Mergers And Acquisitions: Impact On Competition And Efficiency In India

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This paper examines the impact of mergers and acquisitions on performance of selected commercial banks in India. The impact of mergers and acquisitions on performance of the banks has been evaluated. Bank in general terminology is referred to as a financial institute or a corporation which is authorized by the state or central government to deal with money by accepting deposits, giving out loan and investing in securities. The main role of banks is the growth of economy by providing funds for investment. In recent times banking sector has been undergoing a lot of changes in terms of regulations and effects of globalization. These Changes have affected this sector both structurally and strategically. With the changing Environment, many different strategies have been adopted by this sector in order to remain efficient and to surge ahead in the global arena. One such profitable strategy is the process of consolidation of the banks. There are several ways to consolidate the banking industry; the most common adopted by banks is merger. Merger of two weaker banks or merger of one healthy bank with one weak bank can be treated as the faster and less costly way to improve profitability then spurring internal growth (Franz H Khan 2007). The main motive behind the merger and acquisition in the banking industry is to achieve economies of scale and scope.