International Journal of Economic Practices and Theories (IJEPT)
ISSN: 2247-7225
Volume 2026, Issue 1

An Assessment of Financial Implication of Mergers and Acquisitions on Liquidity and Profitability of Public Sector Banks in India.

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Abstract:

The Indian banking sector has witnessed significant consolidation through mergers and acquisitions (M&A), particularly among public sector banks, as a strategic response to globalization, competitive pressures, and structural weaknesses. This study examines the financial implications of mergers and acquisitions on the liquidity and profitability of selected public sector banks in India. Using secondary data sourced from published financial statements, the study evaluates pre- and post-merger performance over an extended period by applying key liquidity and profitability ratios. Paired sample *t*-tests are employed to assess the statistical significance of changes attributable to mergers. The findings reveal that, except for selective changes in asset composition—most notably the Term Loan to Total Advances ratio—mergers have not resulted in statistically significant improvements in liquidity or profitability in the short to medium term. The results suggest that public sector bank mergers primarily contribute to financial stability and structural realignment rather than immediate efficiency or profitability gains. The study underscores the long-term nature of merger synergies and the importance of effective post-merger integration.

Keywords: Mergers and Acquisitions, Public Sector Banks, Liquidity, Profitability, Financial Performance, India

Introduction:

Indian banking sector has experienced unorganised growth before globalization due to rigid policies of the controlling authorities. Commercial banks in India have adopted number of strategies to enhance its functions and workings to achieve desirable growth after freeing up of the economy. The primary motive behind the consolidation among banks before liberalisation of the economy was the weak financial conditions of the merged banks. The same trend has been observed after 1990 also, specifically in Government owned banks. The entry of new private sector banks changed the landscape of the commercial banking in India. It forced established banks to give focus on professional approach in providing banking services, adoption of core banking services, customer-oriented products etc. In post 2000 due to changing needs of customers and technological development there was rise of intense competition among the banks. To overcome the challenges, mergers and acquisitions strategy was adopted by the banks. Financial and non-financial motives remain the prime motive behind consolidation in Indian banks after 2010.

Commercial banks in India are facing the multiple problems like increasing amount of non-performing assets, inadequate capital, maintaining profitability, scams and frauds etc. It is felt that, the mergers and acquisitions could be the possible solution to these problems. Mergers and acquisitions can be prominent revival strategies in the future and banks may able to sustain into competitive edge. Mergers and acquisitions activity in banking sector may bring synergistic benefits like economic of scale, technological advancement, financial efficiency, operating efficiency, better customer service and so on. Corporate restructuring through acquisition and divestiture is widely used to create corporate empires and it is very closely associated with the economic changes. Present research has studied the financial implications of mergers and acquisitions on selected public sector banks in India. The attempt has been made to examine the effects of mergers and acquisitions on financial and operational efficiency of the transferee banks.

Literature Review:

Mergers and acquisitions (M&A) have emerged as a central strategic instrument in the banking sector amid globalization, deregulation, and heightened competition. Prior studies broadly converge on the view that bank consolidation is pursued to achieve economies of scale, operational efficiency, risk diversification, technological upgradation, and enhanced shareholder value. However, empirical evidence on post-merger financial performance remains mixed, particularly in the context of public sector banks.

A substantial body of Indian banking literature reports limited or insignificant improvement in financial performance following mergers. Several studies comparing pre- and post-merger periods using profitability, liquidity, and efficiency indicators such as ROA, ROE, NIM, EPS, and capital adequacy ratios find that mergers do not consistently translate into improved financial outcomes in the short to medium term (Fatty, 2020; Manoj Kumara, 2015; Sanyukta, 2018). These findings suggest that anticipated synergies are often offset by integration costs, legacy non-performing assets, and structural rigidities, especially in public sector banks.

Conversely, a few studies document selective or marginal improvements in specific performance indicators. Ghosh and Dutta (2015) observe improvement in earnings per share despite a decline in return on capital employed, while Jaydev and Sensarma (2007) and Sinha and Gupta (2011) report post-merger gains in profitability accompanied by deterioration in liquidity and capital structure. These results indicate that mergers may enhance income generation while simultaneously weakening balance-sheet stability during the initial post-merger phase.

Several scholars emphasize that the primary motivation for bank mergers in India has evolved over time. Prior to liberalization, consolidation largely aimed at rescuing weak banks and safeguarding depositors' interests. In the post-1991 period, particularly after 2000, mergers increasingly reflected strategic business considerations such as faster growth, market expansion, cost efficiency, and regulatory compliance (Prajapati, 2010; Kakani & Mehta, 2006). Public sector bank mergers, however, continue to be influenced by policy-driven objectives rather than purely market-based incentives.

Another important strand of literature highlights the role of efficiency and synergy realization, often assessed through non-parametric techniques such as Data Envelopment Analysis (DEA). Empirical evidence using DEA largely indicates stagnation or only marginal improvement in cost and profit efficiency following mergers (Sanjeev, 2009; Singh, 2009; Ray & Das, 2010). These findings reinforce the argument that consolidation alone does not guarantee efficiency gains unless accompanied by improvements in governance, risk management, and operational processes. Khurana, B. (2017), The researcher has focused to identify the reasons behind the merger of SBI with its associate banks and Bharatiya Machala Bank with the aims for reducing the bad debt recovery, support SBI for improving profitability, reduce NPA, reconstruction of bank, meet financial crises, better management and reduction in operational cost. Sethy, T. (2017), the present study examines the financial performance of State Bank group using DEA, a non-parametric approach. The technical efficiency with a variable of Earning per Shares (EPS), Price Earnings Ratio (P/E) and Market Price to Book Value of Equity (P/B) was studied. The merger of SBI with State Bank of Indore, State Bank of Patiala and State Bank of Saurashtra has shown better performance and proved to be successful. The researcher strongly suggests going for merger covering wider geographical boundary to maximise the financial stability of banks. As it can be concluded that, merger has positive impact on financial performance of bidder bank.

Human resource integration, cultural compatibility, and technology alignment are repeatedly identified as critical determinants of merger success. Studies emphasize that failure to address workforce integration, leadership alignment, and organizational culture can undermine post-merger performance despite favorable financial rationale (Choudhary & Shekhawat, 2018; Usman, 2005). Policy-oriented contributions further stress the importance of calibrated consolidation supported by robust regulatory oversight, capital allocation discipline, and differentiated strategies across banks based on their financial strength (Gandhi, 2016).

Tambi, M. (2004), have analysed 19 mergers during the year 2000-01 on the basis of return on capital employed, net profit margin, operating profit margin and cost of production to produce per rupee sale. The study observed that the merged firms neither achieved economies of scale nor operational synergy and financial synergy in post-merger period. Pawaskar, V. (2001), the study focuses on identifying the financial characteristics and its impact on corporate performance during pre- and post-merger. The study highlights with key findings like induced monopoly profits, financial synergies and growth. The merger of smaller firms has focused on restructuring policy. The result on comparison between pre and post-merger shows negative impact on profitability of firm after mergers. Hence, the researchers strongly conclude that the average firm with similar financial status merging did not prove to be successful.

International evidence broadly corroborates Indian findings, suggesting that mergers often produce short-term performance pressures but potential long-term benefits. Studies from Europe, Africa, and emerging economies show that liquidity and efficiency may initially deteriorate, while profitability improvements materialize gradually as integration stabilizes (Moctar & Xiaofang, 2014; Prompitak, 2009; Yusuf, 2015). These results underscore the temporal dimension of merger outcomes.

Overall, the literature reveals no unanimous consensus on the financial gains from bank mergers, particularly for public sector banks. While consolidation is widely justified on strategic and systemic grounds, empirical findings suggest that post-merger improvements in profitability, efficiency, and shareholder value are neither immediate nor uniform. This gap highlights the need for further empirical investigation into post-merger performance using multidimensional financial indicators and rigorous statistical techniques, which the present study seeks to address.

Research Methodology:

The present study is descriptive and analytical in nature where researcher has analysed the pre- and post-merger and acquisition financial and operational performance of transferee banks. The objective of the present research is to understand and analyse the effect of mergers and acquisitions on liquidity and profitability of banks under consideration.

Researcher has constructed following research hypothesis for the study to satisfy given objectives.

Hypothesis 1 –

H_{01} = The mean value of pre-merger and post-merger liquidity ratios of public sector banks do not differ significantly.

H_{a1} = The mean value of pre-merger and post-merger liquidity ratios of public sector banks differ significantly.

Hypothesis 2 –

H_{02} = The mean value of pre-merger and post-merger profitability ratios of public sector banks do not differ significantly.

H_{a2} = The mean value of pre-merger and post-merger profitability ratios of public sector banks differ significantly.

The study population comprise of all public sector banks in India which have been entered into merger and / or acquisition during the period 1st April 2001 to 31st March 2016. Overall, 17 mergers had taken place during 2001 to 2016. There were 9 mergers and acquisitions took place in public sector banks. While selecting banks for the study, banks involved into repeated mergers and acquisitions activity have selected only one time and the bank merged later on with another bank is excluded from the study. From the above available universe, it can be seen that overall, 6 banks were involved into mergers activity. Out of six the present study has considered 3 cases (i.e. 50% sample banks) of mergers and acquisitions for the study. The study is based upon published financial data of Reserve Bank of India, Statistical Tables Relating to Bank in India (STRBI) and Prowess Database of Centre for Monitoring Indian Economy (CMIE); hence secondary data has been considered for evaluating the financial performance. The financial data of all mergers and acquisitions in the banking sector from 1st April 2001 to 31st March 2016 have chosen to perform the study. The first merger during aforesaid period occurred in the year 2003 hence the first data point year was 1998 and the last merger in sample list was happened in 20150hence the last data point year taken as 2015. The study has considered the financial data for 18 years starting form 1998 up to 2015.

Data Analysis & Result:

The present study has analysed prior to and post-merger liquidity and profitability of selected public banks during 2001 to 2016. The effects of merger have been analysed by using various liquidity and profitability banking ratios associated with banking industry. The collected secondary data have been analysed, tested and the meaningful conclusions have been drawn by using IBM SPSS 20 package and Excel 2019.

Pre and Post Merger Liquidity and Profitability Analysis of Selected Individual Bank

Ratios	Punjab National Bank		Bank of Baroda		State Bank of India	
	Mean Post Merger Ratio	Sig. (2-tailed)	Mean Post Merger Ratio	Sig. (2-tailed)	Mean Post Merger Ratio	Sig. (2-tailed)
A] Liquidity Ratios						
Cash to Deposit Ratio	10.88	0.945	5.2	0.668	6.84	0.984
Term Loan to Total Advances Ratio	49.32	0	43.63	0.013	48.96	0.041
Government Securities to Total Assets Ratio	26.54	0.779	18.78	0.158	18.17	0.061
Investment to Deposit Ratio	39.22	0.183	29.39	0.059	29.98	0.028
Interest Expanded to Interest Earned Ratio	54.43	0.006	62.52	0.487	62.02	0.558
B] Profitability Ratios						
Demand & Savings Bank Deposits to Total Deposits	46.07	0.153	32.31	0.58	44.66	0.829
Operating Profit to Total Asset Ratio	2.23	0.026	1.74	0.604	2.17	0.827
PAT to Total Income	12.58	0.009	11.7	0.013	8.54	0.071
Return on Asset	1.1	0.055	0.96	0.298	0.78	0.153
Return on Equity	19.18	0.084	15.96	0.919	12.88	0.046
Return on Advances	8.65	0.01	8.25	0.117	9.23	0.232
Interest Income to Total Income Ratio	85.04	0.402	85.66	0	87.03	0.004
Net Interest Margin	3.45	0.923	2.63	0.035	3.02	0.367

Return on Investment	8.39	0.002	7.12	0	7.87	0.418
Interest Spread	4.05	0.116	3.49	0.51	3.5	0.649
Earnings Per Share (₹)	47.34	0.001	42.47	0.099	111.55	0.899

The analysis reveals notable inter-bank differences in liquidity strategies following mergers. Punjab National Bank exhibits a more conservative liquidity orientation, characterized by higher cash reserves, greater investment in government securities, and significant improvement in interest cost efficiency. State Bank of India demonstrates a balanced and strategic liquidity approach, with significant post-merger restructuring in advances and investments, reflecting active balance-sheet optimization. In contrast, Bank of Baroda shows relatively stable liquidity behavior with fewer statistically significant changes, indicating limited structural adjustment post-merger. Overall, the results suggest that bank mergers do influence liquidity structures, but the extent and direction of change depend on institutional characteristics, integration strategies, and managerial priorities.

Pre and Post Merger Financial Analysis and Hypotheses Testing of Group of Public Sector Banks

The effect of merger and acquisition on public sector bank group has been analysed with the help of liquidity and profitability parameters. This group of ratios further evaluated on the basis of sub parameters or sub ratios. Every sub ratio has been examined and hypotheses have been tested using paired sample t-test.

Liquidity Ratios:

Hypothesis 1 –

H_{01} = The mean value of pre-merger and post-merger liquidity ratios of public sector banks do not differ significantly.

H_{a1} = The mean value of pre-merger and post-merger liquidity ratios of public sector banks differ significantly.

Paired samples t-test was applied to every individual ratio under liquidity group. The test result and analysis as follows.

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pre and Post Merger Cash Deposit Ratio	0.7	0.821	0.336	-0.162	1.562	2.086	2	0.091
Pre and Post Merger Term Loan to Total Advances	-8.555	7.885	3.219	-16.823	-0.28	-2.658	2	0.045
Pre and Post Merger Government Securities to Total Asset	2.832	7.173	2.928	-4.696	10.359	0.967	2	0.378

Pre and Post Merger Investment to Deposit Ratio	32.11	50.134	20.467	-20.502	84.722	1.569	2	0.177
Pre and Post Merger Interest Expanded to Interest Earned	2.932	14.752	6.022	-12.549	18.412	0.487	2	0.647

The empirical results indicate a decline in the mean Cash Deposit Ratio from 8.30 per cent in the pre-merger period to 7.60 per cent in the post-merger period, suggesting relatively higher immediate liquidity prior to consolidation. However, the paired t-test yields a p-value of 0.091, which exceeds the critical value at the 5 per cent level. Consequently, the null hypothesis cannot be rejected. This finding implies that the observed post-merger reduction in cash-based liquidity is not statistically significant, indicating that mergers have not materially altered the short-term cash holding behavior of public sector banks.

The mean TLTA ratio increased from 47.12 per cent in the pre-merger period to 55.73 per cent in the post-merger period, reflecting a greater emphasis on long-term lending following consolidation. The corresponding p-value of 0.045 is below the threshold of statistical significance ($p < 0.05$). Therefore, the null hypothesis is rejected. This result provides strong evidence that mergers have led to a significant restructuring of the loan portfolio, with public sector banks exhibiting a higher proportion of term loans in total advances during the post-merger period.

The mean GSTA ratio declined from 24.76 per cent before merger to 21.93 per cent after merger, indicating a relatively stronger allocation to government securities in the pre-merger period. However, the paired t-test reports a p-value of 0.378, which is well above the significance level. Hence, the null hypothesis is accepted. This suggests that post-merger changes in investments in government securities are statistically insignificant, pointing to continuity in conservative investment practices despite structural consolidation.

The mean IDR shows a substantial numerical decline from 66.03 per cent in the pre-merger period to 33.92 per cent in the post-merger period, indicating higher investment intensity prior to consolidation. Nonetheless, the estimated p-value of 0.177 fails to meet the criterion for statistical significance. Accordingly, the null hypothesis cannot be rejected. This result implies that, despite the apparent reduction, changes in investment deployment relative to deposits are not statistically systematic across the sampled public sector banks in the post-merger period.

The mean IEIE ratio decreased marginally from 70.35 per cent before merger to 67.42 per cent after merger, suggesting a modest improvement in interest cost efficiency post-merger. However, the paired t-test produces a p-value of 0.647, indicating no statistically significant difference between the two periods. Consequently, the null hypothesis is accepted. This finding implies that merger-related synergies have not translated into measurable improvements in interest cost efficiency during the study period.

The hypothesis testing results demonstrate that, among the liquidity indicators examined, only the Term Loan to Total Advances ratio exhibits a statistically significant post-merger change. This suggests that bank consolidation has primarily influenced the structure and maturity profile of advances, rather than short-term liquidity buffers, investment intensity, or interest cost efficiency. The overall evidence indicates that mergers have preserved liquidity stability in public sector banks, while inducing selective adjustments in asset composition. These findings underscore the importance of evaluating merger outcomes through multiple liquidity dimensions, as consolidation effects appear to be heterogeneous rather than uniform.

Profitability Ratios:

The profitability ratios examine the earning capabilities of the bank and it evaluates the capability of the bank to manage its various operation to generate profit.

Hypothesis 2 –

H_{02} = The mean value of pre-merger and post-merger profitability ratios of public sector banks do not differ significantly.

H_{a2} = The mean value of pre-merger and post-merger profitability ratios of public sector banks differ significantly.

Paired samples t-test was applied to every individual ratio under profitability group. The test result and analysis as follows.

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pre and Post Merger Demand and Savings Bank Deposit to Total Deposits Ratio	4.338	8.373	3.418	-4.449	13.125	1.269	2	0.26
Pre and Post Merger Operating Profit to Total Asset Ratio	0.128	0.75	0.306	-0.659	0.915	0.419	2	0.693
Pre and Post Merger PAT to Total Income Ratio	0.448	4.125	1.684	-3.881	4.777	0.266	2	0.801
Pre and Post Merger Return on Assets	0.11	0.281	0.115	-0.185	0.405	0.958	2	0.382
Pre and Post Merger Return on Equity	6.482	6.233	2.545	-0.059	13.023	2.547	2	0.051
Pre and Post Merger Return on Advances	0.603	1.689	0.689	-1.169	2.376	0.875	2	0.422
Pre and Post Merger Interest Income to Total Income ratio	-2.408	7.077	2.889	-9.835	5.019	-0.834	2	0.443
Pre and Post Merger Net Interest Margin	0.505	0.523	0.214	-0.044	1.054	2.364	2	0.064
Pre and Post Merger Return on Investment	1.862	1.778	0.726	-0.004	3.728	2.564	2	0.05
Pre and Post Merger Interest Spread	0.137	0.793	0.324	-0.696	0.969	0.422	2	0.691
Pre and Post Merger Earnings Per Share	-16.451	16.418	6.703	-33.681	0.778	-2.454	2	0.058

The paired t-test indicates a mean difference of 4.338, with a p-value of 0.260, which exceeds the 5 per cent significance level. Accordingly, the null hypothesis is accepted. This result suggests that mergers have not significantly altered the deposit composition, particularly the proportion of low-cost demand and savings deposits, indicating stability in banks' retail funding structure. The mean difference of 0.128 and a p-value of 0.693 indicate that the observed change in operating profitability is statistically insignificant. Hence, the null hypothesis is accepted. This finding implies that operational efficiency gains from mergers have not been realized in the short run, possibly due to integration costs and restructuring challenges.

he paired t-test yields a p-value of 0.801, leading to acceptance of the null hypothesis. This result indicates that mergers have not produced a statistically significant impact on net profitability, suggesting that synergy benefits have not yet translated into higher post-tax income relative to total income. With a p-value of 0.382, the null hypothesis is accepted. The result implies that mergers have not significantly improved asset utilization efficiency, reinforcing the view that consolidation benefits in terms of asset productivity may require a longer gestation period.

The ROE exhibits a p-value of 0.051, which is marginally above the 5 per cent significance threshold. Therefore, the null hypothesis is accepted at the conventional level. This borderline result suggests weak evidence of improvement in shareholder returns, indicating that capital efficiency gains from mergers remain limited in the immediate post-merger period. The paired t-test reports a p-value of 0.422, leading to acceptance of the null hypothesis. This finding indicates that mergers have not significantly enhanced lending profitability, reflecting persistent challenges in credit quality and pricing efficiency.

With a p-value of 0.443, the null hypothesis is accepted. This suggests that the income structure of public sector banks has remained largely unchanged, with no significant shift between interest-based and non-interest income sources following mergers. The estimated p-value of 0.064 exceeds the 5 per cent level, leading to acceptance of the null hypothesis. Although the result indicates a marginal improvement in NIM, it lacks statistical significance, implying that pricing power and cost of funds have not materially improved post-merger.

The ROI ratio shows a p-value of 0.050, which lies at the threshold of significance. At the 5 per cent level, the null hypothesis is marginally accepted. This indicates weak evidence of improvement in investment efficiency, warranting cautious interpretation. The paired t-test yields a p-value of 0.691, leading to acceptance of the null hypothesis. This suggests that interest rate differentials between lending and borrowing have remained stable, indicating limited pricing flexibility post-merger. The EPS ratio records a p-value of 0.058, which exceeds the 5 per cent significance level. Accordingly, the null hypothesis is accepted. This result implies that mergers have not led to statistically significant enhancement in shareholder earnings, possibly due to dilution effects and restructuring costs.

The hypothesis testing results indicate that none of the selected performance and profitability indicators exhibit statistically significant differences between the pre-merger and post-merger periods at the 5 per cent level. These findings suggest that, in the short to medium term, bank mergers in the public sector have preserved financial stability rather than generating immediate efficiency or profitability gains. The evidence supports the view that merger synergies in public sector banking are long-term in nature and may require extended post-integration periods to materialize.

Summary of Hypothesis Testing and Effect of Merger on Group of Public Sector Banks

Ratio	Null Hypothesis (Ho)	Sub Ratio	Effect of Merger	Ho Accepted / Rejected	Significant / Not Significant	Overall Effect of Merger
Liquidity Ratios	***The mean value of pre-merger and post-merger liquidity ratios of public sector banks do not differ significantly.***	CDR	Negative	Accepted	Not Significant	Negative
		TLTA	Negative	Rejected	Significant	
		GSTA	Negative	Accepted	Not Significant	
		IDR	Negative	Accepted	Not Significant	
		IEIE	Positive	Accepted	Not Significant	

Profitability Ratios	***The mean value of pre-merger and post-merger profitability ratios of public sector banks do not differ significantly.***	DSBDTD	Negative	Accepted	Not Significant	Negative
		OPTA	Negative	Accepted	Not Significant	
		PTI	Negative	Accepted	Not Significant	
		ROA	Negative	Accepted	Not Significant	
		ROE	Negative	Accepted	Not Significant	
		ROAD	Negative	Accepted	Not Significant	
		IETI	Positive	Accepted	Not Significant	
		NIM	Negative	Accepted	Not Significant	
		ROI	Negative	Rejected	Significant	
		IS	Negative	Accepted	Not Significant	
		EPS	Positive	Accepted	Not Significant	

Findings, Implications:

The analysis of mergers and acquisitions in Indian public sector banks reveals that consolidation has not resulted in uniform or immediate financial improvements during the study period. The empirical results show that, at the aggregate level, most liquidity ratios do not differ significantly between the pre-merger and post-merger periods, indicating that mergers have largely preserved short-term liquidity stability rather than altering banks liquidity management practices. The profitability analysis further indicates that mergers have not generated statistically significant improvements in earning capacity in the short to medium term. These findings imply that anticipated synergy benefits have been offset by integration costs, legacy non-performing assets, and structural rigidities inherent in public sector banks. Overall, the findings suggest that mergers in public sector banks have primarily functioned as a stability-oriented and policy-driven restructuring mechanism, with financial benefits expected to materialize only over a longer post-integration horizon.

The findings of the study carry important policy implications for banking sector reforms in India. The absence of significant short-term improvements in liquidity and profitability suggests that mergers and acquisitions alone are insufficient to enhance the financial performance of public sector banks. Regulatory authorities need to complement consolidation initiatives with stronger governance frameworks, timely capital infusion, and robust mechanisms for non-performing asset resolution.

From a managerial perspective, the results underline the critical importance of effective post-merger integration. The lack of significant profitability gains indicates that synergy realization is contingent upon managerial efficiency and the successful execution of integration strategies rather than the merger decision itself. Strategically, the findings imply that mergers in public sector banks should be viewed as long-term transformation tools rather than short-term performance enhancers. Consolidation appears to have contributed more toward balance-sheet stability and asset restructuring than immediate profitability enhancement. Therefore, expectations of rapid financial gains from mergers need to be moderated, and performance evaluation should incorporate longer post-merger horizons.

Finally, the study also highlights important research implications, indicating the need for future studies using extended time horizons, bank-specific efficiency measures, and advanced econometric techniques to better capture the dynamic and long-term effects of mergers and acquisitions in the banking sector.

Conclusion:

The study concludes that mergers and acquisitions in Indian public sector banks during the period under review have not led to significant short-term improvements in liquidity and profitability, with the exception of selective changes in asset composition. Consolidation has primarily served as a stability-preserving and restructuring mechanism, rather than a rapid performance-enhancing strategy. Therefore, bank mergers should be viewed as a long-term transformation tool aimed at systemic resilience and operational sustainability rather than an immediate solution to profitability and efficiency challenges.

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