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"A STUDY ON MERGER AND ACQUISITION IN INDIAN BANKING SECTOR "

Anchal
E-mail:anchalsaini1218@gmail.com

ABSTRACT:

Mergers and acquisitions (M&A) have become a strategic tool for organizations seeking to enhance their competitive edge, optimize operational efficiency, and achieve sustainable growth. The banking sector, being an important pillar of any economy, is not immune to these transformative trends . The Indian banking sector has also witnessed a series of significant mergers and acquisitions in recent years. This research paper delves into the complex field of mergers and acquisitions within the Indian banking sector, with a specific focus on the amalgamation of United Bank of India and Oriental Bank of Commerce with Punjab National Bank. The amalgamation of Punjab National Bank, United Bank of India and Oriental Bank of Commerce came into effect from April 1, 2020. The merger was one of the largest in the country's banking history after which Punjab National Bank become the 2nd largest public sector bank in India both in terms of business and branch network. The synergy from the amalgamation will create a globally competitive, next generation bank, PNB 2.0.The purpose of this paper is to compare pre and post merger performance of merged banks with the help of financial parameters like Net- Profit Ratio,, Return on Capital Employed (ROCE), Return on Equity (ROE), Net Interest Margin Ratio and to analyse the effect of merger on NPA of anchor bank and to study the impact of merger on customers of United Bank of India and Oriental Bank of Commerce .The result of the study indicates that the banks have been positively affected by the event of Merger and acquisitions (M&As).

Key words : Merger & Aqusition , financial performance , Indian banks, Non-Performing Assets , Public Sector Banks .

INTRODUCTION:

1.1 OVERVIEW:

In India, the banking system has undoubtedly earned numerous outstanding achievements, in a comparatively short time, for the world's largest and the most diverse democracy. the reform process of the banking sector or industry is part and parcel of the government strategic agenda aimed at repositioning and integrating the Indian banking sector into the global financial system. there have been several reforms in the Indian banking sector, as well as quite a few successful mergers and acquisitions, which have helped it, grow manifold. merger and acquisitions are most widely used strategy by firms to strengthen and maintain their position in the marketplace

1.2 MERGER

A merger is a corporate strategy to legally combine with another company and operate as a single legal entity. The companies agreeing to mergers are typically equal in terms of size and scale of operations. Technically, a merger is different from an acquisition in that a merger combines the two companies' resources equally to form a new entity. In an acquisition, one company purchases another company outright and assumes its assets and liabilities so it becomes a larger company. However, in practice these days, the term "merger" is often used to refer to an acquisition. A true merger is very rare.

1.3 BENEFITS OF MERGER:

- After the merger, companies will secure more resources and the scale of operations will increase.
- Companies may undergo a merger to benefit their shareholders. The existing shareholders of the original organizations receive shares in the new company after the merger.

- Companies may agree for a merger to enter new markets or diversify their offering of products and services, consequently increasing profits.
- Mergers also take place when companies want to acquire assets that would take time to develop internally.
- To lower the tax liability, a company generating substantial taxable income may look to merge with a company with significant tax loss carry forward.
- A merger between companies will eliminate competition among them, thus reducing the advertising price of the products. In addition, the reduction in prices will benefit customers and eventually increase sales.
- Mergers may result in better planning and utilization of financial resources.

.**1.4 Banking industry in India**:

The banking industry handles finances in a country including cash and credit. Banks are the institutional bodies that accept deposits and grant credit to entities and play a major role in maintaining the economic stature of a country. Given their importance in the economy, banks are kept under strict regulation in most countries. In India, the Reserve Bank of India (RBI) is the apex banking institution that regulates the monetary policy in the country.

1.5 MERGER IN INDIAN BANKING INDUSTRY:

The Indian banking system has achieved various milestones in a relatively short amount of time. This is the world's largest and most diverse democracy which itself is a challenge as the companies have to cater to such a diverse customer base. It is part and parcel of the agenda of the government to reform the banking sector by repositioning and integrating it into the global financial system. In the past years, there have been various reforms and successful mergers which have had a positive impact on the banking sector.

The other measures taken include:

- Setting up of branches of the various Foreign Banks in India
- No more nationalisation of Banks could be done
- The committee announced that RBI and Government would treat both public and private sector banks equally
- Any Foreign Bank could start joint ventures with Indian Banks
- Payments banks were introduced with the development in the field of banking and technology
- Small Finance Banks were allowed to set their branches across India
- A major part of Indian banking moved online with internet banking and apps available for fund transfer

Thus, the history of banking in India shows that with time and the needs of people, major developments have been brought about in the banking sector with an aim to prosper it.

Many Public Sector Bank (PSB) depend on the government's aid to live on, adding to its burden. In 2014, the PJ Nayak Panel recommended privatising state-run banks to lighten this burden on the government. But the idea of banking mergers in India only took off in 2018. The RBI had said that merging them would help revamp India's banking system, creating global, robust and well-funded banking majors, if successful.

In August 2019, PM Narendra Modi announced a mega-merger of 10 Public Sector Undertaking (PSU) banks in India into four. The following year, FM Nirmala Sitharaman conveyed the cabinet's approval of the same. She also said that the merger would take place after the boards of the banks met and decided how to take things further. The mergers were to take effect from 1st April 2020 (as per a press release dated 28th March 2020)

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1.8 RECENT MERGED PUBLIC SECTOR BANKS IN INDIA

In a move to restructure and redefine the country's banking space, in 2021, the government of India merged 10 Public Sector (PSU) Banks into 4 banks.

A merger is an agreement between entities where they pool in their assets and liabilities and become one entity. The merger of Public Sector Banks (PSBs) is where the PSBs are merged with 'anchor' banks. As of today, India has 12 Public Sector Banks, including Bank of Baroda and State Bank of India.

List of Merged Banks

ANCHOR BANK	MERGED BANKS	YEAR OF MERGER
Punjab National Bank	• Oriental Bank of Commerce • United Bank of India	2019
Canara Bank	• Syndicate Bank	2020
Indian Bank	• Allahabad Bank	2021
Union Bank of India	• Andhra Bank • Corporation Bank	2020
Bank of Baroda	• Dena • Vijaya Bank	2020
State bank of India	• State Bank of Bikaner and Jaipur • State Bank of Hyderabad • State Bank of Mysore • State Bank of Patiala • State Bank of Travencore • Bharatiya Mahila Bank	2017

TABLE NO.1 Recent merged public sector banks

LITERATURE REVIEW:

GUPTA KOMAL(2015) Conducted a research to evaluate the impact of merger on financial Performance of selected banks and attempt to predict the future of on going merger on the basis of financial performance of Participating companies. The result indicates that in both cases of merger between Bank of Rajasthan and ICICI Bank and merger of Centurion Bank of Punjab and HDFC Bank the performance of Banks have significantly improved in terms net profit margin , return on assets net interest margin ,capital Adequacy ratio , and cost to income but no significant change has been seen in total income. Return on equity and credit deposit ratio .Hence it can be concluded that there is a positive impact of mergers on the financial performance of the Banks.

KASHYAP, CHETAN (2021) Undertook a performance of the Bank of Baroda pre and post merger The following conclusions are formed up on analyses of Annual Report of Bank of Baroda for pre and post merger period. At the end of first year of merger period market size and customer base of BOB are increased by 52.15%, liabilities and asset increased by 46.39%, deposits and borrowings increased by 46.22% and 39.04% respectively. Investment and loans and advances are increased by 48.03% and 45.91% , net profit increased by 26% but the gross NPA and net NPA are also increased in post merger period. this is a challenging job for BOB to reduce NPA .Overall BOB has experienced positive impact due to merger

KHAN ,AZEEM AHMAD(2011) Evaluated the performance of selected banks after merger in terms of Profit Margin, net profit margin , operating profit margin, return on capital employed , debt equity ratio and return on equity ratio . pre and post merger performance are compared of Nedungadi bank and Punjab national bank .the above financial ratios show improvement after merger and the result suggested that after merger the efficiency and performance of banks have improved .

ADHANA,DEEPAK KUMAR (2020) Undertook a research on financial performance of 10 Public Sector Banks with their total deposit and NPA , analyse the government's amalgamation plan of 10 PSB's into four large institutions and what's good or bad in consolidation of PSB's .It was found that merger of these Banks would play an important role in making India $5 trillion economy .The Merger of Banks would help in better management of Capital, However along with merger government Should take adequate reforms in governance and management of these banks .As member of All India Bank and Employee's Association staged a protest against this merger to 10 PSB's into your four.

GIRANA, MEENA (2016) carried out a research on analysis of merger between kotak Mahindra Bank and ING Vyas Bank .It can be concluded that there are various advantage of merger and aquisition like increase in customer base, increase in branches, increase in no. of products and services offered , benefit of expert employees and increase in deposits and advance amount There are also various challenges like difference in deposit and interest rate, difficulty in managing NPA's, difficulty in managing employees because difference in salary structure etc. After Analysing post merger performance it can be said that after merger& aquisition, there is increase in net interest income, increase in profitability, improve liquidity , increase in no. of Customers and increase in share price.

BANU, BENAZIR (2021) Carried out a research on impact of merger in Indian Public Sector banks and analyse the impact of merging on customers and employees of banks and found out that the impacts of post merger activities on performance of Banks must go beyond the Impact of quantitative indicators (financial & economic indicators). for this researcher had taken a Survey among the employees of Indian Bank in Kallakurichi district involves in public sector anchor bank merged in India and also compared pre and post-merger in bank. The result shows that success of merger is dependent upon synergy gains Created after the merger and overall performance of banks, the financial performance of the Public Sector Bank have been improved.

RESEARCH METHODOLOGY:

3.1 Methodology

To achieve research objective Quantitative research method is used as it focus on Quantifying the collection and analysis of data. The data is collected via both primary and secondary sources

3.2Research Design:

Analytical Research design is used in this Study as it use already available facts, data, Information which is analysed to do critical evaluation to find out the results.

3.3Data Collection Method:

The data will be collected with the help of Secondary. Sources and primary sources will be used if in case required.

3.3.1Data sources:

- Government Publications.
- RBI reports and Publications
- Relevant websites
- Reports and Publications of department of financial Services
- PNB reports and publications.

1.3.2 Tools and techniques

- Ratio analysis
- Financial parameters
- Bar charts

3.4 Sample of study:

The research will be based on 2nd largest public sector bank.

3.5. Name of Entities:

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PNB = Punjab National Bank , UBI = United Bank of India , OBC: Oriental Bank of Commerce.

3.6 objectives:

- To compare the pre and post -merger performance of united bank of India and Oriental bank of commerce with Punjab National bank .
- To analyse the effect of merger on NPA of anchor bank
- To study the impact of merger on customers of united bank of India and Oriental Bank of Commerce.

3.7 Scope of study:

Punjab National Bank become the 2nd largest public sector bank in India after merged in terms of branch network across the country.

DATA ANALYSIS AND INTERPRETATION:

The research will be based on merger of united bank of India and oriental bank of commerce with Punjab national bank which become India's 2nd largest public sector bank after merger.

OBJECTIVE 1: TO COMPARE PRE AND POST MERGER PERFORMANCE OF UNITED BANK OF INDIA AND ORIENTAL BANK OF COMMERCE WITH PUNJAB NATIONAL BANK.

To compare pre and post-merger performance of united bank of India and oriental bank of commerce with Punjab national bank various ratios such as return on assets ratio ,return on equity ratio ,net interest margin ratio , capital adequacy ratio, CASA ratio will be used .these ratios are considered as appropriate parameters for measuring the performance by Reserve bank of India.

4.1.1Net Profit Ratio:

- Net Profit Ratio = Net Profit / Net Sales x 100

COMPAREING THE NET PROFIT RATIO OF UNITED BANK OF INDIA, ORIENTAL BANK OF COMMERCE AND PUNJAB NATIONAL BANK FOR TWO FINANCIAL YEAR PRIOR TO MERGER.

YEAR	UNITED BANK OF INDIA	ORIENTAL BANK OF COMMERCE	PUNJAB NATIONAL BANK
2017-2018	-17.43	-33.74	-25.59
2018-2019	-27.05	0.30	-19.44

TABLE NO.2-Net Profit Ratio of merging and anchor bank before merger (in percentage)

SOURCE: Annual report of banks, http://www.moneycontrol.com

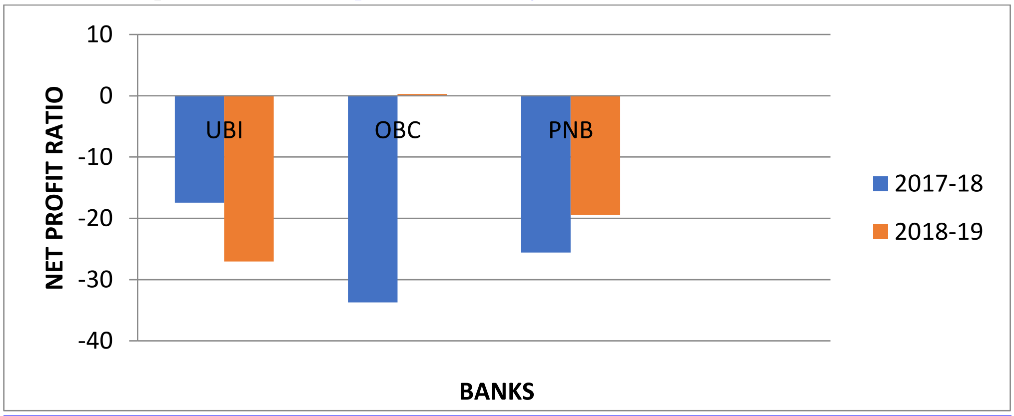

Figure no.1-comparing net profit ratio before merger

The Net Profit Ratio of all the three banks remains negative before merger while Net Profit ratio of oriental bank of commerce remain positive in the year 2018-19.

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NET PROFIT RATIO OF PUNJAB NATIONAL BANK FOR THREE YEARS AFTER MERGER

YEAR	NET PROFIT RATIO
2019-20	0.62
2020-21	2.50
2021-22	4.61

TABLE NO.3- Net Profit ratio of anchor bank after merger (in percentage)
SOURCE: Annual report of Punjab national bank.

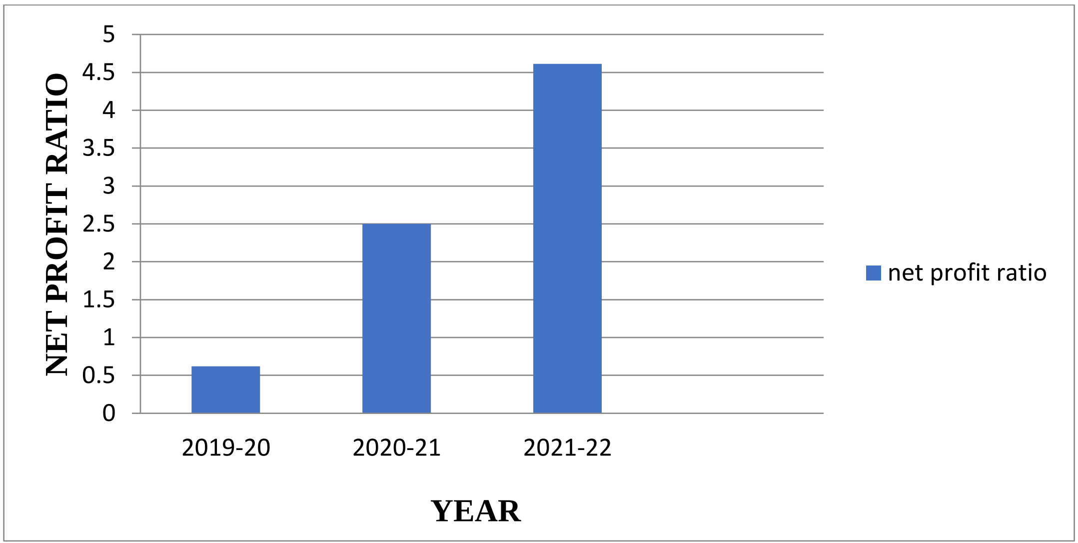

Figure no.2-Net profit ratio of PNB after merger

As per table no.6 Net profit ratio of Punjab national bank remains positive and goes on increasing after merger.

4.1.2Return on equity ratio:

- Return on assert = Net Income / Total Assets

COMPARING RETURN ON EQUITY RATIO OF UNITED BANK OF INDIA , ORIENTAL BANK OF COMMERCE AND PUNJAB NATIONAL BANK FOR TWO FINANCIAL YEAR PRIOR TO MERGER

YEAR	UNITED BANK OF INDIA	ORIENTAL BANK OF COMMERCE	PUNJAB NATIONAL BANK
2017-2018	-18.85	-56.55	-32.85
2018-2019	-21.89	0.31	-24.20

TABLE NO.4 -return on equity ratio of merging and anchor bank before merger (in percentage)
Source: Annual report of banks, http://www.moneycontrol.com

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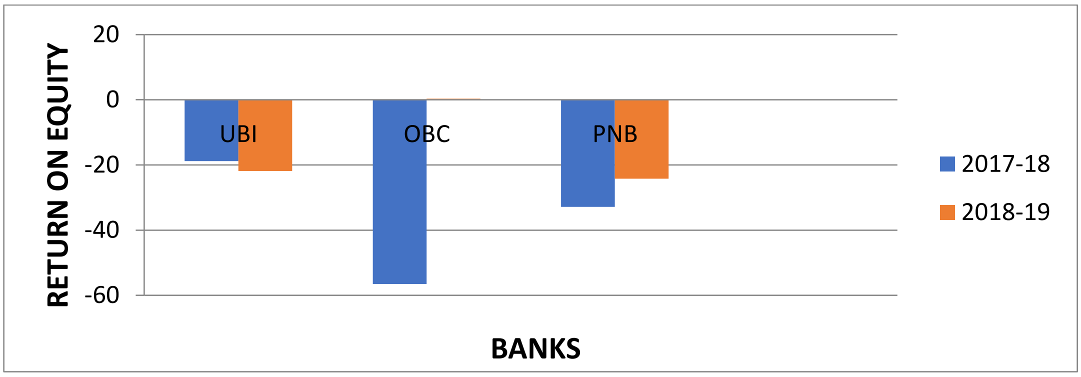

Figure no.3 –Comparing Return on equity ratio before merger.

The Return on equity ratio of all the three banks remains negative before merger while Net Profit ratio of oriental bank of commerce remain positive in the year 2018-19.

RETURN ON EQUITY RATIO OF PUNJAB NATIONAL BANK FOR THREE YEARS AFTER MERGER

YEAR	**RETURN ON EQUITY RATIO**
2019-20	0.58
2020-21	2.41
2021-22	3.90

TABLE NO.5-Return on equity ratio of PNB after merger (in percentage)
SOURCE: Annual report of Punjab national bank.

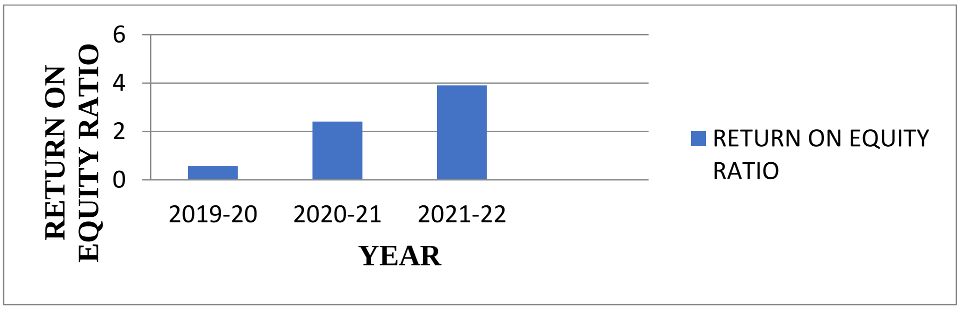

Figure no.4- Return on equity ratio of PNB after merger

As per table no.10 Return on equity ratio of Punjab national bank remains positive and goes on increasing after merger.

4.1.3Net interest margin ratio(NIM):

- Net interest margin = Investment returns- Interest expenses/ Average earnings

COMPARING NET INTEREST MARGIN RATIO OF UNITED BANK OF INDIA , ORIENTAL BANK OF COMMERCE AND PUNJAB NATIONAL BANK FOR TWO FINANCIAL YEAR PRIOR TO MERGER

YEAR	**UNITED BANK OF INDIA**	**ORIENTAL BANK OF COMMERCE**	**PUNJAB NATIONAL BANK**
2017-2018	-17.43	1.93	1.94
2018-2019	-27.05	2.02	2.21

TABLE NO.6-NIM ratio of merging and anchor bank before merger (in percentage)

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SOURCE: Annual report of banks, http://www.moneycontrol.com

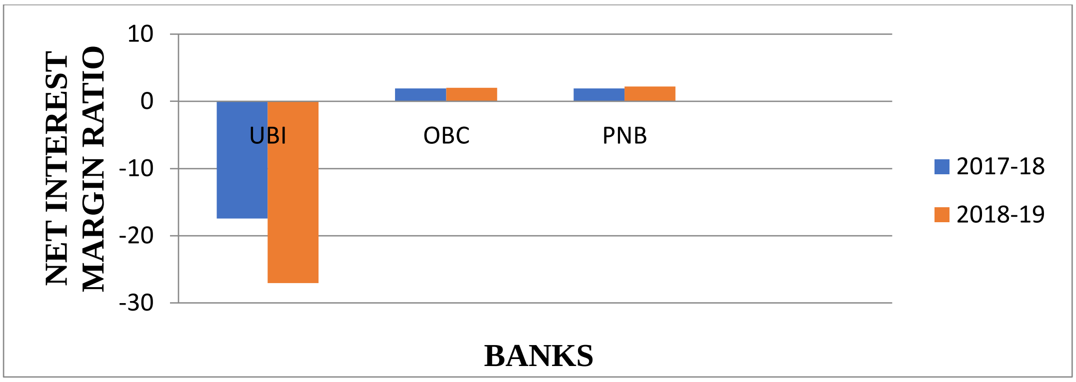

Figure no.5-comapring NIM ratio before merger

- Net interest margin ratio of UBI remains negative before merger.
- Net interest margin ratio of OBC and PNB remains positive but NIM ratio of PNB is higher than OBC before merger.

NET INTEREST MARGIN RATIO OF PUNJAB NATIONAL BANK FOR THREE YEARS AFTER MERGER

YEAR	NET INTEREST MARGIN RATIO
2019-20	2.09
2020-21	2.41
2021-22	2.18

TABLE NO.7-NIM ratio of PNB after merger (in percentage)

SOURCE: Annual report of Punjab national bank.

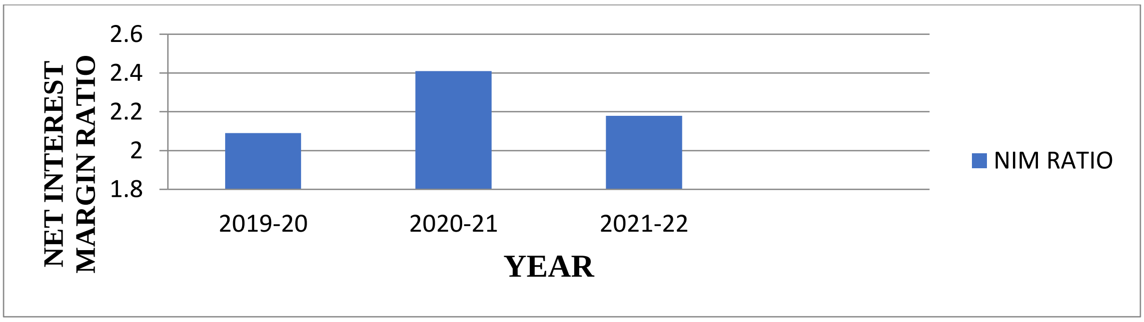

Figure no.6- NIM ratio of PNB after merger

As per table no.12 Net interest margin ratio of Punjab national bank increased in the financial year 2020-21 after merger but then decreased there after

4.1.4Return on capital employed ratio (ROCE):

- ROCE = Earning / Capital Employed x100

COMPARING ROCE RATIO OF UNITED BANK OF INDIA , ORIENTAL BANK OF COMMERCE AND PUNJAB NATIONAL BANK FOR TWO FINANCIAL YEAR PRIOR TO MERGER

YEAR	UNITED BANK OF INDIA	ORIENTAL BANK OF COMMERCE	PUNJAB NATIONAL BANK
2017-2018	0.72	1.41	1.38
2018-2019	0.94	1.61	1.70

TABLE NO.8- ROCE ratio of merging and anchor bank before merger (in percentage)

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SOURCE: Annual report of banks, http://www.moneycontrol.com

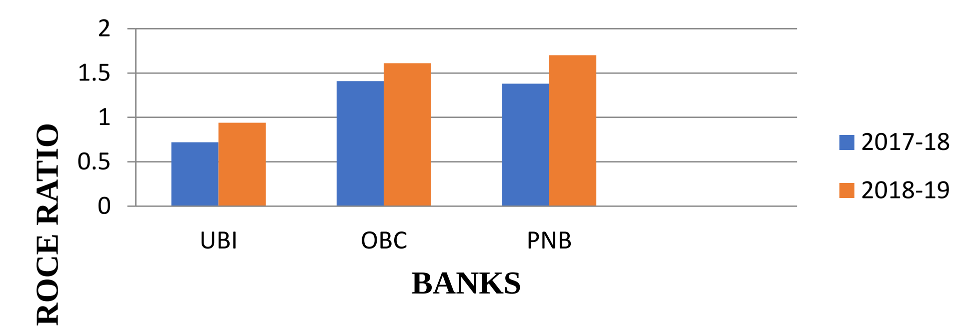

Figure no.7-comparing ROCE ratio before merger

- Return on capital employed ratio of all the three banks remains increasing before merger.
- PNB and OBC have higher return on capital employed ratio than UBI before merger

ROCE RATIO OF PUNJAB NATIONAL BANK FOR THREE YEARS AFTER MERGER

YEAR	ROCE RATIO
2019-20	1.80
2020-21	1.85
2021-22	1.61

TABLE NO.9-ROCE ratio of PNB after merger (in percentage)
SOURCE: Annual report of Punjab national bank.

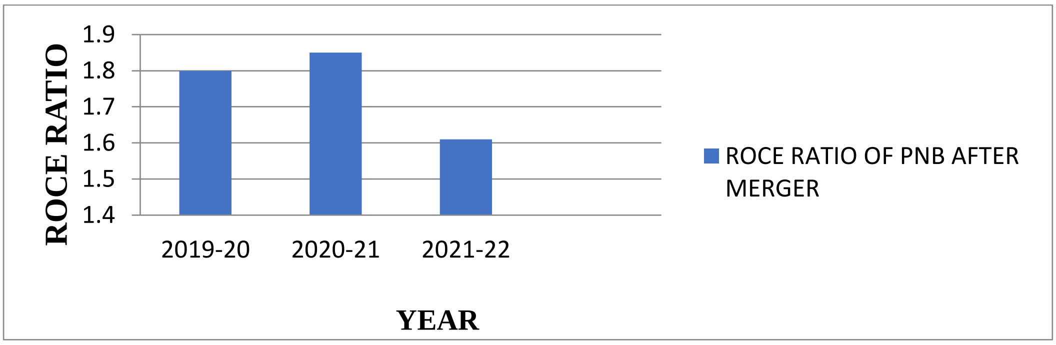

Figure no.8 -ROCE ratio of PNB after merger

As per table no.16 return on capital employed ratio of Punjab national bank increased after merger but decreased in the session 2021-22

OBJECTIVE 2: TO ANALYSE THE IMPACT OF MERGER ON NON- PERFORMING ASSETS (NPA) OF ANCHOR BANK.

For analysing the impact of merger on NPA of anchor bank net NPA, Gross NPA, Gross NPA to total loans % and Net NPA to Net Advances% has been taken into consideration

4.2.1 NPA (non- performing assets):

- Reserve Bank of India defines NPA as any advance or loan that is overdue for more than 90 days. A nonperforming asset (NPA) refers to a classification for loans or advances that are in default or in arrears. A loan is in arrears when principal or interest payments are late or

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missed. A loan is in default when the lender considers the loan agreement to be broken and the debtor is unable to meet his obligations.

4.2.2 Gross NPA:

- Gross NPA (GNPA) denotes the total of all the loans assests that haven't been repaid by the borrowers within the ninety day period.
- As per the Reserve Bank of India (RBI), the Gross Non-Performing Assets (GNPA) ratio, which declined to a seven-year low of 5% in September 2022, is expected to improve further to 4.9% by September.

4.2.3 Net NPA

- Net NPA =gross NPA – net provisions on NPA and interest on suspense account.
- Net NPA Ratio = Net NPA/Total Loans Given
- The net NPA ratio of Indian banks was around 2.3% in the financial year 2021-22

COMPARING THE GROSS AND NET NPA OF PUNJAB NATIONAL BANK FOR TWO YEAR PRIOR MERGER

	PARTICULARS	**2017-18**	**2018-19**
i)	NPAs (Gross)	86620.05	78472.70
	Gross NPS to total loans(%)	18.38	15.50
ii)	Net NPAs	48684.29	30037.66
	Net NPAs to Net Advances (%)	11.24%	6.56%

TABLE NO.10-Gross and net NPA of merging and anchor bank before merger (Rs.in crore)
Source: Annual reports of Punjab national bank.

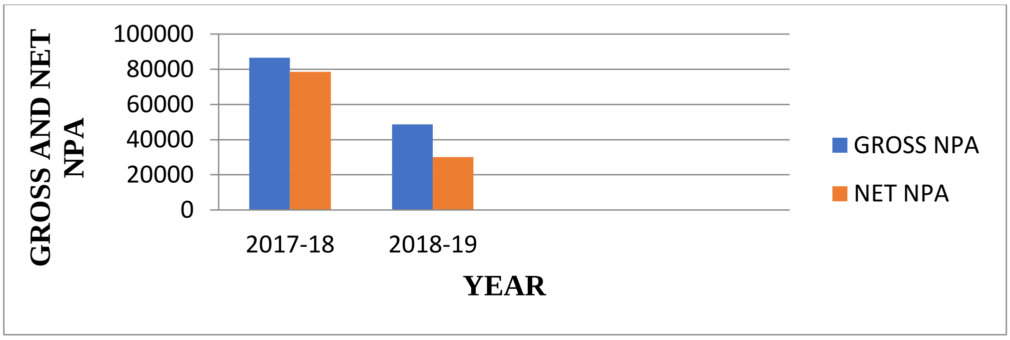

Figure no.9-Copmaring gross and net NPA before merger.

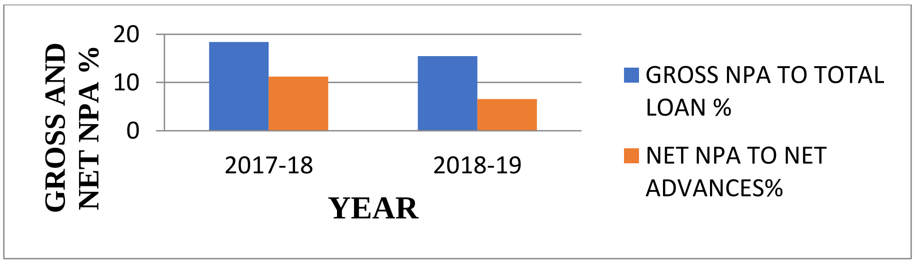

Figure no.10-Copmaring gross and net NPA % before merger

- As per table no.21 gross NPA and net NPA of anchor bank (PNB) remains decreasing before merger
- Gross NPA to total loans %and net NPA to net advances % aslo remains decreasing .

THE NET AND GROSS NPA OF PUNJAB NATIONAL BANK FOR THREE YEAR AFTER MERGER

	PARTICULARS	2019-20	2020-21	2021-22
i)	NPAs (Gross)	73478.76	104423.42	92448.04
	Gross NPS to total loans (%)	14.21	14.12	11.78
ii)	Net NPAs	27218.90	38575.70	34908.73
	Net NPAs to Net Advances (%)	5.78	5.73	4.80

TABLE NO.11-Gross and net NPA of PNB after merger (Rs.in crore)
SOURCE: Annual reports of Punjab national bank.

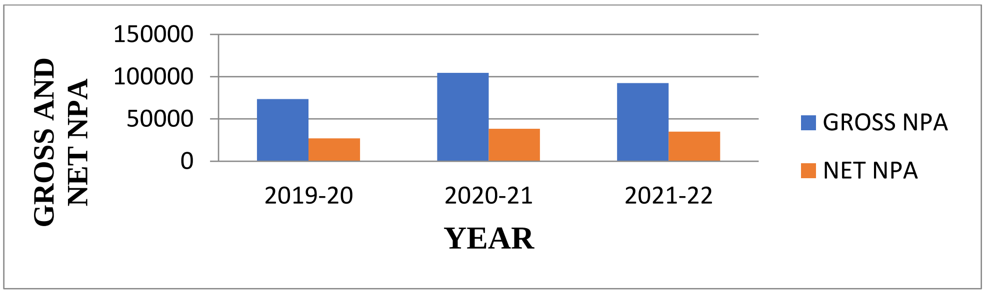

Figure no.11-gross and net NPA of PNB after merger

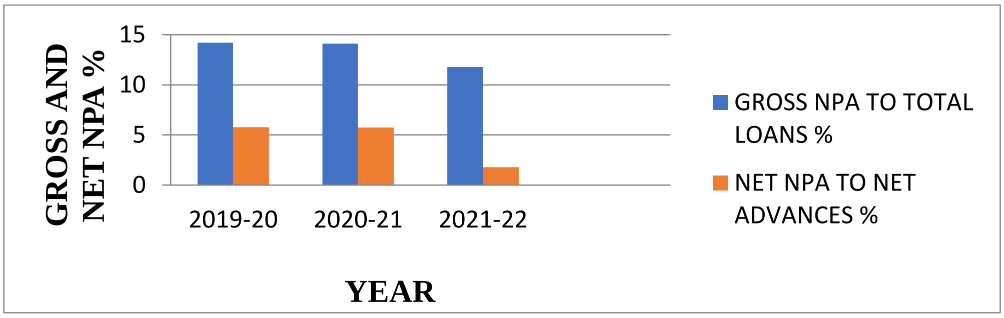

Figure no.12- Gross and net NPA % of PNB after merger

- As per table no. 22 gross NPA and net NPA increases after merger in session 2020-21but then decreased in session 2021-22.
- While gross NPA to total loans % and net NPA to net advances % remain decreasing even after merger but decreased at negligible rate.

OBJECTIVE 3: TO STUDY THE IMPACT OF MERGER ON CUSTOMERS OF UNITED BANK OF INDIA AND ORIENTAL BANK OF COMMERCE:

Merger of OBC and UBI have various impact on their customers in terms of internet and mobile banking services, debit card and credit card , cheque book ,passbook etc . Merger of these banks does not immediately effect customers after merger but timely impact of merger on customers of these banks has been seen. following points explain this in detail:

3.1CHEQUE BOOKS:

From October 1, 2021 onwards, the existing cheque books of Oriental Bank of Commerce (OBC) and United Bank of India (UBI) will be discontinued.

Punjab National Bank (PNB) has notified this information, saying that all customers who have cheque books of OBC and UBI, should get them replaced as soon as possible.

3.2USER ID:

According to information tweeted by PNB, user ID of the old customers of Oriental Bank of Commerce and United Bank of India has changed. After the merger of OBC and UBI banks with

PNB, the MICR Code and IFSC Code will also change from April 1, 2021. That means, the account holder will no longer be able to transact with the old user ID. Additionally, if customers don't change the User ID they will also not be able to use Net Banking.

3.3CUSTOMER ID:

PNB has notified that your customer id will also change, you need to create a new one. PNB also provide details regarding how to customer id.

3.4EXISTING BRANCHES AND DIGITAL BANKING:
All customers of erstwhile OBC Bank have now been migrated to CBS of PNB wherein they can transact seamlessly via existing branches and digital banking channels like internet banking and mobile banking. The ATM switch and terminals also rowed smoothly into the PNB network.

3.5IFSC CODE:
PNB has also informed that the old IFSC codes of both the banks have been changed and they will not function after March 31, 2021. Fund transfers cannot be done using the old code as well. The IFSC Code is also required to be filled in for online transactions.

3.6ATM's:
Post amalgamation, customer of Oriental Bank of Commerce and United bank of India will be able to access Punjab National Bank's ATM and vice versa without any additional charges subject to Terms and conditions as stipulated by RBI

3.7CREDIT CARDS:
PNB – customer's existing credit card shall be valid until the date of expiry printed on the credit card it will be renewed upon its expiry.

OBC – customer's existing OBC credit card shall be valid until the date of expiry printed on the card. It will be renewed upon its expiry. Customers may also approach PNB for a fresh credit card for exciting services and offers.
UBI – customer's existing credit card shall be valid until the date of expiry printed on the credit card. It will be renewed upon its expiry. Customers may also approach PNB for a fresh credit card for exciting services and offers.

3.8DEBIT CARDS:
Customer's existing ATM cum debit card will be valid until date of expiry printed on the debit card. Your debit card will be renewed upon its expiry.

3.9SERVICE CHARGES:
PNB has harmonized the service charges for customers of the amalgamated bank. The revised service charges are available on the banks' website

3.10SALARY AND PENSION ACCOUNTS:
Customers existing salary/pension accounts of will continue to function post amalgamation, with access to wider array of products and services at an expanded network of branches and ATMs.

3.11RATE OF INTEREST ON RD/FD:
The current rate of interest for existing RD/FD will continue till maturity. For FD, renewal will be done with the latest
term deposit rates of the amalgamated bank.

3.12RATE OF INTEREST ON SAVING ACCOUNTS:
The deposit rate on savings account has been revised. The revised rates are available on the banks' websites as well as in branch premises

3.13 KYC :
Customers who have already completed their kyc they don't need for any further kyc with the amalgamated bank

3.14COLLATERAL DOCUMENTS:
The title deeds and other documents mortgaged with PNB/OBC/UBI will be safe.
Post-Amalgamation, PNB will be the custodian and you will be able to retrieve the same after your loan closure without any hassle.

3.15INTEREST ON LOAN:
The rate of interest for existing customers will remain the same as per the legal contract until reset period.
However, for new customers, the revised rate of interest will be intimated on the bank's website.

3.16LOAN DOCUMENTS:
Resubmission of loan documents will not be required. Certain statutory documents will be requested for, if previously not submitted, as per routine practice.

3.17LOAN SERVICES:
All the services pertaining to lending products such as amount transfer, loan amortization, pre-closure, pre-payment will be serviced through your existing bank branch

FINDINGS & CONCLUSION:
The public sector banks has been experiencing major merger activities in the recent years. Merger of PSBs is a strategic decision of the government to reduce the number of PSBs from 27 to 12 and to increase the size of the banks so as to gain the benefits of operating and financial synergies for building $5 trillion economy in near future . After merger of united bank of India and Oriental Bank of Commerce into Punjab National Bank . PNB become the largest PSB of India after SBI.

The current study compares pre and post-merger performance of selected banks on the basis of some profitability and efficiency ratios, effect of merger on NPA of anchor bank and effect of merger on customers of merging banks. The result indicates that efficiency, profitability and performance of Punjab national bank has been improved after merger as its net profit ratio, return on equity ratio and NIM ratio, increased after merger and cost to income ratio is decreased which shows that efficiency of Punjab national bank has been improved.

After Analysing the impact of merger on NPA of anchor bank it was found that before merger gross NPA, net NPA, gross NPA to total loans% and net NPA to net advance % was decreasing but after

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merger there is a significant increase in gross NPA and net NPA in the year 2020-21 and Gross NPA to total loans% and net NPA to net advance % decreased negligible in the year 2020-21. In the year 2021-22 Gross NPA, net NPA was decreased again which shows that merger of these banks does not greatly effects the NPA of anchor bank.

Merger of UBI and OBC does not effect its customers immediately even they have increased access to ATM and bank Branches. They can use their old debit, credit cards, saving accounts, pension accounts, current accounts and salary accounts. They don't need for any resubmission of documents related to KYC, loan etc. But after one year of merger PNB notified the customers of merging banks that they will have to change their user id and customer id and there will change in IFSC code, MICR code, cheque book and passbook etc. Hence it can be concluded that merger of these banks has been proved effective.

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