Union Bank of India</i>		
Educational Qualification	Upto PUC	No. of respondents	7	7	9	23	
		%	5.80%	5.80%	7.50%	19.20%	
	Diploma	No. of respondents	9	10	0	19	
		%	7.50%	8.30%	0.00%	15.80%	
	Graduate	No. of respondents	14	11	19	44	
		%	11.70%	9.20%	15.80%	36.70%	
	Postgraduate	No. of respondents	6	7	3	16	
		%	5.00%	5.80%	2.50%	13.30%	
	Others	No. of respondents	4	5	9	18	
		%	3.30%	4.20%	7.50%	15.00%	
	Total		No. of respondents	40	40	40	120
			%	33.30%	33.30%	33.30%	100%

INTERPRETATION

In the table 3 explains that out+ of 120 respondent 23(19.2%) are completed the qualification up to PUC. 19(15%) respondent for completed the qualification of Diploma, 44(36.7%) are completed the qualification of graduation, 16(13.3%) respondent are completed post-graduation and 18(15.0%) are falls under other educational qualification so this table give conclusion that the majority of the respondent are completed up to PUC.

PERCENTAGE ANALYSIS

Percentage analysis is one of the basic statistical gears that is extensively used in analysis and interpretation of number one data. It offers with the quantity of respondent's response to a specific question is percentage arrived from the total population selected for the study.

It is one of the simple types of analysis which is very clean for absolutely everyone to apprehend the outcome of the research.

TABLE 4: PERCENTAGE ANALYSIS OF MOTIVE BEHIND MERGER

<i>Motive Behind Merger</i>	<i>Frequency</i>	<i>Percent</i>
Strongly Agree	25	20.8
Agree	65	54.2
Neither agree nor disagree	20	16.7
Disagree	5	4.2
Strongly Disagree	5	4.2
Total	120	100

INTERPRETATION

In the table 4 explains that out of 120 respondents 25 respondent are strongly know the motive behind merger, 65 respondents will agree with the motive behind merger 20 respondent will neither agree nor disagree with motive behind merger 5 will disagree and 5 will strongly disagree with the motive behind merger.

TABLE 5: PERCENTAGE ANALYSIS OF RISK INVOLVED IN MERGER

<i>Risk Involved in Merger</i>	<i>Frequency</i>	<i>Percent</i>
Strongly Agree	20	16.7
Agree	25	20.8
Neither agree nor disagree	55	45.8
Disagree	15	12.5
Strongly Disagree	5	4.2
Total	120	100

INTERPRETATION

In the table 5 explains that out of 120 respondents 20 respondents will strongly agree that there will be risk involved in M & A, 25 respondents will agree that there will be risk involved in M & A 55 respondent will neither agree nor disagree that there will be risk involved in M & A 5 respondents will strongly disagree that there will be risk involved in M & A.

TABLE 6: SHOWING PERCENTAGE ANALYSIS OF DIFFERENCE IN OPERATING SYSTEM OF BANK AFTER MERGER

<i>Operating system of bank after merger</i>	<i>Frequency</i>	<i>Percent</i>
Strongly Agree	15	12.5
Agree	50	41.7
Neither agree nor disagree	45	37.5
Disagree	5	4.2
Strongly Disagree	5	4.2
Total	120	100

INTERPRETATION

In the table 6 explains that out of 120 respondents 15 will strongly agree with the difference in operating system of bank after merger and acquisition, 50 respondents will agree with the difference in operating system of bank after merger and acquisition, 45 respondents will neither agree nor disagree with the difference in operating system of bank after merger and acquisition, 5 will disagree with the difference in operating system of bank after merger and acquisition, 5 will strongly disagree with the difference in operating system of bank after merger and acquisition.

TABLE 7: PERCENTAGE ANALYSIS OF MERGER OVERALL IMPACT ON THE PERFORMANCE OF MERGED BANK

<i>Merger overall impact on the performance of merged bank</i>	<i>Frequency</i>	<i>Percent</i>
Strongly Agree	20	16.7
Agree	60	50
Neither agree nor disagree	25	20.8
Disagree	15	12.5
Total	120	100

INTERPRETATION

In the table 7 explains that out of 120 respondents 20 respondents are strongly agree with the Merger & Acquisition overall impact on the performance of merged bank, 60 respondents are agree with the Merger & Acquisition overall

impact on the performance of merged bank, 25 respondents are neither agree nor disagree with the Merger & Acquisition overall impact on the performance of merged bank, 15 respondents will disagree with the Merger & Acquisition overall impact on the performance of merged bank, so this table will give convulsion that the majority of the respondents will agree for Merger & Acquisition overall impact on the performance of merged bank.

ANOVA

Analysis of variance (ANOVA) is an analysis tool used in the information that separates the measured combination of variability observed inside the records into parts of significant role played and random elements. Systematic factors have a statistical effect on the given facts, but the random factors are not. Analysts use the ANOVA check to decide whether they have an impact on the structured variable of independent variables in the regression study.

Perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India with respect to selected demographic variables.

Hypothesis:

H₀: There is no significant difference between the mean scores regarding perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India with respect to the selected demographic variables.

H₁: There is a significant difference between the mean scores regarding perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India with respect to the selected demographic variables.

TABLE 8: PERCEPTION OF RESPONDENTS TOWARDS MERGER OF ANDHRA BANK AND CORPORATION BANK WITH UNION BANK OF INDIA WITH RESPECT TO SELECTED DEMOGRAPHIC VARIABLES

Demographic Variables		Mean	Std. Deviation	ANOVA	P
Age Group	Below 25 years	3.8462	0.00000	4.444	0.002
	26 years to 35 years	3.4923	0.94159		
	35 years to 45 years	3.3558	0.81978		
	46 years to 55 years	4.0962	0.43001		
	Above 55 years	3.5641	0.65120		
Educational Qualification	Up to PUC	3.8328	0.47000	0.933	0.447
	Diploma	3.4332	0.92883		
	Graduate	3.6119	0.75714		
	Postgraduate	3.6731	0.76434		
	Others	3.4872	0.76196		
Occupation	Private Employee	3.4066	0.60451	4.593	0.002
	Government Employee	3.8817	0.16169		
	Business	3.7115	1.06392		
	Professional	3.3803	0.81246		
	Others	4.1026	0.56726		
Monthly Income	Less than Rs.10,000	3.7919	0.40500	1.539	0.196
	Rs.20,000 to Rs.30,000	3.5804	0.95480		
	Rs.30,000 to Rs.40,000	3.5446	1.02674		
	Rs.40,000 to Rs.50,000	3.3558	0.77550		
	More than Rs.50,000	3.7957	0.21985		

- To study the effect of *age group of the respondents*, the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India according to age group is shown in the TABLE NO 7. It could be noted from the TABLE NO 7 That the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India indicates with respect to the age group of below 25 years the mean score was (3.8462 ± 0.0), among the age group of 26 years to 35 years the mean score was (3.4923 ± 0.94159), among the age group of 35 years to 45 years the mean score was (3.3558 ± 0.81978), among the age group of 46 years to 55 years the mean score was (4.0962 ± 0.43001), and among the age group of above 55 years the mean score was (3.5641 ± 0.65120).

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- To study the effect of *Educational Qualification of the respondents*, the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India according to educational qualification is shown in the TABLE NO 7 It could be noted from the TABLE NO 7 that the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India indicates with respect to the educational qualification of upto PUC the mean score was (3.8328 ± 0.47) , among the Diploma holders the mean score was (3.4332 ± 0.92883) , among the graduates the mean score was (3.6119 ± 0.75714) , among the postgraduates the mean score was (3.6731 ± 0.76434) , and among the other educational qualifications the mean score was (3.4872 ± 0.76196) .
- To study the effect of *Occupation of the respondents*, the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India according to occupation is shown in the TABLE NO 7 It could be noted from the TABLE NO 7..that the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India indicates with respect to the private employees the mean score was (3.4066 ± 0.60451) , among the Government employees the mean score was (3.8817 ± 0.16169) , among the business persons the mean score was (3.7115 ± 1.06392) , among the professionals the mean score was (3.3803 ± 0.81246) , and among the other occupations the mean score was (4.1026 ± 0.56726) .
- To study the effect of *Monthly income of the respondents*, the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India according to monthly income is shown in the TABLE NO 7... It could be noted from the TABLE NO 7 that the perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India indicates with respect to the monthly income of less than Rs.10,000 the mean score was (3.7919 ± 0.405) , among Rs.20,000 to Rs.30,000 the mean score was (3.5804 ± 0.95480) , among the Rs.30,000 to Rs.40,000 the mean score was (3.5446 ± 1.02674) , among the Rs.40,000 to Rs.50,000 the mean score was (3.3558 ± 0.77550) , and among more than Rs.50,000 the mean score was (3.7957 ± 0.21985) .
- To test the significant difference between the mean scores regarding perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India with respect to the selected demographic variables the ANOVA test is used, and the result is also shown in TABLE NO 7
- Since the 'p' values are greater than the level of significance of 0.05 regarding age, educational qualification, total years of experience, total family income, number of dependents, and distance between residence and workplace, there is no significant difference between the mean scores regarding perception of respondents towards occupational stress with respect to the selected demographic variables. So, it can be concluded that the null hypothesis is accepted, and alternative hypothesis is rejected.
- Since the 'p' values are greater than the level of significance of 0.05 regarding educational qualification (0.447), and monthly income (0.196), there is no significant difference between the mean scores regarding perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India with respect to the educational qualification, and monthly income. So, it can be concluded that the null hypothesis is accepted, and alternative hypothesis is rejected.
- Further the 'p' values are less than the level of significance of 0.05 regarding age group (0.002), and occupation (0.002), there is significant difference between the mean scores regarding perception of respondents towards merger of Andhra bank and Corporation bank with Union Bank of India with respect to the age group, and occupation. So, it can be concluded that the null hypothesis is rejected, and alternative hypothesis is accepted.

Friedman Test

The Friedman test is used in a one-way repeated - measures analysis of variance by rank. It is closely related in its use of ranks to Kruskal – Wall's one-way analysis of variance by rank. Friedman's test is widely accompanied by a set of statistical software packages.

Average ranks of the variables of Impact of Merger on Performance Andhra bank and Corporation bank with Union Bank of India

Hypothesis:

H₀: The average ranks of the variables of impact of merger on performance Andhra bank and Corporation bank with Union Bank of India are not significantly different.

H₁: The average ranks of the variables of impact of merger on performance Andhra bank and Corporation bank with Union Bank of India are significantly different.

Table no 8 signifies descriptive statistics of average ranks of the impact of merger and acquisition on performance Andhra bank and Corporation bank with Union Bank of India of respondents.

TABLE 9: DESCRIPTIVE STATISTICS

Statement	N	Mean	Std. Deviation	Minimum	Maximum	Percentiles		
						25 th	50 th (Median)	75 th
I know motive behind Merger & Acquisition	120	3.8333	0.94676	1	5	3	4	4
There is risk involved in Merger & Acquisition	120	3.3333	1.03171	1	5	3	3	4
There is a difference in operating system of bank after Merger & Acquisition	120	3.5417	0.91574	1	5	3	4	4
Facilities provided to the customers become better after merger	120	3.5833	0.76239	1	5	3	4	4
Changes in services of bank after Merger & Acquisition	120	3.7083	0.79278	2	5	3	4	4
Facing problem after Merger of your bank	120	3.7083	0.89251	2	5	3	4	4
Merger & Acquisition affect the NPA & B/D of merged bank	120	3.5833	0.76239	2	5	3	4	4
Merged bank's senior position employee get affected after M&A process	120	3.8333	0.94676	1	5	3	4	4
Merger & Acquisition have impact in the foreign Market	120	3.3333	1.03171	1	5	3	3	4
Merger and Acquisition is beneficial for Banking sector in India	120	3.5417	0.91574	1	5	3	4	4
Merger & Acquisition affect the costing	120	3.5833	0.76239	1	5	3	4	4
Merger & Acquisition is curbing a competition in banking sector	120	3.7083	0.79278	2	5	3	4	4
Performance of merged bank improved after Merger & Acquisition	120	3.7083	0.89251	2	5	3	4	4

The Table 9 outcomes designate that the “Merged bank's senior position employee get affected after M&A process” has the highest average score of 3.8333 followed by the “I know motive behind Merger”. It indicates that the “Merged bank's senior position employee get affected after M&A process” is more important according to the customers of Andhra bank and Corporation bank with Union Bank of India. This is followed by the “I know motive behind Merger” as so much influencing on performance of Andhra bank and Corporation bank with Union Bank of India. Other variables have least influence on performance of Andhra bank and Corporation bank with Union Bank of India.

Variable wise opinion regarding the Impact of Merger on Performance of Andhra bank and Corporation bank with Union Bank of India

An attempt has been made to study the variable wise opinion regarding the Impact of Merger on Performance of Andhra bank and Corporation bank with Union Bank of India.

TABLE 10: VARIABLE WISE RESPONDENTS'OPINION REGARDING IMPACT OF MERGER ON PERFORMANCE ANDHRA BANK AND CORPORATION BANK WITH UNION BANK OF INDIA

<i>Variable</i>	<i>Average Rank</i>
I know motive behind Merger	8.23
There is risk involved in Merger	5.27
There is a difference in operating system of bank after Merger	6.65
Facilities provided to the customers become better after merger	6.94
Changes in services of bank after Merger	7.50
Facing problem after Merger of your bank	7.63
Merger & Acquisition affect the NPA & B/D of merged bank	6.58
Merged bank's senior position employee get affected after Merger process	8.23
Merger have impact in the foreign Market	5.27
Merger is beneficial for Banking sector in India	6.65
Merger affect the costing	6.94
Merger is curbing a competition in banking sector	7.50
Performance of merged bank improved after Merger	7.63

It might be distinguished from the above TABLE NO 4.23 that amongst the thirteen variables “*Merged bank's senior position employee get affected after Merger process*” was ranked first. It is followed by the “*I know motive behind Merger*”.

Table 11 denotes the chi-square statistic along with its ‘p’-value.

TABLE 11: TEST STATISTICS

N	120
Chi-Square	151.646
Df	12
Asymp. Sig.	0.000

The above Table 11 outcomes designate that the ‘p’-value (0.000) is less than the level of significance of 0.05. At that time, the null hypothesis of average ranks of the variables of impact of merger and on performance of Andhra bank and Corporation bank with Union Bank of India can be rejected, and the alternative hypothesis is accepted. Hereafter, it tends to be inferred that average ranks of the variables of impact of merger on performance Andhra bank and Corporation bank with Union Bank of India are significantly different

FINDINGS

For the purpose of data analysis on the basis of data collected by using the questionnaire, the researcher has analysis the data by using analysis tool i.e. analysis of variance (ANOVA) in this data collection the collection of demographic variables about the respondents that are helpful for the study and hold the better attributes the hypothesis which is considered to know the perception of respondents towards merger of banks with respect to their demographic variables.

Objective No.1: To Study the reasons as to why the merger is necessary.

For this objective Researcher used comparative analysis to know why the merger is necessary for the customers and for the employees. Some of the demographic variables are as follows.

The demographic variables are...

Age Group

Educational Qualification

Occupation

Monthly Income

In the demographic variable of age group and occupation the 'p' value (0.002) are less than the level of significance (0.05) so it can be concluded that the null hypothesis is rejected, and alternative hypothesis is accepted.

In the demographic variable of educational qualification p value (0.447) and monthly income (0.196) are greater than the level of significance (0.05) so it can be concluded that the null hypothesis is accepted, and alternative hypothesis is rejected.

Objective No.2: To know the after effect of merger on the senior authorities of merged bank.

Further, the researcher as used Friedman test to justify the main objective i.e. to know the after effect of merger on the senior authorities of merged banks the test is related to the study on average ranks of the variables impact of merger on performance of banks. For the Friedman test hypothesis are as follows.

The test concludes with the highest average score of 3.8333 that the senior position employee of the merged bank will get affected after the merger process.

Further to support the study the respondent opinion regarding the merger categorized on the variable wise and also the average ranks are given. 8.23 for the questions

1. I know the motive behind merger
2. Merged bank's senior position employee gets affected after merger.

Objective no 3: To know the impact of merger on the performance of banks.

An attempt has been made to study the variable wise opinion regarding the Impact of Merger on Performance of Andhra bank and Corporation bank with Union Bank of India. It might be found from the above that amongst the thirteen variables "Merged bank's senior position employee gets affected after Merger process" was ranked first. It is followed by the "I know motive behind Merger"

These are the hypothetical questions that are analyzed with the help of two effective analysis tool ANOVA and Friedman Test.

SUGGESTIONS

Policies in the banking industry launched in 1991 have substantially changed the nature of Indian banking. The Indian banking sector has frequently moved from the regulated environment to a deregulated market economy. In India banks are moving all the time closer to leadership consolidation through mergers and acquisitions, globalization of business owners, recent era growth, and financial institution social and legal contract.

- **Economic Scale**

As the study will explain us that about the merger importance, that played a very vital role in the development of economy and in the economic scale more resources than the individual companies will be open to a merged company. This helps improve the scale of operations and large-scale economies. The savings will emerge due to the

higher usage of manufacturing facilities, distribution networks and research & design plants, etc. These benefits are available in horizontal combinations industries with the same product line.

- **Growth**

And the second main reason to get merger is growth the internal growth may not allow a company to grow rapidly. Merger helps a business to evolve satisfactory manner and balance. It can cross several stages of growth through merger at once. Modified or combination development is also faster and less dangerous. The purchase of a future organization tries to avoid several costs and risks of growth and the introduction of different product lines. A company can maintain the desired rate of development through acquiring of other companies.

- **Planning**

Merger will help in better financial planning the business owners will be able to improve intend their funds. The collaborative financial situation of combined companies is more essential and may be better utilized than those in the specific companies. One of merger businesses may well have a short gestational duration while another may well have a longer gestational period. To finance the other business, the company profits are used for the short gestation period. If the company becomes successful with a long production time, the financial situation will indeed increase.

- **Customer Orientation**

If the bank get merged with another bank, the automatically the customers of one bank will become the customer of merger bank so the operation with them will become easy and they can attract the customers as well they should provide good service for all the customers of the bank.

- **Employee Effectiveness**

Individual or contingent employees are very pleased with the bank services provided. In regard towards its services in existing banks, the bank will remind the old bank customers and the employees of them. The bank wants to give customers better loan limit Merged banks should be training on bank security, changes in offer, better availability of banking services, new inventions in advanced technology online banking services and improved innovative merchandise at far fewer prices.

- **Training and Development**

The offers of past and present banks in the system may not differ. Companies are satisfied with the new banks' products. Business customers need one's institution's broad range of information that is not actually offered. Old Bank employees' training & development to learn new central banks in the bank branch. To help employees of the acquired financial institution improve information and develop their skills. That tends to cause the attitude of the bank staff received to adjust.

- **Regulatory Authorities**

RBI has to take on the consolidation of Indian banking industry, that has raised a few other issues to large banking system. Less banks, fears regarding abuse of market power have been raised. Small and medium-sized businesses may also have a negative effect on credit. Larger banks also generate too big a situation of risk. The limited range of banking offers banks encouragements to increase performance. Longer scale will help banks raising their risks by expanding their products the system's consolidation should have stronger systemically important capacity.

At last the study concludes that the merging of banks will surely help in the growth of economy and that will also improve the performance of old bank and new bank when they get merged so the study merging of Andhra bank corporation bank with union bank of India is doing its operational activities good after merging.

CONCLUSION

Finally, in the Indian Banking industry, the term MERGER can be taken as abbreviation.

M MIXING

E ENTITIES

R RESOURCES FOR

G GROWTH

E ENRICHMENT

R RENOVATION

Before moving into the M&A method the element promoting growth, enrichment and renovation must be properly considered so that the abbreviation has been virtually effective. Response to the growth monetary losses generated produced private and public sector banks, M&A had also matured important in increasing use like India. There really is no doubt that the objectives and reasons for initiating mergers and acquisition are good. Nevertheless, their accomplishments are very difficult but not impossible. A prior evaluation of the overall performance of post-merger in the Indian banking neighborhood typically focuses on the facts from 1991 to 2010 from one or three banks.

This research concentrates on the use of a sample of eight M&A specimens from 1991 to 2010, in the comment-liberalized Indian Banking sector. To reduce noise, the patterns are limited to M&A where goal is large enough to make a difference in the results of the submissions, a feature which has not been found in previous maximum studies. The analysis is conducted based on the result M&A is the helpful tool for growing and expanding Indian banking sector on the economic and operational performance of the Indian banking region. It helps vulnerable banks to survive by merging into large banks.

For the Indian banking sector, merger and acquisition is an important means of growth and expansion. The merging into a larger bank helps the survival of sensitive banks. The effect of Merger within the Indian bank region is shown in this study, and the most important is that after the merger you generate better money in order to M&A to be picked from of the stocks in the management. I would really like to complete my study by validating that mergers are very important to Indian economy growth as it is simpler for banks to merge with other banks and also raises the number of clients for the individual account, thereby going to increase the transaction. And merger has a big impact on bank holders too, and financial and operational problems of M&A will assess if M&A performance is already impressive. However, marketing issues related to human resources are equally important for the M&A success.

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